

# Cheltenham Borough Council

Cabinet – 10<sup>th</sup> July 2018

Council – 23<sup>rd</sup> July 2018

## Financial outturn 2017/18 and budget monitoring to June 2018

<b>Accountable member</b>	<b>Councillor Rowena Hay, Cabinet Member for Finance</b>
<b>Accountable officer</b>	<b>Paul Jones, Executive Director Finance and Assets (Section 151 Officer)</b>
<b>Accountable scrutiny committee</b>	<b>All</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key Decision</b>	<b>No</b>
<b>Executive summary</b>	<p>In accordance with financial rule A11.3, the Section 151 Officer is responsible for providing regular reports to the Cabinet on the Council's finances and financial performance. This report highlights the Council's financial performance for the previous year which sets out the General Fund and Housing Revenue Account (HRA) revenue and capital outturn position for 2017/18. The information contained within this report has been used to prepare the Council's Statement of Accounts for 2017/18.</p> <p>Financial rule B10.1 states that carry forward of planned underspend of revenue budgets into the following financial year will only be allowed with the agreement of the Section 151 Officer, in order to meet the needs of approved service delivery. Financial rule B10.3 states that all other carry forward requests, including budget underspends that have been carried forward in previous financial years, will be subject to full Council approval at the financial outturn meeting held after the year end.</p> <p>The Council's Treasury Management Policy requires the Section 151 Officer to report to members annually, by the 30th September, on the treasury management activities and prudential indicators for the previous financial year. This report also seeks to meet this requirement.</p>
<b>Recommendations</b>	<p><b>We therefore recommend that Cabinet approve the following recommendations to Council:</b></p> <ol style="list-style-type: none"><li><b>1. That Council receives the financial outturn performance position for the General Fund, summarised at Appendix 2, and notes that services have been delivered within the revised budget for 2017/18 resulting in a saving (after carry forward requests) of £403,179.</b></li></ol> <p><b>That furthermore Council:</b></p> <ol style="list-style-type: none"><li><b>2. Approves £7,000 of carry forward requests (requiring member approval) at Appendix 5.</b></li><li><b>3. Approve the use of the budget saving of £403,179 as detailed in Section 3.</b></li><li><b>4. Approve a further allocation of £15k towards Contactless</b></li></ol>

Donation Points, funded via a contribution from the Homelessness earmarked reserve, as detailed in para 8.2.

5. Approve a 2018/19 contract fee adjustment of £200,000 to Ubico Ltd, funded from General Balances, as detailed in para 13.5.
6. Notes the annual treasury management report at Appendix 7 and approve the actual 2017/18 prudential and treasury indicators.
7. Notes the capital programme outturn position as detailed in Appendix 8 and approve the carry forward of unspent budgets into 2018/19 (section 7).
8. Notes the position in respect of Section 106 agreements and partnership funding agreements at Appendix 9 (section 9).
9. Notes the outturn position in respect of collection rates for council tax and non-domestic rates for 2017/18 in Appendix 10 (section 10).
10. Notes the outturn position in respect of collection rates for sundry debts for 2017/18 in Appendix 11 (section 11).
11. Receives the financial outturn performance position for the Housing Revenue Account for 2017/18 in Appendices 12 to 13 and approves the carry forward of unspent budgets into 2018/19 (section 12).
12. Notes the budget monitoring position to the end of June 2018 (section 13).

<b>Financial implications</b>	As detailed throughout this report.  <b>Contact officer: Paul Jones, paul.jones@cheltenham.gov.uk, 01242 775154</b>
<b>Legal implications</b>	<i>None directly arising from the report recommendations.</i>  <b>Contact officer: Peter Lewis, Peter.Lewis@tewkesbury.gov.uk, 01684 272012</b>
<b>HR implications (including learning and organisational development)</b>	Employee capacity must be kept under review to ensure that any additional work is adequately resourced. If budget pressures mean monies for additional resource is not permissible a review of current projects and service delivery options will need to take place.  <b>Contact officer: Julie McCarthy, julie.mccarthy@publicagroup.uk, 01242 264355</b>
<b>Key risks</b>	As outlined in Appendix 1.
<b>Corporate and community plan Implications</b>	Key elements of the budget are aimed at delivering the corporate objectives in the Corporate Business Plan.

<b>Environmental and climate change implications</b>	None.
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## **1. Background**

- 1.1 This report draws together the financial outturn position for 2017/18 for the General Fund and Housing Revenue Account (HRA) revenue and capital budgets, details reserve movements, summarises requests for carry forward of budgets approved by the Section 151 Officer under delegated powers and those requiring member approval and makes recommendations in respect of the use of the budget saving.
- 1.2 In accordance with financial rule A11.3, the Section 151 Officer is responsible for providing regular reports to the Cabinet on the Council's finances and financial performance.
- 1.3 A summary of the actual General Fund outturn position by service is contained in Appendix 2.
- 1.4 A summary of the outturn position by cost centre within each service is contained in Appendix 3. Information is presented in the same format as used in the draft statement of accounts (i.e. reported by Council's Directorate), in accordance with the CIPFA Code of Practice 2017/18.

## **2. General Fund Revenue Outturn 2017/18**

- 2.1 The budget monitoring report to the end of December 2017, considered by Cabinet on 13<sup>th</sup> February 2018, projected the expected delivery of services within budget. The Cabinet made recommendations to full Council at the budget setting, which were approved, a number of budget virements as part of the revised budget 2017/18.
- 2.2 The continued impact of the changes in government funding arrangements and the economic climate present particular concerns for the Council's budgets moving forward. Given the proposed front-loaded cuts in Central Government funding, the Section 151 Officer recommended that any future underspends or fortuitous windfalls are earmarked for transfer to either general balances or the budget strategy (support) reserve. It was therefore recommended that any underspend identified on outturn be transferred firstly to the Budget Strategy (Support) Reserve and secondly to support general balances, bearing in mind the need to keep the level of reserves robust and the uncertainty surrounding future budget funding gaps, as outlined in the Council's Medium Term Financial Strategy (MTFS) and the Cabinet budget setting report dated 19<sup>th</sup> February 2018.
- 2.3 It is therefore pleasing to report that the Council has delivered services within the resources available, resulting in a budget saving, after carry forward requests, of £403,179 against the revised budget. This saving has been transferred to the Budget Strategy (Support) Reserve pending decisions over its use in 2018/19 and future years.
- 2.4 A number of savings are the result of delays or slippage in carrying out particular tasks which are still necessary and will need to be completed in the 2018/19 financial year. Where this applies, requests for carry forwards are documented in Appendix 5 to this report.
- 2.5 A full explanation of all variances that exceed £50,000 is contained within Appendix 4.

## **3. MTFS and making use of revenue budget savings**

- 3.1 The Government's policy of phasing out revenue support grant and in due course potentially allowing councils to benefit from a higher share of business rates created a need for this Council to develop a long-term strategy which is significantly different from that followed in past years. Since 2013 the Council has had a direct financial interest in economic and business growth in the

town, and will have a larger stake in it under the Government's proposals for reforming business rates.

### **Strengthening our reserves**

- 3.2** In determining the budget strategy in October 2015, the Section 151 Officer recommended the creation of a specific earmarked reserve: a 'budget strategy (support) reserve', to provide greater resilience. This reserve will help to secure the Council against short-term challenges which we know we will encounter in the coming years.
- 3.3** Strengthening the Budget Strategy (Support) Reserve will give the Council more flexibility to pump-prime projects and initiatives which will deliver future savings at a time when we are facing such severe and ongoing cuts to our spending power.
- 3.4** Members will recall that the original budget for 2017/18, set by Full Council in February 2017, included a contribution of £882,205 from the future deficits earmarked reserve in order to set a balanced budget. The end of year financial results reflects that the Council has made a reduced drawdown from this reserve.
- 3.5** The balance on this reserve as at 31<sup>st</sup> March 2018 is £1,555,027 which includes the "top-up" identified above in 2.3. The 2018/19 approved budget relies on the further drawdown of £913,058 from this reserve in 2018/19 leaving a balance of £630,969 (£641,969 less £11,000 as described in para 3.6 to 3.7 below) which will be earmarked towards setting a balanced budget in 2019/20.

### **Christmas Lights**

- 3.6** Feedback suggests that there were significant gaps in the coverage of Christmas Lights in Cheltenham in 2017 and to provide a proper town centre display, the Cabinet, in partnership with the BID, propose to include Cambray Place, The Strand, Boots Corner, Regent Street, Pittville Street and Lloyds Bank which will fill in the gap on that part of the High Street.
- 3.7** A match-funded contribution of £11k (with the BID making an additional £11k contribution) is proposed.

## **4. Budget carry forward requests**

- 4.1** At the year end, a number of budget holders requested 'carry forward' of unspent budgets. Requests fall into two categories and have been dealt with as follows:
- 4.2** Some requests are in respect of goods and services ordered but not received by 31<sup>st</sup> March 2017. Some relate to items of expenditure not yet incurred due to slippage in work programmes but still planned to be spent in line with the original intention of the budget. Others are amounts of grant funding which have been allocated but not yet been taken up by their intended beneficiaries. In line with previous practice, these have been reviewed by the Executive Board and approved by the Section 151 Officer, under delegated powers (financial rule B10.1). A list of the approved carry forward of budgets totalling £301,324, for which expenditure is in line with the original approved purpose, is contained in Appendix 5. In accordance with the Service Reporting Code of Practice (SeRCOP), a transfer was made to a 'carry forward' reserve in 2017/18 (Appendix 6) and transfers will be made from the 'carry forward' reserve in 2018/19 to the appropriate cost centres in order that members and officers have a clear indication of the total budget, including carry forwards, available for 2018/19.
- 4.3** One request has been made to carry forward an underspend to be used in a different way to that for which the budget was originally intended. Since this falls outside the budget set by Council in February 2017, their alternative use requires council approval (financial rule B10.3). The list contained in Appendix 5, totalling £7,000, has been reviewed and supported by the Cabinet and now requires council approval.

## 5. Treasury Management / Prudential Indicators

- 5.1 Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services. This Council has adopted the code and complies with its requirements, one of which is the receipt by Cabinet and Council of an Annual Review Report after the financial year end. The detailed treasury report, as approved by the Treasury Management Panel at its meeting on 4<sup>th</sup> June 2018, is attached at Appendix 7.
- 5.2 The prudential indicators have been monitored regularly and there were no material departures from the indicators arising during the year. The outturn indicators are reported to Cabinet and Council as part of the capital and treasury management outturn in accordance with the arrangements determined at the February 2017 council meeting.
- 5.3 The council diversified some of its investments into a Pooled Property Fund during the course of 2017/18 which saw returns of over 4% which significantly contributed to the overall surplus of £70,800.

## 6. Business Rates Retention Scheme (BRRS)

- 6.1 One of the key documents in the budget setting process is the estimate of business rates yield which is reported in the National Non Domestic Rates return (NNDR1) which is submitted to the Ministry of Housing, Communities and Local Government (MHCLG), formerly DCLG. The NNDR1 return was submitted to the (then) DCLG by the deadline of 31st January 2017 and the budget was based on the figures within that return.
- 6.2 The table below reflects the actual performance against the revised budget with an overall positive variance of £23,720 when taking into account the pool surplus distribution.

	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
Redistributed Business Rates	(21,470,254)	(21,470,254)	-
Tariff	17,818,354	17,972,189	153,835
Share of Collection Fund Deficit	444,425	444,425	-
<b>Retained Business Rates</b>	<b>(3,207,475)</b>	<b>(3,053,640)</b>	<b>153,835</b>
Section 31 Grants	(1,156,858)	(1,181,468)	(24,610)
Levy paid over to Government	634,172	756,568	122,396
<b>Retained Income</b>	<b>(3,730,161)</b>	<b>(3,478,540)</b>	<b>251,621</b>
Pool Surplus distribution	(200,000)	(475,341)	(275,341)
<b>Total</b>	<b>(3,930,161)</b>	<b>(3,953,881)</b>	<b>(23,720)</b>

- 6.3 A transfer of £411,783 (as budgeted) has been made to the Business Rates Retention Equalisation reserve in respect of the pool surplus distribution. This will be used to fund future budget gaps which arise as a result of the accounting arrangements for the Retained Business Rates Scheme as reported to Cabinet / Council previously.
- 6.4 The Government's policy of phasing out revenue support grant and in due course potentially allowing councils to benefit from a higher share of business rates creates a need for this Council to develop a long-term strategy which is significantly different from that followed in past years.

Since 2013 the Council has had a direct financial interest in economic and business growth in the district, and will have a larger stake in it under the Government's proposals for reforming business rates. The balance held in the Business Rates Retention Equalisation reserve will go some way to supporting these aspirations.

## **7. Capital Outturn 2017/18**

- 7.1 The outturn position in respect of General Fund capital is contained in Appendix 8. Members are asked to note the outturn position and, where there is slippage, approve the carry forwards into 2018/19 requested by officers.

## **8. Reserves**

- 8.1 The Section 151 Officer has, under delegated powers (financial rule B11.4), authority to make transfers to and from these operational reserves in accordance with the intention of the reserve as determined by the Council's Reserves Policy and Protocol. The transfers approved by the Section 151 Officer for 2017/18 are set out in the outturn performance position schedules at Appendix 2 and 3.
- 8.2 Members will recall that as part of the budget proposals agreed in February 2018, a growth bid was supported to install contactless donation points within the town, with the money raised to support homelessness charities, in partnership with the BID. An additional £15k is requested, to be funded via a contribution from the Homelessness earmarked reserve, to fund a marketing campaign. It is anticipated that we would engage a marketing company with expertise in the charity sector to ensure engagement both across the town and from visitors.
- 8.3 Appendix 6 also details the reserves held by the Council, states their purpose and indicates the balance at 31<sup>st</sup> March 2018. In setting the budget for 2018/19 a review of reserves was undertaken to assess whether the levels were appropriate and in line with the policy for reserves and balances; and also whether they took into account the needs and risks of the organisation and the prevailing economic conditions. At the year end this process has been repeated.
- 8.4 In assessing the adequacy of reserves and balances for 2018/19 the Section 151 Officer used a risk based approach to assess the appropriate level of general balances which calculated the optimum level to be £1.313m and this included allowance of £200k for Ubico Ltd. operations and £50k for the Cheltenham Transport Plan, both of which will be utilised in 2018/19. At the year end, the General Fund Balance stands at £1.409m and therefore remains above the optimum level recommended by the Section 151 Officer.
- 8.5 An assessment of the Council's earmarked reserves has been made in line with the fiduciary duty of the Section 151 Officer at the year end. Accepting that the front-loaded cuts to core government funding could leave the council exposed without clear decision-making in delivering a balanced budget, the level of reserves appears adequate at this point in time and no other changes are currently recommended. However, it is important to make Members aware of the following points.
- 8.6 The current Medium Term Financial Strategy (MTFS) supports all windfalls and underspends being earmarked towards the Budget Strategy Support Reserve (BSSR).
- 8.7 Given the risks arising from Business Rates volatility, both through appeals and the future proposals for full business rates retention, it should be noted that wherever possible, the Business Rates Retention Equalisation Reserve should also be strengthened to mitigate these risks.

## **9. Section 106 receipts**

- 9.1 A position statement in respect of the activity of Section 106 receipts is contained in Appendix 9.

9.2 The following summarises the activity in respect of Section 106 for 2017/18, compared to 2016/17.

	2016/2017	2017/2018
Balance of unused Section 106 receipts	2,076,509	2,187,758
Net additional receipts in year	813,191	2,277,586
Receipts used to finance projects in year	(701,942)	(1,703,311)
Balance outstanding at year end	2,187,758	2,762,033

## 10. Council tax and business rates collection

10.1 The monitoring report for the collection of council tax and business rates (NNDR) income is shown in Appendix 10. This shows the position at the end of March 2018.

## 11. Sundry debt collection

11.1 The monitoring report for the collection of sundry debt income is shown in Appendix 11. This shows the position at the end of March 2018.

## 12. Housing Revenue Account (HRA)

### HRA income and expenditure (Appendix 12)

12.1 The revised budget for the HRA, presented to Council in February 2018, anticipated a net increase to revenue reserves of £768,200 leaving a balance of £7,635,800 at 31<sup>st</sup> March 2018.

12.2 The outturn statement at Appendix 12 shows a net increase for the year of £1,733,876, a positive variance of £965,676 increasing revenue reserves to £8,601,476 at year end.

12.3 An explanation of variances exceeding £50,000 is shown below:-

Detail	£'000
Reduction in bad debt requirement – reflects delay in rollout of Universal Credit and effective arrears management	60
Revenue contribution to capital outlay – reduced requirement reflects lower capital expenditure and use of alternative funding sources	901
Other net variances	5
<b>Total Variance</b>	<b>966</b>

### Major Repairs Reserve (Appendix 13)

12.4 In accordance with regulations this reserve is funded by sums equivalent to the depreciation provision and can be used to finance HRA capital expenditure.

## HRA Capital Programme (Appendix 13)

- 12.5** Appendix 13 shows actual spend of £9,015,605 compared to the revised budget of £10,080,700, an underspend of £1,065,095. The programme includes a number of projects where expenditure plans span financial years and are delivered through more than one contract. Where delays are incurred, for example through extended consultation with leaseholders, Cheltenham Borough Homes seek opportunities for advancing other projects within overall available funding. Costs remain controlled at both contract and project level. Significant project variations from revised budget exceeding £50,000 are shown below:-

<b>Project</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Under Spend</b>	<b>Reason for Underspend</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
External Improvements	719	636	83	Procurement delays
Major refurbishment of voids	551	477	74	Properties requiring option appraisal to be completed in 2018/19
Window & Door Replacement	3,478	3,286	192	Revised budget assumed additional work (£278k) could be brought forward from 2018/19 but only part of this was completed
Neighbourhood Works	202	12	190	Procurement delays
Door Entry Schemes	163	34	129	Procurement still subject to legal review
Fire Protection	139	70	69	Works carried out as part of another project budget
Disabled Adaptations	300	160	140	Delays in referrals from Occupational Health

Having reviewed contract commitments and the proposed programme for the current year the amount of rolled forward funding to be earmarked for additional spend in 2018/19 is estimated at £582,000.

## **13. 2018/19 Revenue and Capital budget monitoring to June 2018**

- 13.1** Due to the pressures of the year end process a detailed monitoring exercise has not been undertaken at this point in the year. However, the following significant variances have been identified by service managers at this stage.

### **13.2 Salary Vacancies**

The council carries a salary vacancy target saving of £372,800 per annum allocated to individual service areas and achieved via staff turnover or vacant posts being held open.

A review of salary underspend against this target for the first three months of the financial year shows that this target is likely to be delivered, although this will be carefully monitored throughout the year.

### **13.3 Car Parking - Income**

There is a shortfall in income of £30k in the first quarter of 2018/19. However, the implementation

of the car parking strategy is expected to result in this shortfall being recovered in the remainder of the year, with the expected outturn being in line with budget.

#### **13.4 Cemetery & Crematoria – income**

Due to reduced capacity issues, pending the completion of the new facilities in January 2019 it is expected that the Cemetery & Crematoria income will be reduced by £400k in the current year. However there is a budgeted transfer of £373.5k into the Cemetery & Crematoria equalisation reserve, which will now not materialise in 2018/19, with a minimal expected impact on the revenue budget for the year.

#### **13.5 Ubico Ltd. Operations**

In October 2017, a new waste and recycling scheme was introduced across the Borough. The roll-out has seen increases of around 25% of kerbside recycling collections. This exceeds the projections made as part of the project / financial parameters. The Council was advised that considerable fluctuations occur in recycling / waste habits during the first few months of any significant change to the service. It was therefore prudent not to make longer term assumptions until patterns were embedded. It was important to effectively analyse whether the levels will be sustained, and where the recycle now being collected is coming from (landfill waste or other recycling facilities). To this end a financial provision amounting to £200,000 to reflect the volatility was recognised in the working balance, agreed by Full Council in February 2018, to ensure collections are maintained to the expected standard during this interim period.

Several assumptions built into the business model presented to Cheltenham Borough Council for the kerbside recycling scheme could not be realised and this has resulted in Ubico requiring two additional vehicles with associated staffing resources which are not included in the current contract sum. It is therefore recommended that a contract variation of an additional £200,000 be approved for 2018/19 to reflect the true anticipated cost of the Ubico contract.

Work has been commissioned to fully inform how this cost can be mitigated in future financial years, the results of which will be subject to a formal decision-making process by Cabinet / Council by December 2018.

### **14. Section 151 Officer advice**

- 14.1** The Government expects councils to make a significant contribution to reducing the national budget deficit and the Council will continue to face unprecedented public sector funding cuts over the next few years. Future budgets will contain some difficult decisions and may require some sources of 'one off' finance to enable savings to be delivered through efficiency savings and cost / staffing reductions. In this situation, any opportunity to fund future investment requirements from one-off sources rather than impacting on future year's budgets should be taken.
- 14.2** The Local Government Association has said that any reforms to business rates must change the process for appeals against property valuations in order to protect councils from "speculative" reviews. In its submission to the Treasury's business rates review, the umbrella group of local authorities said that the current regime, whereby councils had to meet any refunds following successful appeals, undermines local services. It exposes councils to financial risk even though the property valuations themselves were undertaken by the independent Valuation Office Agency.
- 14.3** In agreeing the recommendations in this report, members need to be mindful of the prevailing challenging financial climate and in view of the budget pressures already potentially facing the Council in the current year to ensure that any carry forwards recommended for approval (even those for which the Section 151 Officer has the delegation to approve) are the most effective use of scarce resources.

## 15. Conclusion

- 15.1** The outturn position for 2017/18 demonstrates that, despite another challenging year, the Council has managed to deliver services within budget. There are number of windfall income streams from car parking, investment income and investment properties.
- 15.2** If approved, the carry forward requests will assist in the delivery of corporate objectives, help to complete projects started in 2017/18 and support initiatives which help to bridge the medium term funding gap.
- 15.3** Members should note that the outturn position has been used to prepare the Statement of Accounts for approval by the Audit Committee in July 2018.

## 16. Consultation

- 16.1** Appropriate members and officers were consulted in the process of preparing the outturn position and associated reports and accounts.

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<b>Appendices</b>	<ol style="list-style-type: none"><li>1. Risk assessment</li><li>2. Summary outturn performance position - General Fund</li><li>3. Service level outturn performance position - General Fund</li><li>4. Significant variances</li><li>5. Carry forward requests</li><li>6. Movement on earmarked reserves and general balances</li><li>7. Annual Treasury Management review</li><li>8. Capital programme - General Fund</li><li>9. Section 106 receipts statement</li><li>10. Council tax and NNDR collection</li><li>11. Sundry debt collection</li><li>12. HRA Operating account</li><li>13. HRA Capital programme and Major Repairs Reserve</li></ol>
<b>Background information</b>	<ol style="list-style-type: none"><li>1. Section 25 Report – Council 24<sup>th</sup> February 2017</li><li>2. Final Budget Proposals for 2017/18 – Council 24<sup>h</sup> February 2017</li><li>3. Budget Strategy and MTFS – Cabinet 12<sup>th</sup> December 2017</li></ol>

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible Officer	Transferred to risk register
CR3	If the Council is unable to come up with long term solutions which close the gap in the medium term financial strategy then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision.	Cabinet	01/09/2010	5	3	15	Reduce	The budget strategy projection includes 'targets' for work streams to close the funding gap which aligns with the council's corporate priorities.	Ongoing	Chief Finance Officer	01/09/2010
CR105	If the Budget Deficit (Support) Reserve is not suitably resourced insufficient reserves will be available to cover anticipated future deficits resulting in the use of General Balances which will consequently fall below the minimum required level as recommended by the Chief Finance Officer in the council's Medium Term Financial Strategy	Chief Finance Officer	01/04/2016	4	3	12	Reduce	The MTFS is clear about the need to enhance reserves and identifies a required reserves strategy for managing this issue. In preparing the budget for 2018/19 and in ongoing budget monitoring, consideration will continue to be given to the use of fortuitous windfalls and potential future under spends with a view to strengthening reserves whenever possible.	Ongoing	Chief Finance Officer	
1.02	If income streams from the introduction of the business rates retention scheme in April 2013 are impacted by the loss of major business and the constrained ability to	Chief Finance Officer	14/09/12	4	3	12	Accept & Monitor	The Council joined the Gloucestershire pool to share the risk of fluctuations in business rates revenues retained by the Council.	Ongoing	Chief Finance Officer	

	grow the business rates in the town then the MTFS budget gap may increase.							The Gloucestershire S151 Officers continue to monitor business rates income projections and the performance and membership of the pool / pilot.  Work with members and Gloucestershire LEP to ensure Cheltenham grows its business rate base.			
1.03	If the robustness of the income proposals is not sound then there is a risk that the income identified within the budget will not materialise during the course of the year.	Chief Finance Officer	15/12/10	3	3	9	Reduce	Robust forecasting is applied in preparing budget targets taking into account previous income targets, collection rates and prevailing economic conditions. Professional judgement is used in the setting / delivery of income targets. Greater focus on cost control and income generation will be prioritised to mitigate the risk of income fluctuations.	Ongoing	Chief Finance Officer	
1.04	If when developing a longer term strategy to meet the MTFS, the Council does not make the public aware of its financial position and clearly articulates why it is making changes to	Chief Finance Officer	15/12/10	3	3	9	Reduce	As part of the delivery of the BtG / commissioning programmes a clear communication strategy is in place. In adopting a commissioning culture	Ongoing	Communications team to support the BTG programme	

	service delivery then there may be confusion as to what services are being provided and customer satisfaction may decrease.							the council is basing decisions on customer outcomes which should address satisfaction levels.			
1.07	If the assumptions around government support, business rates income, impact of changes to council tax discounts prove to be incorrect, then there is likely to be increased volatility around future funding streams.	Chief Finance Officer	13/12/10	5	3	15	Reduce	Work with Publica and county wide CFO's to monitor changes to local government financing regime including responding to government consultation on changes Business Rates and the Fair Funding review. The assumptions regarding government support have been mitigated to a certain extent by the acceptance of a multi-year settlement agreement.	Ongoing	Chief Finance Officer	