

# Cheltenham Borough Council

Cabinet – 9<sup>th</sup> July 2019

Council – 22<sup>nd</sup> July 2019

## Financial outturn 2018/19 and budget monitoring to June 2019

<b>Accountable member</b>	Councillor Rowena Hay, Cabinet Member for Finance
<b>Accountable officer</b>	Paul Jones, Executive Director Finance and Assets (Section 151 Officer)
<b>Accountable scrutiny committee</b>	All
<b>Ward(s) affected</b>	All
<b>Key Decision</b>	No
<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 2018/19. The information contained within this report has been used to prepare the Council's Statement of Accounts for 2018/19.</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 2018/19 resulting in a saving (after carry forward requests) of £40,377.</b></li></ol> <p><b>That furthermore Council:</b></p> <ol style="list-style-type: none"><li><b>2. Approves £18,300 of carry forward requests (requiring member approval) at Appendix 5.</b></li><li><b>3. Approve the use of the budget saving of £40,377 as detailed in Section 3.</b></li><li><b>4. Notes the annual treasury management report at Appendix 7</b></li></ol>

and note the actual 2018/19 prudential and treasury indicators.

5. Notes the capital programme outturn position as detailed in Appendix 8 and approve the carry forward of unspent budgets into 2019/20 (section 7) and approves the virement of budgets in 2019/20 as set out in paragraphs 7.2 to 7.3.
6. Notes the position in respect of Section 106 agreements and partnership funding agreements at Appendix 9 (section 9).
7. Notes the outturn position in respect of collection rates for council tax and non-domestic rates for 2018/19 in Appendix 10 (section 10).
8. Notes the outturn position in respect of collection rates for sundry debts for 2018/19 in Appendix 11 (section 11).
9. Receives the financial outturn performance position for the Housing Revenue Account for 2018/19 in Appendices 12 to 13 (as detailed in Section 12) and approves the carry forward, virement and reclassification of budgets in 2019/20 as set out in paragraphs 12.8 to 12.10.
10. Notes the budget monitoring position to the end of June 2019 (section 13).

<b>Financial implications</b>	As detailed throughout this report.  <b>Contact officer: Paul Jones, paul.jones@cheltenham.gov.uk, 01242 264365</b>
<b>Legal implications</b>	<i>None directly arising from the report recommendations.</i>  <b>Contact officer: Sarah Farooqi, Sarah.Farooqi@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.

## **1. Background**

- 1.1 This report draws together the financial outturn position for 2018/19 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, in accordance with the CIPFA Code of Practice 2018/19.

## **2. General Fund Revenue Outturn 2018/19**

- 2.1 The budget monitoring report to the end of December 2018, considered by Cabinet on 12<sup>th</sup> February 2019, projected the expected delivery of services within budget. The Cabinet made recommendations to full Council at the budget setting, which were approved, for a number of budget virements as part of the revised budget 2018/19.
- 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 18th February 2019.
- 2.3 It is therefore pleasing to report that despite the documented issues such as the closure of the crematorium in October 2018 and the pressures within the contract sum to Ubico, the Council has delivered services within the resources available, resulting in a budget saving, after carry forward requests, of £40,377 against the revised budget. This saving has been transferred to the Budget Strategy (Support) Reserve pending decisions over its use in 2019/20 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 2019/20 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 within the borough, and will have a larger stake in it under the Government's proposals for reforming business rates.
- 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 The balance on this reserve as at 31<sup>st</sup> March 2019 is £714,919 which includes the “top-up” identified above in 2.3. The 2019/20 approved budget relies on the further drawdown of £256,082 from this reserve in 2019/20 leaving a balance of £458,837 which will be earmarked towards setting a balanced budget in 2020/21.

#### **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 2019. 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 Leadership Team and approved by the Section 151 Officer, under delegated powers (financial rule B10.1). A list of the approved carry forward of budgets totalling £605,516, 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 2018/19 (Appendix 6) and transfers will be made from the ‘carry forward’ reserve in 2019/20 to the appropriate cost centres in order that members and officers have a clear indication of the total budget, including carry forwards, available for 2019/20.
- 4.3 Two requests 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 2018, their alternative use requires council approval (financial rule B10.3). The list contained in Appendix 5, totalling £18,300, 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 10<sup>th</sup> June 2019, 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 2018 council meeting.

#### **6. Business Rates Retention Scheme (BRRS)**

- 6.1 Members will recall that Gloucestershire was successful in its application to become a 100% Business Rates Pilot in 2018/19 which was confirmed to be for one year only and came to an end in March 2019.
- 6.2 The final outturn for the Pilot is a gain of £14.27 million and the distribution of the pilot benefit, based on the previously agreed methodology, is set out in the table below. Cheltenham Borough Council’s share of the pilot gain was £607,002.

Distribution	%	2018/19 Outturn
Strategic Economic Development Fund (available to all Councils)	20%	£2.85m
District Councils (for financial resilience or other uses including growth initiatives)	30%	£4.28m
County Council (for financial resilience or other uses including growth initiatives)	50%	£7.14m
<b>Total Pilot Gain</b>		<b>£14.27m</b>

- 6.3** 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 2018 and the budget was based on the figures within that return.
- 6.4** The table below reflects the actual performance against the revised budget with an overall positive variance of £231,177 when taking into account the 100% business rates retention pilot surplus distribution.

	2018/19 Original Budget £	2018/19 Revised Budget £	2018/19 Actual £	2018/19 Variance £
Retained business rates per NNDR1	27,178,478	27,178,478	27,178,479	-
Tariff payable to government	(23,875,005)	(23,875,005)	(23,721,171)	153,834
Grant to compensate for government decisions	1,474,787	1,599,051	1,716,274	117,223
Estimated levy payable to government after Pool surplus/deficit	-	-	(39,880)	(39,880)
<b>Net retained business rates</b>	<b>4,778,260</b>	<b>4,902,524</b>	<b>5,133,701</b>	<b>231,177</b>
Less Baseline Funding (target level of net retained rates)	(2,835,551)	(2,835,551)	(2,835,551)	-
<b>Net surplus on business rates against baseline funding</b>	<b>1,942,709</b>	<b>2,066,973</b>	<b>2,298,150</b>	<b>231,177</b>
Deficit adjustment re 2016/17	(235,484)	(235,484)	(235,484)	-
Deficit adjustment re 2017/18	(510,227)	(510,227)	(510,227)	-
<b>One-off adjustments re previous years' deficits</b>	<b>(745,711)</b>	<b>(745,711)</b>	<b>(745,711)</b>	<b>-</b>
<b>Net retained business rates (after one-off deficit adjustments)</b>	<b>4,032,549</b>	<b>4,156,813</b>	<b>4,387,990</b>	<b>231,177</b>

Transfer to BRR earmarked reserve	(633,457)	(633,457)	(864,634)	(231,177)
Drawdown from BRR earmarked reserve to fund previous deficits and economic development initiatives	745,711	995,711	995,711	-
<b>Net movement on BRR earmarked reserve</b>	<b>112,254</b>	<b>362,254</b>	<b>131,077</b>	<b>(231,177)</b>

**6.5** A further transfer of £231,177 has been made to the Business Rates Retention (BRR) earmarked reserve in respect of the pilot surplus distribution. The balance on this reserve 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 and economic growth initiatives within the borough.

**6.6** The Government's policy of phasing out revenue support grant and in due course 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 borough, and will have a larger stake in it under the Government's proposals for reforming business rates.

## **7. Capital Outturn 2018/19**

**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 2019/20 requested by officers.

**7.2** Following an initial risk assessment of allotment provision over the short to long term it is considered unlikely that the Midwinter allotment budget allocation of £561,402 is required for allotment purposes. It is proposed that £400,000 is reallocated to the High Street fund to support delivery of phase 2 subject to a full risk assessment being undertaken and presented to Cabinet in September.

**7.3** In addition, in light of the current development of the High Street following the successful completion of Phase 1, it is recommended that the £1.8m set aside for the development of Boots Corner is reallocated to the next phase of the High Street (planned to be the Strand and Cambray Place) and this capital is then replenished by future allocations via Community Infrastructure Levy (CIL), future review of capital projects and any reallocation arising with continued investigation of match grant funding.

## **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 2018/19 are set out in the outturn performance position schedules at Appendix 2 and 3.

**8.2** Appendix 6 also details the reserves held by the Council, states their purpose and indicates the balance at 31<sup>st</sup> March 2019. In setting the budget for 2019/20 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.

- 8.3** In assessing the adequacy of reserves and balances for 2019/20 the Section 151 Officer used a risk based approach to assess the appropriate level of general balances which calculated the optimum level to be £1.348m. At the year end, the General Fund Balance stands at £1.321m and therefore is marginally below the optimum level recommended by the Section 151 Officer.
- 8.4** 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.
- 8.5** The current Medium Term Financial Strategy (MTFS) supports all windfalls and underspends being earmarked towards the Budget Strategy Support Reserve (BSSR).
- 8.6** 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 2018/19, compared to 2017/18.

	<b>2017/2018</b>	<b>2018/2019</b>
Balance of unused Section 106 receipts	2,187,758	2,762,033
Net additional receipts in year	2,277,586	7,000
Receipts used to finance projects in year	(1,703,311)	(36,403)
Balance outstanding at year end	2,762,033	2,732,629

## **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 2019.

## **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 2019.

## **12. Housing Revenue Account (HRA)**

### **HRA income and expenditure (Appendix 12)**

- 12.1** The revised forecast for the HRA, as presented to Council in February 2019, anticipated a net increase to revenue reserves of £183,700 leaving a balance of £8,785,200 at 31st March 2019.

12.2 The outturn statement at Appendix 12 shows a positive variance to forecast of £39,966, increasing revenue reserves by £223,666 to leave a balance of £8,825,166 at the year end.

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

Detail	Forecast £'000	Actual £'000	Variation £'000
Reduction in sums set aside for bad debt – reflects both a slower transition to universal credit and effective arrears management	296	130	166
Additional repairs and maintenance expenditure following increased demand for reactive works	3,781	3,864	(83)
Other net variances			(43)
<b>Total variance to forecast</b>			<b>40</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 Actual expenditure for the year was £9,479,235, an underspend of £296,065 on the forecast of £9,775,300.

12.6 The programme includes a number of projects where expenditure plans span a number of financial years and are delivered through more than one contract. Where delays occur, for example through extended consultation with leaseholders or procurement issues, Cheltenham Borough Homes seek opportunities for advancing other projects within overall funding. Costs remain controlled at both contract and project level.

12.7 Significant project variations from forecast (exceeding £50,000) are shown below:-

Project	Forecast	Actual	Variation
	£'000	£'000	£'000
External improvements – delays in procurement, now resolved	214	86	127
Major void refurbishment – increased proportion of higher value void work arising from downsizing initiatives	715	776	(61)
Window & Door replacement – marginal underspend on long term major contract	2,307	2,227	80
Heating Installations – works accelerated from future period to use available funding	934	1,045	(111)
Internal improvements Communal Areas – delays in procurement, now resolved	785	706	79
Acquisitions – expenditure on market purchases is dependent on both the availability of suitable properties and the need to use time limited resources	933	812	121
Other net variances			61
<b>Total variance to forecast</b>			<b>296</b>

### HRA Capital Programme 2019/20 (Appendix 13)

12.8 The original budget for 2018/19 was £10,979,800. This was reduced to £9,775,300 in the forecast reported to Council in February 2019 and actual spend for the year was £9,479,235 as shown



above. In order to fund uncompleted works from 2018/19 it is requested that an additional budget of £651,800 be approved for 2019/20.

- 12.9** The 2019/20 budget for external improvements was set at £929,100 but the impact of procurement delays will reduce spend in year to £629,100. In contrast the need for further works (fire safety and lighting) to communal areas has been identified requiring an additional £300,000 in 2019/20. It is recommended that the sum of £300,000 be vired between the two project headings.
- 12.10** The approved capital programme for 2019/20 also includes £7,631,000 for new build and acquisitions. Within this total, separate sums were identified for market purchase (£1,067,000), Section 106 acquisitions (£1,250,000) and new build pipeline schemes (£5,314,000). Expenditure on market acquisitions and new build schemes are interlinked through the need to ensure RTB receipts are spent within 3 years to prevent repayment to the Government. Should there be delays or other variations to new build schemes then the need to spend on acquisitions will vary accordingly. It is therefore requested that the budgets for these two areas of expenditure be combined i.e. a total of £6,381,000 to be used flexibly as required to achieve best outcome for the Council.

### **13. 2019/20 Revenue and Capital budget monitoring to June 2019**

- 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 current surplus of £23k in the first quarter of 2018/19. However it is expected the final year outturn will be in line with the current budget.

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

With the new crematorium now fully opened, the income has returned to the budgeted level. There is a £11k deficit for the 1<sup>st</sup> Quarter, mainly of additional sales rather than burials and cremations but this is expected to be made up during the remainder of the financial year.

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

The approved contract sum for Ubico Ltd. is £8.921m. We have not been advised that there are any issues with this sum and therefore we are still on track to achieve the budget for this financial year.

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

- 14.1** The Government reforms to local government finance which includes the fair funding review and 75% business rates retention could have a significant impact on this Council as a result of a commitment from Ministers to rollout a full business rates reset – i.e. all the growth achieved since 2013 would be reset to zero. The uncertainty surrounding Brexit makes it increasingly likely that any major changes to local government finance will be deferred for a further year.

**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 the volatility in funding that this creates. 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 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 2018/19 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 and investment income from commercial investment properties.

**15.2** If approved, the carry forward requests will assist in the delivery of corporate objectives, help to complete projects started in 2018/19 and support initiatives which help to close 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 2019.

## **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 19<sup>th</sup> February 2018</li> <li>2. Final Budget Proposals for 2018/19 – Council 19<sup>h</sup> February 2018</li> <li>3. Budget Strategy and MTFs – Council 18<sup>h</sup> February 2019</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	ED Finance and Assets	01/09/2010	
CR105	If the Budget Strategy (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	ED Finance and Assets	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 2019/20 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	ED Finance and Assets		
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	ED Finance and Assets	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	ED Finance and Assets		

	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.	ED Finance and Assets	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	ED Finance and Assets	
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	ED Finance and Assets	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	Ongoing	ED Finance and Assets	

	volatility around future funding streams.							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.			
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