

# Cheltenham Borough Council

Cabinet - 7<sup>th</sup> February 2012

Council - 10<sup>th</sup> February 2012

## General Fund Revenue and Capital - Revised Budget 2011/12 and Final Budget Proposals 2012/13 for Consultation

<b>Accountable member</b>	Cabinet Member for Community Development and Finance, John Webster
<b>Accountable officer</b>	Director of Resources (Section 151 Officer), Mark Sheldon
<b>Accountable scrutiny committee</b>	All scrutiny committees
<b>Ward(s) affected</b>	All
<b>Key Decision</b>	Yes
<b>Executive summary</b>	This report summarises the revised budget for 2011/12 and the Cabinet's final budget proposals for 2012/13 for consultation.
<b>Recommendations</b>	<p>Cabinet / Council</p> <ol style="list-style-type: none"><li>1. Note the revised budget for 2011/12.</li><li>2. Consider the budget assessment by the Section 151 Officer at Appendix 10 in agreeing the following recommendations.</li><li>3. Approve the final budget proposals including a proposed council tax for the services provided by Cheltenham Borough Council of £187.12 for the year 2012/13 (a 0% increase based on a Band D property).</li><li>4. Approve the growth proposals, including one off initiatives at Appendix 3.</li><li>5. Approve the savings / additional income at Appendix 4.</li><li>6. Approve the reserve re-alignments at Appendix 5, as outlined in section 9.</li><li>7. Approve the proposed capital programme at Appendix 6, as outlined in Section 10.</li><li>8. Note the updated Medium Term Financial Strategy at Appendix 7 including the impact of the 'bridging the gap' programme on the forecast budget gap.</li><li>9. Approve the proposed Property Maintenance programme at Appendix 8, as outlined in Section 11.</li><li>10. Approve a level of supplementary estimate of £100,000 for 2011/12 as outlined in section 14.</li></ol>

<b>Financial implications</b>	<p>As contained in the report and appendices.</p> <p><b>Contact officer: Mark Sheldon.</b></p> <p><b>E-mail: <a href="mailto:mark.sheldon@cheltenham.gov.uk">mark.sheldon@cheltenham.gov.uk</a></b></p> <p><b>Tel no: 01242 264123</b></p>
<b>Legal implications</b>	<p>The budget setting process must follow the Council's Budget and Policy Framework Rules.</p> <p>The Localism Act 2011 contains requirements for local authorities to hold a referendum where council tax is proposed above a specific % increase. The government is progressing statutory regulations which will set out the processes to be undertaken and the proposal is that a referendum be required for proposed increases in council tax over 3.5%.</p> <p><b>Contact officer: Peter Lewis</b></p> <p><b>E-mail: <a href="mailto:peter.lewis@teWKesbury.gov.uk">peter.lewis@teWKesbury.gov.uk</a></b></p> <p><b>Tel no: 01684 272012</b></p>
<b>HR implications (including learning and organisational development)</b>	<p>In the spirit of building on our positive industrial relations environment, the recognised trade unions received a budget briefing at a Joint Consultative Committee on 24 November 2011 and 2nd February 2012. The final budget proposals (Appendix 4) details the savings generated from a number of restructures that have already taken place this year. Dialogue with the recognised trade unions will continue in order to ensure that the potential impact on employees are kept to a minimum and in doing so help to avoid the need for any compulsory redundancies. The Council's policies on managing change and consultation regarding any redundancies will be followed.</p> <p>On going, it is important that capacity is carefully monitored and managed in respect of any reductions on FTE and reduced income streams.</p> <p><b>Contact officer: Julie McCarthy</b></p> <p><b>E-mail: <a href="mailto:julie.mccarthy@cheltenham.gov.uk">julie.mccarthy@cheltenham.gov.uk</a></b></p> <p><b>Tel no: 01242 264355</b></p>
<b>Key risks</b>	<p>As outlined in Appendix 1</p>
<b>Corporate and community plan Implications</b>	<p>The aim of the final budget proposals is to direct resources towards the key priorities identified in the Council's Corporate Business Plan whilst recognising the reduction in government funding.</p>
<b>Environmental and climate change implications</b>	<p>The draft budget contains a number of proposals for improving the local environment, as set out in this report.</p>

## 1. Background

- 1.1 In accordance with the Council's Budget and Policy Framework Rules, which is part of the Council's constitution, the Cabinet is required to prepare interim budget proposals for the financial year ahead and consult on its proposals for no less than four weeks prior to finalising recommendations for the Council to consider in February 2011. The consultation took place between the period 14<sup>th</sup> December 2011 to 13<sup>th</sup> January 2012 and this report sets out the final budget proposals for 2012/12.

## 2. Budget Assessment of the Section 151 Officer

- 2.1 Under Section 25 of the 2003 Local Government Act, there is a legal requirement for the Section 151 Officer to make a report to the authority when it is considering its budget, council tax and housing rents (see separate report on HRA to Council) covering the robustness of estimates and adequacy of reserves. The Act requires Councillors to have regard to the report in making decisions at the Council's budget and council tax setting meeting.
- 2.2 Traditionally this has been a separate report to council but, following a review by the Budget Working Group, it was recommended that a more succinct assessment be incorporated in the main budget report. In responding to this request, the Section 151 Officer has taken a risk based approach to his assessment which is attached at Appendix 10.

## 3. 2011/12 Revised Budget

- 3.1 The budget monitoring report to the end of August 2011, considered by Cabinet on 18<sup>th</sup> October 2011, identified a potential projected overspend of £476k for the current year, 2011/12. In response, the Senior Leadership Team implemented a freeze on all unspent supplies and services budgets which included leasing costs for the purchase of new vehicles and equipment. As a result of the action taken, the revised budget for 2011/12, which includes projected savings in employee related and supplies and services budgets, is now projected to have managed the projected overspend to zero.

## 4. Finance Settlement

- 4.1 The Government's comprehensive spending review (CSR10) in 2010 determined the level of funding for the whole of the public sector for the period 2011/12 to 2012/13. The following table summarises the updated headline figures for the level of Government support to the Council released on 7<sup>th</sup> February 2011.

	2010/11 £m	2011/12 £m	2011/12 £m adjusted	2012/13 £m
Revenue Support Grant	1.118	1.440	1.440	
Cheltenham's share of Redistributed Business Rates	7.701	4.658	4.658	
Formula Grant	8.819	6.098	6.098	5.518
less formula grant adjustment e.g. concessionary fares	(1.631)	-	(0.046)	
Adjusted formula grant	<b>7.188</b>	<b>6.098</b>	<b>6.052</b>	<b>5.518</b>
Actual cash (decrease) over previous year		(1.090)		(0.534)
% cash cut		<b>(15.16%)</b>		<b>(8.82%)</b>

- 4.2** In the coalition Government's comprehensive spending review in October 2010, the Chancellor of the Exchequer announced that councils would receive a cut in government support of 7.1% in each of the next 4 years, a total of 28.4%. This was in line with the assumptions for a reduction in government support modelled in the council's Medium Term Financial Strategy (MTFS) although the council anticipated some front loading and planned for a 10.7% cut in 2011/12.
- 4.3** The actual settlement was very different. The council received a cash reduction in government support (revenue support grant plus share of redistributed non domestic rates) of £1.090m, a cut of 15.16% in 2011/12 followed by a further projected cash cut of £534k (8.82%) in 2012/13. Cumulatively, this equates to a 23.23% cut over 2 years. Funding levels for the following 2 years i.e. 2014/15 and 2015/16, have yet to be announced but it is likely that they will continue to impact on the council's finances detrimentally.

## **5. The Cabinet's general approach to the 2012/13 budget**

- 5.1** The Cabinet's budget strategy for 2012/13, approved at a meeting on 18<sup>th</sup> October 2011, included an estimate of £824k for the 2012/13 budget gap i.e. the financial gap between what the Council needs to spend to maintain services (including pay and price inflation) and the funding available assuming a 9.57% cut in government support. A technical change to the 2012/13 settlement was made on 7<sup>th</sup> February 2011, which provided an additional £45k in government support which represents a revised cash reduction of 8.82%.
- 5.2** The final assessment of the budget gap for 2012/13, based on the detailed budget preparation undertaken over recent months and the financial settlement is £972k which takes into account, structural shortfalls within the 2011/12 budget such as car parking income and green waste sales.
- 5.3** In November 2011, the Chancellor of the Exchequer announced that the Government intends to make funding available to help councils freeze their council tax in 2012/13. Unlike for 2011/12, the council tax freeze grant for 2012/13 will involve a single one-off payment and this will not be built into the baseline (i.e. no further grant payments will be made over the Spending Review period). Whilst the Cabinet are proposing to take up the Government's offer to freeze council tax at 2011/12 levels it recognises that this will put additional pressure on the 2013/14 budget as this decision will add circa £200k to the funding gap.
- 5.4** In preparing the final budget proposals, the Cabinet and officers have made the following assumptions:
- Prepared a standstill budget projection under a general philosophy of no growth in levels of service with the exception of Taxi Marshall's, tree maintenance and license costs for 'Huddle', costing £44k annually, which have now been permanently built into the base budget. The Taxi Marshall's service had previously been funded from the Licensing Equalisation Reserve which is has now been used up.
  - Provided for inflation for contractual, statutory, and health and safety purposes at an appropriate inflation rate where proven.
  - Not budgeted for pay inflation for 2012/13.
  - Increased income budgets based on an average increase in fees and charges of 2.5% with the exception of property rents which have not been inflated but are now set in line with rent projections based on property leases. The Cabinet intend to freeze car park charges, hire charges for its entertainment's venues and building control fees at current year's levels which have been shown as growth within the final budget proposals.
  - Assessed the impact of prevailing interest rates on the investment portfolio, the position in respect of Icelandic banks and the impact of HRA self-financing, the implications of which have been considered by the Treasury Management Panel.

- Allowed for a council tax freeze, in line with the coalition Government's request, on the basis that it will be funded through a specific grant for one year only.
- The budget has been prepared to take account of the new local authority company, Ubico, from 1<sup>st</sup> April 2012. A number of services which were currently delivered within the operations team are being retained within the council and not transferring to the company; this includes cemetery and crematorium, parks development and public protection which now sit within the wellbeing and culture division. The council will continue to retain the customer service elements of the services within scope of the company and these are being transferred to the resources division, and the client officer (which is being shared with Cotswold district council) will sit in the commissioning division. In addition, the budget takes into account the impact of the creation of the GO shared service, incorporating Financial Services, Payroll and Human Resources. Both Ubico and GO will change the accounting arrangements for these services such that detailed budgets will sit either in Ubico or GO and the council will hold a budget from the recharge of the cost of the services back to the council and for the residual client services. This work has yet to be finalised but will not impact on the net cost of services.

**5.5** The key aims in developing the approach to the budget were to:

- Protect frontline services, as far as possible
- Continue to develop longer term plans for efficiencies over the period of the MTFs including increasing emphasis on shared services and commissioning services.

**5.6** Once again, there has been considerable activity during the course of the year to develop this longer term strategy for closing the funding gap. The Cabinet have worked with officers to develop the 'Bridging the Gap (BtG)' programme using the BtG group supported by the Senior Leadership team. The Cabinet's final budget proposals for closing the budget gap in 2012/13, the result of this work, are detailed in Appendix 4, split into:

- Decisions already made by council and therefore built into the base budget, totalling £254k.
- Proposals yet to be agreed by council which are not built into the base budget, totalling £866k which includes a contribution from New Homes Bonus (NHB) of £250k.

**5.7** The Cabinet and SLT have been anticipating having to make significant savings and have been actively managing vacancies and staffing levels in order to minimise the impact of service reviews, system's thinking and savings initiatives and cuts. As a result, the reduction in staffing numbers (4.9 full time equivalents) outlined in the budget proposals have been achieved at minimal cost to the taxpayer.

**5.8** Following the consultation period, a number of changes have been made to the budget to reflect further consideration of the proposals and their impact on the organisation which are documented in the supporting appendices to the report and summarised as follows:

<b>Summary of changes to Interim Budget proposals 2012/13 – Revenue item</b>	<b>£</b>
Increase in tax base	(4,547)
Adjustment to pension fund contribution expenditure in respect of the 2010 formal valuation of the pension fund	(120,000)
Contribution to Joint Core Strategy Reserve to fund CBC's contribution to Joint Core Strategy work 2012/13 to 2015/16	120,000
Reduction of £7k additional income identified from new allotment plots in 2012/13 to £2k, to reflect the part year effect of the new plots which will be	5,000

available from early 2013, subject to planning permission.	
Operations Manager Post – pending review of savings delivered by the Local Authority Company - one off £30k funding by realignment of unused single status and LABGI reserve.	nil
Advance payment in 2011/12 of Everyman Theatre repairs grant 2012/13 – as per council decision June 2011. Funded from Property Repairs & Renewals fund.	nil
Transitional support for Cheltenham Arts Council – subject to further review.	5,000
Transitional support for Citizens Advice Bureau (£30k for 2012/13 and £30k for 2013/14) subject to a sound business case. To be funded from the General Reserve.	nil
Freeze building control fees – loss of increased inflationary income of £9,800 offset by increases savings from service restructuring	nil
Reduced contribution to General Balances	5,453

#### Changes to Capital programme

<b>Summary of changes to Interim Budget proposals 2012/13 – Capital item</b>	<b>£</b>
Virtual e-mail – capitalised cost of software to ensure secure e-mail exchange between GO partners - £22k funded from the Capital Reserve.	nil
Phase II of Imperial and Montpellier Gardens investment programmes and investment in infrastructure in Pittville park – subject to / funded from part of the sale proceeds of Montpellier Lodge.	200,000

## 6. Service growth

- 6.1** The Cabinet's initial approach was that, given the difficult financial situation, there should be no growth in services which has an impact on revenue expenditure except where there is a statutory requirement or a compelling business case for an 'invest to save' scheme. The growth identified in the budget proposals supported by Cabinet meets these criteria and reflect the need to invest in business processes, infrastructure and schemes which support the BtG programme.
- 6.2** The New Homes Bonus (NHB) scheme was designed to address the disincentive within the local government finance system for local areas to welcome growth. The scheme is designed to provide local authorities with the means to mitigate the strain the increased population causes whilst promoting a more positive attitude to growth and creating an environment in which new housing is more readily accepted. Whilst funding is not ring-fenced for a specific purpose, it is designed to allow the 'benefits of growth to be returned to local communities'.
- 6.3** An assessment of projected allocations for NHB based on housing commitments over the period of the MTFs allows for £250k to be built into the 2012/13 base budget which is sustainable over the period of the MTFs. This leaves a further £333k allocation of NHB in 2012/13 which the Cabinet proposes to fund the following one-off investment and an aspiration to take a similar approach in future years.
- A further £50k towards addressing youth work issues that the County can no longer fund in the way that it traditionally did.

- £141.5k for small environmental works to tackle environmental issues costing up to a maximum of £15k.
  - £141.5k towards a Promoting Cheltenham fund to support events, projects and initiatives that will stimulate economic and business growth in Cheltenham.
- 6.4 The full list of proposals for growth, including one off initiatives, is included in Appendix 3.

## 7. Treasury Management

- 7.1 Appendix 2 summarises the budget estimates for interest and investment income activity taking into account the following changes, considered by the Treasury Management Panel, at its meeting on 21<sup>st</sup> November 2011 and 26<sup>th</sup> January 2012.
- 7.2 Security of capital remains the Council's main investment objective. The solvency issues surrounding Europe in addition to the downgrades of some UK banks has meant the Council has scaled back its lending list, and will start to repay temporary debt with maturing investments rather than re-invest. For 2012/13 interest payable will reduce by £10,600 and interest receivable will reduce by £127,400. Interest rates are expected to remain at low levels for the foreseeable future. Interest payable to the HRA for reserves and balances held within the Council's overall balances will reduce by £32,500.
- 7.3 The government are going ahead with changes which will have a major impact on the way the Housing Revenue Account (HRA) is financed from April 2012. One of the changes is the methodology for splitting the current loans the council has and charging the coupon rate of a loan instead of a weighted average rate to the HRA loans. This has resulted in an additional £232,200 of borrowing costs being transferred to the HRA.
- 7.4 As a result, the net impact on the 2012/13 budget is an increase in net treasury income of £147,900.
- 7.5 The council has been actively pursuing the deposits from the three Icelandic owned banks, Glitnir, Landsbanki and Kaupthing Singer and Friedlander (KSF). Recently the Icelandic Supreme Court upheld the District Court decision that the test cases involving Local Authority deposits with Landsbanki and Glitnir banks as having priority creditor status. This means that local authority deposits will be at the front of the queue in getting the deposits back. Recently the Icelandic district court confirmed that the Supreme Court decision would apply to non-test cases. As such, it is expected that the council will receive back 98% of the Landsbanki deposits and 100% of the Glitnir deposits. So far 63p in the pound has been received from KSF and future total distributions should be in the range of 79p to 86p in the pound. Based on current assumptions, the council will receive between £10.2-10.45m of the original £11m deposited with the Icelandic banks.
- 7.6 This has enabled the council to reduce its Minimum Revenue Provision (MRP), as an element of the capital direction received in 2009 is no longer required, which will save the council £155,000. This has been built into the base budget projection for 2012/13.

## 8. Medium Term Financial Strategy (MTFS)

- 8.1 The MTFS identified a funding gap for the period 2012/13 – 2016/17 of £2.5m. The MTFS projection has been reassessed to include the latest view of financial implications of more recent developments and include projected funding levels is contained in Appendix 7.

## 9. Reserves

- 9.1 The Cabinet has taken the opportunity to review the reserves held by the council on the advice of

SLT and the Section 151 Officer. Some realignment of reserves, detailed in Appendix 5, are proposed to fund the Operations Manager post and the intention to fund, subject to business case the CAB transitional payments for two years, from the General Reserve.

## **10. Capital Programme**

- 10.1 The proposed capital programme for the period 2012/13 to 2016/17 is at Appendix 6.
- 10.2 The programme includes provisional sums for infrastructure investment to be funded from the Civic Pride reserve. The council has now concluded the sale of the Midwinter site and the receipt has been set aside for now and may soon receive a receipt from North Place and Portland Street car parks during 2012/13. Officers are currently working on the costing of the aspirations in the Asset Management Plan which will help Members prioritise and agree the use of these receipts.

## **11. Property Maintenance Programmes**

- 11.1 The budget proposals include a proposal to defer the increase in annual contribution of £200k to the planned maintenance reserve by a further year, in response to the challenging financial position. In line with the budget working group's suggestions to Cabinet, the planned maintenance programme was reviewed by the Asset Management Working Group and is attached at Appendix 8 for approval.

## **12. Reasons for recommendations**

- 12.1 As outlined in the report.

## **13. Consultation and feedback**

- 13.1 The formal budget consultation on the detailed interim budget proposals took place over the period 14<sup>th</sup> December 2011 to 13<sup>th</sup> January 2012. The Cabinet sought to ensure that the opportunity to have input into the budget consultation process was publicised to the widest possible audience. During the consultation period, interested parties including businesses, tenants, a residents focus group, staff and trade unions were encouraged to comment on the initial budget proposals. They were asked to identify, as far as possible, how alternative proposals complement the Council's Business Plan and Community Plan and how they can be financed. The Overview and Scrutiny Committees were invited to review the interim budget proposals meetings in January 2011 and comments were fed back to the Cabinet.
- 13.2 A summary of the budget consultation responses and the Cabinet's response to it in arriving at the final budget proposals, are contained in Appendix 9. A copy of the detailed responses are available in the Member's room.

## **14. Supplementary Estimates**

- 14.1 Under financial rule B11.5, the Council can delegate authority to the Cabinet for the use of the General Reserve up to a certain limit. This is to meet unforeseen expenditure which may arise during the year for which there is no budgetary provision. It would be prudent to allow for a total budget provision of £100,000 for supplementary estimates in 2012/13 to be met from the General Reserve, the same level as in 2011/12.

## **15. Alternative Budget Proposals**

- 15.1 It is important that any political group wishing to make alternative budget proposals should discuss them, in confidence, with the Section 151 Officer and / or the appropriate Strategic



Director / Chief Executive (preferably channelled through one Group representative) to ensure that the purpose, output and source of funding of any proposed changes are properly identified.

- 15.2** It is important that there is time for Members to carefully consider and evaluate any alternative budget proposals. Political groups wishing to put forward alternative proposals are not obliged to circulate them in advance of the budget-setting meeting, but in the interests of sound and lawful decision-making, it would be more effective to do so, particularly given that they may have implications for staff.

## **16. Final Budget Proposals and Council Approval**

- 16.1** The Cabinet have presented firm budget proposals having regard to the responses received. In reaching a decision, the Council may adopt the Cabinet's proposals, amend them, refer them back to the Cabinet for further consideration, or in principle, substitute its own proposals in their place.
- 16.2** If it accepts the recommendation of the Cabinet, without amendment, the Council may make a decision which has immediate effect. Otherwise, it may only make an in-principle decision. In either case, the decision will be made on the basis of a simple majority of votes cast at the meeting.
- 16.3** An in-principle decision will automatically become effective 5 working days from the date of the Council's decision, unless the Leader informs the Section 151 Officer in writing within 5 working days that he objects to the decision becoming effective and provides reasons why. It should be noted that a delay in approving the budget may lead to a delay in council tax billing with consequential financial implications.
- 16.4** In that case, another Council meeting will be called within 7 working days of the date of appeal when the Council will be required to re-consider its decision and the Leader's written submission. The Council may (i) approve the Cabinet's recommendation by a simple majority of votes cast at the meeting or (ii) approve a different decision which does not accord with the recommendation of the Cabinet by a majority. The decision will then become effective immediately.

## **17. Performance management – monitoring and review**

- 17.1** The scale of budget cuts will require significant work to deliver within the agreed timescales and there is a danger that it diverts management time from delivery of services to delivery of cuts. There are regular progress meetings to monitor the delivery of savings and this will need to be matched with performance against the corporate strategy action plan to ensure that resources are used to best effect and prioritised.
- 17.2** The delivery of the savings workstreams included in the final budget proposals, if approved by full council will be monitored via the BtG group.

## **18. Conclusions**

- 18.1** As outlined throughout the report, the economic situation and severe cuts to public spending are having a major impact on the budget setting process. The budget proposals for 2012/13 have been prepared in a climate of uncertainty and have been severely impacted upon by the continued economic downturn. Low interest rates coupled with suppressed income levels have presented a huge challenge for both Officers and Members in preparing a budget for the year ahead. Future funding gaps, coupled with the uncertainty of the implications for local government of a public sector spending squeeze point to a challenging period for the Council.
- 18.2** The Council continues to find itself under pressure in the following key areas:

- The cost implications of providing a wide range of services, including many discretionary services.
- The impact of the performance of the pension fund, due to falling stock markets, on employment costs.
- The cost of maintaining a large property portfolio.
- The impact of low interest rates on investment income.
- The impact of sustained low income levels.

**18.3** As part of the Council's medium term financial planning, it is important to continue to prepare for a number of challenges, including the identification of savings required for future years to bridge future funding gaps, maintaining the Council's substantial asset portfolio, meeting new government targets and local customer demand for improved services.

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<p><b>Appendices</b></p>	<ol style="list-style-type: none"> <li>1. Risk Assessment</li> <li>2. Summary net budget requirement</li> <li>3. Growth</li> <li>4. Savings / additional income</li> <li>5. Projection of reserves</li> <li>6. Capital programme</li> <li>7. Medium Term Financial Strategy (MTFS)</li> <li>8. Planned Maintenance Programme</li> <li>9. Summary of budget consultation and Cabinet response</li> <li>10. Section 151 Officer budget assessment</li> </ol>
<p><b>Background information</b></p>	<ol style="list-style-type: none"> <li>1. Finance settlement 2012/13</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
1	If the council is unable to find long term solutions to bridge the MTFS gap it will may find difficult to prepare future budgets without making unplanned cuts in service provision.	Section 151 Officer	15 December 2010	3	3	9	Reduce	The council's approach to resolving the funding gap is managed by the 'Bridging the Gap' (BtG) programme. The council's commissioning programme aims to identify additional longer term solutions.	Ongoing during course of year	Section 151 Officer	
2	If the income targets are not sound robust then there is a risk that the income identified within the budget will not materialise during the course of the year.	Section 151 Officer	15 December 2010	3	3	9	R	Professional judgement is used to prepare budgets taking into account the current economic situation and previous performance. Regular monitoring and reporting of income targets to SLT / Cabinet identify any issues which require corrective action.	Ongoing during course of year	Section 151 Officer	
3	If when developing the strategy to meet the MTFS gap, the council does not make the public aware of its financial position and clearly articulates why it is making changes to service delivery then there may be confusion as to what services are being provided and customer	Director of Commissioning	15 December 2010	3	3	9	R	As part of the development of BtG and commissioning programmes there will need to be a clear communication strategy. Commissioning decisions will be based on customer needs and requirements and this should help address satisfaction levels.	Ongoing during course of year	Communications team to support the BTG programme	

	satisfaction may decrease.										
4	The MTFS assumes a reliance on shared services delivering savings. If these savings do not materialise or shared service projects do not proceed as anticipated then other savings will need to be found.	Strategic Director	15 December 2010	3	3	9	R	All shared services are operated under Prince 2 principles and are the responsibility of a named sponsor and dedicated project resource, with a clear business case. Risk logs are maintained for the shared service projects which are continually monitored and regularly reviewed with quarterly reports to Cabinet as part of ongoing corporate budget monitoring	Ongoing during course of year	Pat Pratley	
5	If over the life of the MTFS, the one off cost of new initiatives cannot be offset by savings there may be an increased dependency on the General Reserve.	Section 151 Officer	15 December 2010	3	3	9	R	Future realignment of reserves may be required in order to increase the General Reserve.	Ongoing during course of year	Mark Sheldon (working with SLT and Cabinet)	
6	If the council does not manage and deliver its commissioning agenda it may not have the flexibility to make the savings required in future years and the greater burden of savings may fall on the retained organisation	Section 151 Officer	15 December 2010	3	3	9	R	Contracts, SLAs and other shared service agreements will need to be drafted and negotiated to ensure that there is sufficient flexibility with regards to budget requirements	Ongoing during course of year	Director of Commissioning	