

Cheltenham Borough Council
Cabinet – 13 July 2021
Council – 19 July 2021
Financial Outturn 2020/21

Accountable member	Councillor Peter Jeffries, Cabinet Member for Finance and Assets
Accountable officer	Paul Jones, Executive Director Finance and Assets (Section 151 Officer)
Accountable scrutiny committee	All
Ward(s) affected	All
Key Decision	No
Executive summary	<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 and sets out the General Fund and Housing Revenue Account (HRA) revenue and capital outturn position for 2020/21. The information contained within this report is being used to prepare the Council's Statement of Accounts for 2020/21.</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 30 September, on the treasury management activities and treasury management indicators for the previous financial year. This report also seeks to meet this requirement after being presented to the Treasury Management Panel on 28 June 2021.</p>
Recommendations	<p>I therefore recommend that Cabinet approve the following recommendations to Council:</p> <ol style="list-style-type: none"> 1. That Council receives the financial outturn performance position for the General Fund, summarised at Appendix 2, and notes that in delivering services in 2020/21, there was an underspend of £394,663 against the recovery budget approved by Council in November 2020. 2. Notes £609,345 of carry forward approved by the Section 151 Officer under delegated powers at Appendix 5. 3. Approves the proposal for the use of the underspend after the carry forward requests outlined in Section 2.10 of this report and delegates authority to the Executive Director of Finance and Assets in consultation with the Lead Member for Finance and Assets to ensure the underspend it spent in line with this

	<p>proposal.</p> <ol style="list-style-type: none"> 4. Notes the annual treasury management report at Appendix 7 and note the actual 2020/21 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 2021/22. 6. Notes the year end position in respect of Section 106 and CIL agreements and partnership funding agreements at Appendix 9. 7. Notes the outturn position in respect of collection rates for council tax and non-domestic rates for 2020/21 in Appendix 10. 8. Notes the outturn position in respect of collection rates for sundry debts for 2020/21 in Appendix 11. 9. Receives the financial outturn performance position for the Housing Revenue Account for 2020/21 in Appendices 12 and 13 (as detailed in Section 11) and approves the carry forward of capital budgets in 2021/22 as set out in paragraph 11.9.
Financial implications	<p>As detailed throughout this report.</p> <p>Contact officer: Gemma Bell, gemma.bell@cheltenham.gov.uk, 01242 264124</p>
Legal implications	<p><i>None directly arising from the report recommendations.</i></p> <p>Contact officer: One Legal – legal.services@tewkesbury.gov.uk, 01684 272012</p>
HR implications (including learning and organisational development)	<p><i>None directly arising from the report recommendations.</i></p> <p>Contact officer: Julie McCarthy, julie.mccarthy@publicagroup.uk, 01242 264355</p>
Key risks	<p>As outlined in Appendix 1.</p>
Corporate and community plan Implications	<p>Key elements of the budget are aimed at delivering the corporate objectives in the Corporate Business Plan.</p>
Environmental and climate change implications	<p>None.</p>

1. Background

- 1.1 On 17th February 2020, Council approved the budget for 2020/21, including setting the Council Tax. The 2020/21 approved budget identified efficiency savings and additional income of £0.826m. However, the unprecedented response required from the Council to support and protect our staff, residents and the general public from Covid-19 had a material impact on the Council's financial position. This was particularly the case in respect of the General Fund (GF) where unbudgeted expenditure was required and our resources were further limited by irrecoverable income losses

experienced throughout the first national lockdown.

- 1.2 In November 2020, a recovery budget for 2020/21 was approved by Council. This was a direct response to the financial impacts experienced by the Council caused by the pandemic in the first half of the year and the introduction by Central Government of the two main grant funding streams. The first was an unrestricted revenue grant to cover COVID-19 related expenditure and the second a quarterly claim process for irrecoverable losses in income resulting from the national lockdowns.
- 1.3 At the point of the recovery budget, additional expenditure was estimated to exceed the £1,535,602 grant funding that had been received by that point. Additionally, £1.498m of irrecoverable losses were projected for the full year to 31 March 2021, creating an estimated total net cost of £1.831m to the Council.
- 1.4 The recommendations approved by Council in November 2020 included revising the Minimum Revenue Provision policy, reallocating capital budget to repay borrowing and identifying surplus assets for disposal to generate funding to support the financial pressures on the general fund. These recommendations were made to ensure that sufficient revenue resources could be released to ensure a robust and balanced budget can be delivered in future years.
- 1.5 This report draws together the financial outturn position for 2020/21 for the General Fund against the recovery budget approved in November 2020. It also summarises the Housing Revenue Account (HRA) revenue and capital budgets, details reserve movements and summarises requests for carry forward of budgets approved by the Section 151 Officer under delegated powers.

2. General Fund Revenue Outturn 2020/21

- 2.1 The budget monitoring report to the end of December 2020, considered by Cabinet on 16 February 2021, projected an over spend of £100k against the recovery budget approved by Council in November 2020. It was recommended in this report that the projected over spend be funded from general balances.
- 2.2 The outturn position at 31 March 2021 reports an under spend of £394,663 against the same recovery budget. A summary of the General Fund outturn position by service is contained in Appendix 2 and 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 2020/21.
- 2.3 Whilst this is an extremely pleasing outturn position when the challenges of the previous 12 months are considered it should be noted that considerable financial resources have been required in its response to the pandemic. In the recovery budget it was projected that the financial impact of COVID-19 on this Council would be £1.84m; made up of £1.498m of irrecoverable income losses and £333k of unbudgeted expenditure above and beyond the £1.536m grant received from the Government at that point.
- 2.4 The outturn position shows that this is slightly lower than forecast with a net cost of £1.47m. Although irrecoverable income losses were higher than forecast, the COVID-19 related expenditure in the second half of the year was lower. Further detail of the financial impact of the pandemic are detailed below and a full explanation of all variances that exceed £50,000 is contained within Appendix 4.

Irrecoverable Income Losses from COVID-19

- 2.5 In the recovery budget, assumptions were made about how much income would be irrecoverably lost to the Council as a result of the restrictions in place under national lockdowns. This was based on the annual budgeted income and adjusted for the Government compensation projected to be received for lost sales, fees and charges income. The compensation scheme covered 75% of the lost income against the budget, less a 5% margin which was required to be absorbed by the Council.

- 2.6 The table below reports the actual losses against those projected in November 2020. The most significant variance is the lost income from car parking fees and charges which was the income stream impacted most acutely by the third national lockdown between January and March 2021.

	Projected Loss of Income for 2020/21 £m	Actual Loss of Income for 2020/21 £m	Variance
Sales, fees and charges (SFC)			
Off-street car parking	2.115	2.915	0.800
Sponsorship and advertising income	0.207	0.210	0.003
Recreation and sport	0.271	0.253	(0.018)
Cremation, cemetery and mortuary services	0.233	0.198	(0.035)
Building control	0.069	0.055	(0.014)
Trade waste	0.108	0.210	0.102
Recycling	0.169	0.013	(0.156)
Green Waste -Surplus	(0.040)	-	0.040
Regulatory services	0.130	0.188	0.058
Central services to the public	0.207	0.166	(0.041)
Other	0.027	0.053	0.026
Less: Income Compensation Grant	(2.216)	(2.747)	(0.531)
Total Irrecoverable SFC	1.280	1.514	0.234
Commercial Income			
Commercial property rental	0.050	0.019	(0.031)
Investment income	0.168	0.046	(0.122)
Sub-total	0.218	0.065	(0.153)
Total	1.498	1.579	0.081

- 2.7 The longer term impact of the changes in behaviour around car usage, visitors to the town and more general usage of our services are yet to be fully understood and analysis of all key income streams will be included in the budget monitoring reports for 2021/22.

Unbudgeted costs of the pandemic response

- 2.8 The November recovery budget projected that the gross cost to the Council of the activities required in response to the pandemic would be £2.049m. This was offset by a small recovery of £0.18m of housing benefit and a Government grant of £1.536m, bringing the net cost to £0.333m.
- 2.9 The actual gross cost to the Council is £1.42m; with £1.161m of unbudgeted spend being incurred and a gap of £250k in unachieved savings being wholly met by the Government grant. The most significant impact on the spending projections in relation to COVID-19 was the award of £419,127 to the Cheltenham Trust from the Culture Recovery Fund and then a subsequent £220,000 from the National Leisure Recovery Fund. This meant significantly fewer resources were required from the Council to support these services.

Recommendation for the use of the underspend

2.10 The 2020/21 outturn position is a reported underspend of £394,663 against the recovery budget approved in November 2020, after adjustments have been made for carry forward balances. The table below outlines the recommended use of the underspend in 2021/22:

Total reported underspend	£394,663
Recommended use:	
Funding to meet the increased contribution to the Joint Core Strategy (JCS) for 2021/22	(£109,000)
Green Economic Recovery and Investment Funding	(£250,000)
Total Surplus used	(£359,000)
Remaining surplus to be transferred back to general balances	£35,663

2.11 Every Local Authority is required to have an up to date Local Plan. In Cheltenham, we have two documents that comprise the statutory development plan; the Joint Core Strategy and the Cheltenham Plan. The JCS (December 2017) commits to an immediate partial review of the plan to deal with the housing shortfalls for Gloucester and Tewkesbury and also a review of the policy around retail / town centres. This provides the minimum starting point for considering the scope and timescales for the JCS Review.

2.12 The latest budget forecast for this JCS review cycle requires an additional £237k contribution from the Council over three years with £109k in 2021/22 and £32k and £96k respectively in the following two years. The total additional funding requirement from the Council also take into account a £650k contribution from Gloucestershire County Council, funded via the Gloucestershire business rates pool, for transport modelling.

2.13 It is recommended that the remaining underspend be set aside to fund activities, events and investment to support the green economic recovery of the town after the impact of the pandemic. The funding should be used to generate benefit for all residents; either directly through the investment or to support wider initiatives which will help the Council financially sustain the delivery of services in the longer term.

3. Budget carry forward requests

3.1 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:

- Some requests are in respect of goods and services ordered but not received by 31 March 2021.
- 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.

4.2. 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 £609,354, for which expenditure is in line with the original approved purpose, is contained in Appendix 5.

4.3. In accordance with the Service Reporting Code of Practice (SeRCOP), a transfer was made to a

'carry forward' reserve in 2020/21 (Appendix 6) and transfers will be made from the 'carry forward' reserve in 2021/22 to the appropriate cost centres in order that members and officers have a clear indication of the total budget, including carry forwards, available for 2021/22.

4. Treasury Management / Prudential Indicators

4.1 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 28 June 2021, is attached at Appendix 7.

5. Business Rates Retention Scheme (BRRS)

5.1 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). The NNDR1 return was submitted to MHCLG by the deadline of 31 January 2020 and the budget was based on the figures within that return.

5.2 The table below reflects the actual performance against the revised budget with an overall variance for the year of £179,353 when taking into account the Gloucestershire Business Rates pooling arrangement.

	2020/21 Original Budget £	2020/21 Revised Budget £	2020/21 Actual £	2020/21 Variance £
Retained business rates	22,546,722	7,496,004	7,676,382	180,378
Tariff payable to government	(19,244,897)	(19,244,897)	(19,244,897)	-
Grant to compensate for government decisions	1,813,252	14,658,481	15,370,864	712,383
Estimated levy payable to government after Pool surplus/deficit	(395,374)	(63,875)	(325,500)	(261,625)
Net retained business rates	4,719,703	2,845,713	3,476,849	631,136
Less Baseline Funding (target level of net retained rates)	(2,841,443)	(2,841,443)	(2,841,443)	-
Net surplus on business rates against baseline funding	1,878,260	4,270	635,406	631,136
Deficit adjustment re 2018/19	(423,556)	(423,556)	(423,556)	-
Deficit adjustment re 2019/20	(153,395)	(153,395)	(153,395)	-
Deficit Adjustment re 2020/21	-	15,050,718	14,870,340	(180,378)
One-off adjustments re previous years' deficits	(576,951)	14,473,767	14,293,389	(180,378)
Local Income Guarantee Scheme	-	1,171,922	541,811	(630,111)

Net retained business rates (after one-off deficit adjustments & LIGS)	4,142,752	18,491,402	18,312,049	(179,353)
Transfer to/(from) BRR earmarked reserve	206,300	(14,211,526)	(14,211,526)	-
Net income included in outturn	4,349,052	4,279,876	4,100,523	(179,353)

- 5.3** A transfer of £14.2m has been made to the Business Rates Retention (BRR) earmarked reserve at year end as per revised budget agreed at February 2021 Full Council.
- 5.4** 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 created a need for this Council to develop a long-term strategy which was 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.
- 5.5** The impact on business rates from COVID-19 and the implications for the economy, are matters that will challenge the medium term financial strategy. It was therefore, critical that this Council ensured a targeted approach to supporting businesses throughout the pandemic and these are further articulated in Section 9 below.

6. Capital Outturn 2020/21

- 6.1** 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 2021/22 requested by officers.

7. Reserves and Section 151 Officer Advice

- 7.1** 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 2020/21 are set out in the outturn performance position schedules at Appendix 2 and 3.
- 7.2** Appendix 6 also details the reserves held by the Council, states their purpose and indicates the balance at 31st March 2021. In setting the budget for 2021/22 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 as we emerge from the COVID-19 pandemic.
- 7.3** In assessing the adequacy of reserves and balances for 2020/21 the Section 151 Officer used a risk based approach to assess the appropriate level of general balances which calculated the optimum level to be £1.219m. At the year end, the General Fund Balance stands at £1.212m and therefore is marginally below the optimum level recommended by the Section 151 Officer at year end – an impressive outcome given the scale of losses incurred due to COVID-19.
- 7.4** Accepting that the long-term impact from COVID-19 could leave the Council exposed without clear decision-making in delivering a balanced budget, the level of reserves is lower than optimal at year end and action has been taken in the 2021/22 budget to increase the robustness of the reserves through a transfer of £543k to general balances. This brings the expected general balance reserve to £1.720m against an optimum level of assessment of £1.708m agreed as part of the 2021/22 budget proposals.
- 7.5** Members will need to be mindful that there may be an expectation to further strengthen these reserves in order that the Council is robustly covered against further financial pressures which may

emerge through recovery or future changes to local government financial support. With diminishing central government support in the form of direct grant and New Homes Bonus, volatility within business rates, and the impact on individual's ability to pay council tax, it may be the case that that some difficult choices need to be made in respect of service provision.

- 7.6** Members should consider how the underspend is used to invest in the economic recovery of the town post pandemic. There are many investment options available and it is recommended that the long term sustainability of the costs and funding associated with delivery of these are considered and reviewed before commitments are made to ensure the scarce resources available are able to generate the maximum value.

8. Section 106 receipts

- 8.1** A position statement in respect of the activity of Section 106 receipts is contained in Appendix 9.
- 8.2** The following summarises the activity in respect of Section 106 for 2020/21, compared to 2019/20.

	2019/20*	2020/21
Balance of unused Section 106 receipts	2,805,375	2,349,368
Net additional receipts in year	25,081	39,637
Receipts used to finance projects in year	(481,089)	(883,549)
Balance outstanding at year end	2,349,368	1,505,455

*Restated

9. Council tax and business rates collection and support

- 9.1** 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 2021.
- 9.2** Since the start of the pandemic £95m of support has been awarded to Cheltenham businesses. A total of £47m of business rates relief was awarded to over 1,000 businesses in the retail, hospitality, leisure and nursery sectors. The relief was 100% in 2020/21 leaving over 1,000 businesses with no business rates to pay. The relief continues in 2021/22 although some of the larger businesses with multiple outlets no longer get any relief and the smaller ones are required to pay one third of their business rates bill.
- 9.3** In addition to the relief the business rates team has paid more than 10,000 business grants worth £48m to businesses and are currently in the process of distributing a further £1m to those businesses still severely impacted by restrictions. The Council's targeted approach through the use of its discretionary grants scheme will ensure those businesses that support the leisure, tourism and hospitality sector are around for many years to come.
- 9.4** Cheltenham relies heavily on its taxbase from business rates and council tax as well as the revenue raised from sales, fees and charges. The targeted measures above will ensure that many of these income streams will remain sustainable in the years post recovery, ensuring that Cheltenham remains a visitor attraction alongside its title of being a festival town.

10. Sundry debt collection

- 10.1** The monitoring report for the collection of sundry debt income is shown in Appendix 11. This shows the position at the end of March 2021. It should be noted that although the report shows £2,080k of debt outstanding, £793k (39%) of this total is not currently due. Equally, another £250k (12%)

relates to a contribution outstanding from another Local Authority to part fund a capital project. Within the £2,080k there is £201k of debt which is subject to halted recovery. The most recent aged debt report shows that these debts are no longer halted and action is being taken to recover the monies.

11. Housing Revenue Account (HRA)

HRA Income and Expenditure

- 11.1. The HRA revised forecast for 2020/21 (based on performance to December 2020) anticipated an operating surplus of £1,449,400 for the year, which after appropriating revenue contributions to capital of £7,018,900, would leave a balance of £1,500,000 in revenue reserves at 31 March 2021.
- 11.2. The outturn statement at Appendix 12 shows a net reduction of £12,824 in the operating surplus to £1,436,576 for the year. Revenue contributions to capital were reduced to £7,006,075 leaving a balance of £1,500,000 in revenue reserves at year end, being the approved contingency for the HRA.
- 11.3. An explanation of variances exceeding £30,000 is shown below:

Detail	Forecast £'000	Actual £'000	Variation £'000
General & Special Management – primarily arising from abortive fees on new build schemes unable to proceed	2,581	2,616	(34)
Repairs & Maintenance – forecast for year showed reduction from £3,982k original budget due to COVID. Repairs team were able to catch up on routine repairs quicker than anticipated.	3,718	3,815	(97)
Bad Debts – anticipated impact of COVID and universal credit mitigated by improved collection performance	260	69	191
Service Charges – reduction in rechargeable repairs	898	825	(73)
Decrease in Operating Surplus			13

Major Repairs Reserve

- 11.4 In accordance with regulations this reserve is funded by sums equivalent to the depreciation provision and has been used to finance HRA capital expenditure.

HRA Capital Programme

- 11.5. Actual expenditure for the year was £17,136,399 an underspend of £1,757,901 compared with the forecast of £18,894,300.
- 11.6. 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 are controlled at both contract and project level.
- 11.7. Significant project variations from forecast (exceeding £100,000) are shown below:-

Project	Forecast	Actual	Variation
	£'000	£'000	£'000
Major void refurbishment – increased proportion of higher value void work	545	720	(175)

Window & Door replacement – programme was put on hold to reduce COVID risk to residents and fitters	1,934	1,078	856
Internal Improvements – works were delayed 3 times due to COVID restrictions	555	334	221
Door Entry Schemes – works were delayed in February due to technical issues but have since been completed in April 2021	309	154	155
Asbestos Removal – linked to delayed windows programme	250	147	103
Acquisitions – programme of acquisitions successfully completed despite COVID issues. Funded by Right to Buy receipts	3,732	4,066	(334)
New development schemes – some delays to scheme development but acquisition of Monkscroft School site completed in year	3,220	2,930	290
Approved development schemes – some slippage of expenditure but Monkscroft Villas and Pennine Road sites now completed and let	3,795	3,595	200
Other net variances			442
Total variance to forecast			1,758

11.8. Changes to the projected financing of the capital programme have arisen from the reduction in overall spend (£1.758m.), the availability of additional capital receipts and a reduction in anticipated recharges. Revenue contributions have been maximised to reduce necessary additional borrowing whilst also retaining revenue reserves at the approved contingency level of £1,500,000.

11.9. Delays in three of the capital projects identified above require the carry forward of unspent budget to complete outstanding works in 2021/22: -

Window & Door replacement £550,000

Door Entry schemes £120,000

Asbestos removal £100,000

12. Conclusion

12.1. The outturn position for 2020/21 demonstrates that the action taken by Officers and the financial planning decisions taken by Members in the Autumn of 2020 as the town emerged from the first lockdown were vital in ensuring we could continue to deliver services to our residents and communities.

12.2. Although the pandemic has still had a significant financial impact on the Authority, the income compensation and Government grants received have helped somewhat to mitigate this and avoid the Authority having to make damaging cuts to our service delivery.

12.3. The carry forward requests and proposal for the use of the remaining under spend against the recovery budget will be invested to support the economic recovery of the town as we emerge from the pandemic and ensure we continue to work towards the achievement of our corporate objectives.

12.4. The longer term impact of the pandemic on our resources will continue to be closely monitored and reported quarterly to Members throughout 2021/22 together with frequent and proactive review of reserves to ensure the Council has robust arrangements in place to respond to any future impacts on our funding or resources.

13. Consultation

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

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Appendices	<ol style="list-style-type: none">1. Risk assessment2. Summary outturn performance position - General Fund3. Service level outturn performance position - General Fund4. Significant variances5. Carry forward requests6. Movement on earmarked reserves and general balances7. Annual Treasury Management review8. Capital programme - General Fund9. Section 106 receipts statement10. Council tax and NNDR collection11. Sundry aged debt12. HRA Operating account13. HRA Capital programme and Major Repairs Reserve
Background information	<ol style="list-style-type: none">1. Section 25 Report – Council 17 February 20202. Final Budget Proposals for 2020/21 – Council 17 February 20203. Final Emergency Budget Proposal for 2020/21 – Council 16 November 2020

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 implement 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 Medium Term Financial Strategy includes savings targets and funding strategies to ensure we continue to work towards financial sustainability whilst delivering the council's corporate priorities.	Ongoing	ED Finance and Assets	01/09/2010
CR105	If the Budget Strategy (Support) Reserve is not suitably resourced the use of General Balances will be required resulting in them falling below the minimum required level as recommended by the Section 151 Officer in the council's Medium Term Financial Strategy.	ED Finance and Assets	01/04/2016	5	4	20	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 2021/22 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	ED Finance and Assets	14/09/12	5	4	20	Accept & Monitor	The Council joined the Gloucestershire pool to share the risk of fluctuations in business rates	Ongoing	ED Finance and Assets	

	and the constrained ability to grow the business rates in the town then the MTFS budget gap may increase.							revenues retained by the Council. The Gloucestershire S151 Officers continue to monitor business rates income projections and the performance and membership of the pool / pilot. Work with Members, the BID and using recovery funding to ensure Cheltenham protects and supports businesses in the town.			
1.03	Income generated through sales, fees and charges may be reduced in future periods resulting in gaps in the funding required to support service delivery.	ED Finance and Assets	15/12/10	4	4	16	Reduce	Robust forecasting is applied in preparing budgets 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	ED Finance and Assets	13/12/10	5	3	15	Reduce	Regular review of the assumptions through the quarterly monitoring process.	Ongoing	ED Finance and Assets	

	incorrect, then there is likely to be increased volatility around future funding streams.							Being proactive in responding to Government consultations on changes to funding.			
New corporate risk	If government support to compensate the Council for the impact of COVID-19 is insufficient, greater reliance will be placed on the use of reserves, service reduction and asset sales.	ED Finance and Assets	23/03/2020	5	5	25	Reduce	<p>A recovery budget was approved by Council in November 2020 which included changes and funding proposals to bridge the forecast £2m budget gap caused by COVID-19.</p> <p>Work programmes are underway to implement the key changes to activity such as asset sales to secure the Council's future financial sustainability.</p>	Ongoing	ED Finance and Assets	