

Cheltenham Borough Council

Cabinet – 5th February 2013

Council – 8th February 2013

General Fund Revenue and Capital - Revised Budget 2012/13, and Final Budget Proposals 2013/14.

Accountable member	Cabinet Member for Finance, Councillor John Rawson
Accountable officer	Director of Resources (Section 151 Officer), Mark Sheldon
Accountable scrutiny committee	Overview and Scrutiny Committee
Ward(s) affected	All
Key Decision	Yes
Executive summary	This report summarises the revised budget for 2012/13 and the Cabinet's final budget proposals for 2013/14.
Recommendations	<p>Cabinet / Council</p> <ol style="list-style-type: none">1. Note the revised budget for 2012/13 with a projected underspend of £260.5k and approve the proposals for its use as detailed in Appendix 3.2. Consider the budget assessment by the Section 151 Officer at Appendix 9 in agreeing the following recommendations.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 2013/14 (a 0% increase based on a Band D property).4. Approve the growth proposals, including one off initiatives at Appendix 3.5. Approve the savings / additional income and the budget strategy at Appendix 46. Approve the proposed capital programme at Appendix 6, as outlined in Section 8.7. Approve the proposed Property Maintenance programme at Appendix 7, as outlined in section 9.8. Note the potential liability in respect of Municipal Mutual Insurance, as outlined in Section 10, and note that £80k has been built into the revised budget as a provision to cover the potential exposure to this liability.9. Approve a level of supplementary estimate of £100,000 for 2013/14 as outlined in section 13.

Financial implications	<p>As contained in the report and appendices.</p> <p>Contact officer: Paul Jones.</p> <p>E-mail: paul.jones@cheltenham.gov.uk</p> <p>Tel no: 01242 775154</p>
Legal implications	<p>The budget setting process must follow the Council's Budget and Policy Framework Rules.</p> <p>Fundamental changes to the local government finance system are referred to in section 4 of the report.</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 has stated that a referendum be required for proposed increases in council tax over 2%.</p> <p>Contact officer: Peter Lewis</p> <p>E-mail: peter.lewis@tewkesbury.gov.uk</p> <p>Tel no: 01684 272012</p>
HR implications (including learning and organisational development)	<p>If the Council does not carefully manage its commissioning of services and shared service proposals then it may not have the flexibility to make additional savings required by the MTFS in future years and a greater burden of savings may fall on the retained organisation. The HR team will work closely with managers and the recognised trade unions to ensure that the Council's policies on managing change and consultation regarding any TUPE transfers and/or redundancies are followed.</p> <p>Going forward, it is important that capacity is carefully monitored and managed in respect of any reductions in staffing and reduced income streams.</p> <p>An equalities impact assessment of the budget is contained at Appendix 10.</p> <p>Contact officer: Julie McCarthy</p> <p>E-mail: julie.mccarthy@cheltenham.gov.uk</p> <p>Tel no: 01242 264355</p>
Key risks	As outlined in Appendix 1
Corporate and community plan Implications	The aim of the 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.
Environmental and climate change implications	The final budget contains a number of proposals for improving the local environment, as set out in this report.

1. Background

- 1.1 In accordance with the Council's Budget and Policy Framework Rules, which are 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 2013. The consultation took place between the period 21st December 2012 to 25th January 2013 and this report sets out the final budget proposals for 2013/14.
- 1.2 It is standard practice to update the Council's Medium Term Financial Strategy (MTFS) during the Autumn of each year so that the update can be used to inform the preparation of the budget for the following year. Appendix 4 sets out our current, broad understanding of the MTFS position. However further work is needed on the detail, due to the significant changes to local government finance which are taking place. The MTFS will be updated once the implications of the Local Government settlement have been considered and modelled. It is expected that an updated MTFS will be ready for consideration in April 2013.

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 Rather than writing a separate report to Council, the Section 151 Officer has taken a risk based approach to his assessment which is attached at Appendix 9.

3. 2012/13 Revised Budget and Budget Monitoring to November 2012

- 3.1 The budget monitoring report to the end of August 2012, considered by Cabinet on 16th October 2012, identified a potential projected overspend of £281k for the current year, 2012/13. In response, Cabinet directed the Senior Leadership Team to implement 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 this action, together with the net additional income that is currently forecast, the revised budget for 2012/13 is now projected to be within budget for the year, delivering a modest saving of £260.5k.
- 3.2 The table below summarises the net impact of the variances identified at this stage in the financial year and have been used to prepare the revised budget for 2012/13.

Significant budget variances	Overspend / (Underspend) £
Employee costs	
Shortfall in salary savings target of £480,000 as at November 2012	78,700
Net reduction in service costs	(252,000)
Net additional income	(87,200)
Total projected underspend	(260,500)

- 3.3 Whilst the August 2012 monitoring exercise only considered variances in excess of £50k, a more detailed analysis carried out more recently has now given the Council a clear steer to which areas are facing the most significant budget pressures and these have been used to formulate the final budget proposals for 2013/14.

4. Finance Settlement and significant changes to Local Government Finance

- 4.1 The Local Government Finance Bill was given Royal Assent on 1st November 2012, becoming an Act of Parliament. This legislation represents a radical change to the local government finance system. The key changes introduced by the Act are:

- The introduction of the business rates retention scheme;
- The replacement of the existing council tax benefit system with local council tax support;
- Changes to council tax rules to provide some local discretion as to the tax that local authorities can charge on empty properties.

All of the above changes come into effect for the 2013/14 financial year.

Business Rate Retention

- 4.2 Details of the BRR scheme have been provided in a series of consultation documents and other Government papers over the last 12 months. The most recent of these is the Technical Consultation published in July 2012 which builds on the proposals in the Government response to consultation published in December 2011, and on the statements of intent published in May 2012. The Government have also published a Pooling Prospectus which outlines the benefits of pooling.
- 4.3 Under the current funding arrangements, this Council collects business rates from all the businesses in the district and then pays it over to the Government into a central pool. This is then redistributed back to local authorities via a complex funding formula.
- 4.4 The Government is not proposing to make any changes to the way in which business rates are calculated, which will continue to be set nationally. There will also be no change to the existing mandatory and discretionary reliefs available to eligible ratepayers.
- 4.5 The Government has made clear from the outset that the BRR scheme must not put at risk the deficit reduction programme and should operate within existing spending control totals and be fiscally sustainable in future years. The Spending Review figures released on the 19th December 2012 resulted in a 7.4% decrease in central government funding in 2013/14 and a further 12.7 % decrease in 2014/15.
- 4.6 It is proposed that councils can keep 50% of business rates collected (the **local share**), with the remaining 50% (the **central share**) retained by government and paid into a central pool and redirected to local government through other grants. Of the 50% local share, the District share has been set at 80%, with the County authority share being 20%.
- 4.7 Some local authorities, including Cheltenham, collect more business rates than they currently receive in formula grant (which is based on relative need and resources) while the business rates collected by other authorities are lower than their current funding level. It is therefore proposed to rebalance resources at the outset of the scheme through a system of tariffs and top-ups.
- 4.8 For Cheltenham, the business rates baseline figure is £20.851m which represents 40% of the estimated net rate yield. Because this is in excess of the £2.482m received in formula grant,

Cheltenham will be required to pay a tariff of £18.369m over to the Government for redistribution.

- 4.9** The scheme is very complex and details of the operation of the Business Rates Retention Scheme were set out in the “**BUSINESS RATES RETENTION SCHEME – POOLING**” report considered by Cabinet on 25th September 2012 and Council on 15th October 2012.
- 4.10** The Council has agreed to join in a Business Rate Pool with all of the Gloucestershire local authorities with the aim of retaining a greater share of business rates within Gloucestershire.

Council Tax support

- 4.11** The existing Council Tax Benefits Scheme is largely a national scheme which local authorities with council tax billing responsibilities operate on behalf of central government. The Government funds the cost of the scheme. Benefit is allocated to individual council tax accounts, reducing the amount payable, with central government making a similar cash payment to the local authority. With effect from 1st April 2013, this Council is required to set its own local scheme for council tax support (as detailed in the report to Council on 17th December 2012).
- 4.12** The Government intends the local Council Tax Support scheme to operate in a similar way to existing discounts such as for empty properties or single person occupiers. Rather than being accounted for as a benefit cash payment, the council tax base will be reduced. Whilst this has no impact for the individual council tax payer, a lower council tax base reduces the yield in council tax to this Council, Gloucestershire County Council, Gloucestershire Police and parish councils. To offset this impact, the Government will pay a cash grant to the billing and major precepting authorities. With regards to parish councils, the billing authority will receive their share of the grant for redistribution. However, the Government has announced that the overall value of the grant will be 10% lower the previous cost of the council tax benefit grant. This change therefore has implications for all local authorities and the police.

Changes to Council Tax exemptions

- 4.13** A separate report was considered by Council on 17th December 2012 in respect of the following proposed changes to council tax discounts and exemptions.
- Second home discount to be reduced from 10% to 0%;
 - Class A exemptions (where the property is unoccupied due to major refurbishment) to be replaced by discounts of 25% for a maximum of 12 months;
 - Class C exemptions (where the property is unoccupied and unfurnished) to be replaced with a discount of 100% for one month then 25% for the following 5 months.
- 4.14** The changes being proposed will have the effect of increasing the council tax base for this Council, Gloucestershire County Council, Gloucestershire Police and parish councils.

Finance settlement

- 4.15** Taking all of the above points in to account, estimating the level of central government support and the Council’s share of business rate income was a challenging task for publishing a draft budget for consultation.
- 4.16** The original draft budget for 2013/14 was based upon the assumption that central government funding would fall by 9.3%. The headline figures for the level of Government support to the Council were not released until 19th December 2013 although they did indicate that the actual reduction in funding for 2013/14 equated to 7.4% with a further reduction of 12.7% in 2014/15.
- 4.17** In the Government’s comprehensive spending review in October 2010, the Chancellor of the

Exchequer announced that councils would receive a cut in government support of 28.4% over the next 4 years. Taking into account the cumulative cut of 23.23% in the first 2 years, the above settlement figures equate to a cumulative cut in excess of 40% over that same 4 year period. These cuts will continue to have a highly detrimental impact on the Council's finances which is illustrated in Appendix 4.

- 4.18** The analysis of central government funding which has been used to put the 2013/14 budget proposals together is shown in the following table:

	2012/13 £m	2013/14 £m	2014/15 £m
Revenue Support Grant	0.108	3.731	
Cheltenham's share of Redistributed Business Rates	5.608	2.483	
Start-up funding	5.716	6.214	5.426
Less transferring grants (council tax freeze grant, council tax support funding, homelessness)	(0.198)	(1.102)	
Formula Grant	5.518	5.112	
Actual cash (decrease) over previous year		(0.406)	(0.788)
% cash cut		(7.4%)	(12.7%)

- 4.19** The more detailed analysis of the net budget requirement for 2013/14 and the funding available is attached at Appendix 2.

5. The Cabinet's general approach to the 2013/14 budget

- 5.1** The Cabinet's budget strategy for 2013/14, approved at a meeting on 16th October 2012, included an estimate of £1.205m (scenario 2) for the 2013/14 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 10% cut in Government support.
- 5.2** The final assessment of the budget gap for 2013/14, based on the detailed budget preparation undertaken over recent months and the assumed financial settlement is £1.245m. This takes into account structural shortfalls within the 2012/13 base budget such as car parking and trade refuse income.
- 5.3** In October 2012, the Chancellor of the Exchequer announced that the Government intends to make funding available to help councils freeze their council tax in 2013/14 (a third consecutive year). The funding being made available equates to a 1% increase in council tax and will be payable in both financial years 2013/14 and 2014/15. In addition, in 2013/14 the Government intends to lower the local authority tax referendum threshold to two per cent. This would mean if a local authority seeks to raise its relevant basic amount of council tax by more than two per cent, local people would have the right to keep council tax bills down through a binding referendum veto.

5.4 The Cabinet has carefully considered whether to freeze council tax at its present level or to increase it by 2 per cent. It recognises that freezing is not an easy option, as the Government's financial support for a freeze only covers about half of the cost and only for two years – leaving an additional funding gap of about £180,000 a year from 2015/16 onwards. However, it is also well aware of the financial pressure that many people in Cheltenham are under, following the fall in real-terms incomes over the past four years. In these circumstances the Cabinet believes it is right to continue the council tax freeze for a third year.

5.5 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 except where it is a statutory requirement or there is a compelling business case for an 'invest to save' scheme. The full list of proposals for growth, including one off initiatives, is included in Appendix 3.
- Provided for inflation for contractual, statutory, and health and safety purposes at an appropriate inflation rate where proven.
- Budgeted for pay inflation at 1% for 2013/14.
- Increased income budgets are 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 and building control charges; and to freeze garden waste charges for the 2013 calendar year with the possibility of a review at the end of this period. These items have been shown as growth in the budget proposals.
- Assessed the impact of prevailing interest rates on the investment portfolio and the position in respect of Icelandic banks, the implications of which have been considered by the Treasury Management Panel.
- Allowed for a council tax freeze, in line with the Government's request, on the basis that it will be funded through a specific grant equivalent to a 1% increase.

5.6 The key aims in developing the budget were to:

- Do everything possible to protect frontline services
- Continue to develop longer term plans for efficiencies over the period of the MTFS including increasing emphasis on shared services and commissioning services.

5.7 Once again, there has been a great deal of activity during the course of the year to develop this longer term strategy for closing the funding gap. The Cabinet has 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 2013/14, the result of this work, are detailed in Appendix 4, split into:

- Decisions already made by Council totalling £390k.
- Proposals yet to be agreed by Council which are not built into the base budget, totalling £855k. This includes a contribution from New Homes Bonus (NHB) of £200k to top up the 20 year property maintenance fund, removing the need to increase the base revenue budget contribution to this fund.

5.8 The Bridging the Gap programme and the commissioning process have also helped the Council

to move towards a robust five-year strategy for closing the funding gap. The work done on leisure and culture services, ICT services, management restructuring and accommodation strategy, as well as a number of smaller pieces of work, give the Council the opportunity to think ahead over a period of several years, rather than planning its budgets a year at a time.

- 5.9** This budget proposes to change significantly the way that income from the New Homes Bonus is treated by the Council. This reflects the Government's view that the New Homes Bonus is part of local authorities' income stream, and not simply a "nice to have" extra. Instead of using a large proportion of the income for "bidding funds", the Cabinet proposes to contribute £200k of it to the property maintenance fund, as set out in 5.7 above. This can hopefully be repeated in future years and will remove the need to increase the base revenue budget to this fund. We also propose to allocate a one off amount of £219k of NHB to support the commissioning of leisure and cultural services; and to take £30k per year to fund work to reduce the number of empty homes in the town (which will also generate substantial sums of extra NHB in future years).
- 5.10** There will be a single bidding fund for community groups, parish councils and other local organisations, called Community Pride, which will be funded in 2013/14 by taking £50k from the projected 2012/13 underspend.
- 5.11** The Cabinet and SLT have been anticipating the need to make significant savings and have been actively managing vacancies and staffing levels in order to minimise the impact of service reviews, systems thinking and savings initiatives.
- 5.12** Since the interim budget was published, a number of changes have been made to the budget as a result of further work, and taking into account the consultation. They are documented in the supporting appendices to the report and are summarised as follows:

Summary of changes to Interim Budget proposals 2013/14 – Revenue items	£
Deferral of additional waste target from shared services to 2014/15	45,400
Additional training budget for members dealing with planning decisions	2,000
Reduced income targets within waste to reflect 2012/13 actual activity	11,500
Reduction in grants allocated to Parishes for council tax support funding to reflect actual requirement.	(6,745)
Increased contribution to General Balances	45
	52,200

Summary of changes to Interim Budget proposals 2013/14 – Capital items	£
Replacement of chairs at Town Hall – to be considered for inclusion in a supplementary capital programme as detailed in 8.2 below	(80,000)
Refurbishment of Town Hall corridors – now included within Property Maintenance programme	(140,500)
Art Gallery & Museum – refurbishment of new café as part of the redevelopment scheme	170,000
Replacement of pool hall lighting to LEDs at leisure@ - subject to business case	30,000

6. Treasury Management

- 6.1** 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 meetings on 21st November 2011 and 28th January 2013.
- 6.2** Security of capital remains the Council's main investment objective. The solvency issues surrounding Europe and the downgrades of some UK banks, together with the expectation that interest rates will remain at low levels for the foreseeable future, has meant the Council will start to repay temporary debt with maturing investments rather than re-invest. For 2013/14 interest payable will reduce by £64,800 and interest receivable will reduce by £23,800. As a result, the net impact on the 2013/14 budget is an increase in net treasury income of £41,000.

7. Reserves

- 7.1** The Cabinet has taken the opportunity to review the level of reserves held by the Council on the advice of the Section 151 Officer further and are confident that, overall, the projected levels of reserves, including the level of the General Reserve, are adequate for the forthcoming year. A projection of the level of reserves to be held at 31st March 2013 and 31st March 2014 respectively is detailed in Appendix 5.

8. Capital Programme

- 8.1** The proposed capital programme for the period 2013/14 to 2017/18 is at Appendix 6. It includes provisional sums for infrastructure investment to be funded from the Civic Pride reserve. It also includes the proposals from the ICT Infrastructure Upgrade strategy, agreed by Cabinet on 11th December 2012. However, it is a relatively modest list of proposals.
- 8.2** The Cabinet is unwilling to anticipate the capital receipt which the Council hopes to receive from the sale of land at North Place and Portland Street car parks in 2013/14. However the completion of this sale would clearly release very substantial extra capital, particularly when taken alongside the already-completed sale of the Midwinter site. There will therefore be an opportunity to present a supplementary capital programme to this Council as early as possible in 2013 setting out our wider aspirations for capital investment in the town. In the meantime a list of potential infrastructure investment projects is being developed for approval by the Council, aimed at achieving our aspirations for a vibrant, beautiful and prosperous town.

9. Property Maintenance

- 9.1** The budget proposals include a proposal to fund the increase in annual contribution of £200k to the planned property maintenance reserve from the New Homes Bonus, bringing the total annual contribution to property maintenance from revenue to £1,022,550. In line with the Budget Scrutiny Working Group's suggestions to Cabinet, the planned property maintenance programme was reviewed by the Asset Management Working Group and is attached at Appendix 7 for approval.

10. Municipal Mutual Insurance (MMI)

- 10.1** Municipal Mutual Insurance was a local authority insurer to which local authorities became members (as opposed to customers) and following insolvency in 1993 all of the members have a potential liability related to the claims made against the authorities. Since insolvency was announced they have been attempting a solvent run off of outstanding claims which has now proved unsuccessful. A scheme of arrangement was devised and approved by the HMRC to be

triggered in the event of solvent run off failure which we are now advised has been triggered. The total exposure to Cheltenham Borough Council as of 30th September 2012 is £424,018.56. It is anticipated that a percentage levy will be imposed on this exposure to all scheme members ranging from 12% (£50,882.23) to 32% (£135,685.94) which would be payable almost immediately.

- 10.2** Following payment of the levy, the liability will continue until such a time as the scheme is wound up. It is therefore unknown whether any further levy will be imposed in the future. Unfortunately there is also no foreseeable end date to the liability, due to the claims generally being for diseases that can take 20-30 years to manifest such as mesothelioma (asbestosis). Following recent High Court rulings these claims would be directed against historical insurers such as MMI based on the date of exposure.

11. Reasons for recommendations

- 11.1** As outlined in the report.

12. Consultation and feedback

- 12.1** The formal budget consultation on the detailed interim budget proposals took place over the period **21st December 2012 to 25th January 2013**. 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 Committee were invited to review the interim budget proposals in the meeting scheduled for January 2013 and comments were fed back to the Cabinet.
- 12.2** A summary of the budget consultation responses and the Cabinet's response to them in arriving at the final budget proposals, are contained in Appendix 8. A copy of the detailed responses is available in the Members' room.

13. Supplementary Estimates

- 13.1** 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 2013/14 to be met from the General Reserve, the same level as in 2012/13.

14. Alternative budget proposals

- 14.1** 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.
- 14.2** It is also 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.

15. Final budget proposals and Council approval

- 15.1** The Cabinet has 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.
- 15.2** 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.
- 15.3** 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.
- 15.4** 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.

16. Performance management – monitoring and review

- 16.1** The scale of budget savings will require significant work to deliver them within the agreed timescales and there is a danger that this could divert management time from delivery of services to delivery of savings. 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.
- 16.2** The delivery of the savings workstreams included in the interim budget proposals, if approved by full Council, will be monitored via the BtG group.

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Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Summary net budget requirement 3. Growth 4. Savings / additional income 5. Projection of reserves 6. Capital programme 7. Planned Maintenance Programme 8. Summary of budget consultation and Cabinet response 9. Section 151 Officer budget assessment 10. Equalities impact assessment
Background information	<ol style="list-style-type: none"> 1. MTFS 2012/13 – 2017/18

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
1.01	If the council is unable to come up with long term solutions which bridge 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.	Mark Sheldon	15 December 2010	4	5	20	R	The council continues to deliver savings and additional income from its Bridging the Gap (BtG) programme which now includes targets for commissioning projects based on approved business cases. The Cabinet have developed a budget strategy which identifies longer term savings targets for closing the MTFS funding gap.	ongoing	Director of Resources	26 January 2011
1.02	If the robustness of the income proposals are not sound then there is a risk that the income identified within the budget will not materialise during the course of the year.	Mark Sheldon	15 December 2010	3	3	9	R	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 which are monitored throughout the year and reported through the budget monitoring reports to cabinet.	ongoing	Director of Resources	
1.03	If when developing a longer term strategy to meet the MTFS, the council does not make the public aware of its financial position and clearly articulates why it is	Jane Griffiths	15 December 2010	3	3	9	R	As part of the delivery of the BtG / commissioning programmes there needs to be a clear communication strategy. In adopting a	ongoing	Communications team to support the BTG programme	

	making changes to service delivery then there may be confusion as to what services are being provided and customer satisfaction may decrease.							commissioning culture the council is basing decisions on customer outcomes which should address satisfaction levels.			
1.04	If there is a reliance on shared services delivering savings and these savings do not materialise or shared service projects do not proceed as anticipated then other savings will need to be found to meet the MTFS projections.	Pat Pratley	15 December 2010	3	3	9	R	All shared services are operated under Prince 2 principles, with clear business case and risk logs are maintained for the shared service. Savings / Benefit realisation are reviewed via the BTG and corporate plan monitoring.	Ongoing	Pat Pratley	
1.05	If the council does not carefully manage its commissioning of services then it may not have the flexibility to make additional savings required by the MTFS in future years and a greater burden of savings may fall on the retained organisation.	Mark Sheldon	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	AD Commissioning	
1.06	If the assumptions around government support, business rates income, impact of changes to council tax discounts prove to be incorrect, then there is likely to be increased volatility around future funding streams.	Mark Sheldon	13 December 2012	4	3	12	R	Work with GOSS and county wide CFOs to monitor changes to local government financing regime and adjust future budgets for any significant variances.	Ongoing	Director of Resources	