

# Cheltenham Borough Council

## Cabinet – 21<sup>st</sup> December 2010

### Budget Monitoring Report 2010/11 – position as at November 2010

<b>Accountable member</b>	<b>Councillor John Webster, Cabinet Member for Finance and Community Development</b>
<b>Accountable officer</b>	<b>Paul Jones, Head of Financial Services</b>
<b>Accountable scrutiny committee</b>	<b>All</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key Decision</b>	<b>No</b>
<b>Executive summary</b>	To update Members on the council's current financial position for 2010/11 based on the monitoring exercise at the end of November 2010. The report covers the council's revenue, capital, treasury management and the housing revenue account. The report identifies any known significant variations (minimum £10,000) to the 2010/11 original budget and a position statement on major schemes.
<b>Recommendations</b>	<ol style="list-style-type: none"><li><b>1. Note the contents of this report including the key projected variances to the original 2010/11 budget which have enabled the council to deliver a balanced revised budget.</b></li><li><b>2. Note the intention to recommend to council as part of the budget proposals for 2011/12 to transfer the interest due from its Icelandic deposits (as detailed in paragraphs 3.6 to 3.8) to the Interest Equalisation Reserve to offset any future impairment's that may arise on these deposits.</b></li></ol>

<b>Financial implications</b>	As detailed throughout this report.  <b>Contact officer: Paul Jones, paul.jones@cheltenham.gov.uk, 01242 775154</b>
<b>Legal implications</b>	None directly arising from this report.  <b>Contact officer: Peter Lewis, Peter.Lewis@teWKesbury.gov.uk, 01684 272695</b>

<b>HR implications (including learning and organisational development)</b>	<p>Zero recruitment is in place until end March 2011. Managers and HR Advisors are working together to ensure vacancies are managed effectively. The Executive Board consider and agree all business cases for any exceptions to the zero recruitment based on clear criteria. Assessment will be made to see if any vacancies can be turned into permanent establishment savings.</p> <p><b>Contact officer: Julie McCarthy , julie.mccarthy@cheltenham.gov.uk, 01242 264355</b></p>
<b>Key risks</b>	<p>As outlined in Appendix 1.</p>
<b>Corporate and community plan Implications</b>	<p>Key elements of the budget are aimed at delivering the corporate objectives within the Corporate Business Plan.</p>
<b>Environmental and climate change implications</b>	<p>None.</p>

## 1. Background

- 1.1 This report provides the third monitoring position statement for the financial year 2010/11. The purpose of this report is to notify members of any known significant variations to budgets for 2010/11 and highlight any key issues, allowing members to take action if required. The report has been used to construct the revised budget for 2010/11 included within the separate report on the interim budget proposals for 2011/12.
- 1.2 The previous budget monitoring report to the end of August 2010 projected an overspend for the year of £801,700. As a direct result of that projection, Cabinet and the Senior Leadership Team (SLT) instigated an immediate recruitment freeze and a rigorous approach has now been adopted for future approval for any recruitment requests. In addition, officers have been instructed to reduce spend on supplies and services to essentials for the remainder of the financial year.
- 1.3 It is therefore pleasing to report that these measures have enabled the council to address the potential in year budget deficit and deliver a revised balanced budget which does not require a contribution from general balances.

## 2. Net revenue position

- 2.1 The table below summarises the net impact of the variances identified on the overall 2010/11 revised budget position.

<b>Significant budget variances ( &gt; £10,000)</b>	Overspend / (Underspend) £	Para. ref:
Net reduction in employee costs	(412,800)	2.2 – 2.7
Net reduction in service costs / operational expenditure	(163,000)	2.8 – 2.19
Net reduction in income	436,800	2.20 – 2.41
Treasury Management	140,800	3.9 – 3.14
Interest on Icelandic deposits	(331,500)	3.6
Transfer to Interest Equalisation Reserve	331,500	3.7
Reduced contribution to General Balances	(1,800)	
<b>Total projected variance to original budget</b>	-	

### 2.2 Employee costs 2010/11

There is an expected net saving in employee costs of £412,800 for 2010/11. This has been incorporated into the revised 2010/11 budget and includes the following main variations to the original budget:

- 2.3 The 2010/11 original budget included a target of £400,000 from salary savings to be made throughout the council from vacant posts arising during the year. An initial assessment of vacant posts (i.e. staff turnover) in the first seven months of the year coupled with the decision to put in place a recruitment freeze for the remainder of this financial year indicate that this budget saving is likely to be exceeded by £113,800 in 2010/11.
- 2.4 The original budget for 2010/11 was set with the assumption of a 1% pay award, whereas it has now been agreed nationally that there will be a pay freeze. The resultant saving to the council is £161,400 in 2010/11.

- 2.5** Back-funding of the pension fund deficit in 2010/11 is met by a 10.31% contribution on gross pay. Therefore if gross pay is reduced by no pay award or from staff vacancies or post deletions then the council's contribution to the fund is consequently reduced. This reduction is estimated at £114,200 compared to the original budget.
- 2.6** There is a forecast saving in employee costs at leisure@ of £48,400 as a result of restructures undertaken during the year within the customer services and operations teams. These savings have been built into the revised budget and the 2011/12 base budget.
- 2.7** Increased rates of pay to casual staff and enhanced payments to staff working on bank holidays have resulted in additional expenditure of £21,800 during the year. This is as a result of recognising the need to make nationally agreed bank holiday payments and fully implementing agreed terms and conditions under the single status review. £7,000 of this relates to back pay owed from 1<sup>st</sup> October 2008 to 31<sup>st</sup> March 2010. The remaining amount has been incorporated into the 2011/12 original budgets.
- 2.8 Net reduction in service costs / operational expenditure**  
There is an expected net decrease in service expenditure of £163,000 for 2010/11. This has been incorporated into the revised 2010/11 budget and includes the following main variations to the original budget:
- 2.9 Procurement**  
As a direct result of the projected overspend forecast within the last budget monitoring report, officers were instructed to reduce spend on supplies and services to essentials for the remainder of the financial year. It is therefore pleasing to report that to date £346,100 has been identified as a saving on this budget head for this financial year. This will more than offset the original target of £120,000 from procurement savings identified in the original budget.
- 2.10 Debt management brokerage**  
Treasury Management strategy for 2010/11 has been to borrow over short term periods as market rates have been very low. Because the number of loan transactions has increased, the brokerage charges are higher than the original budget. The revised budget for 2010/11 has been increased accordingly by £10,000.
- 2.11 One HR**  
The shared service with Tewkesbury BC for Human Resources was anticipated to result in a saving of £57,200 in 2010/11, resulting from the merging of the two teams. This amount, included in the original budget for the year, will not be received as the shared service will no longer be going ahead. However one-off income of £26,700 has been received from Tewkesbury BC and Forest of Dean DC for consultancy work, reducing HR income by a net £30,500.
- 2.12 Audit and Assurance**  
On the 1<sup>st</sup> October 2009 Audit & Assurance Services for Cheltenham Borough Council joined with Internal Audit from Cotswold District Council as a formal partnership and is expected to make a saving of £42,400 in 2010/11 as a result of de-commissioning costs being funded in 2009/10. This has now been built into the 2010/11 revised budget.
- 2.13 Concessionary Fares**  
Cheltenham Borough Council is a member of the Gloucestershire County Council's countywide concessionary travel scheme. The cost allocations for the countywide scheme are controlled by the consultants (JMP), who provide administrative support for the County Council as the administering authority. A financial settlement with the major operator, Stagecoach, covering all of the districts for the financial years 2008/09 to 2010/11. However the Council is likely to be left with a funding shortfall in the region of £62,700 in 2010/11 to fund the increased journeys undertaken by concessionaires on bus services provided by other operators. This reflects fare increases and continued growth in use of the scheme, despite the Government's recent announcement to phase in an increase in the age of eligibility for bus passes. There is, however, an anticipated saving in

the year on Taxi Vouchers of £7,000, leaving an expected net overspend on this cost centre of £55,700.

#### **2.14 Leisure@**

There is an expected overspend of £10,000 in the goods purchased for resale expenditure account, against the original 2011/12 budget. Increased trading activity has resulted in higher levels of income in recent years. The income budget has been increased in 2010/11 to reflect increased profits, but the expenditure budget for the purchase of merchandise has remained at the same level. This has now been increased to reflect the level of expenditure incurred in order to generate this profit.

#### **2.15 Utilities**

There is a forecast overspend in utilities budgets of £101,400 in 2010/11. Demand increased during 2009/10 as a result of an exceptionally cold winter. It is now anticipated that a similar winter will be experienced and so estimated demand has been increased to accommodate this. Day-to-day usage has increased at certain sites and another cold winter has exacerbated the rising cost.

#### **2.16 NNDR**

Due to reduced demand and hence falling income on car parks throughout the town a reduction was made by the Valuation Office on the charges payable for NNDR in 2010/11 which resulted in savings of £17,900. The Prince of Wales Stadium also saw a reduction in its rateable value after a successful appeal, resulting in a further saving of £11,000.

#### **2.17 Other premises related costs**

A saving of £35,900 is anticipated, primarily due to controls applied on non-essential building repair and maintenance costs for the Municipal Offices and miscellaneous properties throughout the Borough

#### **2.18 3<sup>rd</sup> party on-street parking**

There is a managed saving of £30,700 from a review of the allocation of employee costs between the off-street and on-street parking functions.

#### **2.19 Grass verges**

Full cost recovery from Gloucestershire County Council for the match funding of replacement trees within the Borough has contributed a £5,000 saving. Careful control of costs and reduced mowing activity due to summer weather conditions has resulted in a further reduction in expenditure of £22,800, primarily associated with employee costs and overtime payments.

#### **2.20 Net reduction in income**

There is an expected net reduction in income of £436,800 for 2010/11. This has been incorporated into the revised 2010/11 budget and includes the following main variations to the original budget:

#### **2.21 Off-street Car Parking Income**

Income from off-street parking is composed of two elements – fines and fees. In considering fine income we need to include the actual income paid and also the potential income that could result from bailiff action to recover unpaid fines. The combined figures from both sources suggest that fine income is considered likely to fall short of the profiled budget, resulting in an annual shortfall of £135,000. The number of ticket sales compared with the same period last year remains lower and if this trend continues throughout the year, this will result in an annual fee income shortfall against budget of £301,500. The VAT increase in January being set at 20% will generate a further shortfall of £22,700 against the final quarter's budgeted turnover.

**2.22** The income targets for 2010/11 were optimistically increased by £122,000 against a number of proposed initiatives relating to off-street parking. The new Head of Integrated Transport & Sustainability has undertaken a review of current initiatives and their deliverability. He is confident

that the following new income streams will be delivered:

- £7,500 from Royal Well car park (formally Chapel Walk); and
- £2,000 Synagogue Lane car park

**2.23** Unfortunately, this still leaves another predicted net shortfall of £112,500 and a total projected parking income shortfall of **£571,700**.

**2.24** Officers have been in discussion with Cabinet regarding parking variances and it is proposed that there will be a significant adjustment to income projections for 2011/12. This will close the gap between actual income achieved this year and the budget targets set in 2010/11. This will also reduce the risk of any repeated income shortfall from car parking revenues in 2011/12 against budget.

### **2.25 Regent Arcade**

The long outstanding reconciliation exercise is made up of 3 elements; head rent, service charge and a capital contribution for the recent refurbishment. The head rent and service charge saving of £32,700 is made up as follows.

**2.26** Head rent is overspent by £19,000, but is offset by an underspend on the service charge of £51,700 which is less than anticipated, as the outcome of our negotiations was better than forecast. This was due to successfully removing the landlord's claims for improvement costs from the settlement calculation, which are not allowed under the terms of the service charge agreement. In addition to the above net settlement, there is a capital settlement with regard to the refurbishment works to the Regent Arcade in the sum of £516,800. This will be funded on the basis of £350,000 from the Capital Reserve and £166,800 from the Property Repairs and Renewals Reserve.

### **2.27 Land Charges fees**

Land Search fee income is below target, mainly due to a change in government advice regarding personal searches which now need to be 'free of charge' – these were previously charged at £22. Full search enquiries have remained level for the last 4 months. If this trend continues, fees will be approximately £40,000 below target. If there is an upsurge in the market the predicted deficit may reduce.

### **2.28 Recycling Income**

New contract negotiations have resulted in increases in the price of recycle and hence recycling credits. This increase in income (£77,100) reflects the recent industry price increases, which are anticipated to remain buoyant throughout the remainder of the financial year.

### **2.29 GCC Schools contract**

A number of schools have opted out of this contract, resulting in the income target not being achieved. Although showing a net loss of £35,900, the contract contributes £62,400 to divisional and corporate overheads. A contract review will take place prior to 2011/12.

### **2.30 Green Waste**

An underspend of £65,600 represents the net predicted saving on the introduction of the new chargeable garden waste recycling scheme in the current financial year. Incorporated in this net position is an assumed level of 5,000 sales that will occur before the financial year end. Failure to achieve the anticipated level of sales and hence income will adversely affect this predicted net saving.

### **2.31 Trade waste**

The under recovery of income for the Trade Waste service reflects the current competitive economic situation, with contracts lost due to downsizing, business closures and increased competition. Although savings are made on the cost of disposal via landfill charges due to

reduced activity, there is an anticipated net loss of £58,300 on trading in the current financial year.

### **2.32 Property rents**

Income from General Fund property rentals has exceeded budgeted expectations by £26,500 due to better than anticipated take up of vacant commercial properties, following successful marketing activity e.g. Berkeley Mews shops and Enterprise Way industrial units. Further additional income has been generated from the letting of ground floor space at the Municipal Offices to HM Revenue & Customs from September 2010.

### **2.33 Depot occupancy – Tewkesbury Borough Council / Printwaste**

Additional income of £34,600 is being generated from renting land and buildings at the Swindon Road Depot to Tewkesbury Borough Council and Printwaste.

### **2.34 Montpellier Café / Central Cross Drive Cafe**

The net surplus from these trading outlets has increased by £12,700 due to the fair summer weather which helped increase turnover.

### **2.35 Central Cross Drive Cafe**

Expenditure on agency labour and supervision to resource this facility during the summer months will exceed budgetary expectations by £15,000. This is primarily due to the requirement to facilitate the operation for one additional year pending the outcome of the report of the Assistant Director Operations relating to potential future operating options.

### **2.36 Stronger Communities – Housing Standards**

There is an anticipated shortfall of £17,500 in the housing standards budget, in the Houses in Multiple Occupation register fees. The income budget for these fees has been approved at £43,500 for 2010/11, but is anticipated that the annual income achievable is approximately £26,000 based on the current number of properties and fees set. This shortfall has been factored into the revised budget 2010/11. The current fee structure for Gloucestershire is currently being reviewed by the local district authorities and any price increase will be reflected in future budgets.

### **2.37 Leisure@**

There is an expected surplus in income of £30,000 for 2010/11, which has been built into the 2010/11 revised and 2011/12 original budgets. Leisure@ is performing well in terms of some key objectives, filling vacant space in the halls has been the main contributor accompanied by a general increase in volumes of trade.

### **2.38 Art Gallery & Museum and Tourism**

Based on income generated to 31<sup>st</sup> October 2010, it is expected that there will be a total shortfall of income in the Art Gallery & Museum and Tourism service of £23,700 for the full trading year 2010/11. This includes £17,300 shortfall in shop trading, against a budget of £58,300. This is due to a down turn in business and reduced operations pending the closure of the museum for redevelopment.

**2.39** The expected shortfall also includes £7,900 in catering income, due to the temporary contract in place for the AG&M café, pending the closure for redevelopment of the museum. The level of sales is such that minimal commission is expected to be payable to the Council In 2010/11.

### **2.40 Council Tax court fees and legal costs**

The council's general fund receives income from court costs arising from the recovery of unpaid council tax and business rates. There is a projected shortfall of £16,000 on the original income budget of £170,000 due to the number of court summonses issued being less than originally anticipated. This reflects an increase during the year in arrangements made to reschedule payments, resulting in less recovery action having to be taken.

### **2.41 Area Based Grant**

The Area Based Grant which is an un-ringed fenced grant from central government has increased

by £11,800 from that proposed in the original budget primarily to take account of the new provisions placed on council's to accept petitions.

### **3. Treasury Management**

#### **3.1 Icelandic Banks**

Members will recall the Council has outstanding loans with the Icelandic owned banks Glitnir, Landsbanki and Kaupthing, Singer & Freidlander (KSF).

- 3.2** The situation with regards to money outstanding with both Glitnir and Landsbanki is unchanged since the last report. Data is being collected to enable court cases on priority status to proceed, but it is unlikely a definitive decision on this will be made until mid 2011.
- 3.3** As regards the money outstanding from KSF, the latest information indicates a recovery rate of 79p in the £ (roughly the mid point in the range of 75 – 84p). In the 2009/10 accounts, based on the best information available at the time, we had assumed a recovery rate of 71p in the £.
- 3.4** The capitalisation direction we received in 2009/10 allowed us to treat the estimated losses on the Icelandic banks as capital expenditure, in effect borrowing the money and spreading the cost over 20 years. In the case of KSF we capitalised a loss of 29p in the £ (i.e. 100 – 71p in the £).
- 3.5** The increase in the amount likely to be recovered is 8p in the £ or £230,000. However, since we had borrowed to cover a loss of this amount via a capitalisation direction, the extra money should now be used to reduce the borrowing. This will be done in 2010/11 by making a voluntary revenue provision to capital financing of £230,000. This will reduce annual debt payments for the next 19 years (beginning in 2011/12) by £12,000 per annum. This reduction has been taken into account in the budget proposals for next year.
- 3.6** In accordance with proper accounting practice the council must credit the revenue account each year with the interest due from the Icelandic banks. The proportion of interest not likely to be received is then included within any 'impairment' charge to revenue, which reflects the loss in value of the investments. Since the council has reflected the current estimated losses in the loans, by impairment charges made in 2008/09 and 2009/10, the interest due for the year represents additional income. In 2010/11 the interest is estimated at £311,500.
- 3.7** It is recommended, however, that the interest due in 2010/11 and future years is transferred to a reserve to cover any additional losses which may arise in the value of the deposits and/or to reduce the borrowing arising from the capitalisation of the losses. For example, if it is determined that the council's deposits with Landsbanki do not have priority status then a further loss of around £2.3 million would need to be charged to revenue. If this occurred the council would apply for a further capitalisation direction, however in applying for this any interest credited in the year must be deducted from the loss, in which case the interest due will be required to help cover it.
- 3.8** Any reduction in the estimated recovery rates or extensions in the repayment profiles of the loans will also result in an additional 'impairment' charge to revenue, which will need to be met from the interest due for the year. If there is any surplus interest (i.e. not required to cover additional losses), it would be prudent to use it to make voluntary revenue provisions to capital financing, reducing annual debt repayments.
- 3.9 Treasury Management Activity**  
There is a predicted shortfall of interest of £21,400 to report on Treasury Management for 2010/11. However the General Fund has a £216,200 adverse variance against the 2010/11 original budget whilst the Housing Revenue Account (HRA) has a £194,800 favourable variance against the original budget. The 2010/11 revised budget will now be adjusted to reflect these likely outcomes.
- 3.10** The primary reason for the shortfall in the General Fund is that the calculation for the HRA Item 8

Credit which was estimated in December 2009 predicted the consolidated rate of interest to be 4.00% on all borrowing for this financial year. This interest rate was calculated based on a forecast that interest rates would start to rise from October 2010. Interest rates are now forecast to remain at 0.50% for at least another year and this has resulted in the consolidated rate being more likely to be 3.08%. This will result in the HRA paying £175,300 less interest to the General Fund for 2010/11.

**3.11** HRA opening revenue balances for 2010/11 are higher than what was estimated when calculating this budget and also lower revenue balances are required for capital financing. This will result in the HRA receiving £19,500 more in interest from the General Fund.

**3.12** Lending interest is also forecast to be down by £28,100 against the estimated budget as a rise in interest rates was forecast to commence around October 2010 but this is now unlikely to happen with the economy as it stands and with rates looking to remain at 0.50% for the foreseeable future.

**3.13** Short term borrowing interest is forecast to be under spent by £6,700 against the 2010/11 budget due mainly to achieving an average rate of 0.45% against a budgeted estimate of 0.86% for all temporary borrowing.

**3.14 Debt premiums**

The freehold disposal of 24 Cambray Place generated a capital receipt which has been used to finance debt premiums that relate to historical debt-rescheduling exercises. This has resulted in a saving of £75,000 which has been built into the revised budget proposals and the base budget for 2011/12 and is one of the council's 'bridging the gap' initiatives.

**4. Capital expenditure**

**4.1** Significant variances to the 2010/11 original capital budgets are as reported in the previous budget monitoring report. These revisions are reflected in the revised capital programme for 2010/11 which can be referred to in Appendix 9 within the separate report on the interim budget proposals for 2011/12.

**5. Programme maintenance expenditure**

**5.1** As reported in the previous budget monitoring report, there are a number of significant variances to the original 2010/11 programmed maintenance budgets. The revised programme maintenance budgets have been prepared to reflect these variances. These are included at Appendix 10 of the separate report on the interim budget proposals for 2011/12.

**6. Housing Revenue Account (HRA)**

**6.1 HRA income and expenditure**

The HRA budget for 2010/11, approved in February 2010, estimated a surplus of £597,700 for the year resulting in a balance of £1,642,900 to be carried forward in revenue reserves at 31<sup>st</sup> March 2011. Significant variations identified to date are:

Category	Reason for variation	£
Saving in interest payable	Reduced interest rates (see para 3.10).	175,300
Additional interest receivable	Net impact of higher reserves and lower interest rate, partially offset by reduced mortgage interest.	12,700
Council tax on empty properties	Saving from fewer long-term voids	17,000

Rents and charges	Reduced income primarily from lower than estimated service charges	(48,500)
Reduction in subsidy payable	Lower interest rate.	52,000
Reduced requirement for revenue contributions to capital expenditure	Lower capital spend in year (see para 6.4 below).	596,000
Other net variances		6,000
<b>Net additional resources</b>		<b>810,500</b>

**6.2** The outturn position for 2009/10 also showed an increased level of reserve at 31<sup>st</sup> March 2010 of £1,580,800. The impact of these variations will be to increase the forecast surplus for 2010/11 to £1,408,200 and revenue reserves at 31<sup>st</sup> March 2011 to £2,989,000. It should be emphasised that only £214,500 of the increased surplus for 2010/11 represents additional resources as the remaining £596,000 arises from capital expenditure deferred into 2011/12.

### **6.3 HRA Capital Programme**

The capital programme for the year was approved at £4,482,000. This included an estimate of £1,000,000 for transformational improvements to existing stock in St. Pauls. This work is to be carried out in conjunction with the CBH new build programme on the estate. The project is now expected to start in January 2011 and expenditure in year will reduce to £300,000 with the balance transferring to 2011/12.

**6.4** This gave an opportunity to bring forward other works, originally programmed for 2011/12, in substitution. These included £312,000 for balcony repairs and further neighbourhood works at Edward Wilson House and Scott House. However the subsequent failure of social housing contractors, Connaught and Rok, will delay completion of a proportion of these works until early in the next financial year.

**6.5** Overall capital expenditure for the year is now forecast at £3,851,000 with a reduction in revenue contributions as detailed above.

## **7. Council tax and Business rates collection**

**7.1** The monitoring report for the collection of council tax and business rates (NNDR) income is shown in Appendix 2. This shows the position at the end of November 2010 and the projected outturn for 2010/11.

## **8. Sundry debt collection**

**8.1** The monitoring report for the collection of sundry debt income is shown in Appendix 3. This shows the position at the end of November 2010.

**8.2** The invoices raised as a consequence of the Council's rechargeable repairs and voids policy are challenging to collect but represent an essential control in keeping the stock in good condition at an affordable cost. Given the nature of the charges and past recovery rates the internal audit section has previously recommended provision for bad debts be made at a rate of 90% of sums outstanding. Since the introduction of the policies a combined cash collection rate of 15.8% has been achieved (25% for rechargeable repairs to current tenants and 10% for void dilapidations). This recovery work is resource intensive and CBH is constantly reviewing methods and procedures to improve cost effectiveness. The team is currently working through a back log of write offs, provision for which has already been made in the Housing Revenue Account.

## 9. Conclusion

- 9.1 The net effect on the general fund of the variances reported above is neutral and it is encouraging to report that the immediate response to the last monitoring report by Cabinet and SLT and the actions put in place result in the council still being on track to deliver services within budget.
- 9.2 The continued impact of the economic recession and the uncertainty in the banking system present particular concerns for the council's budgets. It is clearly important to ensure that budgets are more closely monitored over the coming months with a view to taking action at a future date, if necessary, in order to ensure that the council delivers services within budget.

## 10. Consultation

- 10.1 The work undertaken to produce this report has involved consultation with a wide number of services and cost centre managers.

<b>Report author</b>	<b>Contact officer: Paul Jones, Head of Financial Services paul.jones@cheltenham.gov.uk, 01242 775154</b>
<b>Appendices</b>	<ol style="list-style-type: none"><li>1. Risk Assessment</li><li>2. Council Tax and NNDR collection</li><li>3. Sundry Debt collection</li></ol>
<b>Background information</b>	<ol style="list-style-type: none"><li>1. Section 25 Report – Council 12<sup>th</sup> February 2010</li><li>2. Final Budget Proposals for 2010/11 – Council 12<sup>th</sup> February 2010</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.	Unable to take corrective action in respect of reduced income streams.	Cabinet	June 2010	3	6	18	Reduce	In preparing the revised budget for 2010/11, SLT to consider the options for offsetting reduced income streams by analysing and reducing the level of expenditure across the Council.	December 2010	SLT	Corporate Risk Register
2.	Requirement to fund projected overspend from General Balances would result in General Balances falling below the minimum range of £1.5m to £2m set by the Chief Finance Officer.	Cabinet	June 2010	3	2	6	Accept	The immediate response to the last monitoring report by Cabinet and SLT and the actions put in place result in the council being back on track to deliver services within budget. In preparing the revised budget for 2010/11, an exercise to realign earmarked reserves will be undertaken in order to strengthen the level of General Balances.	December 2010	Chief Finance Officer	Corporate Risk Register
3.	If the council continues with its zero recruitment policy, then capacity may be impacted adversely, plus morale and motivation of employees	Cabinet	October 2010	3	4	12	Reduce	Executive Board will monitor the process, via quarterly reviews.	March 2011	Executive Board	Corporate Risk Register

**Guidance**

Types of risks could include the following:

- Potential reputation risks from the decision in terms of bad publicity, impact on the community or on partners;
- Financial risks associated with the decision;
- Political risks that the decision might not have cross-party support;
- Environmental risks associated with the decision;
- Potential adverse equality impacts from the decision;
- Capacity risks in terms of the ability of the organisation to ensure the effective delivery of the decision
- Legal risks arising from the decision

Remember to highlight risks which may impact on the strategy and actions which are being followed to deliver the objectives, so that members can identify the need to review objectives, options and decisions on a timely basis should these risks arise.

### **Risk ref**

If the risk is already recorded, note either the corporate risk register or TEN reference

### **Risk Description**

Please use “If xx happens then xx will be the consequence” (cause and effect). For example “If the council’s business continuity planning does not deliver effective responses to the predicted flu pandemic then council services will be significantly impacted.”

### **Risk owner**

Please identify the lead officer who has identified the risk and will be responsible for it.

### **Risk score**

Impact on a scale from 1 to 4 multiplied by likelihood on a scale from 1 to 6. Please see risk [scorecard](#) for more information on how to score a risk

### **Control**

Either: Reduce / Accept / Transfer to 3rd party / Close

### **Action**

There are usually things the council can do to reduce either the likelihood or impact of the risk. Controls may already be in place, such as budget monitoring or new controls or actions may also be needed.

### **Responsible officer**

Please identify the lead officer who will be responsible for the action to control the risk.

For further guidance, please refer to the [risk management policy](#)

### **Transferred to risk register**

Please ensure that the risk is transferred to a live risk register. This could be a team, divisional or corporate risk register depending on the nature of the risk and what level of objective it is impacting on