Bath & North East Somerset Council			
MEETING:	**Cabinet**		
MEETING DATE:	**18th December 2018**	EXECUTIVE FORWARD PLAN REFERENCE:	E 3071
TITLE:	**Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2018 to October 2018**		
WARD:	All		
AN OPEN PUBLIC ITEM			

List of attachments to this report

Appendix 1: Revenue Monitoring Commentary
Appendix 2: Key Scheme Capital Monitoring Commentary
Appendices 3(i) & 3(ii): Proposed Revenue Virements & Revised Revenue Cash Limits 2018/19
Appendices 4(i), 4(ii) & 4(iii): Capital Virements, Capital Programme by Portfolio 2018/19 & Capital Programme adjustments

EXECUTIVE SUMMARY

a) Revenue budget

The Revenue budget outturn is currently forecast to be £4.1m over budget. This is £1.5m higher than the £2.6m reported previously and is mainly due to unmitigated delays in savings delivery of net £1.8m, additional demand in Children's Services £2.2m, and a £1.2m shortfall in income from Commercial Estate. This has been partially offset by a forecast under budget position of (£0.86m) resulting from Council funded growth allocations now being funded from additional grant in Adult Social Care. Urgent actions are being put in place thorough Recovery Plans to mitigate this position. The report below highlights which savings are delayed and which are considered high risk and may not be delivered, those that are delayed can be supported through the smoothing reserve but this will utilise all of the reserve allocation for 2018/19.

b) Capital budget

The capital budget is currently showing an expected under budget position of £11.4m mainly due to slippage and re-phasing.

This report also seeks approval to make adjustments to the current capital programme following the review that has been carried out to support 2019/20 budget planning.

c) Council tax and Business rates

The current forecast Council's share of the year end Collection Fund position is:

- Council Tax – Surplus of £0.760m (2017/18 Deficit £0.154m)
- Business Rates – Deficit of £0.259m (2017/18 Deficit £1.473m)

Business rates collection remains slightly lower than target and will continue to be monitored closely over the next few months

d) Council Reserves

Council reserves will be required to mitigate the current position if the actions being put in place are not successful. The Budget Contingency Reserve which has been set up to mitigate budget risk would be completely depleted with a further £0.53m requirement from Un-earmarked Reserves. This would reduce General Fund Un-Earmarked Reserves to below the range required to meet the Council's financial risks and therefore require a review of all reserves and a requirement for further savings to replenish them in 2019/20.

1 THE ISSUE

1.1 This report presents the financial monitoring information for the Authority as a whole for the financial year 2018/19 to the end of October 2018.

2 RECOMMENDATION

The Cabinet agrees:

2.1 To note the 2018/19 forecast over budget of £4.1m (as at the end of October 2018) and the recovery plan actions outlined in Appendix 1;

2.2 To note the mitigations that will be required shown in paragraph 5.6, if the over budget position cannot be reduced by the end of the financial year

2.3 To note the capital year-end forecast detailed in paragraph 5.17 of this report;

2.4 To note the revenue virements listed for information in Appendix 3(i);

2.5 To note the changes in the capital programme including capital schemes that have been agreed for full approval under delegation listed in Appendix 4(i)

2.6 Agree the capital schemes listed in Annex 4(iii) for removal / deferment from the current 5 year capital programme.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

3.1 The financial implications are contained within the body of the report.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 The annual medium term financial planning process allocates resources across services with alignment of these resources towards the Council's corporate priorities. This report monitors how the Council is performing against the financial targets set in February 2018 through the Budget setting process.

5 THE REPORT

REVENUE BUDGET

5.1 The Budget Management Scheme requires that the Cabinet consider the revenue and capital monitoring position four times per year.

5.2 Service Directors have been asked to outline the actual expected outturn for the year and the reasons to date for over / under budget forecasts. For revenue budgets which are forecast to be over budget, the Directors are expected to seek compensating savings to try and bring budgets back to balance.

5.3 A summary by Portfolio of the revenue position as at 31st October 2018 is shown in the table below:

Portfolio	Revised Budget £'m	Year End Forecast £'m	Variance Over / (Under) £'m
Leader	2.28	2.48	0.20
Finance & Efficiency	3.04	4.12	1.08
Transformation & Customer Services	5.83	6.17	0.34
Adult Care, Health & Wellbeing	62.83	61.96	(0.86)
Children & Young People	27.53	29.71	2.18
Economic & Community Regeneration	(5.18)	(5.25)	(0.06)
Development & Neighbourhoods	18.35	18.64	0.28
Transport & Environment	(1.26)	(0.31)	0.95
Total	**113.41**	**117.52**	**4.11**

Note1: Some of the figures in this table are affected by rounding.

5.4 The current **year-end** forecast is an over budget position of £4.11m, which equates to *1.61%* of gross budgeted spend (excluding Schools).

Portfolio Commentary

5.5 Key variances and associated actions by Member portfolio are as follows, a more detailed breakdown can be found in Appendix 1.

Leader *(£0.2m over budget, £0.07m adverse from last period)*

The variance is mainly due to implementation slippage to 2019/20 for the savings plans for sharing legal services that require further negotiation on the plans to share Council services. Other savings options are being progressed to address the over budget position.

Finance & Efficiency *(£1.08m over budget, £0.44m adverse from last period)*

Portfolio variances are mainly attributable to slippage against the Commercial Estate revised acquisition target and also increased costs associated with voids (holding costs and marketing fees), new property acquisitions are planned that will create additional part year income and generate full year income from 2019/20. The performance of commercial estate income will continue to be closely monitored.

There is also been staffing budget pressures in Property and Traded services due to reduced income from recharges and some slippage in restructuring implementation. The over budget position in print services from keeping the team to manage democratic services print requirements for the elections in May 2019 (e.g. ballot papers) has been part mitigated by improved corporate estate rental income and improved performance on corporate budgets.

Transformation & Customer Services ***(£0.34m over budget, £0.04m adverse from last period)***

The over budget position is due to salary costs from slippage against savings targets in Customer Services and Strategy & Performance. Achievement of these savings will need to be managed through the delivery of the agreed service review and re-design proposals, plans are currently being developed and approved for implementation with full year savings to be realised from 2019/20.

Adult Care, Health & Wellbeing ***(£0.86m under budget, £0.01m adverse from last period)***

The Adult Care, Health & Wellbeing portfolio has a forecast under budget position resulting from Council funded growth allocations now funded from additional grant, which was announced after the Council had put forward its 2018/19 budget and subsequently allocated entirely to Adult Services.

The financial position is also attributable to good progress in Social Care savings plans with monitoring indicating that costs of care packages are becoming more stable compared to previous years.

An in-year budget virement is proposed to transfer the £0.86m into Children's Social Care to fund the reported pressures in high cost placements.

Children & Young People ***(£2.18m over budget, £1.28m adverse from last period***

The over budget position and movement from last period is due to increased costs from new residential placements as a result of children being at risk of harm, as well as a number of children having to move from foster care into more expensive residential care due to the complexity of their needs. There is budget pressure from the increased use of independent fostering placements where we have not had sufficient/appropriate in-house foster carers available. We are identifying an increasing number of vulnerable young people requiring accommodation and support to ensure their safety and wellbeing where they have been sexually and/or criminally exploited.

Management action includes all requests for children to come into care are subject to service manager scrutiny. Placement with family is always considered before care placement. We regularly review whether any children in care can return home. The Placements, Contracts and Commissioning Team use a preferred provider framework and dynamic purchasing system to negotiate the best price. We are reviewing our recruitment strategy for in house foster carers to reduce the need to use more costly independent fostering agencies.

Economic & Community Regeneration ***(£0.06m under budget, £0.2m favourable from last period)***

The favourable movement from last periods monitoring is due to strong performance in Heritage Services over last quarter coupled with a one-off backdated rent payment. This has helped mitigate slippage against destination management savings plans.

Development & Neighbourhoods ***(£0.28m over budget, £0.24m favourable from last period)***

The over budget position is from slippage on Building Control savings targets and under recovery against Planning income targets.

There are a range of expenditure pressures in the waste budgets (Recycling centre opening hours, depot rationalisation and increased fuel costs). Some of these are being off-set by higher than anticipated income from recycling and this accounts for the positive budget movement (when compared to the last monitoring period).

At the time of setting the 18/19 budget the Waste service redesign was still in the early stages of the roll out and the budgets were based on the initial theoretical modelling. Now that the service has been operating for a sufficient period of time a recurring budget rebase has been requested for approval in appendix 3(i) of this report.

There has been an improvement in Development Management through staff savings including holding vacancies which are mitigating under achievement of income.

Transport & Environment ***(£0.95m over budget, £0.01m favourable from last period)***

There is a reported pressure in Highways and Traffic Management of £0.4m due to under performance against savings targets requiring a reduction in the annual highways maintenance cost. This will need to be reviewed against activity levels to explore mitigation options. The position has improved from the last period by £0.1m from the holding of vacancies.

In addition, it is currently forecast that the challenging savings in Public and Passenger transport will not be fully achieved in 2018/19, this is alongside a base budget pressure from concessionary fares, resulting in an over budget position of £0.65m. The Portfolio total is part mitigated by a favourable variance in Parking Services from bus gate income.

REVENUE BALANCES, CONTINGENCY AND RESERVES

5.6 Use of Reserves to Mitigate the Over Budget Position

If the current forecast position is not reduced by year-end, the following earmarked reserves will be utilised:-

Mitigation	Amount £'m
Financial Planning and Smoothing Reserve	£1.20m
Revenue Budget Contingency Reserve	£2.38m
General Fund Un-Earmarked Reserves	£0.53m
Total	**£4.11m**

Key Reserves

The following table shows the balances of key reserves at the beginning of the year, planned use, and expected balance at the year-end based on current forecast including the mitigations outlined in the table above:-

	Unallocated Balance as at 1/4/18 £'m	Projected Use in Year £'m	Current Estimated Balance 31/3/19 £'m
Revenue Budget Contingency	2.38	2.38	0.00
Financial Planning and Smoothing Reserve*	6.41	3.09	3.32
Transformation Investment Reserve *	2.38	1.74	0.64
Restructuring & Severance Reserve	2.23	0.00	2.23

Note * Use of these reserves are in line with budget plans agreed in February 2018

5.7 The 2019/20 budget will need to factor in any requirement to replenish the Revenue Budget Contingency reserve to £1.5m in line with the approved Medium Term Financial Strategy. If the current financial position does not improve £0.53m of General Fund Un-earmarked reserves will be required as part of these mitigations. This risks General Fund Un-earmarked reserves falling below the range required to meet the Council's financial risks and would require a review of all reserves and possibly further savings to be planned for 2019/20 to replenish this reserve.

There will be a review of the Financial Planning and Smoothing Reserve to ensure that there is available funding to mitigate timing risks associated with delivering the savings proposed for the 2019/20 budget. At the moment current use is within planned levels for 2018/19.

Reserves and Flexible Capital Receipts

Flexible Capital Receipts are being utilised to fund the Councils transformation activities that results in ongoing revenue savings as outlined in the 2018/19 budget proposal. A target of £14.0m was agreed as part of budget setting in February 2018. This has now been updated to reflect the re-profiled requirement as follows:-

	Actual Usage 2017/18 £'m	**Estimated Usage 2018/19 £'m**	**Estimated Usage 2019/20 £'m**
Flexible Capital Receipts	3.301	5.709	4.990

At present £1.9m has been received in 2018/19 with a balance of £3.8m forecast to be achieved by 31st March 2019. This will require further action to identify and profile the receipts required. A shortfall in receipts will impact further on reserves in 2018/19.

General Fund Un-earmarked Reserve

The General Fund Un-earmarked Reserve is retained to meet the Council's key financial risks. In removing and capping the "Invest to Save" element the reserve is retained purely to meet those risks. The risk assessment has set a range of between £11.9m and £13.1m to meet those risks. The current estimate is that as at 31/03/18 the reserve will reduce to £11.8m and will require a review of all reserves and possibly further savings plans to bring it back to within the required range ensure that it remains sufficient to meet those risks.

SAVINGS PERFORMANCE

5.8 The 2018/19 revenue budget approved savings of £17.3m, with £7.1m of these savings to be found through service re-design and restructuring. The table below shows forecast performance against the savings targets.

Cabinet Portfolio	**RED £'000**	**AMBER £'000**	**GREEN £'000**	**TOTAL £'000**
	£000	**£000**	**£000**	**£000**
Leader	157	0	92	249
Finance and Efficiency	329	895	2,314	3,537
Transformation and Customer Services	284	353	1,032	1,669
Adult Care, Health & Wellbeing	23	1,264	2,403	3,690
Children & Young People	307	43	1,221	1,571
Development and Neighbourhoods	159	179	1,620	1,958
Economic & Community Regeneration	25	0	2,396	2,421
Transport and Environment	532	589	1,148	2,269
Total	**1,815**	**3,323**	**12,226**	**17,364**

% By Risk Rating	10%	19%	70%	100%

The above table shows that significant progress has been made with £12.2m forecast to be fully delivered, £3.3m of savings have further work to be delivered and £1.8m are identified as high risk and may not be achieved during 2018/19.

Savings items that have been identified as high risk in 2018/19 and will require further action, mitigation or smoothing reserve are as follows:

- **Transport moving people from A to B - £412k**. Year 3 of a 4 year programme with some savings but primarily meeting additional demand hence not cashable. There is an action to carry out a mid-year review of the project savings targets against the remaining implementation plans.

- **Corporate Travel Plan - £80k**. Options for delivery to be presented to and agreed by Senior Management Team (SMT) before implementation, delayed saving requiring smoothing reserve.

- **Commercial Estate - £630k**. Part of overall target of £1.025m linked to acquisition of investment properties has been delayed as it is fundamental to acquire the most suitable properties and complete the high level due diligence required.

- **Management arrangements and staffing - £1.2m** There is some slippage into April 2019 from identified savings of c£400k that may require use of the smoothing reserve and slippage of c£800k on plans for 2018/19 that require service mitigations. Directors are considering areas of further savings that can be delivered in 2018/19 to mitigate this pressure but some additional smoothing reserve may be required.

- **Property development company - £150k.** In year shortfall resulting from delays in property transfers from the Council. Delayed saving requiring one off use of reserves to mitigate.

5.9 The Council's financial position, along with its financial management arrangements and controls, are fundamental in continuing to plan and provide services in a managed way, particularly in light of the medium term financial challenge. Close monitoring of the financial situation provides information on new risks and pressures in service areas, and appropriate management actions are then identified and agreed to manage and mitigate those risks.

5.10 Any revenue budget virements which require Cabinet approval are listed in Appendix 3(i). Technical budget adjustments are also shown in Appendix 3(i) for information purposes, as required by the Budget Management Scheme.

COUNCIL TAX & COUNCIL TAX SUPPORT

5.11 The current overall forecast outturn position on the Council Tax Collection Fund is for a surplus of around £0.760m for the Council’s share, this represents a 0.8% variance against target income. The reason for the surplus is mainly due to the number of chargeable dwelling being slightly higher than forecast. For 2018/19, the tax base included an adjustment of £8.9m for the estimated costs of the Local Council Tax Support Scheme and current estimates are in line with this amount. The one-off impacts of the Council Tax collection fund projected outturn position will be built into the financial planning assumptions for the 2019/20 budget.

5.12 The collection rate for Council Tax was 66.99%, compared to the target of 67.23% at the end of October 2018. This has no material impact on the forecast Collection Fund position reported above.

NON DOMESTIC RATES

5.13 The current year-end forecast is for the Council's overall share of Business Rate income relating to 2018/19 to be approximately £0.517m less than estimated, which will impact on the Collection Fund. The overall Collection Fund deficit positon, including the element relating to the 2017/18 outturn, is forecast at £0.259m. As set out in the Budget Report, the Business Rates Reserve will be utilized to fund any residual deficit and this position will be reflected in the 2019/20 budget. The main factors impacting on Business Rates are higher than forecast empty property and small business rate reliefs, partly offset by a reduced forecast appeals provision requirement following a number of appeals against the 2010 Rating List being withdrawn. The amount of empty property relief has increased by £0.380m over the last quarter.

5.14 The collection rate for Business Rates was 66.58% at the end of October 2018, compared to the target of 67.87%.

5.15 In a recent legal case, the Court of Appeal has ruled against the Valuation Office Agency (VOA) treatment of classifying ATM/Cashpoint sites located in retail units, such as supermarkets and petrol stations, as separate property units which are currently liable for a separate business rates charge. The VOA is considering it position and whether to appeal the decision to the Supreme Court. If the ruling is implemented, business rates in respect of the ATM sites would need to be refunded and backdated to 2010. Initial estimates indicate the cost of refunds could be in the region of £600k for ATM's in Bath & North East Somerset, which would adversely impact on the Collection Fund position.

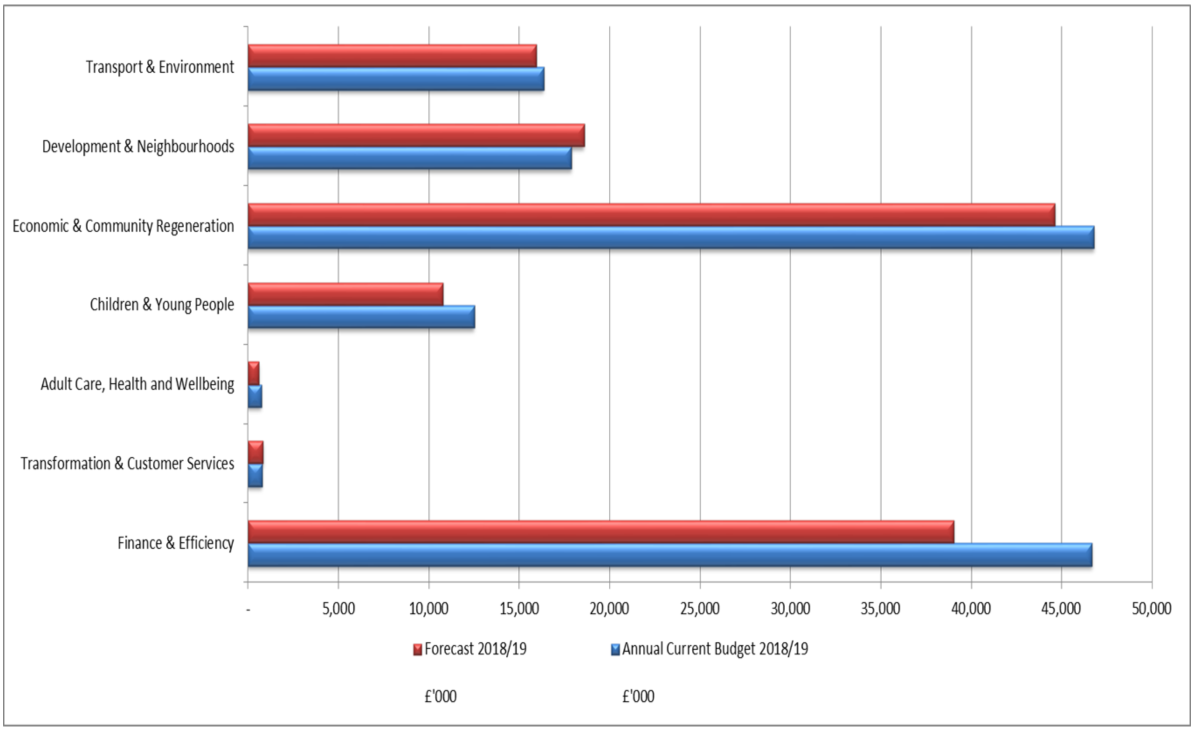
5.16 As previously highlighted, there continues to be a future risk relating to NHS Trusts claims that they are entitled to mandatory charitable relief from Business Rates. This claim will ultimately be subject to a legal ruling with a court hearing planned for November 2019, the Local Government Association is co-ordinating legal support on behalf of Local Authorities. Whilst the Council's view remains that the relief is not applicable in this case, if this position were to change, the granting of such a relief would present a significant challenge to the ongoing financial viability of the Council.

CAPITAL BUDGET

5.17 The current position for the 2018/19 Capital budget of £140m (excluding contingency) is for a forecast spend of £128.6m, which is £11.4m less than the budget. The full breakdown of the Capital Programme by Portfolio can be found in Appendix 4(ii) with key scheme commentary in Appendix 2.

Portfolio Summary Monitor	Annual Current Budget 2018/19 £'000	Forecast 2018/19 £'000	In-Year Variance 2018/19 £'000
Finance & Efficiency	44.8	37.1	7.7
Transformation & Customer Services	0.8	0.8	(0.0)
Adult Care, Health and Wellbeing	0.8	0.6	0.1
Children & Young People	12.5	10.8	1.7
Economic & Community Regeneration	46.8	44.6	2.2
Development & Neighbourhoods	17.9	18.6	(0.7)
Transport & Environment	16.4	15.9	0.4
Grand Total	**140.0**	**128.6**	**11.4**

The graph below illustrates the value and forecast against budget for all in year capital budgets by Cabinet Portfolio:



Capital Commentary

Key variances on the programme include:

- **Finance & Efficiency** - £7.7m less than budget, predominantly related to £7m against the planned drawdown of ADL Loan support being reduced in the current year reflecting fewer transfers, with a further £287k on projects highlighted within the programme review underway as either complete with underspends to be released and £291k on the timetable of planned use for flexible use of capital receipts.

- **Adult Care, Health and Wellbeing** - £139k less than budget relating to reduced staffing requirement on liquid logic transformation programme.

- **Children's Services** - £1.7m less than budget, predominantly £1.5m on Basic Need funding relating to school building investment and programmes not coming on line as early as anticipated. Where appropriate budget adjustment may be required to realign funding back to provisional approval pending reallocation, otherwise there will be slippage to ensure the budget remains available for the planned works in the new financial year. In addition there is £234k delay on early years and education improvement project relating to supplier delivery issues.

- **Economic & Community Regeneration** - £2.2m less than budget. This is the combined position from a projected overspend against the current budget on Bath Quays South, where a further budget decision is expected shortly amounting to £4.1m and £5m in-year underspend on the Archway Centre project, where spend profile has been projected for 2019/20+ reflecting delay from the York Street works. In addition there is c.£1m under spend against in-year budget from a variety of projects including affordable housing (£252k), DFGs (£100k) and public realm programmes (£523k) where reprofiling is required to reflect the timetable of delivery now anticipated and realignment on programmes.

- **Development & Neighbourhoods** - £694k forecast more than budget, predominantly relating to reprofiling required following progression of the Keynsham contract against leisure projects totalling £944k, which is managed through the Leisure model. This is off-set by £250k forecast under budget on parks projects, where capacity to deliver is resulting in programmes having to be re-profiled.

- **Transport & Environment** - £415k forecast under budget variance, relating to £250k of variance on projects identified for removal or postponement on the programme review currently underway and £173k of reprofiling on parking projects.

5.18 Capital Programme Review

The current 5 year capital programme comprises in excess of 150 individual projects amounting to a current total of c£400million, to ensure that the programme is prioritised and aligned to current delivery expectation an in-year review has been completed.

The review has been targeted to:-

- Reduce the borrowing requirement, with the objective of easing the cost of borrowing to aid with the current financial pressures faced by the Council.

- Reduce the number of projects in programme to ease staffing capacity issues and improve delivery of the remaining programme, particularly in the context of reducing staff numbers.

- Prioritise the programme in the context of Council objectives and community impact.

The programme reduction proposed removes or defers a total of 35 projects amounting to £19.1m; proposed schemes are listed in appendix 4(iii).

These are funded in a variety of ways, where the funding is ring-fenced grant funding this will be reallocated and brought back forward for reconsideration in the future.

The balance of these projects funded by corporately supported borrowing amounts to £12.14m. This will represent a reduction in terms revenue capital financing costs, on approval the impact will be reflected in future revenue monitoring.

The table below outlines scheme value by Portfolio:

	Budget £'000	Funding CSB Element £'000	Funding Other £'000
Children & Young People	858		858
Development & Neighbourhoods	231	55	176
Economic & Community Regeneration	1,395	572	823
Finance & Efficiency	1,291	450	841
Transport & Environment	15,321	11,065	4,256
Grand Total	**19,096**	**12,142**	**6,954**

BUDGET RISKS

5.19 The key risks to the budget were outlined in the Councils 2018/19 Budget Report, in compliance with the Council's decision making risk management guidance. These have been reviewed with current risks identified in the table below:

Risk	Likelihood	Potential Impact	Risk Management Update
Further demands on service continue to escalate beyond current estimates	Likely	High	This has now become an issue especially within Children's Services requiring immediate recovery actions. Reserves are sufficient to manage in-year pressures but will need replenishing in 2019/20 if utilised.

Risk	Likelihood	Potential Impact	Risk Management Update
Interest rates increase	Likely	Medium	Interest rates rose by 0.25% in August 2018. A measured approach to our borrowing requirements has been made with £30m borrowed at the end of 2017/18. A reserve is available for borrowing to manage market risk and has also been factored into the longer-term MTFS.
The authority is currently underwriting part of £2.1m (over three years) in revenue costs from 2020/21 for the Metrowest Project. There also remains a risk of revenue reversion if the scheme does not go ahead	Possible	High	It is proposed that a programme approach is adopted, which will remove the potential revenue reversion risk. In order to try to avoid any future revenue operational costs, discussions are taking place to include the project within the new franchise process.
Volatility and uncertainty around business rates	Likely	High	Current monitoring shows that business rates income is expected to be £0.294m less than budget, and that the specific reserve is sufficient to manage in-year volatility. However, the retail sector may impact on income and we are closely monitoring any arrears, empty properties, CVAs, and liquidations.
The Business Rates 100% pilot ceases	Possible	High	It has been confirmed that the 100% pilot will continue for 2019/20, but there will need to be discussions regarding retention in 2020/21 as the 75% retention scheme would add an estimated £3.6m pressure which has been incorporated into future years financial planning.
Anticipated savings not delivered or cannot be delivered because of external challenge	Possible	High	Ensured equalities impact assessments were completed and robust. Monitoring delivery plans and continuing to assess on a regular basis. Ensured Budget Contingency Reserve sufficient to meet in-year issues.
Reduction in staffing impacts on service delivery	Possible	High	Plans are in place to minimise the impact in key front line delivery areas. Ensuring regular communication is made to minimise the impact on staff morale.

Risk	Likelihood	Potential Impact	Risk Management Update
Capital projects not delivered resulting in revenue reversion costs or liabilities from underwriting agreements	Possible	High	The Council has a number of projects within this category. These risks will continue to be monitored and reported. Ensure that revenue reserves are sufficient to meet these risks. The new capital programme methodology looks to de-risk projects wherever possible.
Capital receipts in the areas identified are insufficient to meet target	Likely	High	Currently only £1.9m receipts have been received. Actions are being undertaken to ensure sufficient to meet in year requirements.
Adult Social Care and Children's Service spend continue to have an adverse impact on the 18/19 budget	Likely	High	Implement enhanced level of operational and financial monitoring in 2018/19. Children's Services experiencing higher than expected demand in 2018/19 and work is underway to mitigate this. Need to continue to highlight the demand pressures to central Government regarding Adult Social Care and Children's Services
Changes to Government Policy that affects future funding	Likely	High	Key issues will be for funding from 2020/21 with changes expected through Fairer Funding, New Homes Bonus, and Business Rates. There is no clarity currently for any of these funding streams.
Economic downturn impacts on commercial income	Possible	High	Portfolio has been diversified to manage some of this risk but some of the current shortfall is due to issues within the retail sector.
Brexit risks	Likely	Medium	This will be dependent on the outcome of negotiations with the EU. Need to monitor any economic impact as could affect commercial, heritage and other key income streams, business rates, council tax, and council tax support.
Funding pressures through partner organisations	Possible	Medium	Ensure good communication links with partner organisations
The additional income from Heritage may not be sustained	Possible	Medium	Numbers of visitors and income slightly higher than projected – continue to monitor income levels over the next few months.

6 RATIONALE

6.1 The report is presented as part of the reporting of financial management and budgetary control required by the Council.

7 OTHER OPTIONS CONSIDERED

7.1 None

8 CONSULTATION

8.1 Consultation has been carried out with the Cabinet Member for Finance & Efficiency, Strategic Directors, Section 151 Finance Officer, Chief Executive and Monitoring Officer.

9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

9.2 The substance of this report is part of the Council's risk management process. The key risks in the Council's budget are assessed annually by each Strategic Director, with these risks re-assessed on a monthly basis as part of the budget monitoring process.

Contact person	*Donna Parham - 01225 477468 ; Jamie Whittard - 01225 477213* *Donna_Parham@bathnes.gov.uk Jamie_Whittard@bathnes.gov.uk*
Background papers	*Budget Management Scheme*
Please contact the report author if you need to access this report in an alternative format	