

**ECONOMY AND BUSINESS IMPROVEMENT OVERVIEW AND SCRUTINY COMMITTEE**

**25 January 2010**

**MINUTES**

(18.00 – 20:05)

**PRESENT:** Councillors Garth Barnes, Nigel Britter, Tim Cooper, Stuart Hutton, Robin MacDonald, John Rawson, Malcolm Stennett (chair), Pat Thornton, Andrew Wall and Paul Wheeldon.

**ALSO IN ATTENDANCE:** Councillor Steve Jordan - Leader  
Councillor Colin Hay – Cabinet Member Corporate Services  
Councillor Webster - Cabinet Member Finance And Community Development

**1. APOLOGIES**

None

**2. DECLARATIONS OF INTEREST**

None declared.

**3. MINUTES OF THE MEETING HELD ON 30 NOVEMBER 2009**

**RESOLVED THAT:** the minutes of the meeting held on 30 November 2009 be approved by the Committee as a correct record.

**4. PUBLIC QUESTIONS AND PETITIONS**

None received.

**5. MATTERS REFERRED TO COMMITTEE**

No matters referred to Committee.

**6. CABINET MEMBERS BRIEFINGS**

**Leader**

He informed members that Cabinet had taken on board the recommendations from this committee regarding the monitoring of the Cheltenham Strategic Partnership (CSP). In parallel to this, the county was carrying out a review of the Gloucestershire Conference of which the CSP formed a part. Regarding Parklife, the Cabinet had already agreed to fund this initiative till 2011 but following that date the LABGI funds would be reallocated to the county and therefore the future was uncertain from that point.

The Leader of the Council reported that the following decisions had been made under delegated authority in relation to the Economic Development Action Plan :

- Empty Shop Fronts-£12 000 had originally been allocated. The tender process had concluded and the contract had been co-signed with Signcraft. £43 000 had been allocated to the overall project and as the company would be match funding, the Council would be funding half of this amount.
- Shop Front Improvements-£6.5 k had been added to this extended initiative to savings from other areas. The maximum grant that could be claimed from CBC was £500 and on a match funded basis and the first tranche of businesses had now been selected.
- Commercial Rent Relief Scheme- £30 000 had been allocated to this scheme in June 2009. The Panel met on 14 January and agreed to allocate £22 500 in a first tranche.
- Three Sector Match-this project promoted work between non profit organisations and profit making businesses. £10 000 had been allocated to this project which had come from cost savings elsewhere within the Economic Development Action Plan
- Royal Well Waiting Room- the Council's Community Ranger Team had with the National Probation Service undertaken a number of improvements to the waiting room which was funded by an allocation of £2000 from the Economic Development Action Plan. Further work was being undertaken with partners to use the old ticketing office on site.

Members who had seen the pictures for the empty shops fronts commented that they had been very impressed with the bright, professional images. In response to a question from a member the Leader confirmed that the rationale for the pictures was to maintain the attractiveness of the town in areas where there were empty shops and to encourage new lets. The approach had worked well in Gloucester.

#### **Cabinet Member Corporate Services**

He reported that a joint meeting between Tewkesbury and Cheltenham Borough Councils had been held where members and officers were able to discuss the issues arising from shared services. He suggested that this committee may want to review some of the governance issues and the scope of future shared services in the Autumn of 2010. At this point the committee would be in a position to review the experiences to date and more would be known about the GO7 project. The Cabinet Member emphasised the achievements to date in implementing shared services and complemented the staff involved for working together to resolve any problems arising since the implementation.

### **7. DRAFT CORPORATE STRATEGY 2010-2015**

The Policy and Partnerships Manager introduced his report and associated appendix, which had been circulated with the agenda. He explained that due to the recent inclement weather several consultative events had been cancelled and as a result of this, the updated strategy was now scheduled to go to Council for approval on 29 March 2010. He suggested that this committee may want to review the updated strategy at their next meeting on 8 March 2010.

A number of members raised concerns about the council's ability to deliver on some of the outcomes which they considered were outside the council's direct control. They felt that the council should focus on the outcomes for which it had direct accountability and then be clear about where it was influencing others. For example they felt that the council had little scope for getting more people into employment beyond the council's own ability to employ more staff. Similarly the council could not ensure that people lead

healthy lifestyles. If the council's influence could not be measured then there was no value in including it in the strategy. There was also a risk that the council would be judged by the public on outcomes they were not accountable for.

Another member emphasised the importance of linking the corporate strategy with the budget strategy and suggested that the council must be thoughtful about what it can realistically achieve in the business plan given the current stringent financial situation both locally and nationally. If this was not done there was a risk of potential commitments being undermined by future budget proposals.

Another concern of members was that there were a number of gaps in the strategy where actions were still to be identified and members were disappointed that this report had been circulated for consultation in an incomplete state.

In response to these concerns, the policy and partnerships manager said that there is still a debate to be had about the council's wider community leadership role. He noted that the draft corporate strategy reflected the concerns of local people in areas such as community safety and unemployment and stated what the council can do to influence these issues. He also added that the strategy will be reviewed on an annual basis in tandem with the annual review of the Medium-Term Financial Strategy.

The Cabinet Member Corporate Services said that the corporate strategy was key to performance management in the council and people in Cheltenham would be expecting the council to take a lead on community issues. He acknowledged that the council would not have direct control over all the outcomes but it was still important that it expressed the outcomes it was looking for from the partnerships responsible for delivery. Areas such as arts and culture could have a huge influence on the economy of both Cheltenham and Gloucestershire. Therefore the council's support for arts and culture would go far beyond improving the well-being and quality of life of the town. He agreed that there were gaps in the strategy but he assured members that these would be populated before the strategy was put to Council for approval.

The following points were also suggested:

- On page 11, section 3, it was stated that Cheltenham Festivals was an arms length organisation. This should be reworded to stress the council's longer term aim for the organisation to become independent of the council.
- On page 5, more explanation was needed on the indicator regarding the VAT registration rate.
- There should be some measure of how many people in Cheltenham benefit from the initiatives regarding Art and Culture and any areas who are not receiving support
- Would it be possible to distinguish between outcomes where the council had accountability and those where it was influencing others?

The Chairman thanked the Policy and Partnerships Manager for his attendance. The committee agreed that he should attend the next meeting (08 March) in order that the committee could review the version of the Corporate Strategy which would be taken to Council on the 29 March.

**RESOLVED THAT:**

- 1. The comments and recommendations of this committee be considered.**
- 2. The revised Corporate Strategy be discussed by this committee again on 08 March 2010.**

## 8. 2010/11 BUDGET PROPOSAL

Cabinet Member Finance and Community Development referred members to the papers from the Cabinet meeting on the 15 December 2009 and explained that the budget aimed to achieve two things;

- close the £1.2 million budget gap and protect front-line services as much as possible
- have a planned approach to address the Medium Term Financial Strategy (MTFS) over the next 4 years.

Final out-turn showed an under-spend of approximately £9k, and a projected budget gap of £1.2 million for next year, which would grow to £3.7 million by 2014 as outlined in the MTFS.

An increase in Council Tax of 2.5% had been proposed which was consistent with assumptions in the MTFS.

Two key appendices had been included for the first time. Appendix C with initiatives/cuts proposed to close the budget gap. Appendix D – cuts/ initiatives put forward by Officers, that were specifically rejected by the current Cabinet but which would need to be considered in future, by whatever administration was formed. They all though demonstrated difficult choices.

He proposed that this was how the budget should be done in future years – so everyone was clear about what decisions were taken and what the other options actually were.

There would, he hoped, be a budget gap of only £347,000 to close next year, against £1.2 million this year.

Some of the key initiatives in Appendix C included, some cuts and efficiencies;

- Members allowances would be frozen for five years.
- The Chief Executives salary would be frozen for a year.
- An increase of only 1% on pay for Cheltenham Borough Council (CBC) employees this year. Though, in a recent statement the Chancellor had announced a cap on wages for public sector workers of 1% for 2011/12 and 2012/13. This would result in pay increases being capped at 1% for the next three years at CBC.
- Shared Services would provide savings of £50,000 this year and more as time went on.
- The Sourcing Strategy would offer approximately £100,000 of savings this year and tens of thousands in the years to come.
- Increased car parking charges in 14 of the 17 CBC car parks. The cost would increase by 10p for the first hour, which produced a range from 60p to a maximum of £1.50p an hour in the Regent Arcade. In Rodney Road there would be an increase of 20p for the first hour, taking it to £1.50. Many of the car parks had not had price increases for several years, and the Regent Arcade prices were last adjusted in 2004.
- The proposed reorganisation of litter picking (part of the street cleaning budget) would produce a saving of £18,000 from the total budget of £650,000. All streets would be litter picked a minimum of once a fortnight, except central

areas and areas such as Bath Rd, Prestbury, Coronation Square, etc, which would continue to be cleared of litter on a daily basis. A responsive service would tackle the worst areas on the basis of demand and service requests and there would be a dedicated service in the town centre.

- There would be an increase to crematorium charges of 5.5%, secured with an investment of £110,000 to bring the west chapel into service.
- An 18.9 reduction of Full Time Employees (FTE), this included only 2 redundancies.
- There had only been limited savings to the Capital fund. It had been decided to reverse the decision to ring fence £300,000 for Pittville Park which had been pledged by Council subject to a successful Heritage Lottery Fund (HLF) bid, in light of the unsuccessful bid
- A £250,000 grant to the Everyman Theatre next year (2011/12) and the £1 million loan, which would not be interest free and was to be repaid over 25 years.
- An investment of £350,000 for being the Councils contribution to the current refurbishment scheme to the Regent Arcade.
- £155,000 had been allowed for information storage for IT.
- A £49,000 investment had been made to enable flexible working, which would produce savings in the future.
- To compliment the street cleaning initiative, £6,000 would be used to purchase more litter bins for the town centre.
- The Community Pride fund (£40,000) would be continued but this would most likely be the last year.

The Cabinet Member acknowledged the difficulty of these decisions and a choice was available, accept the cuts and initiatives that had been recommended or look at the options which had been tabled, but refused.

Members requested clarification regarding the Cabinet's position on the items listed in appendix D. The Cabinet Member explained that heads of service had been requested to identify potential budget cuts which would result in a 20% saving across their overall budget for that service. These proposals had then been reviewed by the Cabinet, some were accepted and now formed appendix C and others were rejected by the Cabinet and these were listed in appendix D. The list in appendix D would have to be considered in the future whatever administration was in power and it would be a matter of political choice which proposals were selected for further investigation. At this stage it was designed to support members if they wish to come up with alternative budget proposals.

He invited questions from members of the committee and these are listed below together with the responses given;

- What steps were being taken regarding the lack of resourcing by national government for concessionary fares?
  - The Cabinet Member confirmed that there was an £800,000 deficit in the revenue budget due to the shortfall in government funding. The Chief Finance Officer advised that the council had been advised before Christmas of an additional £90,000 from government but there was still a serious underfunding situation. The council had responded to a government consultation exercise expressing their concerns. From the 1 April 2011, concessionary fares would become the county council's responsibility. It was currently uncertain whether district councils would just forfeit the funding they were currently receiving or whether they would have to pass to the county the full actual cost of concessionary

fares.

- Did the 'better way of street cleaning' referred to by the Cabinet Member in reality mean that services would be reduced and weekly cleaning would become fortnightly? The wording in G6 was misleading.
  - The Cabinet Member responded that the overall litter picking service would be improved by having a dedicated team in the town centre, more litter bins and staff spending their time in high priority areas. Some areas with less need would be reduced to a fortnightly litter picking service but a reactive service would also be available.
- Was the Cabinet Member able to give a definition of Front Line Services?
  - The Cabinet Member said that these were not specifically defined and he stressed that Front Line Services could not operate effectively without support from back-office staff and therefore all staff were important.
- How reliable were the projected income figures and how much did they take account of recent events such as the impact on the snow on car parking income?
  - The Chief Finance Officer said that financial services worked with service managers to produce models for the huge range of income generating services that the council provided. He confirmed that this model allowed previous year's performance to be reflected in the projections. Officers had to take a professional view on one-off events such as the snow which may not repeat in the following year.
- Referring to the risk reference 1.03 in appendix K, it was questioned whether just telling residents about the potential cuts would be a sufficient mitigating action to reduce the risk of perception from a 9 to a 6. Similarly for risk 1.06 was the mitigating action regarding Bridging the Gap sufficient to reduce the risk on general reserves from a 12 to an 8?
  - The Cabinet Member agreed that budget cuts were a difficult message to get across to the public and would have to be carefully managed. The Chief Finance Officer stressed the importance of the Bridging the Gap programme to the Medium Term Financial Strategy and was an ongoing programme.
- Had consideration being given to improving income generation through sponsorship deals, for example advertising on bins?
  - The Chief Finance officer confirmed that officers had been talking to companies interested in working with the council on such deals. However there were conservation issues and experience from previous discussions was that there was often a price tag involved.
- Could the Cabinet Member give more explanation on A1 – reduced working hours in appendix C?
  - The Cabinet Member explained that people approaching retirement were often willing to work shorter hours and this benefited the council in that they could continue to make use of their considerable skills and expertise. It also encompassed a more flexible approach for working mothers
- In response to a question the Chief Finance Officer confirmed that B4 in appendix C. included the increased income from Gloucestershire Airport and Asset Management would continue to review the ongoing implications of the airport business plan.
- Would it be possible to produce a 10 year medium-term financial strategy to cover changes in the future economic cycle?
  - The Cabinet Member advised that although the council's investment strategy covered a 20 year period there were many uncertainties in the economic cycle. The Chief Finance Officer added that it was challenging to produce a 5 year MTFS and it would be very difficult to extend this to

- 10 years which would have to predict the outcomes of three comprehensive spending reviews.
- Could there be more innovative approaches to income streams such as car parking and methods of payment?
    - The Cabinet Member advised that mobile phone payment had been successful and they would continue to look at the use of other new technology to support car parking income?
  - Could the Everyman Theatre have been given a £1.25 million loan rather than a £1 million loan and a grant for £250,000 and although the loan was no longer interest-free would it be at a competitive rate?
    - The Cabinet Member explained that the £1 million loan would be provided through a PWLB loan and would be financially neutral to the council. The Everyman Theatre would pay interest on the loan and it was felt that any further increase in the loan would have stretched the Everyman to a point where they may not have been able to pay the loan back. The arrangements of the loan did encompass a reduction in the grant and the longer term commitment to the Everyman would be a political decision.
  - As parks in Cheltenham were fundamental to the environment, why had the ring fenced loan to Pittville Park been reversed?
    - The Cabinet Member responded that this money had never been ring fenced for Pittville Park and there were now other priorities for this funding.

The Chairman thanked the Cabinet Member for his attendance. The Cabinet Member responded that it had been a very constructive debate and thanked members for their input.

## 9. FUTURE AGENDA ITEMS

The committee reviewed the work plan.

Members questioned why a review of the airport green policy was scheduled for this committee. As the original green policy had been scrutinised by the Environment Overview and Scrutiny Committee it would be appropriate for that committee to carry out the annual review

**RESOLVED THAT: The Environment Overview and Scrutiny Committee be requested to include the annual review of the Gloucestershire Airport green policy in their work programme.**

## 11. DATE OF NEXT MEETING

**Monday 08 March 2010**

Councillor Malcolm Stennett  
Chairman