



CHELTENHAM

BOROUGH COUNCIL

Notice of a meeting of Council

Monday, 17 February 2020
2.30 pm
Council Chamber - Municipal Offices

Membership	
Councillors:	Roger Whyborn (Chair), Sandra Holliday (Vice-Chair), Victoria Atherstone, Matt Babbage, Paul Baker, Garth Barnes, Dilys Barrell, Angie Boyes, Nigel Britter, Jonny Brownsteen, Flo Clucas, Chris Coleman, Mike Collins, Stephen Cooke, Iain Dobie, Bernard Fisher, Wendy Flynn, Tim Harman, Steve Harvey, Rowena Hay, Alex Hegenbarth, Karl Hopley, Martin Horwood, Peter Jeffries, Steve Jordan, Chris Mason, Paul McCloskey, Andrew McKinlay, Tony Oliver, Dennis Parsons, John Payne, Louis Savage, Diggory Seacome, Malcolm Stennett, Jo Stafford, Klara Sudbury, Simon Wheeler, Max Wilkinson, Suzanne Williams and David Willingham

A Moment of Reflection

(to be led by the Mayor's Chaplain- Rev Luke Goodway)

This will be of an inclusive nature and held in the Cambray Room at 14:15. All Members are welcome to participate but need not do so.

Agenda

10.	HOUSING REVENUE ACCOUNT - REVISED FORECAST 2019/20 AND BUDGET PROPOSALS 2020/21 Report of the Cabinet Member Finance	(Pages 3 - 34)
11.	GENERAL FUND REVENUE AND CAPITAL – REVISED BUDGET 2019/20 AND FINAL BUDGET PROPOSALS 2020/21 Report of the Cabinet Member Finance	(Pages 35 - 122)

Contact Officer: Bev Thomas, Democratic Services Team Leader, 01242 264246
Email: democratic.services@cheltenham.gov.uk

Gareth Edmundson
Chief Executive

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Webcasting

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If you make a representation to the meeting you will be deemed to have consented to be filmed. By entering the Chamber you are also consenting to be filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes.

More information can be found in [Appendix K](#) of the Council Constitution.

Further questions and contact details

If you have any questions on the issue of filming/recording of meetings please contact Democratic Services on 01242 264246 or email democratic.services@cheltenham.gov.uk

Cheltenham Borough Council

Cabinet – 11th February 2020

Council – 17th February 2020

Housing Revenue Account - Revised Forecast 2019/20 and Budget Proposals 2020/21

Accountable member	Cabinet Member for Finance, Rowena Hay
Accountable officer	Executive Director Finance and Assets, Paul Jones
Ward(s) affected	All
Key Decision	Yes
Executive summary	This report summarises the Housing Revenue Account (HRA) revised forecast for 2019/20 and the Cabinet’s budget proposals for 2020/21.
Recommendations	<ol style="list-style-type: none"> 1. Note the revised HRA forecast for 2019/20. 2. Approve the HRA budget proposals for 2020/21 (shown at Appendix 2) including a proposed rent increase of 2.7% and changes to other rents and charges as detailed within the report. 3. Approve the HRA capital programme for 2020/21 as shown at Appendix 3.

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 264365</p>
Legal implications	<p>By approving the budgets for the capital programme, cabinet are making key decisions as to the use of the budget. Consequently, the acceptance of tenders in excess of £100,000 by the lead member (or officers if authorised under the constitution) for contracts required to deliver works, services and supplies under the approved budget headings, will not be key decisions.</p> <p>Contact officer: Shirin Wotherspoon</p> <p>E-mail: shirin.wotherspoon@tewkesbury.gov.uk</p> <p>Tel no: 01684 272017</p>

HR implications (including learning and organisational development)	There are no direct HR implications arising from the report Contact officer: Julie McCarthy E-mail: julie.mccarthy@publicagroup.uk Tel no: 01242 264355
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.
Environmental and climate change implications	The budget contains proposals for improving the local environment particularly in addressing the issue of energy reduction in Council owned dwellings and moving towards a carbon neutral housing portfolio by 2030.

1. Background

1.1 The following amendments have been made to the interim budget report approved by Cabinet on 17th December 2019: -

- The revenue and capital forecasts for 2019/20 have been updated to incorporate latest information at 31st December 2019.
- Only minor amendments have been made to the proposed 2020/21 budget and projections for 2021/22 and 2022/23.

2. Introduction

2.1 The current year marks the successful completion of a four-year plan to mitigate the rent reduction policy imposed by Government. The new social rent policy of allowing annual rent increases of CPI + 1% p.a. for five years and the abolition of the HRA debt cap ensures that additional resources will be available to increase the supply of affordable housing, further improve existing stock and invest in our communities.

2.2 Highlights from our plans include: -

- 500 new affordable homes by 2023.
- Completion of the new windows and doors programme for existing stock.
- Installation of showers in all our properties.
- Development of a carbon neutral strategy for new and existing stock and the delivery of housing services.
- Delivery of 5 community investment plans, supported by a diverse range of partners and connecting with over 2,000 residents per quarter. These plans focus on employment and education, community safety, health and wellbeing, financial inclusion and involvement and engagement.
- New housing management software has been successfully rolled out giving additional functionality including interactive online access for customers and contractors, with a Customer Portal going live in December 2019. Further efficiencies are anticipated as the system is bedded in.

- Rationalisation of CBH office accommodation to improve efficiency, reduce future costs and support our plans with respect to the carbon neutral agenda.

3. Update on Operating Environment

3.1 Tackling Climate Change

Government has set a target to reduce carbon emissions to net zero by 2050. This Council has declared a climate emergency with an aspiration of being carbon neutral by 2030. Areas we will be focussing on include: -

- Moving towards a housing portfolio that is carbon neutral.
- Retrofit existing stock to use as demonstrators and to educate homeowners in the Borough.
- Carbon zero fleet.
- Other opportunities to make an impact will be provided by a review of office accommodation and the delivery of housing services.

In consultation with the Council, CBH will develop a strategy and delivery programme to meet these challenges and a sum of £50,000 has been included in the 2020/21 budget to commence this work. It is anticipated that it will require a very significant investment in the existing stock but that has not yet been quantified for inclusion in the HRA Business Plan. The programme will also impact on the unit cost of new build and acquisitions.

The significant project to install new windows and doors across all properties, together with the installation of a further 400 new boilers, will further improve the average SAP rating of the stock – this has already increased year on year for the past 3 years. There will need to be further improvements in energy efficient heating and insulation as part of a comprehensive review of all major component replacements.

3.2 Rent Policy

After the completion of the four year period of rent reduction the Government's new rent policy will commence in April 2020. Rents will be allowed to increase by CPI (as at previous September) + 1% per annum for the next five years before a further review. The CPI for September 2019 was 1.7% giving a rent increase for 2020/21 of 2.7%.

3.3 Universal Credit (UC)

After significant delays to the introduction of UC, the full rollout began in Cheltenham in December 2017. There are currently 996 claimants (November 2019) with 1,050 being anticipated by March 2020. Under present regulations there could eventually be up to 2,000 claimants, potentially placing considerable pressure on rent arrears. CBH is conducting a proactive campaign to provide support and information to all tenants affected by these changes. The impact on arrears will be closely monitored and the budget proposals reflect an increasing provision for bad debts.

3.4 Right to Buy Receipts

The Government published a consultation paper in the summer of 2018 which sought views on introducing more flexibility in the use of RTB receipts to fund new build. Though any relaxation in the conditions of use would be welcome, the suggestions put forward in the document would be limited in their impact and the sector response was to request more wide-ranging reform, including the abolition of RTB. The consultation closed in early October 2018 and a response from the Government is still awaited.

3.5 Abolition of the HRA Debt Cap

The Government lifted HRA borrowing restrictions in Autumn 2018, abolishing the debt cap and leaving the level of borrowing to be controlled by the prudential code. This will allow a significant increase in the new build programme subject to the identification of appropriate sites and financial viability. This is reflected in the capital programme proposals at Appendix 4.

4. HRA Business Plan – Financial Projections

4.1 The 30 year HRA Business Plan has been updated to reflect:-

- Anticipated revenue outturn for 2019/20.
- The proposed development and acquisition programme for the period from April 2020 to March 2023 which is forecast to deliver 500 new affordable units.
- A contingency budget of £5.5m. for regeneration projects based on the assumption that there will be no additional revenue benefit from the investment.
- A refreshed assessment of the 30 year “need to spend” on existing stock for both capital and revenue expenditure.

4.2 The plan uses the following key assumptions:-

- CPI at 2% p.a. from April 2020
- Stock sales through RTB at 20 p.a.
- Rents increasing by 2.7% in 20/21 then increasing at CPI +1% p.a. for 4 further years to March 2025 and by CPI p.a. thereafter.
- Long term borrowing rates at 3% p.a.

4.3 The viability of the plan has been strengthened by the Government confirmation of rent policy post 2020. It shows an increase in resources available to fund additional new build and regeneration schemes through a combination of borrowing, capital receipts, grant and revenue contributions from reserves. The plan confirms the financial viability of the proposed investment programme detailed at Appendix 4, with sufficient resources available to repay debt in the longer term.

5. 2019/20 Revised Forecast

5.1 The forecast at Appendix 2 shows a reduction in operating surplus of £95,700 compared to the original budget. Significant variations (greater than £30,000) within the 2019/20 revised forecast have been identified in budget monitoring reports and are summarised below.

Budget Heading	Additional Cost (+) / Income (-)
	£
General & Special Management – includes additional professional fees re land acquisition and new supply programme	77,600
Repairs & Maintenance	42,600

Provision for Bad Debts – reduced contingency for additional debt arising from Universal Credit.	-130,000
Interest Payable – increase relates to land acquisition for future development	76,600
Depreciation of Dwellings – additional properties acquired/constructed and reduction in RTB sales	72,600
Depreciation of Other Assets – contribution to IT programme	44,300
Rent Income – additional income from new properties	-94,300
Other net variations (less than £30,000)	6,300
Reduction in Operating Surplus (compared to original budget)	95,700

5.2 Revenue reserves are now estimated at £1,500,000 at 31st March 2020, reflecting a higher balance brought forward from 2018/19 and a reduction in revenue contributions to capital, offset by the decrease in the operating surplus.

6. 2019/20 Budget Proposal

6.1 All rents will increase by 2.7% in April 2020. The rent estimate assumes a 0.8% void rate and 20 RTB sales in the year and reflects additional income from new build and acquired properties.

6.2 Estimates of service charge income currently assume: -

- Increase of 3.2% for cleaning services supplied by CBH reflecting pay inflation and additional costs of waste disposal.
- Overall charges for power to communal areas will be increased by 20% to reflect the new tariff confirmed from April 2020, following the end of a 3 year price fix. The new tariff has again been fixed for 3 years.
- A new agreement for the HRA grounds maintenance work undertaken by Ubico commenced in April 2019. This followed a comprehensive review of the areas maintained and the nature of work carried out thus creating some volatility in service charges to tenants and leaseholders. Those faced with an increase in charges are protected by transitional arrangements with increases being phased in over three years.

6.3 It is proposed that garage rents are increased by 3% from April 2020 in line with the anticipated increase in the Retail Price Index.

6.4 Significant changes to the HRA (greater than £30,000) in 2020/21 as compared to the revised forecast for 2019/20 are itemised in the table below. There is a reduction of £115,000 in the operating surplus for the year when compared with the 2019/20 forecast.

Budget Heading	Additional Cost (+) / Income (-)
	£
General & Special Management – completion of HRA contribution to pension scheme re transferred staff (£240,000) offset by a budget for the	-139,800

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carbon neutral programme (£50,000) and a further contingency of £50,000 to support the delivery of the enhanced new supply programme.	
Increase in CBH management fee (see paragraph 7.2 below)	209,000
Increase in Repairs & Maintenance - pay award and other inflation	71,300
Increase in bad debt provision – additional contingency for roll out of Universal Credit	37,000
Interest Payable – arising from additional borrowing to finance capital programme	390,400
Depreciation of Dwellings – reflects change to stock numbers and inflation on replacement components	83,500
Depreciation of Other Assets – one-off charge relating to IT in 2019/20 no longer required	-30,500
Rent Income – rent increase and additional properties	-534,400
Service Charges – increase on range of services	-40,000
Interest receivable – reduction in reserves	74,700
Other net variations (lower than £30,000)	-6,200
Reduction in Operating Surplus (compared to 2019/20 forecast)	115,000

6.5 Revenue contributions totalling £1,350,400 will be used to fund capital expenditure in the year, leaving revenue reserves at the contingency level of £1,500,000 at 31st March 2021.

6.6 The Discretionary Housing Payments (DHP) Scheme enables local authorities to provide benefit claimants with financial assistance towards housing costs through the General Fund. An annual allocation of funding from Government finances this scheme. In previous years the total of such payments has not exceeded the allocation. If anticipated payments are at a level which could match or even exceed Government funding, MHCLG have confirmed that authorities may be permitted to fund DHP payments made to its own tenants from the HRA. This requires a written application to MHCLG for a specific accounting direction. The level of payments continues to be monitored and the Executive Director, Finance and Assets has delegated authority to apply for such a direction if it appears probable that the annual allocation will be exceeded in any financial year. The draft HRA budget does not yet include any provision for such expenditure.

7. Cheltenham Borough Homes (CBH)

7.1 The draft budget includes provision for the management fees and other charges payable to CBH. The company has submitted its own detailed budget and fee proposal for 2020/21, which show a breakeven position on services provided to the Council.

7.2 The proposed management fee for 2020/21 (£5,503,000) shows a 3.9% increase on 2019/20 arising from anticipated pay awards and the anticipated impact of rent reviews on current premises. CBH is progressing an accommodation strategy which will reduce future costs through a rationalisation of office space.

7.3 The HRA repair and maintenance budget for 2020/21 (£3,982,000) shows a 1.8% increase on 2019/20 arising from anticipated pay awards and inflation on transport, materials and sub-contractors.

7.4 The cost of delivering the estate cleaning contract (£356,000) has risen by 3% which includes the anticipated cost of the pay award and additional costs of waste disposal.

8. CBH Plans & Progress

8.1 CBH has made substantial progress in plans to modernise and transform the housing management and maintenance services delivered to tenants. The key work streams that are driving these improvements are: -

- **Service Improvement programme** – CBH went live with new housing management software in July, successfully completing a four year change programme covering all areas of service delivery, IT applications and business processes. The new integrated solution will enhance business capability and provide additional functionality including interactive online access for customers and contractors. The Customer Portal will go live in December 2019.
- **Repairs insourcing** – further efficiencies are anticipated from insourcing opportunities. The kitchens and bathrooms programme and a project to deliver minor aids and adaptations have both been successfully implemented.
- **Non-traditional stock** – a programme of structural repair, external component replacement and improvement to Cornish properties in Elmfield Road and Midwinter Avenue is in progress to provide properties that are warmer, cheaper to run, more secure and visually more attractive. Very positive feedback has been received from tenants as the contract has progressed.
- **Property Compliance** - Compliance reporting has been enhanced with regular reports being scrutinised by both CBH Audit & Risk Committee and Board. Fire and gas safety are key areas with a target of 100% compliance for the stock.
- **Sheltered Accommodation** - A high level review of the main sheltered schemes has been completed. It confirmed there is a current and future demand for social sheltered housing but that existing schemes will require future modernisation to retain occupancy levels. A further in depth appraisal will be undertaken on the poorest performing schemes so that longer term strategies can be developed for these properties. A five year facelift programme of refurbishment for sheltered blocks has begun.
- **New supply** – Council approval of the Housing Investment Plan in October 2018 enables CBH to build/acquire units both for market and affordable rent whilst also continuing to manage the delivery of new stock within the HRA. Detailed preparations for the launch of the PRS initiative have been completed with the first units to be acquired early in 2020.
- **Welfare reform/Universal Credit (UC)** – CBH has obtained “trusted partner” status with DWP and their teams continue to build positive relationships with people and organisations who are able to help those who need it most. Despite the challenges of Universal Credit rent collection performance remains in line with targets.
- **Accommodation strategy** – CBH is actively pursuing opportunities to rationalise office accommodation to support more effective working practices and reduce future overhead costs.

9. Capital Programme

9.1 The revised capital programme for 2019/20 reflects variations identified during the year, most notably the acquisition of land in West Cheltenham (£11.5m) to enable the future development of new affordable housing.

9.2 Existing Stock

The detailed capital programme for 2020/21 and indicative programmes for the following two years are shown at Appendix 4. These reflect both the investment requirements for existing stock identified via stock condition surveys and a recent review of the 30 year capital programme. The sum set aside for component replacements each year will vary in line with anticipated lifecycles.

The programme includes:-

- Ongoing funding to complete the replacement of windows and doors through most of the stock.
- A new showers programme - currently approximately 2,500 homes have either an over bath shower or shower cubicle/wet room leaving a further 2,000 homes without such a facility. The programme will fit over bath showers to these properties over a period of 10 years at a total cost of £2.4m. This expenditure and the subsequent cost of maintenance and renewal will total £7.7m over 30 years, which can be accommodated within the business plan.
- A replacement warden call system for sheltered schemes

9.3 New Supply

The capital programme also includes an ambitious programme of new build and acquisitions delivering a further 500 affordable homes by 2023/24. A range of tenures will be provided with units developed for social rent, affordable rent and shared ownership. The mix and number will be dependent on the financial viability of each site, but an emphasis will be placed on affordability. A contingency of £50,000 has been included in the revenue budget to support the delivery of this enhanced programme.

9.4 Funding

The proposed funding of the capital programme, together with a statement of balances on the major repairs reserve, is shown at Appendix 3. This reflects the significant increase in new build spend which will be financed by a combination of borrowing, grant, shared ownership sales and capital receipts.

10. Conclusion

10.1 The end of rent reduction, certainty on rent policy for 5 years and the lifting of the debt cap all strengthen HRA viability and give additional capacity to invest in both the existing stock and new build. As anticipated by the Housing Investment Plan approved by Council in October 2018 the budget proposals include an ambitious programme of new build and acquisition, potentially delivering a further 500 affordable homes by 2023/24. This will complement the resources also made available to CBH to deliver new market rented units. The 30 year HRA Business Plan confirms the longer term viability of this investment which will provide a significant boost to the stock of affordable housing in Cheltenham.

However, the plan does not yet include the potential costs of moving the housing stock towards carbon neutrality and a wider regeneration programme. This will provide a significant challenge moving forward and may require difficult choices on future resource allocation.

11. Consultation process

11.1 The 2020/21 budget proposals have been endorsed by the CBH Board and members of the Tenant Scrutiny Improvement Panel. No other specific concerns or comments have been received.

<p>Report author</p>	<p>Steve Slater, Executive Director (Finance and Resources), Cheltenham Borough Homes</p> <p>Tel. 01242 387539;</p> <p><i>e-mail address steve.slater@cbh.org</i></p>
<p>Appendices</p>	<ol style="list-style-type: none"> 1. Risk Assessment 2. HRA Operating Account 3. Major Repairs Reserve and HRA Capital Programme (summary) 4. HRA Capital Programme (detail) 5. CBH – Who we are, what we do, how we deliver
<p>Background information</p>	<ol style="list-style-type: none"> 1. HRA 30 year Business Plan 2. CBH Budgets and Plans 2020/21 3. CBC Place Strategy 4. No Child Left Behind

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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 external policy environment remains volatile this may impact the economic operating environment and future funding of the HRA	Tim Atkins	December 2019	4	3	12	R	Policy changes are monitored closely and the impacts understood and mitigated where there is a significant impact on the HRA (such as the four year rent reduction policy). A 30 year financial business plan is maintained, updated and stress tested regularly to ensure the HRA is financially viable over the long term	Mar 2021	CBH through management agreement	
1.02	If welfare reforms have a greater impact on tenants than anticipated and planned for, it may increase the level of arrears for the HRA and impact on vulnerable families	Tim Atkins	December 2012	3	3	9	R	The HRA budget includes specific resources to control rent arrears and support tenants through Welfare Reform/Universal Credit. This has been successful in mitigating the impact so far.	Mar 2021	CBH through management agreement	
1.03	If void rent loss is higher than estimated it will impact on assumed rent income in the HRA	Tim Atkins	December 2012	3	2	6	R	Demand for social housing remains high with a significant waiting list and short re-let times. Quality of homes needs to be maintained and changes in void levels monitored.	Mar 2021	CBH through management agreement	
1.04	If there are insufficient resources to deliver planned maintenance to existing stock or meet additional H&S compliance requirements, then homes may become	Tim Atkins	December 2019	4	3	12	R	Robust stock condition data and compliance data is maintained informing future capital spend and compliance requirements. Planned maintenance cost data is externally	Mar 2021	CBH through management agreement	

	non decent or there may be an increase in void loss							validated. Procurement best practice is followed with continuing contract management. A 30 year financial business plan is maintained, updated and stress tested regularly to ensure the HRA is financially viable over the long term			
1.05	If the demand for reactive repairs increases there may be insufficient budget to meet demand	Tim Atkins	December 2012	4	2	8	R	The planned maintenance programme for existing stock is delivered each year. A 30 year financial business plan is maintained, updated and stress tested regularly to ensure the HRA is financially viable over the long term. Major peril to the stock is fire which is covered by appropriate insurance.	Mar 2021	CBH through management agreement	
1.06	If the Carbon Neutral programme is not carefully planned and delivered there may be insufficient resources to deliver existing maintenance programmes and services	Tim Atkins	December 2019	4	3	12	R	In depth planning and viability work will be undertaken prior to delivering this programme. A 30 year financial business plan is maintained, updated and stress tested regularly to ensure the HRA is financially viable over the long term	Mar 2021	CBC/CBH through partnership working	
1.07	If there are insufficient new supply opportunities (land/acquisitions) or resources (including funding such as grants and borrowing) the ambitious targets for net new supply will not be	Tim Atkins	December 2019	3	2	6	R	Internal resources are being expanded to identify and deliver on new supply opportunities. Close partnership working between and CBC and CBH and also with Homes England is	Mar 2021	CBC/CBH via Strategic Housing Delivery Group, Council Member Working Group, Operational Working Group	

	achieved								maintained. A 30 year financial business plan is maintained, updated and stress tested regularly to ensure the HRA is financially viable over the long term			
1.08	If the capital receipts held from RTB sales under the retention agreement with MHCLG are not used within 3 years of receipt they are repayable with interest to the Government	Tim Atkins	December 2013	3	1	3	R	The current phase of the new supply programme is continuing with officers monitoring spend against that required to retain receipts.	Mar 2021	CBC/CBH via the Operational Working Group		

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	2019/20		2020/21	2021/22	2022/23
	Original	Forecast	Estimate	Projections	
	£	£	£	£	£
EXPENDITURE					
General & Special Management	2,300,100	2,377,700	2,237,900	2,197,600	2,227,700
ALMO Management Fee	5,294,000	5,294,000	5,503,000	5,656,100	5,769,200
Rents, Rates, Taxes and Other Charges	69,000	69,600	69,600	69,600	69,600
Repairs & Maintenance	3,868,100	3,910,700	3,982,000	4,083,000	4,184,000
Provision for Bad Debts	330,000	200,000	237,000	299,000	325,000
Interest Payable	1,684,700	1,761,300	2,151,700	2,796,700	3,385,900
Depreciation of Dwellings	4,533,900	4,606,500	4,690,000	4,823,700	4,979,900
Depreciation of Other Assets	291,500	335,800	305,300	306,900	308,500
Debt Management Expenses	83,200	86,000	88,200	90,000	91,800
TOTAL	18,454,500	18,641,600	19,264,700	20,322,600	21,341,600
INCOME					
Dwelling Rents	18,340,400	18,434,700	18,969,100	19,943,100	21,691,000
Non Dwelling Rents	484,300	481,800	483,900	490,100	496,500
Charges for Services and Facilities	857,500	852,100	892,100	915,800	934,600
Feed in Tariff from PV Installations	229,000	234,000	240,300	247,500	255,000
TOTAL	19,911,200	20,002,600	20,585,400	21,596,500	23,377,100
NET INCOME FROM SERVICES	1,456,700	1,361,000	1,320,700	1,273,900	2,035,500
Interest Receivable	104,400	104,400	29,700	29,700	29,700
NET OPERATING SURPLUS	1,561,100	1,465,400	1,350,400	1,303,600	2,065,200
Appropriations					
Revenue Contributions to Capital	-8,843,900	-8,790,500	-1,350,400	-1,303,600	-2,065,200
Net Increase/(Decrease) in reserves	-7,282,800	-7,325,100	-	-	-
Revenue Reserve brought forward	8,785,200	8,825,100	1,500,000	1,500,000	1,500,000
Revenue Reserve carried forward	1,502,400	1,500,000	1,500,000	1,500,000	1,500,000

Average Social Rent:-				
Increase 1st April		2.70%	3.00%	3.00%
48 wk	85.72	88.03	90.67	93.39
52 wk	79.13	81.27	83.70	86.21
Average stock	4,402	4,398	4,393	4,379

Average Affordable Rent:-				
Increase 1st April		2.70%	3.00%	3.00%
48 wk	135.45	130.76	127.44	130.65
52 wk	125.03	120.70	117.64	120.60
(nb average rents also reflect changes to stock mix following new build completions/market purchases)				
Average stock	63	89	140	285

MAJOR REPAIRS RESERVE

	2019/20		2020/21	2021/22	2022/23
	Original	Forecast	Estimate	Projections	
	£	£	£	£	£
Balance brought forward	-	-	-	-	-
Depreciation of Dwellings	4,533,900	4,606,500	4,690,000	4,823,700	4,979,900
Depreciation of Other Assets	291,500	335,800	305,300	306,900	308,500
	<u>4,825,400</u>	<u>4,942,300</u>	<u>4,995,300</u>	<u>5,130,600</u>	<u>5,288,400</u>
Utilised to fund Capital Programme	-4,825,400	-4,942,300	-4,995,300	-5,130,600	-5,288,400
Balance carried forward	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

HRA CAPITAL PROGRAMME

	2019/20		2020/21	2021/22	2022/23
	Original	Forecast	Estimate	Projections	
	£	£	£	£	£
<u>EXPENDITURE</u>					
EXISTING STOCK					
Property Improvements & Major Repairs	8,471,300	9,017,800	9,516,000	6,416,000	6,522,000
Adaptations for the Disabled	400,000	550,000	500,000	500,000	500,000
Environmental Works (Tenant Selection)	10,000	10,000	10,000	10,000	10,000
Repurchase of Shared Ownership Dwellings	50,000	72,000	50,000	50,000	50,000
	<u>8,931,300</u>	<u>9,649,800</u>	<u>10,076,000</u>	<u>6,976,000</u>	<u>7,082,000</u>
NEW BUILD & ACQUISITIONS	7,631,000	20,196,100	20,000,000	30,000,000	25,000,000
TOTAL	<u>16,562,300</u>	<u>29,845,900</u>	<u>30,076,000</u>	<u>36,976,000</u>	<u>32,082,000</u>
<u>FINANCING</u>					
Capital Receipts	2,593,000	1,604,000	1,346,000	1,346,000	1,290,000
HRA Revenue Contribution	8,843,900	8,790,500	1,350,400	1,303,600	2,065,200
Leaseholder Recharges	300,000	300,000	300,000	300,000	300,000
Major Repairs Reserve	4,825,400	4,942,300	4,995,300	5,130,600	5,288,400
Grants & Shared Ownership Sales	-	-	3,685,000	4,295,000	8,455,000
Borrowing	-	14,209,100	18,399,300	24,600,800	14,683,400
TOTAL	<u>16,562,300</u>	<u>29,845,900</u>	<u>30,076,000</u>	<u>36,976,000</u>	<u>32,082,000</u>

PROPERTY IMPROVEMENT & MAJOR WORKS				
Description of works	2019/20	2020/21	2021/22	2022/23
EXTERNAL IMPROVEMENTS	885,600	1,184,000	1,073,000	1,556,000
INTERNAL IMPROVEMENTS	498,600	850,000	1,037,000	1,039,000
PATHS, FENCES & WALLS	283,900	247,000	247,000	247,000
PV INSTALLATIONS & OTHER SUSTAINABILITY MEASURES	25,000	55,000	55,000	55,000
RENEWAL OF HEATING SYSTEMS	900,900	1,238,000	1,284,000	1,140,000
MAJOR REFURBISHMENTS TO VOID PROPERTIES	746,400	700,000	560,000	560,000
WINDOWS & DOORS	2,274,800	2,800,000	70,000	70,000
ASBESTOS	319,500	250,000	190,000	140,000
SHELTERED ACCOMMODATION	92,900	120,000	50,000	30,000
DOOR ENTRY SCHEMES	9,300	269,000	134,000	149,000
STRUCTURAL WORKS	32,200	35,000	50,000	50,000
COMMUNAL LIGHTING	1,129,200	225,000	135,000	111,000
FIRE PROTECTION	63,500	150,000	150,000	150,000
LIFTS	15,000	135,000	15,000	15,000
NON TRADITIONAL HOMES	996,700	-	-	-
GARAGE IMPROVEMENTS	27,300	25,000	25,000	25,000
WARDEN CALL UPGRADE	25,000	500,000	300,000	-
CONCRETE REPAIRS	-	20,000	200,000	200,000
FEE FOR MANAGING PROGRAMME	692,000	713,000	731,000	749,000
CONTINGENCY	-	-	110,000	236,000
TOTAL BUDGET FOR EXISTING PROPERTIES	9,017,800	9,516,000	6,416,000	6,522,000

NEW BUILD & ACQUISITIONS				
	2019/20	2020/21	2021/22	2022/23
NEW BUILD (APPROVED)				
MONKS CROFT VILLAS	480,800	3,455,300	-	-
PENNINE ROAD	175,900	809,100	-	-
NEWTON ROAD	19,300	-	-	-
MARKET PURCHASE	4,666,500	3,015,000	3,015,000	3,015,000
NEW SCHEMES	14,853,600	12,720,600	26,985,000	21,985,000
TOTAL ESTIMATE FOR NEW BUILD & ACQUISITIONS	20,196,100	20,000,000	30,000,000	25,000,000

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CHELTENHAM BOROUGH HOMES

WHO WE ARE | WHAT WE DO | HOW WE DELIVER

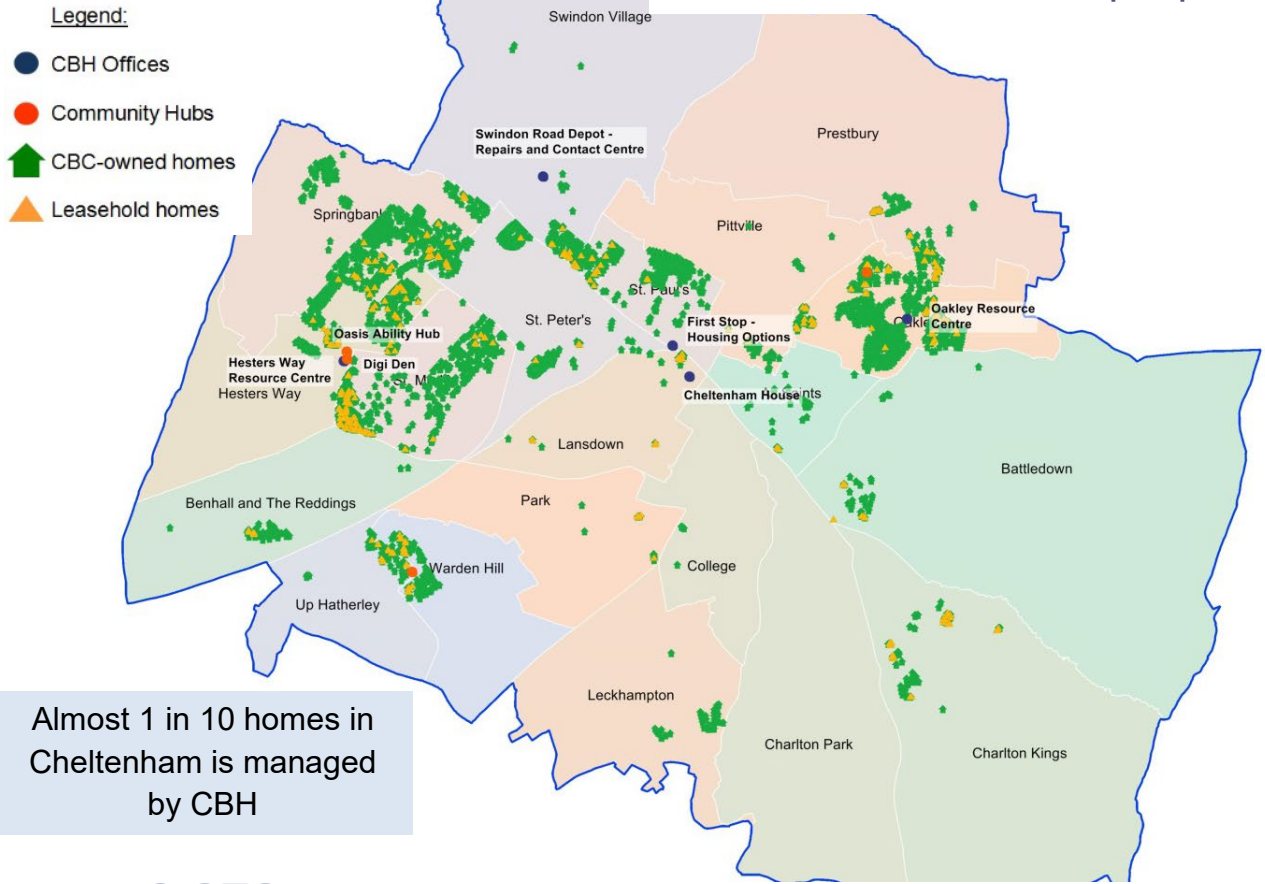


FEBRUARY 2020: APPENDIX 5



| www.cbh.org |

Distribution of CBC-owned stock and leasehold properties



3,976

CBC

OWNED HOMES

110

CBH

OWNED HOMES

27

CBC

SHARED OWNERSHIP HOMES

490

CBC OWNED HOMES FOR OLDER PEOPLE

682

CBC

OWNED GARAGES

474

LEASEHOLD HOMES

Since CBH was set up in 2003 there have been **significant improvements** in services, tenant satisfaction and levels of engagement; **millions of pounds have been awarded** by the Government and invested into homes; new services have been developed to meet the needs of local people and are successfully delivering great outcomes that **help change lives for the better**. CBH is now working in collaboration with Cheltenham Borough Council to significantly increase the number of quality, affordable homes available to the great communities we serve in Cheltenham.

ABOUT CBH

We are Cheltenham Borough Council's (CBC's) not-for-profit housing ALMO, established to manage and maintain council-owned homes, and from 2013 manage the housing advice and homelessness service.

A 30 year Management Agreement sets out our relationship, enabling clear plans to be set for the future and continue fulfilling the aims of the CBC's Housing Revenue Account (HRA) Business Plan, which are:

Maintain homes to a high standard

Build new homes

Provide value added services to people and communities

We successfully manage the HRA by identifying the need to spend on homes and services each year; then investing that to deliver repairs and improvements, provide new homes, and to deliver high quality services to tenants and leaseholders. We monitor and manage spend throughout the year and identify efficiency savings on an ongoing basis that we **re-invest in services or homes**.

Working together

Our tenants and leaseholders give their time, energy and commitment to help us understand what is important to them and, in doing so, shape the services we provide. Tenants' overall satisfaction with CBH's services has **increased to 88%** placing CBH among the higher performing housing providers in England and Wales.

CBH is successful because the people that work for us demonstrate **pride, enthusiasm and dedication** in what they do. CBH has been awarded '**One to Watch 2020**' from Best Companies. Survey results demonstrate that CBH has **good** levels of workplace engagement and shows **promising signs for the future**. We have clear plans for the future and a robust approach to achieving value for money (VFM) in the HRA. We have successfully **delivered additional savings** over and above those identified in response to the Government's 1% annual rent reductions, which remain in place until 2020.

We are a **committed** and **passionate** local organisation. **We share your vision for Cheltenham** to be a 'place where everyone thrives' and support the delivery of the Housing and Homelessness Strategy, 'NoChildLeftBehind' and Cheltenham Lottery initiatives. We have an **excellent relationship with CBC**; it is transparent and suitably challenging; it is also highly collaborative as demonstrated by the joint commitment to invest £100m in quality homes and great communities which will **deliver up to 500 additional homes** over the next four years and enable the supply of homes in the Private Rented Sector.

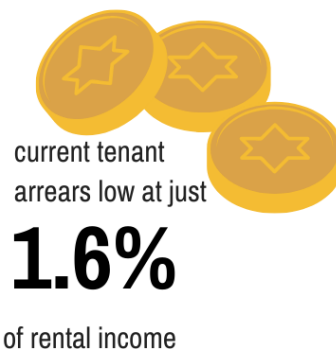
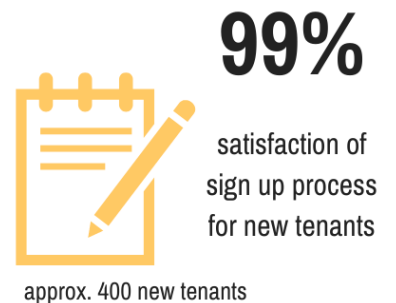
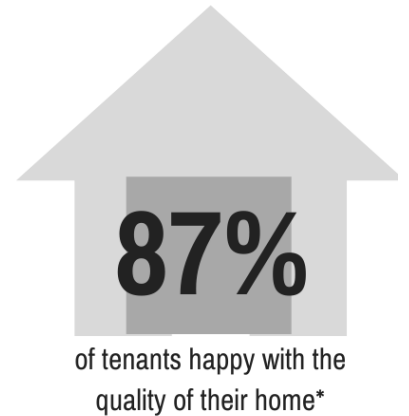
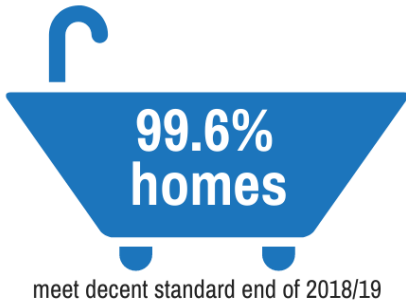
Delivering added value

We operate within the most deprived communities across Cheltenham and by understanding what is important, and the local pressures faced, we make use of our skills and knowledge to provide **enhanced services** to make a positive difference to people's lives. We deliver advice for people dealing with **benefits and money issues**; support people to **find work and training** opportunities; provide hubs for and deliver **community activities**; provide **digital inclusion** opportunities; work closely with **local schools** to help students to remain in mainstream education; and support local partners to help people start up their own businesses through the '**STRIVE**' project.

DELIVERING IN THE HRA, 2018/19

Maintaining homes to a high standard & building new homes

The infographics below provide a look behind the numbers in the HRA, providing context and a selection of achievements that highlight just some of the excellent work that went on in 18/19.

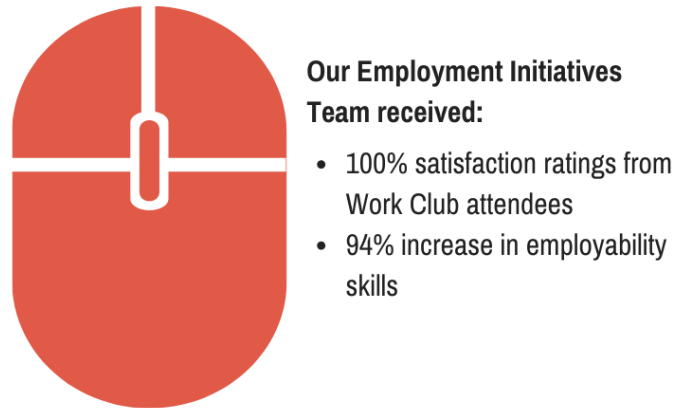
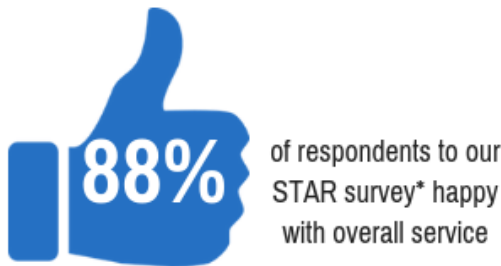
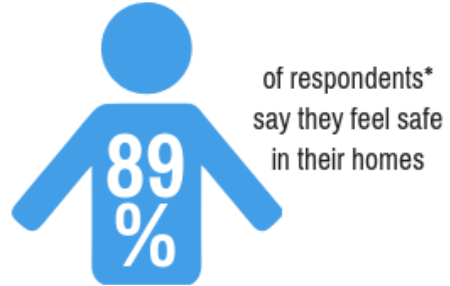


* Taken from comprehensive biennial STAR survey. Just over 1,000 tenants responded – almost 1/4 of tenancies.

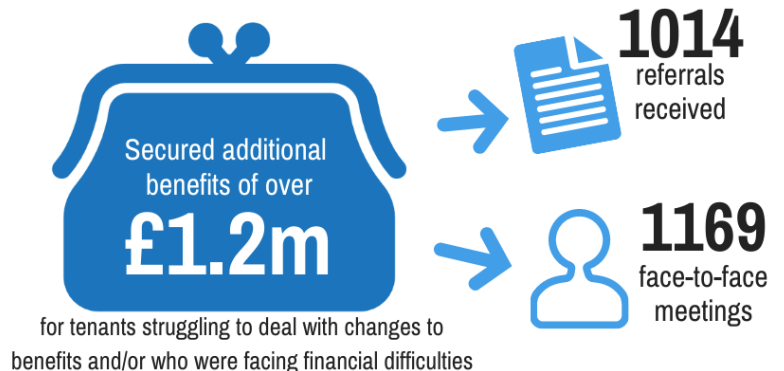
DELIVERING IN THE HRA, 2018/19

Provide value added services to people and communities

Where appropriate, CBH also delivers more than high quality landlord services: providing people with support and advice in areas that will enable them to improve their quality of life.



Housing Options Team secured **£2m** in unclaimed and backdated benefits



* Taken from comprehensive biennial STAR survey. Just over 1,000 tenants responded – almost 1/4 of tenancies.

DELIVERING IN THE FUTURE

The previous two pages provided an overview of some of the excellent services we are delivering to meet the needs expressed by tenants and leaseholders. Our **Vision** and **Aims** help us continue to do this effectively and efficiently, while enhancing services further.

Our Vision: **Make Cheltenham a better place to live by providing great homes and stronger communities**

Our Aims:  **Great Homes**  **Stronger Communities**  **Inspired People**



At the heart of this is the recognition that we must look after our CBH colleagues, ensuring that they, in turn, are able to **look after our customers**. We want colleagues to be engaged and inspired to ‘go the extra mile’ for our customers. We are committed to understanding how colleagues honestly feel about CBH and are always looking for opportunities to continually improve. We therefore undertook our first ‘*Best Companies*’ survey in October 2019 and were delighted to receive their ‘**One to Watch**’ award, a special status showing that we have **promising signs for the future**. This is a great result and is testament to the hard work of CBH colleagues in delivering significant workplace improvements during the last three years of the current People Plan. The feedback provided in the survey will help to create a new People Plan, developed by CBH colleagues.

Our systems and processes have been improved as part of a major programme of work that ended in 19/20 with implementation of the main tenancy and property management system. These systems will enable employees to **work more efficiently and effectively than ever before** and be **better able to meet customers’ needs**. Our structures and resources to deliver our plans and promises are regularly reviewed to ensure they are appropriate.

We have clear and measurable plans in place setting our priority areas of work, to ensure that we are always improving and seeking to find new and more **innovative ways of working**. On the following page is a selection of some of those priority areas of work that are being delivered now, that will ensure we achieve our Aims and maintain **excellent value for money**.



We are providing Great Homes by:

Improving systems – to make it easier for customers to interact with us online

Enabling Asset Modelling – to make sure we have a clear understanding of the costs involved in maintaining each property enabling even more informed decisions about investment

Delivering a ‘Cheltenham West Vision’ regeneration project – producing potential options to regenerate areas of Cheltenham to improve the quality of life for the people living there

Providing new windows & doors – across all homes to improve security and energy efficiency

Delivering a solution for non-traditional build properties –to refurbish and extend the life of these property types

Insourcing existing works programmes – to make best use of the skills we have in-house, improve quality and reduce costs

Completing our Service Improvement Programme (SIP) – which will develop and enhance the processes, applications and supporting technologies that enable CBH to deliver efficient & effective services into the future

Managing Welfare Reform impacts – to mitigate the effects that ongoing changes to benefits are having on tenants, people in need of social housing and the business

Supplying new homes for Cheltenham – this programme is being significantly expanded to help meet local housing need and balance CBC-owned stock lost to Right to Buy. Recent developments will enable a number of routes to be explored for the supply of both affordable and private homes including s106, acquisition and new build.



We are building Stronger Communities by:

Supporting community projects and initiatives – through sourcing external funding and ‘in-kind’ support from our partners, procurement activities, and making best use of the resources and support provided by community organisations to increase capacity

Enhancing our role as a local community builder – to work with partners to deliver locality based community investment

Partnership working – Complimenting our direct delivery approach with benefits offered by partnership working

Reporting and monitoring our Social Value – to demonstrate the social value we deliver for our communities



We are delivering this with Inspired People by:

Developing people – using the Best Companies MC3 behavioural tool we are supporting managers and colleagues to achieve their potential through opportunities for personal and professional development. We empower colleagues to get involved in the business if they feel something can be done better, or spot where they make a difference for customers, and then go the extra mile to achieve that

Enhancing recruitment – using our Best Companies accreditation **One to Watch** to ensure we are attracting (and retaining) the **most talented people** who can add extra value to CBH and are committed to helping us achieve our Aims. Our range of benefits help colleagues to maintain good health and wellbeing at work and at home

Living our Values – by continuing to listen to our colleagues to understand their needs and adapt the business to support them; our colleagues are continually shaping the business. Our **#WeAreCBH** group is delivering our People Plan with colleagues, ensuring they feel valued and inspired to live the values they chose: **#WeAreSupportive**, **#WeAreOneTeam**, **#WeAreRespectful** and **#WeAreTrustworthy**


ENSURING VFM

We are responsible for managing the resources of both CBH and the Council's HRA. A suite of Key Performance Indicators demonstrates the balance across costs, performance and satisfaction.

We make use of an established sector model to provide an understanding of Costs per Property (CPP) for the financial year just completed and set targets based on future budgets: they are directly linked to actual spend and budgets. These, combined with performance and satisfaction levels, demonstrate **the balance across the three strands of value for money: costs, performance and satisfaction**. Our current suite of VFM KPIs is included on the following pages, aligned to our Aims, and show outturn at the end of 18/19 and challenging targets to 20/21. Commentary is included to provide some context to the numbers.

Key to RAG colours:

On or better than target Slightly off target Off target

 Providing Great Homes	2018-19	2019-20	2020-21
	year-end outturn compared to target (as a RAG)	year-end target	year-end target (draft)
Direct cost per property of Major Works & Cyclical Maintenance	£1,626 (£1,820)	£2,250	£2,382
% dwellings non-decent at the end of the period	0.39%	0.35%	0.25%
% dwellings with a valid gas safety certificate	99.90%	100%	100%
Average SAP rating (2009 methodology)	72.02	72.2	72.4
Biennial STAR Survey: satisfaction with overall quality of the home	87.2%	90%	90%
Direct cost per property of Responsive Repairs & Void Works	£636 (£581)	£580	£665
% of Emergency, Urgent and Routine repairs completed on target	98.28%	99%	99%
% tenants satisfied with repairs carried out	99.14%	99%	99%
Direct cost per property of Rent Arrears and Collection	£89 (£90)	£93	£97
Current arrears as % of rental income (excluding court costs)	1.62%	2.65%	2.8%
Rent collected from current & former tenants as % rent due	98.95%	97%	98%
Direct cost per property of Lettings	£39 (£42)	£42	£50
% Rent lost through CBC dwellings becoming vacant	0.79%	0.73%	0.73%
Average time taken to re-let minor void CBC properties in days	20.60	19	19
Complaints closed at stage 1 - % within agreed timescales	95.45%	96%	100%
Number of complaints per 1000 properties	9.05	10	10
Contact centre calls answered within 60 seconds	New for 2019-20	90%	90%
Number of additional homes supplied	18	50	100

Major works and Cyclical Maintenance

CBH maintains appropriate capital investment in our stock, based on up to date data sourced from our stock surveys: 97% of properties have had stock condition data updated in the past 5 years. Our multi-million pound replacement windows and doors programme is ahead of target at the end of the year, helping to reduce energy use in homes and make them more secure. This has been achieved as a consequence of excellent contract management and working relationships with our contractors.

This CPP is slightly worse than the average within our peer group although this is affected by the health of others' capital programmes. Local Authority (LA) owned stock requires greater investment than housing sector stock as it is recognised as being generally older.

Performance remains strong across KPIs. Gas servicing remains high, with a robust approach taken to ensure access through legal means where this is necessary. In some instances, this requires a joined-up approach with other local agencies to support those tenants who have been resistant to volunteering access due to mental health issues. SAP figures, which provide an environmental assessment, have increased as a consequence of planned, appropriate investment and satisfaction with the quality of the home remains high and compares well with the sector, placing CBH in the upper middle quartile.

Challenging targets for 2019/20 maintain a clear direction of travel. The change in Direct CPP of Major Works & Cyclical Maintenance reflects the increase in some aspects of major work (e.g. showers) and significant investment in non-traditional properties. The target of 0.35% for the percentage of dwellings non-decent at the end of the period takes into account a small number of Cornish and prefabricated properties that are not due decent homes work as they remain subject to option appraisal. Sufficient responsive repairs will still be undertaken.

Responsive repairs and void works

The responsive repairs service is a flagship service for tenants that delivers, emergency, urgent and more routine responsive repairs. Our successful 'sustaining successful tenancies' project, which involved visiting each tenancy over the year generated some fantastic outcomes and support for tenants. It also generated a higher than normal number of repairs which has affected the year-end repairs KPI. CPP is better than expected and when compared to our peer group is slightly lower than the average CPP. Satisfaction levels with our repairs service is very high, positioning CBH in the top quartile for the sector.



Our responsive repairs service is very important to and highly regarded by tenants: almost 10,500 repairs were delivered during 2018/19, with satisfaction levels running at 99%

Rent Arrears and Collection

We have proactively resourced the housing revenues team to deal with the continuation of the challenges faced by both tenants and the business following the roll out of Universal Credit (UC) across Cheltenham. This has been carefully modelled and has enabled strong rent collection and arrears performance in this area, with current arrears levels consistently demonstrating top quartile performance. The CPP for Rent Arrears and Collection for 2018/19 is better than the figure that was modelled during the annual budget setting process and when compared with the peer group slightly worse than the sector average. Future targets reflect the local challenges to be faced as the roll out of Universal Credit increases across the town.

Lettings

A higher than normal number of voids and 'difficult-to-let' properties contributed to rent loss from voids and re-let times that were higher than expected, the latter of which was also impacted by a new 'downsizing project'. This project is aimed at making best use of homes and helping people who want to move to a smaller property, do so. In 2018/19 it successfully helped 30 households with three or more bedrooms to 'downsize' into more appropriately sized homes, freeing up larger properties for those people more in need. Re-let time, although off target still demonstrates above average performance compared with our benchmarking peer group. CPP for the delivery of our Lettings service is better than the target set. When compared with the peer group it is in line with the sector average. This area maintains strong performance, with void re-let times and low rent loss. Future targets seek to maintain those levels whilst reflecting the local challenges to be faced.

Complaints and contact centre

Complaints performance is strong although slightly off target, reflecting the ease with which customers can make complaints and the effectiveness of the processes dealing with them. Work to enhance customer contact and related telephony systems was successfully completed towards the end of 2018/19 and this has seen a significant upturn in performance. A new tenant-approved performance indicator to measure the number of calls answered within 60 seconds will prioritise and focus efforts in this area over the coming years to drive up performance and satisfaction levels.

Number of Additional Homes Supplied

We supplied 18 additional homes including both new build homes and acquisitions, making great use of capital receipts from homes sold under right to buy rules. Future targets are increasing, reflecting the potential for increased numbers as a consequence of more freedom within the HRA and the £100m loan facility agreed with CBC.



Building Stronger Communities

	2018-19	2019-20	2020-21
	year-end outturn compared to target (as a RAG)	year-end target	year-end target (draft)
Direct cost per property of ASB	£54 (£55)	£58	£60
% closed ASB cases that were resolved	100%	99%	99%
% satisfied with the way their ASB complaint was dealt with	100%	98%	98%
Biennial STAR Survey: tenants feeling safe in their homes	89%	95%	95%
Direct cost per property of Resident Involvement	£40 (£75)	£35	£37
Biennial STAR Survey: customers satisfied that CBH listens to their views and acts upon them	65.8%	75%	80%
Direct cost per property of Tenancy Management	£83 (£93)	£111	£103
Biennial STAR Survey: overall customer satisfaction	88.2%	90%	90%
Biennial STAR Survey: satisfaction with value for money of the rent	87.5%	88%	88%
Income generated on behalf of customers year to date	£1,217,200	£1,000,000	£1,000,000
Direct cost per property of Community Investment	£102	£111	£114

ASB

Our ASB work is important in helping tenants and communities feel safer. We work very closely with local Police and other agencies, and through proactive and preventative approaches with individuals and local communities. CPP for the delivery of our ASB service is better than the target set for 2018/19. When compared with our peer group this CPP is higher than the average but this area demonstrates strong performance and satisfaction, and future targets seek to maintain those levels. A new question asked of tenants as part of the biennial STAR survey shows that 89% of respondents felt safe in their homes. This question will be part of a quarterly survey of tenants from 2019/20 onwards that will provide 'live' information to be used to shape services and respond even quicker to tenants' needs

Resident Involvement

Regular reviews of our use of the benchmarking tool are carried out to ensure current ways of working are accurately reflected. Following such a review we have made changes that have resulted in the Direct CPP for Resident Involvement being lower than expected but does provide a new opportunity to consider the CPP for community investment activities. When compared with the peer group CPP for Resident Involvement is slightly more than the average for our peer group. This reflects our desire to invest appropriately to involve our tenants and leaseholders to ensure CBH meets their needs. To ensure further involvement for residents, we contact them after the surveys to establish how we can best respond to their feedback. The CPP for community investment enables CBH to improve the life chances of our tenants and reduce the stigma associated with social housing.



Our annual tenant and leaseholder awards bring people of all ages together to celebrate their achievements and communities

Tenancy Management

Direct Tenancy Management CPP is lower than the expected level, this is following a review of structures, roles and processes and a recognition of time spent on community investment activities. When compared with the sector this CPP is slightly higher than the average for our peer group. CBH has made the decision to continue to invest appropriately in supporting strong communities through effective neighbourhood and community management and involving residents. This supports local agendas which CBH is well placed to help deliver. Overall customer satisfaction with CBH remains high, exceeding target and when compared with others' outturn positions CBH in the upper middle quartile. 87.5% of tenants consider that the rent they pay provides Value for Money and, although just below the target set, this is a high level of satisfaction and compares well with others; again, placing CBH in the upper middle quartile. These questions are part of a quarterly survey of tenants that provides 'live' information to be used to better shape and improve services.


Inspired People	2018-19	2019-20	2020-21
	year-end outturn compared to target (as a RAG) where available	year-end target	year-end target (draft)
Average number of working days lost to total sickness	5.62	7	7
Percentage of staff satisfied with your organisation as an employer	95.80%	Superseded by Best Companies	Superseded by Best Companies
% of colleagues feeling they are developing at CBH	88%	Superseded by Best Companies	Superseded by Best Companies
% of colleagues inspired to go the extra mile	85%	Superseded by Best Companies	Superseded by Best Companies


Employees

Our ongoing People Plan, which was developed with our colleagues, has helped to increase employee satisfaction with CBH as an employer. It has enhanced policies, procedures and introduced employee-led initiatives that have made people feel more valued and the business a better place to work. The People Plan

aims to make CBH a great place to work and to create an environment where people feel supported and empowered to make things happen for both colleagues and customers alike.

Future targets and our new People Plan will reflect our desire to focus on colleague engagement. An engaged workforce is more motivated and productive as colleagues feel connected with each other and the aims of CBH. Also, by creating an environment where colleagues are encouraged to 'go the extra mile' will inspire and enable people to continue to deliver great new projects, both large and small which truly improve the lives of our customers. Examples of such projects include:

 This year we expanded our own life changing **Help2 scheme** to develop a Christmas appeal that is more in line with the needs of our tenants and their families. This year CBH colleagues used their contacts to encourage other local businesses plus some very generous local people to team up with and help us deliver two big Christmas fayres for CBH Tenants as well as our usual food hamper delivery. Our connections with local partners also helped us to launch a special campaign to #keepcheltwarm to help keep vulnerable adults and children warm during Winter through the donations of over 750 coats. This meant we were able provide **over 130 toys and gifts** for local children and **59 hampers of food and Christmas treats** for our vulnerable tenants and their families.


 Created by CBH employees, the **Help2 programme helps tenants** who find themselves in unexpected hardship or are facing exceptionally difficult circumstances; this could be as a consequence of bereavement, abuse or illness for example. Our colleagues volunteer to help out with projects, such as garden or home clearances or decorating and actively work with local partners who contribute materials and time. An annual discretionary fund is used to provide extra assistance in the shape of goods, vouchers or services to help individuals and families. **These projects make a huge difference to people**, for example a tenant was going through a difficult time trying to deal with suicidal thoughts and financial difficulties. Things continued to go downhill as they were struggling to look after themselves. With support from CBH and other local organisations, the tenant has been able to access training, secure a full-time job, stop smoking and now has a weekly plan set up so that they are able to pay off their arrears.


A tenant helped through the Help2 project said:



Absolutely wouldn't have got through things without the support of CBH - financially or emotionally. I had some very low times and bad thoughts



 Our Employment Initiatives Service set up the **Thrive** scheme to offer young people at risk of exclusion the opportunity to complete an ASDAN certificate in Careers and Experiencing Work, as well as work placements with CBH and some of our contractors. The scheme was recognised by Travis Perkins at the **My Community Awards**, winning the Employment and Community Skills category and a £5,000 cheque. The amazing achievement was only made possible thanks to CBH colleagues and partners who helped to deliver the life changing programme.

 Thrive was also nominated for Cheltenham Borough Council's **No Child Left Behind** awards, along with the #KeepCheltWarm campaign, CBH's ACEs pilot in St. Paul's and the Youth Mentor scheme developed by CBH's Community Investment Team. CBH was delighted to have been shortlisted, and even more pleased to win in three of the four categories – recognising the above and beyond approach to so much of what our colleagues do, but also the close working relationships with partners in our communities.



For further information about the contents of this report please contact:

business.support@cbh.org

| www.cbh.org |  |  |  | 

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Cheltenham Borough Council

Cabinet – 11th February 2020

Council – 17th February 2020

General Fund Revenue and Capital – Revised Budget 2019/20, and Final Budget Proposals 2020/21

Accountable member	Cabinet Member for Finance, Councillor Rowena Hay
Accountable officer	Executive Director Finance and Assets (Section 151 Officer), Paul Jones
Accountable scrutiny committee	Overview and Scrutiny Committee and Budget Scrutiny Working Group
Ward(s) affected	All
Key Decision	Yes
Executive summary	This report summarises the revised budget for 2019/20 and the Cabinet’s final budget proposals and pay policy statement for 2020/21.
Recommendations	<p style="text-align: center;">Cabinet / Council</p> <ol style="list-style-type: none"> 1. Approve the revised budget for 2019/20. 2. Consider the budget assessment by the Section 151 Officer at Appendix 2 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 £214.08 for the year 2020/21 based on a Band D property (an increase of 2.39% or £5.00 a year for a Band D property), as detailed in paragraphs 4.11 to 4.16. 4. Approve the growth proposals, including one off initiatives at Appendix 4. 5. Approve a lending (overdraft) facility of up £100,000 to the Cheltenham BID to facilitate the delivery of an ice rink as detailed in Section 7. 6. Authorise the Executive Director Finance and Assets (in consultation with the Borough Solicitor) to take such actions and make such arrangements as are necessary for the implementation of the above lending facility to Cheltenham BID. 7. Approve the savings / additional income totalling £826,000 and the budget strategy at Appendix 5. 8. Approve the use of reserves and general balances and note the projected level of reserves, as detailed at Appendix 6.

9. Approve the capital programme at Appendix 7.
10. Approve the programmed maintenance programme at Appendix 8.
11. Note that the Council will remain in the Gloucestershire business rates pool for 2020/21 (paragraphs 4.4 to 4.10).
12. Approve the Pay Policy Statement for 2020/21, including the continued payment of a living wage supplement at Appendix 9.
13. Approve the Medium Term Financial Strategy (MTFS) detailed in Section 5 and Appendix 10.
14. Approve a level of supplementary estimate of £100,000 for 2020/21 as outlined in Section 13.

Financial implications	As contained in the report and appendices. Contact officer: Paul Jones, Executive Director Finance and Assets. paul.jones@cheltenham.gov.uk Tel no: 01242 264365
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<p>Legal implications</p>	<p>The budget setting process must follow the Council's Budget and Policy Framework Rules.</p> <p>Members are not generally regarded as having a personal or prejudicial interest in the setting of the council budget and council tax. However, any member who is in arrears of council tax needs to give careful consideration to the provisions of section 106 of the Local Government Finance Act 1992. This states that if any arrears remain unpaid for at least two months then the member must disclose this at the beginning of the meeting, which is to consider the council tax calculation and shall not vote on the matter. It is a criminal offence to disregard this requirement. Any member likely to be in such a position should seek advice as quickly as possible from the Monitoring Officer.</p> <p>There is a legal requirement under the Local Government Finance Act 1992, sections 31A and 42A to set a balanced budget. The budget proposals includes budgets for expenditure and income and uses reserves to fund one off expenditure, fund future expenditure or phase in the impact of increased expenditure in accordance with the Medium Term Financial Strategy.</p> <p>Section 38 of the Localism Act 2011 requires local authorities to produce Pay Policy Statements. The Act also contains requirements for local authorities to hold a referendum where council tax is proposed above specific levels and this has been taken in to account in recommending a 2.39% increase (equivalent to an increase of £5 per annum based on a Band D property) as set out in the report.</p> <p>Section 25 of the 2003 Local Government Act requires the Authority's Section 151 Officer to comment on the robustness of the estimates and the adequacy of reserves.</p> <p>By approving the budgets for the capital programme, cabinet are making key decisions as to the use of the budget. Consequently, the acceptance of tenders in excess of £100,000 by the lead member (or officers if authorised under the constitution) for contracts required to deliver works, services and supplies under the approved budget headings, will not be key decisions.</p> <p>In accordance with the Council's approved Investment Strategy, the Council is able to lend money to support local public services and stimulate local economic growth. These include loans to organisations and residents within the Borough which support the priorities of the Council. Legal advice will be provided in respect to providing a loan to a BID company when, ordinarily, projects within the BID area are intended to be financed by a levy charged on all business rate payers in that area.</p> <p>Contact officer: Sarah Farooqi Sarah.Farooqi@tewkesbury.gov.uk Tel no: 01684 272012</p>
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<p>HR implications (including learning and organisational development)</p>	<p>Relationships with the two recognised trade unions continue to remain very positive. The Executive Leadership Team and the HR team will continue to work closely with TU colleagues in order to ensure that any potential impacts on employees as a result of realisation of budget savings are kept to a minimum.</p> <p>Contact officer: Julie McCarthy julie.mccarthy@publicagroup.uk Tel no: 01242 264355</p>
<p>Key risks</p>	<p>As outlined in Appendix 1</p>
<p>Corporate and community plan Implications</p>	<p>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.</p>
<p>Environmental and climate change implications</p>	<p>The final budget contains a number of proposals for improving the local environment, as set out in this report.</p>

The Council takes its statutory duties to promote equality of opportunity seriously. The 2010 Equality Act sets out that we must have due regard to the need to advance equality of opportunity between people who share a protected characteristic and those who do not. The groups that share a protected characteristic include those defined by age, ethnicity, disability, religion or belief and sexual orientation.

The Cabinet Member Finance and Executive Director Finance and Assets have been mindful of this statutory duty in how the budget proposals have been prepared. The community and equality impacts of the various budget proposals are as follows:

Budget Proposal (excerpt from appendix 5)	Potential community and equality impacts and any mitigating actions
1. Place and Growth	
Transformation of Regulatory and Environmental Services delivery	Ensuring that the human resource processes that area used to enable any staff restructuring are compliant with equality legislation
Review of fees & charges and income generation opportunities	None identified at this stage; the individual proposals for revising fees and charges will be subject to separate equality impact assessments to ensure that particular groups are not disadvantaged.
Car parking strategy – volume / price analysis	An equality impact assessment was carried out on the car parking strategy as this was included in the papers that went to cabinet on 13 June 2017.
Environmental services efficiencies	Ensuring that the human resource processes that area used to enable any staff restructuring are compliant with equality legislation
2. People and Change	
Modernisation programme	It is suggested that an equalities impact assessment is carried out on parts of the modernisation programme that will directly impact on staff and/or customers to ensure that individuals with protected characteristics are not in any way disadvantaged by the proposals. The EQIA will then be reported to the modernisation programme board
3. Finance and Assets	
Investment portfolio income generation	None identified
New Housing supply - mark-up on borrowing / equity	None identified specifically for this budget proposal. The wider equality impacts of the housing investment plan will be kept under review by the project team
LGPS revaluation savings	None identified
4. Use of Reserves	
Use of Budget Strategy (Support) Reserve	None identified

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 2020. The consultation took place between the period 18th December 2019 to 20th January 2020 and this report sets out the final proposals for 2020/21.
- 1.2** The Local Government Finance Settlement for 2013/14 marked the introduction of the new local government resource regime with a significant change in the way local authorities are financed. Under the new regime, more than 75% of the Council’s Government funding comes directly from Business Rates and, as a consequence, has the potential to vary either upwards or downwards during the year. This is a key strand of the Government policy to localise financing of local

authorities and brings the potential for increased risks or increased rewards.

1.3 The Government delayed the announcement of the provisional local government finance settlement 2020/21 due to the general election which took place on 12th December 2019. As a direct consequence of the above, the assumptions within the interim budget proposals were based on the technical consultation on the local government finance settlement for 2020/21 which was released by the Ministry of Housing, Communities and Local Government (MHCLG) after the Spending Review 2019 (SR19) was published on 4th September 2019.

1.4 As expected, the provisional settlement, published on 20th December 2019, was in line with last October's Technical Consultation. The final local government finance settlement 2020/21 was announced on 6th February 2020 via a written statement, and there were no changes between the provisional and final settlements. The most significant changes and announcements in the settlement were:

- Settlement Funding Assessment, Revenue Support Grant and Baseline Funding Levels are uplifted based on the increase in the small business rate multiplier (1.6%).
- Maximum increase in council tax is 1.99% for the "core" Band D and a further 2% for the Adult Social Care Precept. District councils can increase Band D by the higher of 1.99% or £5.
- Distribution of the new £1bn social care grant is the same as in the Technical Consultation, with only £150m equalised. Other grants remain the same, although Winter Pressures grant is now rolled into the Improved Better Care Fund (and its ring-fence removed).
- This is the final full year of New Homes Bonus (NHB): there is one new additional year added on in 2020/21, but it will not attract any rewards in future years. The government is clear that it wants to replace NHB and it is likely that NHB will have disappeared entirely by 2023/24. A consultation will be held later in the Spring 2020 on a replacement for New Homes Bonus.

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 Housing Revenue Account 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 The Section 151 Officer is satisfied that the proposed budget for 2020/21 has been based on sound assumptions and that the Council has adequate reserves to fund operations in 2020/21. The full assessment is attached at Appendix 2.

3. 2019/20 Budget Monitoring to December 2019

3.1 The budget monitoring report to the end of December 2019, also considered by Cabinet on 11th February 2020, indicates that despite a number of variances to the budget it still anticipates the delivery of services within budget in 2019/20.

4. Settlement Funding Assessment

4.1 The principles of the settlement allow authorities to spend locally what is raised locally, whilst recognising the savings already made by local government. Most noticeably, there has been a shift away from freezing council tax to using council tax to generate additional funding. Reserves are noted as being one element of an efficiency plan through a voluntary drawdown of reserves as the price for greater certainty for future settlements.

- 4.2 The proposed levels of government funding for this Council are set out in the table below. Overall 'core' central government funding (referred to as the Settlement Funding Assessment) is projected to increase by 1.6% in 2020/21.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Revenue Support Grant	1.273	0.544	0.102	0.000	0.000
Baseline Funding (Cheltenham's target level of retained Business Rates)	2.600	2.653	2.733	2.796	2.841
Settlement Funding Assessment	3.873	3.197	2.835	2.796	2.841
Actual cash (decrease) / increase over previous year	(0.816)	(0.676)	(0.362)	(0.039)	0.045
% cash (decrease) / increase	(17.4%)	(17.5%)	(11.3%)	(1.4%)	1.6%

- 4.3 Since 2013 the Council has had a direct financial interest in economic and business growth in the town, and will have a larger stake in it under the Government's proposals for reforming business rates. However, the business rate baseline reset in 2021/22 will lead to a significant reduction in its share of the financial benefit from growth in business rates in the Borough from 2013.

Business Rates Retention (BRR)

- 4.4 In October 2012, Council approved the principle of Cheltenham joining the Gloucestershire Business Rates Pool, subject to a thorough assessment of risks and rewards and agreement of satisfactory governance arrangements.
- 4.5 Continuation within the pool was delegated to the Section 151 Officer and Chief Executive and this is reviewed on an annual basis.
- 4.6 The Gloucestershire Business Rates Pool was set up in 2013/14 to maximise the business rate income retained within the County and to support economic growth within the area of the Local Enterprise Partnership.
- 4.7 The anticipated level of business rates due to this Council in 2020/21, taking into account the re-developments at the Brewery, John Lewis and Jessops Avenue, is significantly above the baseline funding target (Cheltenham's target level of retained Business Rates) which will result in Cheltenham still being liable to a 'levy'.
- 4.8 Taking the above into account, it is the opinion of the Section 151 Officer that this Council will benefit from remaining in the pool in 2020/21 as it will result in a reduction in the levy payment due to Government, which will be distributed in accordance with the governance arrangements.
- 4.9 One of the key documents in the budget setting process is the estimate of business rates yield which is reported in the National Non Domestic Rates return (NNDR1) which is submitted to the MHCLG. The NNDR1 return was submitted to the MHCLG by the deadline of 31st January 2020 and the budget is based on the figures in that return. The table below incorporates figures from the NNDR1 return and it is pleasing to report that the estimated net surplus from retained business rates against the baseline funding position is £1.878m. However, due to large

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reductions made by the Valuation Office (VO) in the rateable values of supermarket ATM's (which are backdated several years) and other rateable value changes, deficit adjustments need to be made from previous years to the value of £576,952.

	2019/20 Original 50% system £	2019/20 Revised 50% system £	2020/21 Original 50% system £
Retained business rates	21,993,793	21,840,398	22,546,722
Tariff payable to government	(18,936,362)	(18,936,362)	(19,244,897)
Grant to compensate for government decisions	1,651,218	1,766,755	1,813,252
Estimated levy payable to government after Pool surplus	(311,468)	(443,370)	(395,374)
Net retained business rates	4,397,181	4,227,421	4,719,703
Less Baseline Funding (target level of net retained rates)	(2,795,889)	(2,795,889)	(2,841,443)
Net surplus on business rates against baseline funding	1,601,292	1,431,532	1,878,260
Deficit adjustment re 2017/18	73,117	73,117	-
Deficit adjustment re 2018/19	(178,287)	(178,287)	(423,557)
Deficit adjustment re 2019/20		153,395	(153,395)
One-off adjustments re previous years' deficits	(105,170)	48,225	(576,952)
Net retained business rates (after one-off deficit adjustments)	4,292,011	4,275,646	4,142,751
Transfer to BRR earmarked reserve	-	(74,059)	
Net retained business rates	4,292,011	4,201,587	4,142,751

- 4.10** The move to local business rates retention still appears to be a positive one, but local authorities have faced a series of obstacles in trying to make it a success. The Government's desire is to make sure that the system is fair and that there is a balance between incentives and managing risks, and is being addressed through the on-going consultation on business rates retention.

Council Tax

- 4.11** Government legislation, through the Localism Act, requires councils proposing excessive rises in council tax to hold a local referendum allowing the public to veto the rise. The referendum threshold for council tax increases is proposed at 1.99 per cent for all local authorities in 2020/21. However, shire districts will be allowed increases of up to and including £5, or up to 1.99 per cent, whichever is higher.

- 4.12 With increased pressure to deliver services with reducing government support, there is a clear mandate from central government for the reliance of council tax to fund our local services.
- 4.13 The tax base has increased by 1.16% in 2020/21 which has exceeded the target of 0.8%. This increase primarily arises from additional properties completed in the past year.
- 4.14 With this in mind, the Cabinet has had to consider what level of increase in council tax is sustainable, without creating an increased risk of service cuts and/or larger tax increases in the future.
- 4.15 The uncertainty surrounding the fair funding review, the business rates reset and the future of New Homes Bonus post 2021, places a greater reliance on council tax as our main source of income.
- 4.16 Therefore, the Cabinet is proposing a 2.39% increase in council tax in 2020/21; an increase of £5.00 for the year for a Band D property.

Collection Fund

- 4.17 In accordance with the Local Authorities Funds (England) Regulations 1992, the Council has to declare a surplus or deficit on the collection fund by 15th January and notify major preceptors accordingly. This Council's share of the collection fund surplus for 2019/20 is £73,500 which will be credited to the General Fund in 2020/21. Collection fund surpluses arise from higher than anticipated rates of collection of the council tax collection rates.

5. The Cabinet's general approach to the 2020/21 budget

- 5.1 In the current exceptionally difficult national funding situation, the Cabinet's overriding financial strategy has been, and is, to drive down the Council's net costs via a commercial mind-set. Our aim is to hold down council tax as far as possible, now and in the longer term, while also protecting frontline services from cuts – an immensely challenging task in the present climate.
- 5.2 The key mechanism for carrying out this strategy is the commercial strategy, which seeks to bring service costs in line with available funding and seek additional forms of funding.
- 5.3 The commercial strategy was adopted by Full Council in February 2018 with the vision “to become an enterprising and commercially focused Council which people are proud to work for and which others want to work with. We will use our assets, skills and infrastructure to shape and improve public services and enable economic growth in the Borough. We shall generate significant levels of new income for the Council working towards the objective of enabling it to become financially sustainable by financial year 2021/22”.
- 5.4 Part of our drive towards financial sustainability includes identifying new opportunities to generate income and investment in projects which provide good financial returns. Our commercial strategy aligns closely with other key strategies including place-making, economic growth, digital transformation, workforce and skills development, investment and asset management which have a combined message that Cheltenham Borough Council has entered a new era of business enterprise, growth and innovation. We will work with partners who share our ambition and values and will continue to put the best interests of Cheltenham residents at the heart of everything we do.
- 5.5 The key building blocks for the executive team structure of Place and Growth; People and Change; and Finance and Assets, together with a planned and proactive approach to the use of reserves, are the key drivers for delivering the budget strategy as detailed within the Medium Term Financial Strategy (MTFS) at Appendix 10.
- 5.6 The budget strategy looks inwards at service transformation and modernisation, outwards at

economic growth and investment, and relies heavily on collective ownership and oversight. The Council has an ambition to become more commercial in order to move towards a greater level of financial self-sufficiency. This will require a change at strategic level that will affect the whole organisation, taking into account the tight geography of the Borough, the pace of change desired and the high level of senior leadership buy-in required.

- 5.7** The MTFS indicates broadly how the Council will close the projected funding gap over the period 2020/21 to 2023/24. In future years, it includes targets rather than necessarily specific worked up projections of cost savings and additional income to allow the Executive leads autonomy and flexibility. Engaging with stakeholders will be crucial when it comes to developing a sense of ownership in local decision-making and service delivery. Working with stakeholders will allow the council to fine tune services based on actual needs. Holding adequate information upon which to base the allocation of scarce resources is essential to address under-met needs.
- 5.8** The Cabinet's interim budget proposals for 2020/21, approved at a meeting on 17th December 2019, included an estimate of £1.144m for the 2020/21 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.
- 5.9** The final assessment of the budget gap for 2020/21, based on the detailed budget preparation and the anticipated local government financial settlement is £1.084m.
- 5.10** Closing a gap of this size is a huge challenge for the Council, but the challenge is being met by a proactive approach to identifying budget efficiencies, carried out by the Cabinet and the Executive Leadership Team. This work has identified efficiency savings and additional income of £0.826m as detailed in Appendix 5.
- 5.11** It is the Cabinet's intention to meet the shortfall in funding in 2020/21 from the budget strategy (support) earmarked reserve in order to deliver a balanced budget.
- 5.12** In preparing the interim budget proposals, the Cabinet and officers have considered the following:
- Provided for inflation for contractual, statutory, and health and safety purposes at an appropriate inflation rate where proven.
 - Budgeted for pay inflation at 2% for 2020/21.
 - Budgeted for an increase in Members allowances of 2% for 2020/21.
 - Budgeted for superannuation increases in the 'primary rate' in accordance with the triennial review 2019 for the financial year 2020/21.
 - Increased income budgets for the Cemetery and Crematorium, assuming an average increase in fees and charges of 2%.
 - Frozen garden waste charges whilst retaining the prompt payment discount at £3 per bin for households renewing their subscription ahead of their annual renewal date.
 - All other fees and charges, including car parking charges, are subject to annual review by the Place and Growth management team. A target of £50k per annum has been established as part of the budget strategy approved to deliver a balanced budget.
 - Assessed the impact of prevailing interest rates on the investment portfolio, the implications of which have been considered by the Treasury Management Panel.

6. Growth Proposals

- 6.1 In previous years, budgets have been prepared under a general philosophy of no growth in services unless there is a statutory requirement or a compelling business case for an 'invest to save' scheme. However, the Council's aspirations to modernise its offer, become financially sustainable and be carbon neutral by 2030, requires realignment of resources to deliver the outcomes defined above.
- 6.2 Members will recall that an allocation was agreed by the Council in April 2015 to facilitate the redevelopment to the Town Hall. A separate briefing attached to the Cabinet agenda for its meeting on 17th December 2019, outlines the progress made to date but essentially concludes that all of the options identified are currently outside the financial envelope of affordability available for the Council to progress.
- 6.3 Of the original allocation, £1.6m is still available and the Cabinet is recommending the following reallocation:
- Invest a sum of £1m to pump prime the commercial opportunities identified by The Cheltenham Trust (including investment which both sustains and grows income at the Town Hall);
 - Allocate £50k to fund 2 full-time documentation officers to ensure the collection receives accreditation status, primarily addressing the backlog of documentation inherited by The Wilson in October 2014 and not previously addressed;
 - Allocate £200k in a contingency fund to fund the associated costs of the investment in leisure@ in respect of the splash-pad;
 - Allocate £350k to a climate emergency fund to help facilitate the Council's ambition to become carbon neutral by 2030.
- 6.4 In February 2019, Full Council unanimously called on the Cabinet to declare a Climate Emergency, which was duly announced in July 2019. As part of the motion, Council requested that a report be presented back within six months, with the local actions the Council could take to help address this emergency. A report was presented to Full Council in October 2019 outlining the actions needed and an indicative timetable, as well as recommending the initial resources required for the authority to effectively gear up to delivering the scale of actions required by 2030. There is widespread public support for addressing climate change issues with more than four in five Cheltenham residents agreeing that the Council should play a role in tackling air quality issues (83%), enabling people to walk/cycle more (82%) and enabling public transport use (81%).
- 6.5 The report recommended initial 'seed funding' of £150,000 per year, to fund additional staffing resources in order to create the capacity and capability to develop the business cases for the initiatives outlined in the roadmap and to identify and secure external funding to enable climate emergency projects to progress. The Cabinet therefore proposes to allocate £350k from the original Town Hall allocation to address the resources required. In addition it proposes to allocate £75k from the planned maintenance reserve (originally allocated to the restoration of Pilley Bridge) on the grounds that it needs to prioritise its resources to the delivery of corporate plan priorities.
- 6.6 Whilst telematics technology is now being fitted to our vehicles which Ubico operate to ensure they are being used effectively and efficiently, including reducing fuel consumption, there is a need to ensure that the technology which supports the delivery of services provided by Ubico, particularly domestic and trade waste collections, is in place and can integrate with other business systems as necessary including any Customer Relationship Management (CRM) system CBC may purchase going forward.

- 6.7** The Cabinet therefore proposes to allocate £200k, subject to a business case, for the purchase of an 'In Cab' technology system. It is anticipated that the implementation of this system would offer a number of financial, service related and carbon reduction benefits to the council and its residents.
- 6.8** The introduction of an In-Cab system would reduce the mileage required to be completed by Ubico, because it would guide the crew around their collection route and would largely eliminate mistakes. This would have a direct benefit in reducing the fuel used and associated carbon usage. In addition, it's likely that the council would see missed collections reduce meaning that return journeys to collection areas would not need to be made, which would again contribute in lowering the fuel and carbon usage. This investment would also support wider process improvements for waste collections.
- 6.9** The future provision of public conveniences was presented to Cabinet on 5th November 2019. Within that report, recognition for redeveloping the toilets at Sandford Park was identified, with a recommendation to set aside funding for a new facility within the 2020/21 budget proposals to be considered by Council in February 2020. In order to satisfy that commitment, the budget proposals include a sum of £150,000 in the proposed capital programme for 2020/21.
- 6.10** Given the ambitious agenda that the Council has set, the Leader has expressed his intent to increase the size of his Cabinet to 9 Members (including himself as Leader). This is to provide specific leads to support the growing environmental / climate change agenda and the economic development / growth agenda. These two new portfolios are generating considerable additional workloads and are of growing local and national importance.
- 6.11** In October 2019 the Council endorsed the 'Carbon Neutral Cheltenham – Leadership through Stewardship' report and roadmap. This commitment and roadmap will generate considerable additional workload. The importance of and focus on this agenda continues to grow and it is therefore important that a dedicated portfolio and cabinet lead is created.
- 6.12** In July 2018 the Council made a commitment to support the development of the West Cheltenham strategic allocation for the growth of the cyber industry and deliver housing. In June 2019, Homes England awarded Garden Community status for the 'Cyber Central Garden Community'. In August 2019, the Council announced that it had purchased two strategically important parcels of land covering 112 acres of land. Our corporate plan objective of making Cheltenham the cyber capital of the UK requires considerable resource and focus. This also links closely to the wider growth agenda and the important role Cheltenham has in the delivery of Gloucestershire's Local Industrial Strategy.
- 6.13** Cheltenham's Place Strategy sets out a vision for this to be a place where everyone thrives. Growing the economy and delivery of housing are important objectives. The West Cheltenham (Cyber Central) allocation will play a significant role in delivery of high value jobs and housing. With the recent announcement of Cheltenham (as part of Gloucestershire) being included in the Western Gateway, there is a need to have a greater dedicated focus on growth and economic development and once again, it is therefore important that a dedicated portfolio and cabinet lead is created.
- 6.14** Finally, the Council has recently been advised that funding gifted to the Friends of Imperial Square Heritage and Conservation (FISHAC), has been secured for the restoration of railings to Imperial Gardens. The Council will hold the funds and undertake a tender exercise to appoint a suitably qualified metal work contractor to undertake the work that will include the Holst entrance pillars, and railings along the western Promenade perimeter of the gardens.
- 6.15** The list of proposals for growth, including one off initiatives, is included in Appendix 4.
- 6.16** The investments the Council is making in the borough is underpinned by strong resident satisfaction that show overall 84% of Cheltenham residents are satisfied with their local area as a

place to live. This score is higher than the Local Government Association (LGA) benchmark (80%).

7. Christmas Ice Rink

- 7.1 The Council has long-held ambitions to deliver an ice rink in Cheltenham as part of the run-up to Christmas for the benefit of residents and visitors alike.
- 7.2 The Cheltenham BID has progressed this initiative and plans to hold an event in 2020. However, the structuring of the deal with the proposed operator (whereby costs to the operator are paid in advance of ticket sales) has led to a request from the Cheltenham BID to support cash-flow.
- 7.3 It is therefore proposed that the Council offers the Cheltenham BID an overdraft facility, on terms no less favourable than what is offered to other organisations, up to a £100k. Indicative cash-flow analysis supports the business case that any overdraft facility in respect of this particular event would be fully repaid by the end of January 2021.

8. Treasury Management

- 8.1 Appendix 3 summarises the budget estimates for interest and investment income activity. Security of capital remains the Council's main investment objective.
- 8.2 Investment interest rates will probably remain very low in the medium term until there is more economic certainty following Brexit. Returns from traditional fixed term cash deposits are minimal so growth has been achieved through alternative investment sources such as investment in property assets and multi-asset funds which include exposure to the bond and equity markets.

9. Reserves

- 9.1 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to comment upon "the robustness of the estimates and the adequacy of the reserves for which the budget provides". This assessment is included within Appendix 2.
- 9.2 The Cabinet is proactive in strengthening reserves when appropriate and necessary through the use of underspends and one-off income. It is therefore recommended that any future underspends or fortuitous windfalls are earmarked for transfer to either general balances or the budget strategy (support) reserve.
- 9.3 A projection of the level of reserves to be held at 31st March 2020 and 31st March 2021 respectively is detailed in Appendix 6.

10. Capital Programme

- 10.1 The proposed capital programme for the period 2019/20 to 2022/23 is at Appendix 7.
- 10.2 The strategy for the use of the council's capital resources is led by our corporate priorities. The existing programme includes sums for infrastructure investment to be funded from capital receipts and the purchase of new vehicles through Ubico. It also includes the allocations agreed by the Council to provide an earmarked contribution to public realm works within the Town Centre.
- 10.3 In addition the capital programme sets aside an allocation for enhancing our property portfolio with the aims of delivering economic growth and regeneration.

11. Property Maintenance Programmes

- 11.1 The budget proposals include the 2020/21 property maintenance programme, which has been reviewed by the Asset Management Working Group, and the budget includes a revenue contribution of £470k to planned maintenance.

12. Pay Policy Statement

- 12.1 Section 38 of the Localism Act requires local authorities to produce pay policy statements which should include the authority's policy on pay dispersion. Pay dispersion is the relationship between remuneration of Chief Officers and the remuneration of other staff.
- 12.2 The Pay Policy attached at Appendix 9 includes the following key requirements of the Localism Act 2011:
- policy on pay for each of the 'in scope' Officers;
 - policy on the relationship between Chief Officers and other Officers;
 - policy on other aspects of remuneration, namely recruitment, increases in remuneration, performance related pay and bonuses, termination payments, and transparency.

13. Reasons for recommendations

- 13.1 As outlined in the report.

14. Consultation and feedback

- 14.1 The formal budget consultation on the detailed interim budget proposals took place over the period 18th December 2019 to 20th January 2020. 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, parish councils, tenants, residents, staff and trade unions were encouraged to comment on the initial budget proposals.
- 14.2 The Budget Scrutiny Working Group has been meeting during the course of the year and has made a positive contribution to the budget setting process in considering various aspects of the budget leading to its publication. The group met on 7th January 2020 and comments have been fed back to the Overview and Scrutiny Committee and the Cabinet.

15. Supplementary Estimates

- 15.1 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 2020/21 to be met from the General Reserve, the same level as in 2019/20.

16. Alternative budget proposals

- 16.1 It is important that any political group wishing to make alternative budget proposals should discuss them, in confidence, with the Executive Director Finance and Assets (preferably

channelled through one Group representative) to ensure that the purpose, output and source of funding of any proposed changes are properly captured.

16.2 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.

17. Final budget proposals and Council approval

17.1 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.

17.2 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.

17.3 An in-principle decision will automatically become effective 5 working days from the date of the Council’s decision, unless the Leader informs the Executive Director Finance and Assets 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.

17.4 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.

18. Performance management – monitoring and review

18.1 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 the delivery of services to the 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.

18.2 The delivery of the savings workstreams included in the final budget proposals, if approved by full Council, will be monitored by the Budget Scrutiny Working Group.

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<p>Appendices</p>	<ol style="list-style-type: none"> 1. Risk Assessment 2. Section 151 Officer budget assessment 3. Summary net budget requirement 4. Growth 5. Savings / additional income 6. Projection of reserves 7. Capital programme 8. Programmed Maintenance programme 9. Pay Policy Statement 10. Medium Term Financial Strategy (MTFS)
<p>Background information</p>	<ol style="list-style-type: none"> 1. Budget strategy and process report 2020/21 (Cabinet 8th October 2019) 2. General Fund Revenue and Capital – Interim Budget Proposals 2020/21 (Cabinet 17th December 2019) 3. Budget Monitoring Report 2019/20 position as at December 2019 (Cabinet 11th February 2020) <p>https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2020-to-2021-written-statement</p> <p>https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2020-to-2021</p>

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible Officer	Transferred to risk register
CR3	If the Council is unable to come up with long term solutions which close the gap in the medium term financial strategy then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision.	Cabinet	01/09/2010	5	2	10	Reduce	The budget strategy projection includes 'targets' for work streams to close the funding gap which aligns with the council's corporate priorities.	Ongoing	ED Finance and Assets	01/09/2010
CR105	If the Budget Strategy (Support) Reserve is not suitably resourced insufficient reserves will be available to cover anticipated future deficits resulting in the use of General Balances which will consequently fall below the minimum required level as recommended by the Section 151 Officer in the council's Medium Term Financial Strategy	ED Finance and Assets	01/04/2016	5	3	15	Reduce	The MTFS is clear about the need to enhance reserves and identifies a required reserves strategy for managing this issue. In preparing the budget for 2019/20 and in ongoing budget monitoring, consideration will continue to be given to the use of fortuitous windfalls and potential future under spends with a view to strengthening reserves whenever possible.	Ongoing	ED Finance and Assets	
1.02	If income streams from the introduction of the business rates retention scheme in April 2013 are impacted by the loss of major business and	ED Finance and Assets	14/09/12	4	3	12	Accept & Monitor	The Council joined the Gloucestershire pool to share the risk of fluctuations in business rates revenues retained by	Ongoing	ED Finance and Assets	

	the constrained ability to grow the business rates in the town then the MTFS budget gap may increase.							the Council. The Gloucestershire S151 Officers continue to monitor business rates income projections and the performance and membership of the pool / pilot. Work with members and Gloucestershire LEP to ensure Cheltenham grows its business rate base.			
1.03	If the robustness of the income proposals is not sound then there is a risk that the income identified within the budget will not materialise during the course of the year.	ED Finance and Assets	15/12/10	3	3	9	Reduce	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. Greater focus on cost control and income generation will be prioritised to mitigate the risk of income fluctuations.	Ongoing	ED Finance and Assets	
1.07	If the assumptions around government support, business rates income, impact of changes to council tax discounts prove to be	ED Finance and Assets	13/12/10	5	3	15	Reduce	Work with Publica and county wide CFO's to monitor changes to local government financing regime including responding	Ongoing	ED Finance and Assets	

	incorrect, then there is likely to be increased volatility around future funding streams.							to government consultation on changes Business Rates and the Fair Funding review. The assumptions regarding government support have been mitigated to a certain extent by the acceptance of a multi-year settlement agreement.			
1.07	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.	ED Finance and Assets	13/12/10	5	3	15	Reduce	Work with Publica and county wide CFO's to monitor changes to local government financing regime including responding to government consultation on changes Business Rates and the Fair Funding review. The assumptions regarding government support have been mitigated to a certain extent by the acceptance of a multi-year settlement agreement.	Ongoing	ED Finance and Assets	

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STATEMENT OF THE SECTION 151 OFFICER UNDER THE REQUIREMENTS OF SECTION 25 OF THE LOCAL GOVERNMENT ACT 2003

ROBUSTNESS OF BUDGET ESTIMATES AND ADEQUACY OF RESERVES 2020/2021

1. INTRODUCTION

The Local Government Act 2003 Section 25 includes a specific duty on the Chief Finance Officer (Section 151 Officer) to make a report to the authority when it is considering its annual budget and council tax levels. The report must deal with the robustness of the estimates and the adequacy of the reserves included within the budget. (For the purpose of the Act 'reserves' includes 'general fund balances'.) The Act requires the Council to have regard to the report in making its decisions at the Council's budget and council tax setting meeting in respect of 2020/21.

In making this report I have considered the risks arising from it, outlined below, and the Council's mitigating actions in arriving at my conclusions which, in summary are:

- Supplies and services and staffing budgets are sufficient to maintain services as planned.
- Budgeting assumptions for treasury management activity reflect the impact of sustained low interest rates and diversification of investments.
- The approach to budgeting for income is prudent.
- The approach taken to using the New Homes Bonus to support the base revenue budget is prudent and is consistent with the Government's statement that Councils are free to spend the Bonus as they choose, including on front-line services and keeping council tax low
- The proposal to increase council tax is required to ensure the viability of this Council in future years without having to make significant cuts to front-line services.
- The medium term financial planning assumptions, including future cuts in government support, are prudent and the continued development and revision of the budget strategy for closing the projected budget gap is providing a planned and measured approach to meeting future financial challenges.
- The approach to financing maintenance is acceptable. Looking ahead, the need to model and prioritise future investment aspirations will become critical if the Council is to meet some of the targets within the Medium Term Financial Strategy (MTFS).
- The level of reserves, including General Balances, is satisfactory.

2. ROBUSTNESS OF ESTIMATES

Budget estimates are assessments of spending and income made at a point in time, based on service needs and known expenditure patterns. The statement about the robustness of estimates cannot give a guaranteed assurance about the budget, but

gives members reasonable assurances that the budget has been based on the best available information and assumptions.

In order to meet the requirement of assessing the robustness of estimates the Section 151 Officer will consider and rely upon the key processes that have been put in place:

- the issuing of clear guidance to Service Managers on preparing budgets through the annual budget strategy report;
- peer review by finance staff involved in preparing the standstill base-budget, i.e. the existing budget plus contractual inflation;
- the use of in-year budget monitoring to re-align budgets in line with projected changes for 2020/2021;
- a medium term planning process that highlights priority services;
- a review of the corporate risk register;
- a service review by the Cabinet, Executive Leadership Team and Service Managers of detailed budget and proposed savings and their achievability; and
- Finance staff providing advice throughout the process on robustness, including vacancy factors, increments, current demand, and income levels.

Notwithstanding these arrangements that are designed to test the budget throughout its various stages of development, considerable reliance is placed on Service Managers having proper arrangements in place to identify issues, project demand data, to consider value for money and efficiency and record key risks within their operational risk register.

The table below identifies assumptions made during the budget process and comments upon the risks and decisions taken when preparing the budget.

Budget Assumption	Financial Standing and Management
<p>1. The treatment of demand led pressures.</p>	<p>Service Managers will be expected to manage changes within their budgets by re-prioritising or by taking steps to reduce expenditure where income streams decrease significantly. Where this is not possible it will be necessary to use the working balance or earmarked reserves on the understanding that they may need to be restored in future years.</p> <p>After significant delays to the introduction of Universal Credit (UC), the full rollout began in Cheltenham in December 2017. There are currently 996 claimants (November 2019) with 1,050 being anticipated by March 2020. Under present regulations there could eventually be up to 2,000 claimants, potentially placing considerable pressure on rent arrears. CBH is conducting a proactive campaign to provide support and information to all tenants affected by these changes. The impact on arrears will be closely monitored and the budget proposals reflect an increasing provision for bad debts.</p>

Budget Assumption	Financial Standing and Management
<p>2. The treatment of inflation and interest rates.</p>	<p>The following assumptions have been made in the preparation of the Medium Term Financial Strategy in respect of inflationary pressures:</p> <ul style="list-style-type: none"> • Pay awards are modelled at 2% per annum from 2020/21. • Employer's Superannuation contributions – agreed until 2023 through the latest triennial valuation and through agreement to pay the required secondary sum payments to the Local Government Pension Scheme (LGPS) as an up-front payment for the next 3 years future liability. Future uncertainty in the economy / fund performance may increase or decrease pension fund deficits although budgeting assumptions follow actuarial advice. Current modelling and results support the current strategy which has ensured the Council is in a positive cash-flow position, resulting in an improved funding level. • Contract inflation has been allowed for at the appropriate contractual rate • In line with previous practice, general inflation has not been provided for unless the relevant professional officer has indicated that there are inflationary pressures. Whilst this creates natural efficiency savings it could lead to insufficient budget to maintain service levels. In-year increases will need to be managed. • The Council provides a number of demand led services e.g. green waste collection, car parking, building control charges, etc. The estimates for 2020/21 have been prepared on the advice of officers who have taken a professional view on income levels, based on their opinion about the local economic conditions. Income from fees and charges will generally have been increased where legislation permits although a more targeted approach to demand led services have been appraised by Service Managers. • After the completion of the four year period of rent reduction the Government's new rent policy will commence in April 2020. Rents will be allowed to increase by CPI (as at previous September) + 1% per annum for the next five years before a further review. • The treasury management strategy continues to diversify into pooled funds which will expose the Council to investments within property, bonds and equities. These funds have the advantage of providing wide diversification of investment risk, coupled with the services of professional fund managers in return for a fee. These funds offer enhanced returns over the longer term, but are more volatile in the short-term but will allow the authority to diversify into asset classes other than cash. • The Council adheres to the CIPFA Code of Practice for Treasury Management 2011 and updates its policy and strategy statements annually. The Investment Strategy is reviewed annually to ensure security of public money. Following the banking crisis, our treasury advisors continue to advise the Council and Treasury Management Panel on policy. <p>Risks around inflation and interest rate variations have been built into my assessment of the budget. In-year increases will need to be managed but may need to be funded from General Balances and subsequently be built into base budget in future years.</p> <p>The recommended minimum HRA revenue reserve to cover contingencies is £1.5m. The three year projections forecast a reserve balance of £1.5m at 31st March 2023.</p>

Budget Assumption	Financial Standing and Management
<p>3. Estimates of the level and timing of capital receipts.</p>	<p>Property services need to ensure our land and property asset portfolio is fit for purpose, secures increased income generation, maximises capital receipts and stimulates growth and investment in the Borough. In December 2016, Full Council agreed that a minimum of 50% of all future asset disposal proceeds be ring-fenced to enhancing the Council's land and asset portfolio. In that same report, Full Council endorsed an aim to generate a minimum 5% yield on future investment in property to help towards achieving a sustainable MTFs.</p> <p>No major General Fund capital receipts are anticipated that would affect the planned capital expenditure in 2020/2021. A strategic review of our property portfolio has been undertaken to support the development of the investment property portfolio and to ensure that the council's assets make the maximum contribution possible to support the MTFs.</p> <p>Housing stock sales through Right to Buy (RTB) are estimated to be at 20 per annum. These receipts will be ring-fenced towards the supply of new housing.</p>
<p>4. The treatment of efficiency savings/ productivity gains.</p>	<p>The majority of savings proposals for 2020/2021 are already in progress and no identified slippage has been identified. This should not undermine our ability to keep expenditure within budget in 2020/21 although provision is made for slippage within working balances.</p>
<p>5. Government support.</p>	<p>The following assumptions have been made in the preparation of the Medium Term Financial projections in respect of Government support:</p> <ul style="list-style-type: none"> • The estimates for 2020/21 are based on the final financial settlement notified by the Ministry of Housing, Communities and Local Government (MHCLG) on 6th February 2020. • The medium term financial projections assume a full business rates reset under the fair funding review, which will only allow for growth achieved in 2020/21 to be retained. It also assumes this Council will no longer receive any Revenue Support Grant (RSG) and that New Homes Bonus (NHB) will be phased out from 2020 in its current format – i.e. the Council will only receive legacy payments from 2021/22 reducing down to zero by 2023/24. • The budget requires £1.252m of New Homes Bonus (NHB) to support the revenue budget in 2020/21. The fact that this source of funding is being top-sliced from the RSG, means that the Council has little alternative but to regard this money as an important part of its income stream and is therefore assumed to be base funding across the period of the MTFs, albeit phased out. • The budget for 2020/21 includes assumptions for business rates based on estimates of collection rates, bad debts, appeals, reliefs (mandatory and discretionary) and assumed 40% share under the 50% retention system. The medium term financial projections assume a move to 75% retention (although no decision has been made on tier split) and that a full reset will be implemented as part of the fair funding review. As in previous years, an earmarked reserve is maintained to help mitigate the risk of any future fluctuations. <p>Despite the uncertainty over future government funding, I am comfortable that the Council has been sufficiently prudent in budgeting for reductions in government support, including dealing with the uncertainty of business rates and NHB receipts.</p> <p>The Government has recently lifted HRA borrowing restrictions, abolishing the debt cap and leaving the level of borrowing to be controlled by the prudential code. This should allow a significant increase in the new build programme subject to the identification of appropriate sites and financial viability.</p>

Budget Assumption	Financial Standing and Management
<p>6. Proposed level of council tax.</p>	<p>When setting the level of council tax, members should always consider the medium term outlook to ensure that a sustainable budget position is maintained</p> <p>Members also need to acknowledge that the Localism Act 2011 contains requirements for local authorities to hold a referendum where council tax is proposed above a specific increase (the greater of up to 2% or £5 in 2020/21).</p> <p>Council tax is the main source of locally-raised income for this authority and has previously been referred to by MHCLG as 'an important source of funding which is used to meet the difference between the amount a local authority wishes to spend and the amount it receives from other sources such as government grants.</p> <p>When calculating the core grant settlement, the Government assumes that all Shire Districts will increase their Council Tax by the threshold amount for 2020/21. The indicative grant levels for the period 2020/21 also assumes that all local authorities will increase their Council Tax levels up to the threshold each year.</p> <p>CIPFA has published a financial resilience index and their recommended good practice is that this is referred to within the s25 report for 2020/21.</p> <p>One of the indicators is the council tax requirement as a ratio to net revenue expenditure. This indicator provides a measure of the relative importance of council tax and grants. A low ratio suggests higher dependency on grants which may suggest that a council may experience financial difficulties as grants diminish further. The ratio for this council in 2020/21 is 61.73% and is projected to rise over the duration of the MTFs which equates to this council having a diminishing dependency on grants.</p> <p>There has been an important shift in the Government's principles, most noticeably, the shift away from freezing council tax to using council tax to generate additional funding. Given that this budget relies on the use of reserves to generate a balanced budget in 2020/21 and the relevance of the indicator outlined above, I support a council tax increase of 2.39% (equivalent to a £5 increase on a Band D property) as this will avoid the requirement for a referendum (cost c. £50k) for council tax increases over the government cap.</p>

Budget Assumption	Financial Standing and Management
<p>7. Medium Term Financial Strategy (MTFS) – the strategy for closing the projected funding gap.</p>	<p>Sound financial management requires that the Section 151 Officer and Councillors have full regard to affordability when making recommendations about the local authority's future revenue and capital programme.</p> <p>The 2020/21 budget includes medium term financial projections of the projected funding gap and indicates broadly how the Council may close the projected funding gap over the period 2021/22 to 2023/24. The Medium Term Financial Strategy outlines the strategy for closing the funding gap and includes efficiency savings and income targets rather than necessarily specific worked up projections of cost savings.</p> <p>The Council has traditionally provided 'one off' funding for investment in systems or staff costs i.e. additional short-term resource, redundancy / pension costs funded from savings or earmarked reserves.</p> <p>The Council's approach to modelling and monitoring the MTFS and planning for meeting future funding gaps outlined in the budget strategy demonstrates robust and effective planning for closing the funding gap and is effectively scrutinised.</p> <p>The Council is developing a more commercial approach to service provision with the aim of becoming self-financing and less dependent of Central Government funding. This approach has helped to refocus on delivering a sustainable MTFS. It is anticipated that the move to a greater share of business rates is a step in the right direction for Cheltenham, although we are already aware that a system of tariffs and top-ups will remain which effectively distributes funding across the Local Government sector. Developing strategies for business and economic growth which will generate revenue for the council to offset the reductions in government funding streams will be a key strand of the development of the MTFS.</p>
<p>8. The authority's capacity to manage in-year budget pressures.</p>	<p>The authority has proven its ability to manage in-year budget pressures with no recorded overspends in recent years. Improvements to our Devolved Budgetary Control scheme have improved our management of cash limited budgets.</p>
<p>9. The strength of the financial information and reporting arrangements.</p>	<p>The Council has strong internal and external reporting standards. Quarterly management reports are made to the Cabinet. These procedures have allowed firm management of any projected overspends in the past. These reports have been enhanced with detailed financial commentary and clear direction with regards to in-year virements which aids transparency and full scrutiny.</p>
<p>10. The authority's virement and end of year procedures in relation to budget under/overspends at authority and departmental level.</p>	<p>The Council's virement and carry forward rules are clear. The Council is operating management disciplines to ensure management and policy actions are considered in relation to overspending budgets. Generally virement is considered at a corporate level against corporate priorities, including the contribution towards the optimal level of general fund reserves. The Council's Devolved Budgetary Control scheme gives managers flexibility to manage budget variations within their services. Service overspends may be clawed back from future budgets.</p>
<p>11. The adequacy of the authority's insurance arrangements to cover major unforeseen risks.</p>	<p>The Council's insurance arrangements are considered adequate. The Council does self-insure on small claims and has reserves to meet any excesses relating to claims. No uninsured risks have been identified.</p>

Budget Assumption	Financial Standing and Management
12. The approach to financing the maintenance programme.	The Council has £470k built into the base revenue budget to fund the annual maintenance budget of the property portfolio. The maintenance schedule of planned commitments has been established for 2020/21 and will be reviewed by the Asset Management Working Group on an annual basis.

Given consideration of the above factors and the detailed scrutiny of the budgets that has been undertaken this year I can give positive assurance on the robustness of the budget estimates.

3. ADEQUACY OF RESERVES AND BALANCES

The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

Within the statutory and regulatory framework it is the responsibility of the Section 151 Officer to advise the authority on its level of reserves that should be held and to ensure that there are clear protocols for their establishment and use. Councillors, on the advice of the Section 151 Officer, should make their own judgements on such matters taking into account local circumstances. The adequacy of reserves can only be assessed at a local level and requires a considerable degree of professional judgement. The assessment needs to be made in the context of the authority's MTFS, its wider financial management, and associated risks over the lifetime of the plan. The Secretary of State has reserved powers to set a minimum level of reserves to be held by councils if required.

The CIPFA resilience index also has a number of indicators measuring reserves. The indicators suggest that whilst earmarked reserves held are mid-range compared to other district councils, our unallocated reserves (i.e. general balances) are in the lower quartile. Whilst this is useful information, it needs to be more qualitative, which is around whether reserves are being used in line with policy. There appears to be an assumption within these indicators that having high levels of reserves is a good measure which doesn't necessarily fit well with the equity perspective that Council's should not be sitting on high levels of reserves as this is being funded by local taxpayers that are not getting any benefit.

Reserves should not be held without a clear purpose. Should it be considered that the level (or proposed levels of reserves) is inadequate then a report must be made to Council outlining how this has arisen and what action should be taken to prevent a reoccurrence in subsequent years.

As part of the annual budget setting process and in reviewing the MTFS, the Council needs to consider the establishment and maintenance of reserves. These can be held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;

- a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
- a means of building up funds (earmarked reserves) to meet known or predicted requirements.

GENERAL (WORKING) BALANCES – CALCULATION OF OPTIMUM LEVEL

There are two approaches for deciding the optimum level of working balance. One approach is to simply apply a percentage range to the Net Budget Requirement, currently assessed as between 5% and 10% or a level between £0.735m and £1.470m. The alternative is a level based upon a risk assessment of the budget. In 2020/21 the Section 151 Officer has used a risk based approach to assess the appropriate level of general balances.

The framework for assessing the risks surrounding the budget needs to consider the following:

- Inflationary pressures.
- Pension Fund changes.
- Planned savings measures.
- Interest rate variations.
- Volume variations on demand-led services such as planning fees, land charges.
- New services/initiatives including waste and recycling.
- The risk of litigation.
- Emergency planning.
- Financial guarantees.
- Grant income.
- Future budget projections.

	Area of Risk	Explanation
1.	Inflationary Pressures	Historically the cost of pay awards has caused major variations to budget estimates. Trade unions have rejected a 2% pay increase for council staff and have called for a 10% pay increase for all council staff. The assumptions within the proposed budget are for a 2% pay award and a provision of £88,000 (1%) is recommended within the working balance to offset this risk. Inflationary risks on other costs are a factor elsewhere. The Ubico contract is driven by fuel and pay increases and a provision of 1% on the 2020/21 General Fund contract value suggests a figure of £86,000 should be kept as a provision within the working balance.
2.	Pension Fund Changes	The 2019 triennial review has brought a degree of certainty to future pension costs for 2020-2023. These will not impact adversely on the Council in the next 12 months so no specific provision is required at this point.
3.	Planned savings measures	The Savings Strategy identifies £3.476m of targets to be delivered across 2020/21 to 2023/24. Slippage can occur and the Red Amber Green (RAG) system for identifying those work streams at risk of slippage within the Savings Strategy. Currently the strategy notes £350,000 of work streams considered 'amber' for 2020/21 in terms of delivery and so 50% of these (i.e. £175,000) are accommodated within the working balance.

	Area of Risk	Explanation
4.	Interest rate variations	The current low levels of investment rates suggest that there is little down-side risk at present on cash deposits.
5.	Volume variations demand led	During the economic downturn the Council was vulnerable to drops in key income streams, e.g. planning fees, car parking income, etc. The budget projections reflect current levels of income however the risks associated with volatility should be better reflected particularly given recent fluctuations in planning, car parking and building control income. As such a provision amounting to £250,000 to reflect the volatility is recognised in the working balance.
6.	Risk of litigation contingency	The level of risk associated with litigation is considered to be reducing over time however risk does still remain and as such a provision of £200,000 is retained. The council holds a separate earmarked reserve for planning appeals which is also available if required.
7.	Emergency planning	Whilst the government will step in to assist in the event of a major disaster there are thresholds at which assistance is given. This threshold is 0.2% of the net budget. Financial support is then given at 85% of costs above this level. Provision of £1m would cost this Council £170,000 which is provided for within the working balance; the cash flow impact would need to be handled from invested cash balances.
8.	Financial guarantees/contingent liabilities	Run-off of the old Municipal Mutual Insurance claims has begun but no provision is required at this stage.
9.	Grant income	No new grant streams are anticipated in the 2020/2021 budget. No risks have been identified around existing grant flows that require specific provision in the working balance.
10.	Business rates retention	As part of the pooling arrangement, the Council could be required to contribute to large scale revaluations such as occurred with Virgin Media via Tewkesbury Borough Council. Provision for such occurrences should therefore be included within the working balance and as such £150,000 is held. The council holds a separate earmarked reserve for Business Rates Retention which is also available if required.
11.	The Cheltenham Trust	A contingency provision of £100,000 is to be held in general balances for any unforeseen instances incurred by the Trust as they go through re-organisation and transformation.

The assumptions above total £1,219,000 suggesting that we strive to maintain a working balance around this figure during 2020/21. The Council should aim to not allow the working balance to fall below this figure. The current working balance is £1,320,591.

EARMARKED RESERVES

In order to assess the adequacy of earmarked reserves when setting the budget, the Section 151 Officer should take account of the strategic, operational and financial risks facing the authority. Accepting that there are still some areas of uncertainty, the level of reserves appears adequate at this point in time and no other changes are currently recommended, although every effort should be made to increase the level of reserves held as a way of future-proofing against further funding reductions.

Whilst the majority of these reserves are held for specific purposes, there are three reserves which are available to help meet the cost of any changes as the Council meets the challenges of future funding reductions; these are:

	Balance projected at 31st March 2020 £
Budget Strategy (Support) Reserve	458,837
New Initiatives Reserve (Transformation)	336,623
Pension and Restructuring Reserve	370,956
	1,166,416

In determining the budget strategy in October 2015, the Section 151 Officer recommended the creation of a specific earmarked reserve: a 'budget strategy (support) reserve', to provide greater resilience. This reserve secures the Council against short-term challenges which we know we will encounter in the coming years such as the one-off drop in business rates income due to the baseline re-set.

I have reviewed the revenue reserves and propose the transfers as identified in Appendix 6. I also consider that the financial reserves and working balance as proposed in these papers are adequate to fund spending plans for 2020/2021. However, given the uncertainty surrounding the outcome of the Fair Funding Review and the Business Rates Retention reset proposed in 2021, I recommend that any future underspends or fortuitous windfalls are earmarked for transfer to either general balances or the budget strategy (support) reserve.

4. OVERALL CONCLUSION

There is a legal requirement under the Local Government Act 1992, section 32 and 43 to set a balanced budget. The budget proposals includes budgets for expenditure and income and uses reserves to fund one off expenditure, fund future expenditure or phase in the impact of increased expenditure per the MTFS without drawing on the General Reserve.

I am, therefore, satisfied that the proposed budget is balanced and meets the legal requirement to set a balanced budget.

My overall view is that the budget is a sound response to continuing challenging financial circumstances, which maintains services, maximises efficiencies and responds to anticipated future financial challenges.

In line with statutory duties, Members are asked to consider the advice provided in this report, based upon my assessment of the robustness of the overall budget and estimates in the medium term financial projections.

PAUL JONES

Executive Director Finance and Assets (Section 151 Officer)

NET GENERAL FUND FINAL BUDGET 2020/21

GROUP	2019/20 ORIGINAL	2019/20 REVISED	2020/21 ORIGINAL
	£	£	£
Projected cost of 'standstill' level of service			
Chief Executives Directorate	1,362,599	1,366,299	1,591,523
Finance & Assets Directorate	9,326,006	9,433,907	9,656,493
People & Change Directorate	3,939,106	4,190,484	4,038,895
Place & Growth Directorate	6,090,932	6,454,650	6,321,863
	<u>20,718,643</u>	<u>21,445,340</u>	<u>21,608,774</u>
Capital Charges	(2,757,427)	(2,640,758)	(2,594,477)
Interest and Investment Income	(2,959,971)	(3,119,243)	(2,893,251)
Use of balances and reserves	85,925	(657,427)	(362,186)
Savings / Additional income identified - Appendix 5			(826,000)
Growth - Appendix 4			30,000
Use of Budget Strategy Support reserve	(256,082)	(256,082)	(257,971)
NET BUDGET	<u>14,831,088</u>	<u>14,771,829</u>	<u>14,704,889</u>
Deduct:			
National Non-Domestic Rate	(2,788,856)	(2,460,666)	(2,906,451)
National Non-Domestic Rate - 2018/19 surplus / deficit	(73,117)	(73,117)	0
National Non-Domestic Rate - 2019/20 surplus / deficit	178,287	178,287	423,557
National Non-Domestic Rate - 2019/20 surplus / deficit	0	(153,395)	153,395
National Non-Domestic Rates - S31 Grants	(1,651,218)	(1,766,755)	(1,813,252)
New Homes Bonus	(1,468,797)	(1,468,797)	(1,252,262)
Collection Fund Contribution	(110,500)	(110,500)	(73,500)
	<u>(5,914,202)</u>	<u>(5,854,943)</u>	<u>(5,468,514)</u>
NET SPEND FUNDED BY COUNCIL TAX	8,916,886	8,916,886	9,236,375
Band 'D' Tax	£209.08	£209.08	£214.08
Increase per annum			£5.00
Increase per week			£0.10
% Rise			2.39%
Gross Collectable Tax Base	43,078.79	43,078.79	43,580.30
Collection Rate %	99.00%	99.00%	99.00%
Net tax base	42,648.00	42,648.00	43,144.50

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PROPOSALS FOR GROWTH

Ref	Division	Project Name	Description				Capital Costs
				2020/21	2021/22	2022/23	2020/21
				£	£	£	£
SUPPORTED GROWTH							
1	Democratic Representation and Management	2 additional Cabinet Members	To provide specific Cabinet leads to support the growing environmental / climate change agenda and the economic development / growth agenda. These two new portfolios are generating considerable additional workloads and are of growing local and national importance.	30,000	30,000	30,000	
2	Ubico Limited	In-Cab technology system			26,000	26,000	200,000
				30,000	56,000	56,000	200,000
SUPPORTED GROWTH (FUNDED FROM PLANNED MAINTENANCE & CAPITAL RESERVE/RECEIPTS)							
3	Air Quality	Climate Emergency	Seed funding to deliver the actions needed, as outlined in the report to Full Council in October 2019, to facilitate the Council's ambition to become carbon neutral by 2030.	150,000	150,000		125,000
4	The Cheltenham Trust	Documentation of the council's Art Gallery & Museum collection in 2020/21	2 temporary documentation officers to document the council's collection, required to ensure the collection receives accreditation status.	50,000			
5	The Cheltenham Trust	Commercialisation opportunities within the Trust	Invest a sum of £1m to pump prime the commercial opportunities identified by The Cheltenham Trust (including investment which both sustains and grows income at the Town Hall);				1,000,000
6	Property & Asset Management	Sandford Park toilets	Provide for new public toilet provision at Sandford Park.				150,000
				200,000	150,000	0	1,275,000
SUPPORTED GROWTH (FUNDED FROM EXTERNAL SOURCES)							
7	Parks and Gardens	Restoration of railings to Imperial Gardens	Funding gifted to the Friends of Imperial Square Heritage and Conservation (FISHAC) for the restoration of railings to Imperial Gardens				100,000
				-	-	-	100,000

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SAVINGS STRATEGY						
	2019/20	2020/21	2021/22	2022/23	2023/24	Total 2020/21 to 2023/24
Total Current MTFS Funding Deficit	1,933,682	1,083,970	1,902,261	1,254,338	865,554	
1. Place and Growth						
Transformation of Regulatory & Environmental Services delivery	50,000	50,000				50,000
Fees & charges and income general uplift	50,000	50,000	50,000	50,000	50,000	200,000
Commercial income generation opportunities		50,000	50,000	50,000		150,000
Car Parking Strategy - volume / price analysis	550,000	150,000				150,000
Increase Crem fees above inflation			50,000			50,000
Environmental Services efficiencies	200,000	100,000				100,000
West Cheltenham - increase in business rates				100,000	300,000	400,000
North West Cheltenham - increase in business rates				100,000	100,000	200,000
Total	850,000	400,000	150,000	300,000	450,000	1,300,000
2. People and Change						
Revenues and Benefits restructure	40,000					0
L&C Review - trust savings	100,000		100,000			100,000
Publica savings	39,000					0
Modernisation Programme		100,000	200,000			300,000
Total	179,000	100,000	300,000	0	0	400,000
3. Finance and Assets						
Investment portfolio income generation - direct purchase	397,600	150,000	150,000	100,000		400,000
Investment portfolio income generation - West Cheltenham				100,000	100,000	200,000
North Place development income					150,000	150,000
Energy savings / initiatives (wind, solar / battery storage)			50,000			50,000
New Housing supply - mark-up on borrowing / equity		50,000	50,000		50,000	150,000
Depot - rationalisation of site					150,000	150,000
Local Council Tax Support scheme	40,000					0
Treasury Management activity			50,000			50,000
LGPS up-front payment discount	161,000					0
LGPS 2019 Revaluation savings		126,000	200,000	200,000		526,000
Municipal offices - Letting of surplus office accomodation space	50,000		50,000	50,000		100,000
Total	648,600	326,000	550,000	450,000	450,000	1,776,000
4. Use of Reserves						
* Use of Budget Strategy (Support) Reserve	256,082	257,970	902,261	504,338	(34,446)	1,630,123
Total	256,082	257,970	902,261	504,338	(34,446)	1,630,123
Total Identified Savings/Income	1,933,682	1,083,970	1,902,261	1,254,338	865,554	5,106,123
Shortfall / (Surplus) against MTFS Funding Gap	0	0	0	0	0	0

NB: traffic lights denote risk associated with delivery

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		<u>31st March</u> <u>2019</u> £	<u>2019/20</u> <u>Movement</u> <u>Revenue</u> £	<u>Proposals</u> <u>to Support</u> <u>2019/20 Budget</u> £	<u>2019/20</u> <u>Movement</u> <u>Capital</u> £	<u>31st March</u> <u>2020</u> £	<u>2020/21</u> <u>Movement</u> <u>Revenue</u> £	<u>Proposals</u> <u>to Support</u> <u>2020/21 Budget</u> £	<u>2020/21</u> <u>Movement</u> <u>Capital</u> £	<u>31st March</u> <u>2021</u> £
<u>EARMARKED RESERVES</u>										
<u>Other</u>										
RES002	Pension & Restructuring Reserve	(220,956)	(150,000)			(370,956)	140,988			(229,968)
RES003	Economic Development & Tourism Reserve	(4,200)				(4,200)				(4,200)
RES006	Cultural Development Reserve	(22,361)				(22,361)				(22,361)
RES008	House Survey Reserve	(5,616)				(5,616)				(5,616)
RES009	Twinning Reserve	(8,366)				(8,366)				(8,366)
RES010	Flood Alleviation Reserve	(87,900)	50,000			(37,900)	37,900			(0)
RES014	GF Insurance Reserve	(77,106)				(77,106)				(77,106)
RES016	Joint Core Strategy Reserve	(18,780)				(18,780)				(18,780)
RES018	Civic Pride Reserve	(90,988)	90,988			0				0
RES020	Ubico Reserve	(94,000)	40,000			(54,000)				(54,000)
RES022	Homelessness Reserve	(41,100)				(41,100)				(41,100)
RES023	Transport Green Initiatives Reserve	(33,825)				(33,825)				(33,825)
RES024	New Initiatives reserve	(452,623)	116,000			(336,623)	116,000			(220,623)
RES025	Budget Strategy (Support) Reserve	(714,919)		256,082		(458,837)		257,971		(200,866)
RES026	Social Housing Marketing Assessment (SHMA) Reserve	(34,034)	(2,500)			(36,534)	(2,500)			(39,034)
		(1,906,774)				(1,506,204)				(955,845)
<u>Repairs & Renewals Reserves</u>										
RES201	Commuted Maintenance Reserve	(85,207)	12,172			(73,035)	12,172			(60,863)
RES204	I.T. Repairs & Renewals Reserve	(87,200)	(50,000)			(137,200)	(50,000)			(187,200)
RES206	Delta Place Reserve	(300,000)	(100,000)			(400,000)	(100,000)			(500,000)
RES205	Property Repairs & Renewals Reserve	(790,337)	52,000			(738,337)	52,000			(686,337)
		(1,262,745)				(1,348,573)				(1,434,110)
<u>Equalisation Reserves</u>										
RES101	Rent Allowances Equalisation	(324,283)	106,426			(217,857)	86,426			(131,431)
RES102	Planning Appeals Equalisation	(150,132)				(150,132)				(150,132)
RES105	Local Plan Equalisation	(69,133)				(69,133)				(69,133)
RES106	Elections Equalisation	(125,487)	(62,100)			(187,587)	62,900			(124,687)
RES107	Car Parking Equalisation	(615,341)			400,000	(215,341)				(215,341)
RES108	Business Rates Retention Equalisation	(636,348)	43,085			(593,263)	206,300			(386,963)
RES109	Cemetery income Equalisation reserve	(243,909)	117,540			(126,369)				(126,369)
		(2,164,633)				(1,559,682)				(1,204,056)
<u>Reserves for commitments</u>										
RES301	Carry Forwards Reserve	(593,816)	593,816			0				0
<u>CAPITAL</u>										
RES402	Capital Reserve - GF	(333,409)	(200,000)			(533,409)	(200,000)			(733,409)
TOTAL EARMARKED RESERVES		(6,291,377)				(4,947,868)				(4,327,711)
<u>GENERAL FUND BALANCE</u>										
B8000 - B8240	General Balance - RR	(1,320,591)				(1,320,591)				(1,320,591)
		(1,320,591)				(1,320,591)				(1,320,591)
TOTAL GENERAL FUND RESERVES AND BALANCES		(7,611,968)	657,427	256,082	400,000	(6,268,459)	362,186	257,971	0	(5,648,302)

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Code	Funding	Directorate / Scheme	Scheme Description	Original Budget 2019/20 £	Revised Budget 2019/20 £	Budget 2020/21 £	Budget 2021/22 £	Budget 2022/23 £
CAP128	GCR	CHIEF EXECUTIVE Council chamber audio visual equipment	Replacement of the audio visual system in the council chamber plus the potential to improve access to public meetings using webcasting technologies linked via social media and/or the council's website. Funded from capital reserve	-	8,400	-	-	-
CAP131	GCR	One Legal case management system	The new Case Management System, when fully implemented, should deliver staffing efficiencies of between 5% - 10% which would free up resource to take on additional third party work as envisaged by the Business Plan and the anticipated increase in third party income would be estimated to exceed, over the three year period, the procurement cost	-	80,000	-	-	-
				-	88,400	-	-	-
		FINANCE & ASSET MANAGEMENT						
		Property Services						
CAP506	GCR	Enterprise Way Phase 2	Industrial units to complete development	-	480,000	561,700	-	-
CAP700	PB	Enhancing Investment Property Portfolio	To increase the Council's property portfolio.	-	-	6,232,410	-	-
CAP512	PB	West Cheltenham development (Cyber Hub)	Infrastructure to support cyber hub	-	28,104,200	4,648,010	-	-
CAP513	R	Smart Working Project	Municipal Offices ground and first floor refurbishment	-	15,000	485,000	-	-
				-	28,599,200	11,927,120	-	-
		PEOPLE & CHANGE						
		ICT						
CAP026	C	IT Infrastructure	5 year ICT infrastructure strategy	100,000	100,000	100,000	100,000	100,000
		Revenues & Benefits						
CAP132	SCG	Council Tax Support / NNDR New Burdens software	Software to enable changes to council tax support scheme and NNDR new burdens	-	131,550	-	-	-
				100,000	231,550	100,000	100,000	100,000
		PLACE & GROWTH						
CAP601/2/3	GCR	Crematorium Scheme - new chapels	Construction of new chapels	-	118,166	-	-	-
CAP606	GCR	Crematorium Scheme - existing chapel	Redevelopment of existing chapel	285,000	-	285,000	-	-
CAP152	GCR	Public Realm - Promenade pedestrianised area	Upgrade of Promenade pedestrianised area including remodelling of tree pits, providing seating, re-pointing existing Yorkstone	-	33,609	-	-	-
CAP154	GCR	Public Realm - Creative Hub / St. Mary's Churchyard	Environmental improvements	-	36,900	-	-	-
CAP154	S106	Public Realm - Creative Hub / St. Mary's Churchyard	Public Art Scheme	-	-	20,000	-	-
CAP204	GCR	Public Realm - Improvements to Grosvenor terrace car park (Town Centre East)	Improving linkages to the High Street, signage and decoration.	-	115,500	-	-	-
CAP201	GCR	CCTV	Additional CCTV in order to improve shopping areas and reduce fear of crime	50,000	312,655	50,000	-	-

Code	Funding	Directorate / Scheme	Scheme Description	Original Budget 2019/20 £	Revised Budget 2019/20 £	Budget 2020/21 £	Budget 2021/22 £	Budget 2022/23 £
CAP207	GCR	Public Realm Improvements - High Street Phase 2	Following an initial risk assessment of allotment provision over the short to long term it is considered unlikely that the current budget allocation of £561,402 is required. It is proposed that £400,000 is reallocated to the High Street fund to support delivery of phase 2. A full risk assessment will be undertaken and presented to Cabinet later this year to agree the final amount to be reallocated. In addition, in light of the current development of the High Street following the successful completion of Phase 1, it is recommended that the £1.8m set aside for the development of Boots Corner is reallocated to the next phase of the High Street (planned to be the Strand and Cambay Place) and this capital is then replenished by future allocations via Community Infrastructure Levy (CIL), future review of capital projects and any reallocation arising with continued investigation of match grant funding.	-	2,315,690	-	-	-
CAP129	R	Improvements to off-street car parking (£400k)	Additional capital funding for investment in infrastructure improvements to the Council's off- street car parks, aligned to the actions proposed in the Car Parking Strategy approved by Cabinet in June 2017. Funded from car parking earmarked reserve.	-	400,000	-	-	-
CAP507	P	Changing Places	Two changing room accessible toilets in the town centre	-	42,185	-	-	-
CAP221	BCF	Housing Disabled Facilities Grants	Mandatory Grant for the provision of building work, equipment or modifying a dwelling to restore or enable independent living, privacy, confidence and dignity for individuals and their families.	500,000	802,679	500,000	500,000	500,000
CAP223	BCF/GCR	H&S, vacant property & renovation grants	Assistance available under the council's Housing Renewal Policy	-	211,425	-	-	-
CAP224	BCF	Warm & Well	A Gloucestershire-wide project to promote home energy efficiency, particularly targeted at those with health problems	-	18,400	-	-	-
CAP228	S106	Housing Enabling	Expenditure in support of enabling the provision of new affordable housing in partnership with registered Social Landlords and the Homes and Communities Agency (HCA)	-	252,746	-	-	-
CAP101	S106	Parks and Gardens S.106 Play area refurbishment	Developer Contributions	50,000	85,000	50,000	-	-
CAP102	GCR	Play Area Enhancement	Ongoing programme of maintenance and refurbishment of play areas to ensure they improve and meet safety standards	80,000	132,886	80,000	-	-
CAP501	GCR	Allotments	Allotment Enhancements - new toilets, path surfacing, fencing, signage, and other improvements to infra-structure.	-	161,402	-	-	-
CAP101	P	Clyde Scooter Skate Park	Construction of a concrete scooter skate park in Clyde Crescent open space.	-	66,979	-	-	-
CAP133	GCR	Replacement Vehicles	Replacement vehicles for use by the Parks & Gardens service.	38,000	66,000	-	-	-
CAP301	PB/GCR	Waste & Recycling Vehicles and recycling equipment and receptacles	Replacement vehicles and recycling equipment	1,704,000	2,117,816	850,000	-	91,500
				2,707,000	7,290,038	1,835,000	500,000	591,500
BUDGET PROPOSALS FOR FUTURE CAPITAL PROGRAMME:								
		In Cab Technology	The introduction of an In-Cab system would reduce the mileage required to be completed by Ubico, because it would guide the crew around their collection route and would largely eliminate mistakes. £200k					

Code	Funding	Directorate / Scheme	Scheme Description	Original Budget 2019/20 £	Revised Budget 2019/20 £	Budget 2020/21 £	Budget 2021/22 £	Budget 2022/23 £
		Commercialisation opportunities within the Trust Sandford Park toilets Imperial Gardens Railing Restoration	Invest a sum of £1m to pump prime the commercial opportunities identified by The Cheltenham Trust (including investment which both sustains and grows income at the Town Hall); Provide for new public toilet provision at Sandford Park. £150k The restoration of the Imperial Gardens Railing to be funded by external resources and project managed by CBC. £100k					
		TOTAL CAPITAL PROGRAMME		2,807,000	36,209,188	13,862,120	600,000	691,500

	BCF	Funded by: DFG Better Care Fund / government grant		500,000	862,636	500,000	500,000	500,000
	SCG	Other specific government grant		-	131,550	-	-	-
	P	Partnership Funding		-	109,164	-	-	-
	S106	Developer Contributions S106		50,000	337,746	70,000	-	-
	GCR	GF Capital Receipts		1,844,000	4,756,076	976,700	-	91,500
	PB	Prudential Borrowing		413,000	29,497,016	11,730,420	-	-
	R	Revenue (RCCO) / other revenue reserves		-	415,000	485,000	-	-
	C	GF Capital Reserve		-	100,000	100,000	100,000	100,000
				2,807,000	36,209,188	13,862,120	600,000	691,500

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Proposed Planned Maintenance Programme 2020 - 2021

Summary by Priority

Priority Grading

Priority 1: Critical work that will prevent immediate closure of premises, and/or address an immediate high risk to health & safety of occupants, and/or remedy a serious breach of legislation

Priority 2: Essential work required within two years that will prevent deterioration of fabric or services, and/or to the health & safety of occupants, and/or remedy a lesser breach of legislation

Priority 3: Desirable work required within two years that will prevent deterioration of fabric or services, and/or to the health & safety of occupants, and/or remedy a lesser breach of legislation

Order of Estimated Cost		Financial Year 2020 - 2021			Total
Property Name	Description	1	2	3	
All Properties (H&S)	Consequential works arising from Fire Risk Assessment reports.	20,000			
All Properties (H&S)	Consequential works arising from Legionella Risk Assessments/ inspections.	15,000			
All Properties (H&S)	Consequential works arising from Asbestos Risk Assessments/ inspections.	5,000			
All Properties (H&S)	Contingency fund for compliance/ H&S remedial work.	34,000			
All Properties (H&S)	Repairs to car parks pot hole and other misc. repairs.		25,000		
Town Hall	Repair mosaic floor/matt wells to main entrance		8,000		
Town Hall	Repair Scagliola.		5,000		
Pump Room	Replace defective slates and service roof coverings generally.		3,000		
Municipal Offices	Repairs to render and window repairs.		25,000		
Municipal Offices	Replace remaining fire doors.		20,000		
Royal well	Resurface and line marking.		15,000		
Regent Arcade car park	Waterproof construction joints to upper decks.		20,000		
Pittville Recreation Centre	Main hall - Seat replacements (ongoing.)		10,000		
Pittville Recreation Centre	Replace fire door sets (corrosion damage to fixings).		20,000		
Pittville Recreation Centre	Replacement panels to boom.		30,000		
Prince of Wales Stadium	High level lighting inspection.		8,000		
Cemetery & Crematorium	External repainting to old chapel and repair gutters etc.		8,000		
QE11 Playing Field	Annual leachate removal from catch-pit		4,000		
Honeybourne Line	Structural masonry repairs to retaining/boundary walls		10,000		
Central Depot	Road resurfacing programme		10,000		
AGM store at depot	Repairs to roof Works 3 (AGM Stores)		25,000		
All Properties	Estates works to be undertaken for lease purposes		20,000		
Town centre East car park	repairs and renewals		20,000		
Regent arcade car park	redecorations and repairs		20,000		
High Street Car Park	Resurface and line marking		1,000		
Chelt Walk	Rebuild retaining wall and tree surgery		7,000		
Montpellier café and art gallery	External repaint.		7,000		
Montpellier Gardens Railing	Rub down and repaint.		5,000		
Lechampton hill path	Rebuild areas.		10,000		
Benhall bridge	Rebuild.		25,000		
Leisure centre	Gym floor free weights area divots.		15000		
Leisure centre	Sauna room cladding & steam room retile, lights and bench		10000		
Leisure centre	CCTV – More cameras another harddrive.		3000		
Town Hall	Pillar room floor sand and seal.		4000		
Town Hall	Dressing rooms redecoration.		2000		
Pump Rooms	Dressing rooms redecoration.		1000		
Sub Totals:		£ 74,000	£ 396,000	£ -	£ 470,000

Total of Priority 1's 2's & 3's:

£ 470,000

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CHELTENHAM
BOROUGH COUNCIL

Pay Policy Statement

For all employees at Cheltenham Borough Council
2020 - 2021

1. Purpose

- 1.1. This Pay Policy Statement (The Statement) is provided in accordance with Section 38(1) of the Localism Act 2011 and will be updated annually prior to the commencement of the new financial year.
- 1.2. The Statement sets out Cheltenham Borough Council's (The Council) policies relating to the pay of its workforce for the financial year 2020-2021, in particular: -
 - o the remuneration of its Chief Officers
 - o the remuneration of its lowest paid employees
 - o the relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.

2. Definitions

2.1. For the purpose of this Pay Policy Statement the following definitions will apply:

- o **Chief Officers** as detailed in paragraph 7.1 of the document.
- o **Lowest paid employees** of the Council are defined as those employees (excluding Apprentices) who are in a full time or part time role, who are above the age of 21, and are paid within Grade A of the Council's Job Evaluation scheme (the lowest band). As at 1 April 2019 the Grade A band was from £17,364 to £17,711 per annum, made up of 2 incremental pay points. An annual pay award is still pending for the rates of pay effective from 1 April 2020.
- o **Employees who are not Chief Officers** - refers to all staff not covered under the Chief Officer group detailed above.

3. Pay framework & remuneration levels

3.1. Remuneration at all levels needs to be adequate to secure and retain high-quality employees dedicated to fulfilling the council's business objectives and delivering services to the public. This has to be balanced by ensuring remuneration is not, nor is seen to be unnecessarily excessive. Each council has responsibility for balancing these factors and each council faces its own unique challenges and opportunities in doing so. Flexibility to cope with various circumstances that may arise is retained by the use of market supplements. (See Market Forces Supplement section below) for individual categories of posts where appropriate.

4. Responsibility for decisions

4.1. The Council is a member of the local government employers association for national collective bargaining in respect of Chief Executives, Chief Officers, and all other employees.

Listed below are the separate negotiations and agreements in respect of each of these three groups.

- Chief Executives - Joint Negotiating Committee for Local Authority Chief Executives (ALACE is normally the negotiating body for pay, unless varied locally);
- Chief Officers – Joint Negotiating Committee for Chief Officers of Local Authorities
- All other employees – National Joint Council for local Government Services.

In addition to pay, the national agreements cover other terms and conditions such as:

- Pension
- Occupational sickness scheme
- Maternity scheme
- Overtime

5. Grading framework & salary grades

5.1. Grading framework

The Chief Executive and Chief Officers have their basic pay determined by a job evaluation scheme (the Hay scheme).

All other employees have their basic pay determined by a different job evaluation scheme (the National Joint Council Job Evaluation scheme). Both schemes ensure that different jobs having the same value are paid at the same rate. The “job score” determines the pay grade for the job. With the exception of the Head of Paid Service who is on a spot salary grade (with no provision for incremental progression nor additional payment on completion of a period of service), all other pay grades have 4 incremental points.

Employees move up one incremental point per year. Annual increments within a pay band shall be payable until the maximum incremental point of the grade is reached subject to the line manager being satisfied that an employee has achieved a suitable standard of performance. Increments may be accelerated or withheld based upon outstanding or poor performance respectively.

Annual increments will be payable on 1 April each year to the maximum of the grade. Employees must have completed a minimum of six months service in their current post to qualify for an increment at 1 April.

For clarity, employees starting in their current post between 1 April and 1 October receive an increment, if applicable, the following April. Employees starting after 1 October and before 1 April receive an increment, if applicable, after six months in the post.

Job evaluation is carried out for all new roles, for roles where a substantial change of duty has occurred, or as required as a result of an equal pay audit. A fair and transparent process is in place for managing job evaluations, which includes Trade Union input, and moderation of evaluation outcomes to ensure consistency of application of the scheme. Equal pay audits are carried out as required.

5.2. Shared posts/lead employer

Where these are agreed and set in place, the costs of any role are appropriately apportioned and recharged via the employment/secondment/management agreement. Such roles, where the Council is the employer, are evaluated according to the Council’s existing job evaluation scheme.

5.3. Salary grades

A full list of the Council’s salary grades and associated spinal column pay points can be found in Appendix A.

6. Electoral registration and returning officer

The scale of fees for this role is approved by the Gloucestershire Elections Fees Working Party for local elections, or the relevant scales of fees prescribed by a Fees Order in respect of national, regional or European Parliament elections, polls or referendums.

<http://www.legislation.gov.uk>

The fees constitute payments for separate employment and in most cases are eligible for superannuation purposes.

The fees are paid as part of the election account for each election and all costs, including employer superannuation costs, are recovered from the body responsible for the assembly to which candidates are being elected, or for which a poll or referendum is being carried out.

The Electoral Registration and Returning Officer for the Council is the Chief Executive.

7. Remuneration - level & element

7.1 Chief Officers - figures as at 01/4/2019 (See appendix B)

Chief Executive	Director Level Band 1	£109,242 - £119,646 p.a.
MD Cheltenham Development Task Force	Director Level Band 2	£84,454 - £97,614 p.a.
Executive Directors/MD Place & Growth	Director Level Band 3	£70,815 - £81,840 p.a.
Director	Director Level Band 4	£58,591 - £66,846 p.a.

7.2. Non Chief Officers

Employees 11 Grades A to K (see appendix A)

An annual pay award is still pending for the rates of pay effective from 1 April 2020.

7.3. New starters joining the Council

Employees new to the Council will normally be appointed to the first point of the salary range for their grade. Where the candidate's current employment package would make the first point of the salary range unattractive or where the employee already operates at a level commensurate with a higher salary, a higher salary point within the pay grade for the post may be considered by the recruiting manager. The candidate's level of skill and experience should be consistent with that of other employees in a similar position on the salary range. These arrangements apply to all posts up to the level of Chief Officer.

In professions where there is a particular skills shortage, as a temporary arrangement, it may be necessary to consider a market supplement to attract high quality applicants. The level and duration of premium will be determined by reference to a combination of national comparators, local conditions, recruitments difficulties, inflation, and whether the post has recently been advertised and the process has been unsuccessful.

In guidance set out by the Secretary of State states Full Council should be given the opportunity to vote before large salary packages are offered in respect of new appointments. The guidance states a threshold of £100,000 should set. This Council acknowledges this guidance and is committed to seeking Full Council approval for any new appointment in excess of £100,000.

7.3. Lowest paid employees

Lowest paid employees of the Council are defined as those employees (excluding Apprentices) who are in a full time or part time role, who are above the age of 21, and are paid within Grade A of the Council's Job Evaluation scheme (the lowest band). As at 1st April 2019 the Grade A band was from £17,364 to £17,712 per annum, made up of 2 incremental pay points.

An annual pay award is still pending for the rates of pay effective from 1 April 2020.

For pay comparison purposes the top of pay grade will always be used.

7.4. Relationship between remuneration of highest paid employee (Chief Officer) and lowest paid employee

The Council does not explicitly set the remuneration of any individual or group of posts by reference to a simple multiple of another post or group of posts. The use of multiples cannot capture the complexities of a dynamic and highly varied workforce in terms of job content and skills required. In terms of overall remuneration packages the Council's policy is to differentiate by setting different levels of basic pay to reflect differences in responsibilities but with the exception of overtime payments not to differentiate on other allowances, benefits and payments it makes.

The Council aims to pay no more than median salary levels when looking at market rates, and in the case of senior roles it will seek to maintain pay differentials well within the parameters recommended by the pay and pensions review (1:20). For the Council, using the salary information as at 1st April 2019 the current ratio of highest paid to lowest paid is 1:6. The ratio between the highest paid salary and the median paid salary of the Council's workforce is 1:4.

Lowest paid employee (Top of current salary band Grade A)	£18,426
Mean paid employee (Average salary band of all employees up to & including Chief Officers)	£30,099
Median paid employee (Middle Salary band value of all employees up to & including Chief Officers)	£25,801
Highest paid employee	£113,403

An annual pay award is still pending for the rates of pay effective from 1 April 2020.

7.5. Bonuses

The Council does not operate any bonus schemes for any chief officer or any other employee.

7.6. Performance related pay

Other than incremental progression through the pay grade of a post (see section 5.1) the Council does not operate performance related pay for any chief officer or any other employee.

7.7. Pay protection

The Council seeks to ensure that all employees receive equal pay for work of equal value. To be consistent with equal pay principles the council's protection arrangements will not create the potential for pay inequalities (e.g. open-ended protection).

There may be times when the grade for an individual's role changes for reasons unrelated to their performance e.g. restructures, In such cases the protection arrangements outlined will apply for 12 months from the date of the change.

7.8. Severance payments

The Council has a consistent method of calculating severance payments which it applies to all employees without differentiation. The payment is intended to recompense employees for the loss of their livelihood and provide financial support whilst they seek alternative employment.

In line with the statutory redundancy payment scheme, the Council calculates redundancy severance payments using the following calculation. The calculation is based on an employee's age and length of continuous local government service (please note that employees must have a minimum of 2 years' continuous service to qualify for a redundancy payment) the multiplier for the number of weeks is then applied to the employee's actual weekly earnings.

The amount of redundancy pay will be calculated as –

- 0.5 week's pay for **each full year of service** where age at time of redundancy is less than 22 years of age
- 1.0 week's pay for each **full year of service** where age at time of redundancy is 22 years of age or above, but less than 41 years of age
- 1.5 weeks' pay for **each full year of service** where age at time of redundancy is 41+ years of age

The maximum number of year's service taken into account is 20. The maximum number of weeks pay is 30 for anyone aged 61 years of age or older with 20 years or more service.

In guidance set out by the Secretary of State states Full Council should be given the opportunity to vote before large severance packages are offered and arrangements are finalised for employees leaving the organisation. The guidance states a threshold of £100,000 should set. This Council acknowledges this guidance and is committed to seeking Full Council approval for any severance packages (including salary paid in lieu, redundancy compensation, pension entitlements/costs, holiday pay, fees or allowances) offered by the authority in excess of £100,000.

7.9. Settlement agreements

In exceptional circumstances to avoid or settle a claim or potential dispute, the Council's Head of Paid Service may agree payment of a settlement sum on termination.

All cases must be supported by a business case and take account of all legal, financial, contractual and other responsibilities. The level of payment will be taken on the individual merits of the case and with approval from the HR Manager/Head of HR and the Executive Director of Finance & Assets.

7.10. Pension - The Local Government Pension Scheme (LGPS) and policy with regard to the exercise of discretions

Pension provision is an important part of the remuneration package. All employees may join the LGPS. The LGPS is a statutory scheme with contributions from employees and from employers. For more comprehensive details of the LGPS please visit the following web page:-

<http://www.lgps.org.uk>

For district councils in Gloucestershire, the LGPS is administered by Gloucestershire County Council. For information please visit the following web page:

<http://www.gloucestershire.gov.uk>

Neither the LGPS nor the Council adopt different policies with regard to benefits for any category of employee: the same terms apply to all employees of the Council.

The LGPS provides for the exercise of discretion that allow for retirement benefits to be enhanced. The Council will consider each case on its merits but has determined that it does not normally enhance pension benefits for any of its employees (see the LGPS Statement of Policy/Discretions on the Council's website). This policy statement reaffirms this in respect all employees.

The LGPS provides for flexible retirement. The LGPS requires a minimum reduction in working hours and/or that there is a reduction in grade and that any consequential payments to the pension fund are recoverable within a set pay back period. (See section below)

7.11. Early/flexible retirements

The precise terms of the Council's policy are discretionary and may be varied unilaterally.

Subject to the criteria of the policy and service delivery needs being met, any employee over the age of 55 and who is a member of the Local Government Pension Scheme (LGPS) can request to either reduce their hours or take a job at a lower grade/rate of pay and gain access to their pension even though they have not retired.

It is the intention of the Council that this facility be used in order to provide employees with the opportunity to take a one-off step towards permanent retirement. Any agreed requests will be treated as a permanent change to an employee's contract of employment.

7.12. Honorarium payments

The Council has a responsibility to ensure equal pay for all employees and so the use of honoraria payments should be carefully considered, and be capable of justification. A payment can be made for the following reasons:-

- To recognise a *specific* contribution that an employee has made by making a single payment to him/her,

Or

- To recognise that an employee is temporarily undertaking some but not all the additional responsibility of a higher graded role for a continuous period of at least four weeks by making a regular monthly payment to them during that temporary period.

7.13. Acting up allowances

'Acting Up' is when an employee is authorised by their line manager to provide cover for a more highly graded post for an agreed period of time.

The payment ('acting up' allowance) is a temporary payment and will be made to the individual employee for covering the duties of the higher graded job for the agreed period of time. The policy applies to all employees. The supplement to be paid will be the difference between the employee's current salary and depending on experience up to the second scale point of the grade

relating to the higher level post. The payment will cease on completion of the 'acting up' period and the employee's salary will revert to that which it would have been had 'acting up' not occurred.

7.14. Market forces supplement

The Council is committed to the principles of single status employment and seeks to ensure employees receive equal pay for work of equal value.

In exceptional circumstances it may be necessary to ensure the effective recruitment and retention of employees and to pay individuals and/or groups of employees a premium rate to reflect the market competitiveness of the job. Any market supplement must be provided for from within existing budgets and be objectively justifiable. The job evaluation determined grade for that post will not be changed. Market supplements will be paid as a temporary fixed allowance. The supplements will be reviewed bi-annually and consequently can be withdrawn, should the review demonstrate that current evidence does not justify a supplementary payment continuing. Should such a supplement continue to be paid for an extended period, e.g. several years or more, the need for continuation will be examined carefully during the annual review in order to ensure that such continuation continues to be objectively justifiable in the circumstances.

8. Reimbursement of expenses

8.1 Travel & subsistence

The Council will meet or reimburse authorised travel and subsistence costs for attendance at approved business meetings and training events. Claims should be submitted via the agreed process, be supported by appropriate receipts in all cases and authorised by the appropriate line manager.

The Council pays the HMRC mileage rate of 45 pence per business mile.

The Council does not regard such costs as remuneration but as non-pay operational costs.

8.2 Disturbance allowance

All employees who incur additional costs arising from a compulsory change in their work place will be reimbursed in accordance with the Council's Disturbance Allowance policy. Claims should be submitted via the agreed process, be supported by appropriate receipts in all cases and authorised by the appropriate line manager. The Council does not regard such costs as remuneration but as non-pay operational costs.

8.3. Relocation expenses

The Council operates a scheme of relocation allowances to assist new employees who need to move in order to take up an appointment with the Council. Relocation allowances are paid at the discretion of the Directors (or Appointment Committee for Chief Officers and above) where they think that it is essential to pay such allowances in order to attract the right candidate for the job.

The same policy applies to Chief Executive, Chief Officers and other employees in that payment will be made against a range of allowable costs for items necessarily incurred in selling and buying a property and moving into the area. The costs include estate agents fees, legal fees, stamp duty, storage and removal costs, short term rental etc up to the value of £8,000.(including VAT). An employee who leaves within 2 years of appointment will have to make a repayment of 1/24th for each month short of the 2 year period.

8.4. Professional fees & subscriptions

The Council meets the cost of one annual professional membership body fee or subscription where it is a statutory requirement for the role or it is directly aligned to the professional discipline of the role.

Where applicable, the Council also meets the cost of membership of SOLACE (Society of Local Authority Chief Executives).

9. Re-employment of former Council employees

With regards to re-employing former local government employees who have been made redundant, in line with LGA guidance **if there is less than a 4 week gap between the date the employee was made redundant from the Council/a body under the modification order and the date of joining/re-joining a Council the employee will be required to repay their redundancy payment to their previous employer as continuity of service will be protected and their employment classed as continuous.** If the gap is longer than 4 weeks the employee can retain their payment as continuity of service will have been broken and continuous service will not be protected.

10. The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

The Council notes the discretion and confirms that it will not make use of this discretionary power.

11. Trade union recognition and facility time

The Council supports the system of collective bargaining and the principle of solving employee relations problems by discussion and agreement.

The Council recognises two trade unions for collective bargaining purposes. These are GMB and Unison. All parties recognise that it is vital to good employee relations for the workforce to be properly represented. Furthermore all parties believe that a truly representative and effective union will enhance workforce employee relations.

The Trade Union and Labour Relations (Consolidation) Act 1992 sections 168 and 170 make provision for employees to be given the right to take reasonable time off under various circumstances. Trade Union representatives engaged on recognised duties will be given reasonable paid time off during normal working hours to carry out functions related to their representational responsibilities. The table below contains the estimated amount of reasonable time permitted for TU activity/duties over a normal business year.

Activity/duty	Estimated hours per week	No of reps	Total estimated time per business year.*
Case management & advice to membership	Average 1 hours per week	2	94 hours
Training	Average 0.5 hours per week	2	47 hours
Health and Safety	Average of 1 hours per week	2	94 hours
Corporate meetings, TU meetings and prep time	Average 0.5 hours per week	2	47 hours
Estimated total hours			282 hours

Estimated average total hours per TU rep per week
--

3 hours per week

*business year assumes TU reps each have 25 days annual leave. Calculation based on 47 weeks per year

The Council does not have any full time trade union representatives in its employment.

12. The Real Living Wage

The Council complies with all the statutory requirements of the National Minimum Wage and National Living Wage. The majority of the Council's employees are on Grade C, point 15, £9.74 and above which is higher than the statutory rates.

The Real Living Wage (RLW) as set by the Living Wage Foundation is not a legal requirement but a recommended hourly rate set independently and updated annually. The RLW is calculated by the Centre for Research in Social Policy whilst the London LW is calculated by the Greater London Authority and is based according to the basic cost of living in the UK.

Employers **can choose to** pay the RLW on a voluntary basis.

The Council has chosen to pay the RLW hourly rate to **all eligible employees** by way of an additional Living Wage Allowance. The Council will review its decision to pay the RLW annually at the Budget Setting Council meeting.

The Real Living Wage rates effective 1 November 2019 are:

- £9.30 (per hour) UK rate outside London
- £10.75 (per hour) UK rate for London

13. Other operational/non-operational pay and conditions

Other pay and conditions in operation, as follows:

- Shift premium
- Stand by and call out payments
- Premium for bank holiday/public holiday working
- Long service award
- Enhanced leave – buy or sell up to an additional 5 days' leave.
- Training fees reimbursement (post entry training scheme)
- Employee welfare service
- Eye test voucher scheme

14. Publication and access to information

The publication of and access to information relating to remuneration of the Council's Chief Officers will be published annually on the Council's website.

Appendix A

Cheltenham Borough Council

New pay scales following pay award April 2019

Updated April 2019 SG

Payroll	Payroll	New	New		WEEKLY	HOURLY	JE Points
SCP	GRADE	NJC	Annual Salary	MONTHLY	Weekly RATE	Hourly RATE	Score
GRADE		SCP	April 2019	SALARY	37 hr week	37 hr week	
LW	Living Wage		£17,364	£1,447.00	£333.01	9.00	
006	Grade A		Deleted	£0.00	£0.00	£0.00	0-294
007	Grade A	1	£17,364	£1,447.00	£333.01	9.00	
008	Grade A		Deleted	£0.00	£0.00	£0.00	
009	Grade A	2	£17,711	£1,476.00	£339.69	9.18	
010	Grade B		Deleted	£0.00	£0.00	£0.00	295-344
011	Grade B	3	£18,065	£1,505.42	£346.46	9.36	
012	Grade B		Deleted	£0.00	£0.00	£0.00	
013	Grade B	4	£18,426	£1,535.50	£353.38	9.55	
014	Grade C		Deleted	£0.00	£0.00	£0.00	345-394
015	Grade C	5	£18,795	£1,566.25	£360.46	9.74	
016	Grade C		Deleted	£0.00	£0.00	£0.00	
017	Grade C	6	£19,171	£1,597.58	£367.67	9.94	
018	Grade D	7	£19,554	£1,629.50	£375.01	10.14	395-444
019	Grade D	8	£19,945	£1,662.08	£382.51	10.34	
020	Grade D	9	£20,344	£1,695.33	£390.17	10.54	
020/2	Grsade D	10	£20,751	£1,729.25	£397.97	10.76	
021	Grade D	11	£21,166	£1,763.83	£405.93	10.97	
022	Grade E	12	£21,589	£1,799.08	£414.04	11.19	445-494
022/2	Grade E	13	£22,021	£1,835.08	£422.33	11.41	
023	Grade E	14	£22,462	£1,871.83	£430.79	11.64	
024	Grade E	15	£22,911	£1,909.25	£439.40	11.88	
024/2	Grade E	16	£23,369	£1,947.42	£448.18	12.11	
025	Grade E	17	£23,836	£1,986.33	£457.14	12.35	
025/2	Grade E	18	£24,313	£2,026.08	£466.28	12.60	
026	Grade F	19	£24,799	£2,066.58	£475.61	12.85	495-544
027	Grade F	20	£25,295	£2,107.92	£485.12	13.11	
027/2	Grade F	21	£25,801	£2,150.08	£494.82	13.37	
028	Grade F	22	£26,317	£2,193.08	£504.72	13.64	
029	Grade F	23	£26,999	£2,249.92	£517.80	13.99	
030	Grade G	24	£27,905	£2,325.42	£535.17	14.46	545-594
031	Grade G	25	£28,785	£2,398.75	£552.05	14.92	
032	Grade G	26	£29,636	£2,469.67	£568.37	15.36	
033	Grade G	27	£30,507	£2,542.25	£585.08	15.81	
812	Grade H		£31,170	£2,597.50	£597.79	16.16	595-644
813	Grade H		£32,380	£2,698.33	£621.00	16.78	

814	Grade H		£33,589	£2,799.08	£644.18	17.41	
815	Grade H		£34,794	£2,899.50	£667.29	18.03	
722	Grade I		£35,489	£2,957.42	£680.62	18.39	645-694
723	Grade I		£36,860	£3,071.67	£706.92	19.11	
724	Grade I		£38,248	£3,187.33	£733.54	19.82	
725	Grade I		£39,621	£3,301.75	£759.87	20.54	
632	Grade J		£40,256	£3,354.67	£772.05	20.87	695-744
633	Grade J		£41,949	£3,495.75	£804.51	21.74	
634	Grade J		£43,642	£3,636.83	£836.98	22.62	
635	Grade J		£45,345	£3,778.75	£869.64	23.50	
542	Grade K		£46,226	£3,852.17	£886.54	23.96	745 +
543	Grade K		£48,313	£4,026.08	£926.57	25.04	
544	Grade K		£50,388	£4,199.00	£966.36	26.12	
545	Grade K		£52,471	£4,372.58	£1,006.31	27.20	

Appendix B

Cheltenham Borough Council
Chief Officers' salaries, grades 1 to 4
(JNC Chief Officer conditions of service)
1st April 2019

SCP	GRADE DESCRIPTION	April 2019	MONTHLY SALARY	HOURLY RATE
454	Grade 4 - Director Level	£58,591	£4,882.58	£30.37
455	Grade 4 - Director Level	£61,335	£5,111.25	£31.79
456	Grade 4 - Director Level	£64,092	£5,341.00	£33.22
457	Grade 4 - Director Level	£66,846	£5,570.50	£34.65
364	Grade 3 - Executive Director Level/MD Place & Growth	£70,815	£5,901.25	£36.71
365	Grade 3 - Executive Director Level/MD Place & Growth	£74,486	£6,207.17	£38.61
366	Grade 3 - Executive Director Level/MD Place & Growth	£78,155	£6,512.92	£40.51
367	Grade 3 - Executive Director Level/MD Place & Growth	£81,840	£6,820.00	£42.42
274	Grade 2 – MD CDTF	£84,454	£7,037.83	£43.77
275	Grade 2 – MD CDTF	£88,833	£7,402.75	£46.04
276	Grade 2 – MD CDTF	£93,234	£7,769.50	£48.33
277	Grade 2 – MD CDTF	£97,614	£8,134.50	£50.60
279	CEO	£109,242	£9,103.50	£56.62
280	CEO	£113,403	£9,450.25	£58.78
281	CEO	£116,524	£9,710.33	£60.40
282	CEO	£119,646	£9,970.50	£62.02

For more information about this Statement and/or its content please contact the Publica HR Manager (acting on behalf on behalf of the Council) on

01242 264355 or email HR@cheltenham.gov.uk

Please note all HR policies referred to in this statement are available on request.

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Medium Term Financial Strategy

2020/21 to 2023/24



CHELTENHAM
BOROUGH COUNCIL

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- 1.1 - In the current exceptionally difficult national funding situation, the Cabinet's overriding financial strategy has been, and is, to drive down the Council's net costs via a commercial mind-set. Our aim is to hold down council tax as far as possible, now and in the longer term, while also protecting frontline services from cuts – an immensely challenging task in the present climate.
- 1.2 - The key mechanism for carrying out this strategy is the commercial strategy, which seeks to bring service costs in line with available funding and seek additional forms of funding.
- 1.3 - The commercial strategy was adopted by Full Council in February 2018 with the vision “to become an enterprising and commercially focused Council which people are proud to work for and which others want to work with. We will use our assets, skills and infrastructure to shape and improve public services and enable economic growth in the Borough. We shall generate significant levels of new income for the Council working towards the objective of enabling it to become financially sustainable”.
- 1.4 - Part of our drive towards financial sustainability includes identifying new opportunities to generate income and investment in projects which provide good financial returns. Our commercial strategy aligns closely with other key strategies including place-making, economic growth, digital transformation, workforce and skills development, investment and asset management which have a combined message that Cheltenham Borough Council has entered a new era of business enterprise, growth and innovation. We will work with partners who share our ambition and values and will continue to put the best interests of Cheltenham residents at the heart of everything we do.
- 1.5 - In June 2019, the national MJ achievement awards recognised Cheltenham Borough Council for its efforts in making significant local investments and long-term financial planning to ensure continuity of frontline services and public realm investment. This approach has helped the council manage the impact following the loss of £6.8m funding since 2010 where the Council was successful in winning the 2019 award for Best Commercial Council:

<https://awards.themj.co.uk/library/media/pdfs/CBCMJaward2019BestCommercialCounciloriginal-compressed.pdf>

- 1.6 - Heather Jameson, The MJ's editor, said: “Congratulations to Cheltenham BC for being named as Best Commercial Council. Our judges had a difficult task, selecting the best authority, never an easy decision when there are so many strong contenders, but Cheltenham stood out for its approach that covered the whole council. Well done to everyone at Cheltenham BC. This is a massive achievement and they should be proud of their innovative approach to saving local taxpayers' money.” In September 2019, the Council's commercial approach to supporting its medium term financial strategy was further validated with the Council winning the APSE award for Best Commercial Council and Entrepreneurship Initiative;

<https://www.apse.org.uk/apse/index.cfm/news/articles/2019/announcing-the-apse-service-awards-finalists-2019/>

1.7 - The Cabinet believes the longer term approach to finding efficiencies to close the funding gap is fundamentally through economic growth and investment and the efficient utilisation of our assets; linking our Place and Commercial Strategies to 'Invest in Cheltenham, for the benefit of Cheltenham'. This has seen a place focused investment approach offering long term investment, income through rents as well as other social and financial benefits.



“Rather than have cuts, we want growth. We need to be brave and bold to achieve that.”

Councillor Rowena Hay, Cabinet Member for Finance



Introduction Page 96

The council's corporate plan 2019-2022 sets out 5 key priorities for the council:

- We will work toward making Cheltenham the Cyber Capital of the UK; a national first, which will deliver investment in homes, jobs, infrastructure and enable the Council to deliver inclusive growth for our communities.
- Deliver a number of Town Centre and wider public enhancements that will continue the revitalisation the town ensuring its longer-term viability as a retail and cultural destination.
- Deliver enhancements to our environmental services and develop the way we commission these services.
- We will be seeking new opportunities to bring in additional resources e.g. introduction of Cheltenham lottery as well as leveraging more value from our assets and commissioned providers to deliver our £100m housing investment plan.
- Improve the way services and information are accessed by residents and businesses by maximising new technology opportunities and different ways of working the outcome of which will contribute towards our financial self-sufficiency.

The MTFs is the council's key financial planning document for the General Fund budget and as such sets out and considers the financial implications of the council's priorities and factors in financial pressures, including reducing government funding. The diagram below shows how the MTFs is the overarching framework which supports all other financial strategies, plans, policies and decisions.

Category	Overall	Revenue	Capital	Treasury Mgmt	Risk Mgmt
Strategies	Medium Term Financial Strategy				
	Commercial Strategy	Investment Strategy	Capital Strategy	Treasury Mgmt (TM) Strategy	Risk Mgmt
	Asset Management Strategy				
Guidance	CIPFA and Technical Guidance	Budget Guidance	Capital Guidelines	CIPFA Code for Practice for TM	Risk Management Guidance
Plans	MTFP Projection	Annual Budget	Capital Programme & Asset Mgmt Plan	Treasury Policy Statements	Risk Register
Governance	Constitution and Annual Governance Statement	Quarterly Performance Reports		Prudential Indicators and Annual Report	Risk Register reporting and regular review
	Contract and Finance Procedure Rules				Audit Committee and Cabinet Reports
	Internal and External Audit Plans and our response to audit review				
Decision Making	Cabinet/Council				

The Housing Revenue Account (HRA) is not included, as a separate budget and Business Plan is produced for the HRA to cover its planning processes.

The vision for the services is services that:

- are financially sustainable
- have a commercial mind-set
- foster creativity and innovation
- have a strong customer and community ethos
- which are flexible and drive out as much as efficiency as possible.

The objectives of the services are to be:

- **Customer focussed** - with services delivered in a way that is convenient for the customer and in a way that meets their changing needs through maximising advancements in technology;
- **Supportive to economic growth** - through freeing up resources to focus on corporate priorities and improved data to enable more informed decision making;
- **Efficient** - with joint up services provided at minimal cost and underpinned by clear data;
- **An organisation** - that is placed to best support the Council in achieving its aims and objectives and to meet the opportunities and challenges ahead;
- **Investing in our people** - invest in our people to create culture that consistently supports and encourages:
- **Commercial thinking**
- **Innovation**
- **Continuous improvement** through new ways of working.



Our Current ^{Page 98} Business Model

2020/21 - Gross Expenditure

£23.4 Million **DIRECTLY PROVIDED**

Community Welfare & Safet
Economic Development,
Regeneration & Tourism Planning
Housing Enabling
Revenues & Benefits
Asset Management
Elections & Democratic processes
Bereavement Services
Car Parking
Strategy & Communications
Support Services

£12.1 Million **PROVIDED BY CONTRACTORS** **JOINTLY OWNED BY CBC**

Waste & Recycling
Parks & Grass verges
Street Cleaning
Public Conveniences
Leisure & Culture
Housing Options
Finance & Procurement
Human Resources & Payroll
ICT & Telecommunications
Internal Audit & Fraud

£1 Million **SHARED WORKING**

Legal Services
Building Control

£0.2 Million **JOINT WORKING**

Joint Core Strategy
Development Task Force
Strategic Planning



Executive Summary

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The purpose of this document is to produce a robust and thoughtful MTFs which captures the growing needs and continuing aspirations of the council during a period of prolonged public spending austerity and the following areas are considered and discussed:

Section 2

NATIONAL AND LOCAL FINANCIAL RISKS

Section 3

CURRENT FINANCIAL BUDGET GAP

Section 4

RESERVES STRATEGY

Section 5

SAVINGS STRATEGY

2. National and Local Financial Risks

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INTRODUCTION

2.1 - The Council is operating in a challenging and uncertain economic environment. The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major factor for 2020/21. The financial impact of Brexit on the country and on local government is unknown, but potentially significant in terms of legislation, inflation, interest rates and economic growth.

"The Council is operating in a challenging and uncertain economic environment."

2.2 - The impact on the UK economy may affect aspirations for the Government's spending programme, despite the notion that the Government has stated that austerity is over. Therefore the amount of funding available to local government from 2021/22 is still uncertain.

2.3 - UK Consumer Price Inflation (CPI) for November registered 1.5% year on year, unchanged from the previous month. Core inflation, which excludes the more volatile components, was also 1.5% in November. The most recent labour market data for the three months to October 2019 showed the unemployment rate remained at 3.8% while the employment rate was 76.2%, just above recent record-breaking highs. The headline 3-month average annual growth rate for pay was 3.2% in October as wages dipped steadily. In real terms, after adjusting for inflation, pay growth decreased to 3.5%.

2.4 - GDP growth rose by 0.3% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.0% from 1.2%. Services and construction added positively to growth, by 0.6% and 0.4% respectively, while production was flat and agriculture recorded a fall of 0.2%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022

2.5 - The Bank of England maintained Bank Rate to 0.75% in January 2020 following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if growth fails to recover, they are prepared to cut interest rates to support the UK economy and ensure that the UK can return its inflation to its 2% target.

- 2.6 - The state of the UK economy will influence the amount of taxation income available to the Government and also the cost of income-based benefits and social support. This in turn can influence the spending strategy of the Government and the balance of funding available to local government.
- 2.7 - The MTFs for 2020/21 to 2023/24 recognises the significant changes to the national funding system through the business rates reset and fair funding review, as well as locally driven cost pressures and political choices. It has therefore taken a risk based approach in reviewing the financial pressures facing the council and how they should be mitigated across the medium term.

FUTURE BUDGET ROUNDS

2.8 - The Council no longer receives Revenue Support Grant funding from the Government and will have to rely on income generated in the Borough to fund services. The National Fair Funding Review (FFR) is reviewing the underlying needs formula and distribution methodology used for assessing need and allocating funding to Local Government as the formula has not been reviewed since 2013. The Ministry of Housing, Communities and Local Government (MHCLG) are looking for a formula based model with common cost drivers such as population, accessibility and remoteness with the principles of being simple, transparent, contemporary, sustainable, robust and stable.

“The Council no longer receives Revenue Support Grant funding from the Government and will have to rely on income generated in the Borough to fund services.”

2.9 - The intention is for each local authority to be set a new baseline funding allocation based on an assessment of relative needs and taking into account the relative resources of local authorities. The timeline for its introduction is 2021 and the government are committed to putting in place transitional arrangements to ‘smooth’ the impact.

The government is working on the principles that there will be no redistribution of council tax or fees and charges between authorities and they do not intend to reward or penalise authorities for exercising local discretion.

2.10 - In assessing relative resources, the government is working on the principles that there will be no redistribution of council tax or fees and charges between authorities and they do not intend to reward or penalise authorities for exercising local discretion. The government therefore intends to use a notional council tax level rather than the actual council tax level, which will determine whether a council’s share of total need is higher than its share of taxbase.

BUSINESS RATES RETENTION

2.11 - Business Rate income generated under the Retained Business Rates funding mechanism is an important income stream, but is complex and potentially volatile. The Retained Business Rates scheme places considerable financial risk on the Council in terms of fluctuating business rates and funding the costs of business rate appeals, which directly affect the income that the Council can recognise. Alongside the FFR, the government is also consulting on how the new scheme post 2021 can continue to reward and incentivise growth, whilst mitigating the risk of appeals. The current thinking is to introduce a 'floating' tariff/top-up system which will result in a recalibration to take account of appeals.

“Business Rate income generated under the Retained Business Rates funding mechanism is an important income stream, but is complex and potentially volatile.”

2.12 - Under the current system roughly £13bn per year of business rates income is kept by Central Government to fund local authority services. This is referred to as the “Central share” and is redistributed to councils in the form of Revenue Support Grant (RSG) and other grants including New Homes Bonus (NHB). In future, if this sum is retained by local authorities, new burdens of a broadly similar value will be passed across to local government. As a result local government will not initially have more funding; over the longer term this will depend on whether business rates grow faster or slower than local authority service demands and costs, and to add further complication will depend on where the revised business rates baseline is set for the council from 2021/22.

2.13 - The council's MHCLG set business rates baseline is £2.841m whilst, as a result of economic growth, £4.217m is now forecast to be generated and support the base budget in 2020/21. It is proposed that the new baseline will be set taking into consideration business rates income retained in 2019/20 and this will be compared to the reassessed needs of the Borough resulting in either a top-up or tariff to manage the difference between the two. If Cheltenham's baseline goes up then in order to retain any additional income the level of growth will need to increase.

2.14 - Growth will be calculated as business rates income in excess of the revised baseline and will continue to be shared with the upper tier authority; the split of which is yet to be determined and forms part of the current MHCLG thinking on Business Rates Retention.

2.15 - Whilst it is proposed that levies on growth will no longer exist under the new system (the cost of which had been mitigated through the establishment of the Gloucestershire Business Rates Pool) it is likely that some form of safety net will remain in place, and as a result councils will be subject to local volatilities within its own economies.

“Moving to a 75% retained system means more risk transfers to local government”

2.16 - In previous years, local authorities have been funded through a mixed structure of grant e.g. RSG and locally driven income e.g. council tax and business rates which provided some mitigation of risk. Moving to a 75% retained system means more risk transfers to local government and as such individual councils must assess their level of risk and make appropriate contingency plans to manage the potential costs of the changing system and furthermore the local fluctuations in business rates revenue over time.



- 2.17 - New Homes Bonus (NHB) will continue for another year but the government very clearly intends to phase it out by 2023/24. For now, there is no change in the operation of the scheme in 2020/21: the scheme works in the same way and applies the same threshold baseline of 0.4% housing growth under which no New Homes Bonus grant is paid.
- 2.18 - The major change in NHB is that the new amounts earned in 2020/21 will only attract an NHB reward for one year (2020/21). In the following year (2021/22), rewards will only be paid in respect of years 2018/19 and 2019/20, and in year 2022/23 only for year 2019/20. NHB will effectively end by 2023/24. The government is making very clear that it wants to replace NHB, and replace it with something that is more “targeted”. Any replacement is unlikely to distribute as much funding as the NHB currently does, or to be distributed in the same way.

COUNCIL TAX

- 2.19 - Council tax is considered an increasingly important mode of local government financing by Central Government. This is reflected in the decision to allow districts to increase council tax by £5 per annum or up to 1.99%, whichever is higher. Current projections also assume growth in the taxbase of 0.80% per annum.

“Council tax is considered an increasingly important mode of local government financing by Central Government.”

- 2.20 - The assumptions were made by the Government when establishing the reduction in RSG linked to the level of council tax base growth; however, locally the council will need to consider what levels of growth are likely and financially sustainable.
- 2.21 - Furthermore, there is a corresponding cost to increasing the tax base with additional properties and residents to service which needs to be recognised and captured at certain steps or “trigger” points e.g. refuse / recycling collections.

FEES AND CHARGES

- 2.22 - A significant proportion of the council’s funding comes from fees and charges. This is fast becoming an ever more important funding mechanism and one which is within the council’s gift to control, subject to any legislative, economic or political constraints.

“A significant proportion of the council’s funding comes from fees and charges.”

- 2.23 - However, as more reliance is placed on income there is increased pressure to understand current performance levels coupled with the risks and opportunities arising from each income stream whether it is new or existing. It is also important to consider how “recession-proof” an income stream is so that appropriate levels of mitigation can be put in place under a Reserves Strategy to meet dips arising in a recession.

RECESSION

2.24 - The last recognised recession was in 2008; as a result it is likely that the country is closer than ever to the next economic dip. Economic peaks and troughs are a recognised inevitability and the council's finances should be managed with this in mind – save during the peak years to support spend during the troughs. Taking this approach will see more emphasis placed on maintaining increasing levels of reserves, than in previous financial years.

RESOURCES

2.25 - Concerns around the council's capacity and resources available to deliver multiple competing priorities has been raised and this is a key consideration for the Executive Leadership Team and Cabinet when determining their priorities and the delivery of the proposed Savings Strategy. In particular, there will be a necessity to both realign base budgets and make one-off budgetary provision to support the delivery of priority schemes being supported and delivered. This specifically relates to the delivery of major growth, public realm and infrastructure schemes which will be crucial to the delivery of the council's Savings Strategy.

2.26 - The key risk is that if resource is not deployed to allow focus on the schemes which are of financial importance to the council the proposed Savings Strategy will not be delivered within the timescales required, resulting in a less managed response to funding cuts set down by central government.



3. Current Financial Budget Gap Page 106

INTRODUCTION

3.1 - The MTFs develops a series of financial projections to determine the longer term financial implications, in order to deliver the council's aims. As in previous years, the approach is to use the current financial year as a base position, inflate this to the price base of the budget year, and add unavoidable spending pressures and the implications of immediate priorities and previous decisions. This is then measured against the projection of available funding to determine affordability which determines the funding gap. The package of measures required to equalise the two calculations forms the "Savings Strategy" identified in section 5.

3.2 - The projection of the funding gap is shown in Table 1 below:

Table 1: Projection of Funding Gap	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
Net Cost of Services brought forward from previous year (assuming a balanced budget has been set)		15,087,169	14,962,858	14,367,858	14,047,858
IN YEAR BUDGET VARIATIONS					
Increased costs of existing services					
General Inflation		230,275	65,000	65,000	65,000
Employee and Members related expenditure		218,270	182,000	182,000	182,000
Shared Services contract inflation		26,500	19,000	19,000	19,000
Publica contract inflation		44,800	35,000	35,000	35,000
Ubico contract inflation		265,279	150,000	175,000	450,000
GROWTH - ONE - OFF		(30,000)			
INCOME					
Green Waste		(36,500)	(11,000)	(11,000)	(11,000)
Cemetery & Crematorium		(38,400)	(35,000)	(35,000)	(35,000)
Charges to other clients (TCT, CBH and Ubico)		(34,006)			
Ubico finance lease interest		7,000			
Minimum Revenue Provision and Interest Payable		48,471			
RESERVES					
Net Contribution from BRR Reserve					

Table 1: Projection of Funding Gap	2017/21 £	2021/22 £	2022/23 £	2023/24 £	
SAVINGS STRATEGY					
Place and Growth		(400,000)	(150,000)	(300,000)	(450,000)
People and Change		(100,000)	(300,000)		
Finance and Assets		(326,000)	(550,000)	(450,000)	(450,000)
Projected Net Cost of Service	15,087,169	14,962,858	14,367,858	14,047,858	13,852,858
Business Rates	(2,195,963)	(2,906,451)	(3,200,000)	(3,500,000)	(3,800,000)
Business Rates pooling surplus contribution	(550,000)				
Business Rates S31 Grants	(1,651,218)	(1,813,252)			
Business Rates - 2017/18 (surplus) / deficit	(73,117)				
Business Rates - 2018/19 (surplus) / deficit	178,287	423,557			
Business Rates - 2019/20 (surplus) / deficit		153,395			
New Homes Bonus	(1,468,797)	(1,252,262)	(719,000)	(230,000)	0
Collection Fund surplus contribution	(110,500)	(73,500)	(50,000)	(50,000)	(50,000)
Business Rates Retention Levy surplus	(42,893)		0	0	0
Council tax income assuming council tax increases by 1.99% per annum from 2021/22	(8,916,886)	(9,236,375)	(9,496,597)	(9,763,520)	(10,037,304)
Contribution to / (from) Budget Strategy support reserve	(256,082)	(257,970)	(902,261)	(504,338)	34,446
Projected Funding	(15,087,169)	(14,962,858)	(14,367,858)	(14,047,858)	(13,852,858)

3.3 - The projections above reflect a funding gap for the period 2021/22 to 2023/24 of £2.616m (i.e. the financial gap between what the council needs to spend to maintain existing services and the funding available excluding the use of the Budget Strategy Support Reserve). The key assumptions for the preparation of these projections are explained below.

- 3.4 - The net costs of services have been estimated by using the approved 2019/20 base budget as the base for future projection's though to 2023/24.
- 3.5 - This has included general inflation at 2% on insurances, utilities, postage, IT maintenance agreements and non-domestic rates. Where information is available, major contracts and agreements are rolled forward based on the specified inflation indices in the contract or agreement. Historically, annual premises repairs and maintenance budgets have not been inflated which has resulted in increased pressure to be able to maintain and run the council's buildings within budget each year as prices continue to rise. To address this, inflation at 2% has been included in each of the years within the MTFs.
- 3.6 - An inflationary increase of 2.5% on shared service contracts has been included to take account of the increase in staff costs incurred in employing councils which will be recharged to the council.
- 3.7 - Following a review of the council's environmental services provided by Ubico, it was evident that under investment over a period of time needed to be addressed resulting in the requirement to increase the contract sum for 2019/20 significantly. However, in order to offset this increase, savings of £100k are necessary within the MTFs. These savings will be found by a review of the services provided by Ubico identifying operational and process efficiencies. Following a public consultation exercise, service provision such as the recycling service, household recycling centre at Swindon Road, the recycling bring banks around the borough and further reducing the cost of collection for residual waste, will be determined. Opportunities to explore ways in which income can be increased to offset the need for savings will be maximised.



EMPLOYEE RELATED COSTS

- 3.8 - For budget modelling, a 2% increase has been assumed throughout the duration of the MTFS post 2020.
- 3.9 - The net cost of service assumes an employee turnover saving of £372k per annum by the Council, which equates to 5.5% of base salary budget. This is allocated across service areas according to headcount and gives managers clear cash targets within which they have to manage.
- 3.10 - The Council is part of the Gloucestershire Pensions Fund, which is administered by Gloucestershire County Council. The rate of contribution paid to the fund by participating employers is set following a triennial revaluation of the Fund by the appointed actuary. The triennial revaluation of the Fund based on the position as at 31st March 2019, found that the Fund's objective of holding sufficient assets to meet the estimated current cost of providing members' past service benefits was not met at the valuation date.
- 3.11 - Contribution rates are calculated on an individual basis for each participating employer. For the Council's element of the fund, the funding level was assessed at 88% (compared with 65% in 2016), with a shortfall of £38.998m. The fund actuary is aiming for this deficit to be recovered over a 17 year period, giving the following target contribution rates for the Council for this three-year valuation period:
- a 20.0% future service rate which should cover the liabilities scheme members will build up in the future, plus
 - an annual lump sum past service deficit contribution (£3.430m in 2020/21), to cover the shortfall in the Fund. Under the existing strategy the council is projected to move to a positive cash-flow position by 2019/20.
- 3.12 - The Executive Director Finance and Assets has requested analysis from the actuary to explore the cash flow benefit to the council in making the required secondary sum payments to the Local Government Pension Scheme (LGPS) as a pre-payment for future year liability i.e. pay some of the liability up front which impacts on cash flow but does not represent an additional budgetary commitment. It is anticipated that this will generate a base budget saving of £400k over the three year actuarial cycle.
- 3.13 - An increase of 2% per annum has been assumed on members' allowances, in line with the anticipated employee annual pay award. This inflation is included within staff costs and totals c. £7k per annum.

FEES AND CHARGES

3.14 - In previous years, a general assumption for a 2% increase in non-statutory fees and charges has been factored in. However, this has resulted in an increasing necessity to freeze prices within certain service areas that would be detrimentally impacted as a result either through local pressures or as a result of national legislative requirements.

The MTFS no longer assumes a 2% inflationary increase

3.15 - Rather than continue with this approach, the MTFS no longer assumes a 2% inflationary increase but instead has opted for a fundamental year on year review of fees and charges to ensure they consider the costs of service provision, legislative requirements and competitive pricing structures.

RETAINED BUSINESS RATES

3.16 - The Business Rates Retention Scheme was introduced on 1st April 2013. Under the Scheme, the Council retains some of the business rates raised locally. The business rate yield is divided – 50% locally and 50% to the Government. The Government's share is paid into a central pool and redirected to local government through other grants. Of the 50% local share, the district councils' share has been set at 80%, with the County Council's share being 20%. A tariff is applied to reduce the local share to a baseline funding level set by the Government. Where the value of retained business rates exceeds the baseline funding level, 50% of the surplus is paid over to the Government as a levy; the remaining 50% can be retained by the Council.

3.17 - In order to maximise the value of business rates retained within Gloucestershire, the Council entered into the Gloucestershire Business Rates Pool. Being a part of the Pool has the benefit of reducing the government levy from 50% to 15.32%. Any surpluses generated by the Pool are allocated in accordance with the governance arrangements agreed by the Gloucestershire councils.

“There is a high level of volatility in the business rates system”

3.18 - There is a high level of volatility in the business rates system, mainly due to the level and impact of appeals lodged against rateable values but also due to the natural turnover of businesses, properties being left empty or demolished and the increasing trend for commercial properties to be converted into domestic dwellings. Changes to the value of businesses can have a significant impact upon the business rates collected. These factors make it difficult to predict the level of income the Council can retain in the future.

NEW HOMES BONUS (NHB)

3.19 - The Government introduced the NHB as a cash incentive scheme to reward councils for new home completions and for bringing empty homes back into use. This now provides match funding of £1,750 for each new property for four years (based on national average for band D property – i.e. £7,000 per dwelling over four years), plus a bonus of £350 for each affordable home (worth £1,400 over four years).

3.20 - Councils are free to spend the Bonus as they choose, including on front-line services and keeping council tax low. Funding is split 80:20 between district and county authorities.

Councils are free to spend the Bonus as they choose

3.21 - The Council now includes 100% of its New Homes Bonus funding within base budget equating to £1.252m in 2020/21 under the current methodology.

COUNCIL TAX

3.22 - Collection fund surpluses arise from higher than anticipated rates of collection of the council tax collection rates. This is assessed annually and an estimate of £50k per annum has been assumed for the period covered in this MTFS with the exception of 2020/21 which has been calculated based on data held.

3.23 - The taxbase represents the total number of chargeable properties in the borough, expressed as band D. The net budget requirement is divided by the taxbase to calculate the level of council tax for band D each year. The Council's taxbase is forecast to increase by 0.80% each year for the purposes of modelling the MTFS and a council tax increase of 1.99% per annum is assumed from 2021/22.

FUNDING GAP

3.24 - Given the expectations that government grant to district councils will reduce as a result of the business rates retention reset, fair funding review and phasing out of NHB, this Council faces a significantly more challenging financial position in the early years of the MTFS. The latest projections indicate a gap of £2.616m for the period 2021/22 to 2023/24, primarily as a result of the baseline funding allocation reset proposed in 2021 whereby the growth generated from business rates since 2013/14 will be redistributed based on need under the fair funding review.

3.25 - To enable time to deliver such a significant savings target over the period to 2023/24, to mitigate the financial risks captured in section 3 and to smooth out fluctuations in income levels a robust Reserves Strategy is required to supplement and support the Savings Strategy.

“A robust Reserves Strategy is required to supplement and support the Savings Strategy.”

4. Reserves ^{Page 112} Strategy

INTRODUCTION

“The council is aspirational and horizon scanning in the approach it takes to delivering its services, and supporting those it works with in partnership to ensure Cheltenham is a vibrant and desirable place to live, work and invest.”

- 4.1 - The council is aspirational and horizon scanning in the approach it takes to delivering its services, and supporting those it works with in partnership to ensure Cheltenham is a vibrant and desirable place to live, work and invest. As a result, when funding has become available either through budget underspends or one-off funding, a strategy of utilising opportunities for improving and investing in the town has been followed.
- 4.2 - However, recognising the change in the council's short to medium term finances has required an alternative approach to be taken over the next few financial years with a focus on delivering services within approved budgets and enhancing the council's reserves to ensure it is able to meet any unforeseen costs in the future and also mitigate known risks and forecast cost pressures, particularly those arising from changes in the way local government is financed post 2020/21. This was also reflected in the recent peer review whereby they recommended we review inherent financial risks and build levels of reserves to withstand future uncertainty.

BUDGET STRATEGY SUPPORT RESERVE (BSSR)

- 4.3 - As part of the 2016/17 budget setting process, the Budget Strategy Support Reserve (BSSR) was established to provide greater resilience and time for the council to embed its savings strategy and allow for slippage in savings delivery.
- 4.4 - The BSSR will need to be suitably resourced to not only mitigate any delay in the delivery of savings but also be robust enough to support any reported slippage during the MTFS period.
- 4.5 - The Savings Strategy detailed in Section 6, identifies a need to fund £1.372m from the Budget Strategy Support Reserve or General Balances in addition to the £258k used to support the 2020/21 budget, a total need of £1.630m.



BUSINESS RATES RETENTION RESERVE (BRRR)

- 4.6 - The move to 75% locally driven funding following the introduction of 75% Business Rates Retention will build in an increased risk of volatility in the council's financial planning. This needs to be appropriately managed and understood by the organisation as full reliance will be placed on the performance of the local economy with a drop in business rates income having the potential to force service re-prioritisation.
- 4.7 - The BRRR should aim to be maintained to a target of £500k to allow for the potential reduction in income arising from the risks as identified. There is currently £150k in general balances specifically to cover fluctuations arising from pooling arrangements together with £387k projected to be held in the BRRR at 31st March 2021. The council is already mitigating fluctuations in income levels arising from changes in the local economy and moving forward will face even greater exposure to such volatilities under the reformed retention system.
- 4.8 - Any Collection Fund and Pool surpluses over and above those assumed in the Savings Strategy should be earmarked for the BRRR to ensure a base level of reserve is in place in advance of the implementation of 75% Business Rates Retention.

GENERAL BALANCES

- 4.9 - General Balances are held to protect existing service levels from reductions in income levels as a result of economic downturn and other unforeseen circumstances. CIPFA's Local Authority Accounting Panel (LAAP) issued a guidance bulletin on local authorities' reserves and balances.
- 4.10 - As part of the annual budget setting process and in reviewing the MTFs, the council needs to consider the establishment and maintenance of reserves. These can be held for three main purposes:
- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
 - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
 - A means of building up funds (earmarked reserves) to meet known or predicted requirements.
- 4.11 - The council has, over a number of years, earmarked significant funds for specific reserves. These are reviewed twice yearly by Full Council under the guidance of the Executive Director Finance and Assets (Section 151 Officer). Over the course of this MTFs, the value of earmarked reserves will be reduced as they are used to finance planned expenditure.

5. Savings Strategy Page 114

INTRODUCTION

5.1 - As detailed in the previous sections, the council has a significant funding gap to resolve as well as a number of financial risks to manage. Given the ambitious nature of the council and its desire to ensure Cheltenham is a place where residents and visitors wish to work, visit and live the savings strategy for the medium term must reflect these aspirations and not jeopardise these core priorities whilst recognising that the net cost of the council's services must reduce over time.

5.2 - In the current exceptionally difficult national funding situation, the Cabinet's overriding financial strategy has been, and is, to drive down the Council's net costs via a commercial mind-set. Our aim is to hold down council tax as far as possible, now and in the longer term, while also protecting frontline services from cuts – an immensely challenging task in the present climate.

“The Cabinet's overriding financial strategy has been, and is, to drive down the Council's net costs via a commercial mind-set”

5.3 - The proposed key building blocks for the executive team structure of Place and Growth; People and Change; and Finance and Assets, together with a planned and proactive approach to the use of reserves, are the key drivers for delivering the budget strategy.

5.4 - The budget strategy looks inwards at service transformation and modernisation, outwards at economic growth and investment, and relies heavily on collective ownership and oversight. The Council has an ambition to become more commercial

“The budget strategy looks inwards at service transformation and modernisation”

in order to move towards a greater level of financial self-sufficiency. This will require a change at strategic level that will affect the whole organisation, taking into account the tight geography of the Borough, the pace of change desired and the high level of senior leadership buy-in required.

5.5 - The key mechanism for carrying out this strategy is the commercial strategy, which seeks to bring service costs in line with available funding and seek additional forms of funding.

5.6 - The commercial strategy was adopted by Full Council in February 2018 with the vision “to become an enterprising and commercially focused Council which people are proud to work for and which others want to work with. We will use our assets, skills and infrastructure to shape and improve public services and enable economic growth in the Borough. We shall generate significant levels of new income for the Council working towards the objective of enabling it to become financially sustainable”.

5.7 - Part of our drive towards financial sustainability includes identifying new opportunities to generate income and investment in projects which provide good financial returns. Our commercial strategy aligns closely with other key strategies including place-making, economic growth, digital transformation, workforce and skills development, investment and asset management which have

Part of our drive towards financial sustainability includes identifying new opportunities to generate income and investment in projects which provide good financial returns.

a combined message that Cheltenham Borough Council has entered a new era of business enterprise, growth and innovation. We will work with partners who share our ambition and values and will continue to put the best interests of Cheltenham residents at the heart of everything we do.

“Cheltenham Borough Council has entered a new era of business enterprise, growth and innovation.”

- 5.8 - The budget strategy indicates broadly how the Council may close the projected funding gap over the period 2020/21 to 2023/24. In future years, it includes targets rather than necessarily specific worked up projections of cost savings and additional income to allow the Executive leads autonomy and flexibility. Engaging with stakeholders will be crucial when it comes to developing a sense of ownership in local decision-making and service delivery. Working with stakeholders will allow the council to fine tune services based on actual needs. Holding adequate information upon which to base the allocation of scarce resources is essential to address under-met needs.

PLACE AND GROWTH

A “place where everyone thrives”.

- 5.9 - Place and Growth – refers to “place shaping” in its widest sense – being clear on the ambitions for Cheltenham, gaining alignment and commitment from others on the scale of ambition, and having clarity of purpose, intent and delivery to make sure that Cheltenham is and continues to be a “place where everyone thrives”.
- 5.10 - One of the strengths of the Cheltenham economy is its diversity. With the exception of GCHQ, we are not overly dependent on one or two major employers or on the performance of a specific industrial or service sector. It is possible to influence how Cheltenham is shaped, by supporting and encouraging existing and new businesses, marketing the town’s rich cultural and dynamic offer and promote inward investment and building a strong and cohesive community. The place strategy is closely linked to the commercial strategy. Driving growth, increasing gross value added (GVA), investment into Cheltenham, encouraging businesses to thrive and improving employment opportunities; the town’s economy will grow, as should the council’s income through business rates and council tax, providing longer term financial sustainability.

“Cheltenham is uniquely placed to grow.”

- 5.11 - Cheltenham is uniquely placed to grow. The creation of a growth zone, as promoted in the Strategic Economic Plan (SEP), is to ensure the availability of quality employment land in proximity to the M5 motorway, attractive to businesses and with excellent connectivity throughout Gloucestershire and the rest of the UK. This will serve latent demand in the marketplace and provide space required to enable businesses to grow; particularly in the town’s margins and with the neighbouring district of Tewkesbury, which is also geographically well positioned to deliver growth development to the north-west of Cheltenham and along the M5 corridor.

- 5.12 - A 45 hectare site in West Cheltenham has been identified to create a Cyber Business Park, closely connected to the delivery of GCHQ's Cyber Innovation Centre (CIC), seeking to create a cluster of cyber and associated businesses. Cyber security is one of the fastest growing industries in the UK as cyber-crime poses an ever greater threat to the UK economy and Critical National Infrastructure. The CIC will assist in supporting business to develop cyber security products and services. Some will enjoy GCHQ accreditation; others will be purely commercially based, though will need to meet basic security criteria. This model could see fast and sustained employment growth with high value jobs benefiting the wider region.
- 5.13 - Initial estimates suggest that this site alone could generate significant additional business rates, of which under existing regulations, Cheltenham would retain 40%. There are obvious constraints such as planning, which will need to be considered alongside the Joint Core Strategy and furthermore the proposed changes to the Business Rates Retention Scheme mean that it is currently unclear how growth would firstly be retained by, and secondly shared between upper and lower tier authorities. It is also important to consider the wider impact and economic significance this cyber business park would have – attracting a wide range of international investors and business.
- 5.14 - At the end of August 2019, the council completed the purchase of 112 acres of strategically important land which forms part of the West Cheltenham JCS allocation. This was the most expensive land purchase ever made by CBC. It will enable the delivery of the Cyber Central vision – which was formally launched on 17th September 2019 at Hub8 in Cheltenham. In June 2019 the government announced that Cyber Central had been awarded 'Garden Communities' status.
- 5.15 - The Council's £37.5m investment into this site will enable the rapid growth of the Cyber Tech and innovative industries as part of a thriving integrated community, a place where people can live, work and recreate. It is a significant step forward in achieving the council's corporate plan priority of Cheltenham becoming the UK capital of cyber. Our Housing Investment Strategy commitment to deliver on the £100m investment in Housing across the Borough will play a leading role in shaping the residential aspect, working with Homes England and Cheltenham Borough Homes to create high quality homes that offer a range of tenures with security and affordability.
- 5.16 - Another aspect of the Place Strategy is strengthening the town's cultural offer, and in particular a focus on the town centre. Working in collaboration with other partner organisations such as the BID, Marketing Cheltenham has raised the profile of Cheltenham as a destination and the cultural centre for the Cotswolds. The investment programme for the High Street and the improvements through the Cheltenham Transport Plan have seen increased footfall, increases in cycle visits, car parking numbers and bus usage into the town centre. With new stores and business opening in Cheltenham, Cheltenham's High Street is currently performing well.
- 5.17 - Proposals for the Council to take a leading role in the Minster Project will bring about an innovative box park concept, forming a hub for small start-up business in the creative and tech sector. The project will use under-utilised car parking space in partnership with Creative England, Cheltenham Festivals, the Gfirst LEP and Workshop Cheltenham. It will create new jobs, regenerate the surrounding area, bring in rental and business rates, but more importantly act as a growth magnet, encouraging investment and footfall on the fringes of the town centre.

Cyber security is one of the fastest growing industries in the UK

New stores and business opening



5.18 - The people and change element of the budget strategy currently has two key areas of focus over the life of the savings plan:

- Savings following the creation of The Cheltenham Trust which formed part of the original business case when the trust was created in 2014;
- Savings targets arising from transformation and modernisation of service delivery within the authority, which are in addition to the savings target to transform regulatory and environmental services.

5.19 - Whilst the Place and Growth programme, which started in 2016, is progressing the current position is that only part of the authority is undergoing a programme of modernisation and change and this now needs to be urgently addressed.

5.20 - Modernisation will bring cash savings, as set out in the MTFs, but also deliver non-cash savings, which will allow resources to be freed up to support existing, emerging and future corporate priorities. These opportunities are being identified via the Council's business process reviews.

5.21 - The modernisation programme is also undertaking a comprehensive review of all ICT applications to ensure they are still meeting business requirements and providing value for money. This also provides an opportunity to commit to longer-term contracts and fix prices to give the Council certainty of costs.

5.22 - The Joint Commissioning Group (between the Council and the Cheltenham Trust) will be re-focused to support invest to save initiatives and/or income generating opportunities. This work will also help underpin the Trust's commercial aspirations to generate additional income, as the management fee is reduced over time.

5.23 - Following the review of the Executive Leadership Team, the next stage of the organisational design will be the development of a business case and framework to enable a review of the existing organisational structure.

"The outcome of this work will help ensure the Council is then best placed to meet the future opportunities and challenges ahead."

5.24 - This will set out the approach and resources needed in assisting the Council in determining its future operating model. The outcome of this work will help ensure the Council is then best placed to meet the future opportunities and challenges ahead.

5.25- Finance and assets – we recognise the continuing need for sound strategic financial planning in the context of uncertainty in the national local government finance landscape, and in a context where more of the authority's ongoing financial revenue will come from business rates or commercial opportunities with a potentially higher risk profile. The acquisition of 4 new commercial investment properties (Ellenborough House, Sainsbury's, Café Nero and 53-57 Rodney Road) has already resulted in us over-achieving our new revenue income target.

“Acquisition of 4 new commercial investment properties has already resulted in us over-achieving our new revenue income target.”

5.26 - The relationship between how we develop, grow and utilise our assets such as the Municipal Offices, Swindon Road depot and our cultural assets needs to be influenced by our ambition for Place, how we use our assets strategically and in the long term to achieve the outcomes we want to see for the town and also the wider county of Gloucestershire.

Our Public Realm investment across the Town has enabled us to attract major new businesses which have a positive effect on both business rates income and the vibrancy across the Town.

“Active asset management of the authority's asset portfolio and maximising the return from the authority's own assets to help deliver a sustainable financial plan will be increasingly important”

5.27 - Active asset management of the authority's asset portfolio and maximising the return from the authority's own assets to help deliver a sustainable financial plan will be increasingly important and is a complex area. Decisions around the extent as to the commercial investment opportunities will heavily rely upon careful and sound strategic financial advice and support.

5.28- The council's declaration of a climate emergency requires an energy plan to make significant efficiencies in the way we manage our buildings. In addition, we need to ensure our land and property asset portfolio is fit for purpose, secures increased income generation, maximises capital receipts (where appropriate) and stimulates growth and investment in the Borough as evidenced through the development of Cheltenham Enterprise Centre, providing new additional industrial units.

5.29 - The principles of the settlement allow authorities to spend locally what is raised locally. In order to do this it needs to grow its taxbase through growth, regeneration and reasonable tax increases. It also needs to ensure the taxbase is maximised through effective management and by using measures available, including counter fraud, reducing the number of empty premises and working effectively within the parameters of the planning process with regards to land supply.

USE OF RESERVES

5.30- As has been outlined in section 5, the savings strategy will take time and resource to deliver and the relative needs baseline reset exacerbates the financial position. The council must therefore draw on its reserves to provide short-term support, specifically the Budget Strategy Support Reserve (BSSR).

RESOURCE PRIORITISATION

5.31 -The targets set in the Savings Strategy will be challenging and the level of resource and capacity required to deliver them should not be underestimated. Both budget realignment and one-off budgetary provision is likely to be needed to provide sufficient resource to deliver such an ambitious Savings Strategy. The Cabinet and Executive Leadership Team should ensure that resource is focussed to deliver the key priorities outlined in the strategy which will ensure the council's financial future and avoid budget cuts whilst ensuring that appropriate budgetary provision is made for identified funding needs.

As such, if resource is not successfully prioritised and officers' time is diverted from the delivery of the Savings Strategy the challenging targets will not be delivered and the council's financial future will be detrimentally impacted. The financial risks around the changes to local government finances and the national financial climate outlined in section 2 clearly explain why the council's focus must be on delivering the Savings Strategy in the medium term which in turn may require other corporate priorities to be pushed into the longer term.

5.32 -



6. Conclusion ^{Page 121}

6.1 - The council has a track record of strong financial management but is now in a period of significant volatility and uncertainty. The council must plan now to ensure its financial position is protected across the medium term as changes to local government finances crystallise and the implications are known.

“The council has a track record of strong financial management”

“To ensure financial stability and sustainability”

6.2 - Both the Reserves and Savings Strategy should be followed in tandem, with Cabinet and the Executive Leadership Team leading the way with delivery to ensure financial stability and sustainability with the achievement of the council’s vision for the future of Cheltenham.

6.3 - The Cabinet believes the longer term approach to finding efficiencies to close the funding gap is fundamentally through economic growth and investment and the efficient utilisation of our assets; linking our Place and Commercial Strategies to ‘Invest in Cheltenham, for the benefit of Cheltenham’. This has seen a place focused investment approach offering long term investment, income through rents as well as other social and financial benefits. The Executive leadership team’s collaborative approach has enabled considerable progress.





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