



CHEL TENHAM

BOROUGH COUNCIL

Notice of a meeting of Cabinet

Tuesday, 16 October 2012
6.00 pm

Municipal Offices, Promenade, Cheltenham, GL50 9SA

Membership	
Councillors:	Steve Jordan, John Rawson, Rowena Hay, Peter Jeffries, Andrew McKinlay, Jon Walklett and Roger Whyborn

Agenda

	SECTION 1 : PROCEDURAL MATTERS	
1.	APOLOGIES	
2.	DECLARATIONS OF INTEREST	
3.	MINUTES OF THE LAST MEETING To approve the minutes of the meeting held on 25 September 2012.	(Pages 1 - 8)
4.	PUBLIC QUESTIONS AND PETITIONS	
	SECTION 2 :THE COUNCIL <i>There are no matters referred to the Cabinet by the Council on this occasion</i>	
	SECTION 3 : OVERVIEW AND SCRUTINY COMMITTEES Recommendations of the Scrutiny Task Group-ICT Review (these will be considered by the Overview & Scrutiny Committee on 10 October 2012 and will be published following this meeting).	
	SECTION 4 : OTHER COMMITTEES <i>There are no matters referred to the Cabinet by other Committees on this occasion</i>	
	SECTION 5 : REPORTS FROM CABINET MEMBERS AND/OR OFFICERS	
5.	QUARTERLY BUDGET MONITORING REPORT TO END OF AUGUST 2012	(Pages 9 - 20)

		Report of the Cabinet Member Finance	
6.		BUDGET STRATEGY AND PROCESS Report of the Cabinet Member Finance	(Pages 21 - 34)
7.		CHELTENHAM BOROUGH HOMES DEVELOPMENT OPTIONS REVIEW Report of the Cabinet Member Housing and Safety	(Pages 35 - 44)
		SECTION 6 : BRIEFING SESSION <ul style="list-style-type: none"> • Leader and Cabinet Members 	
8.		BRIEFING FROM CABINET MEMBERS	
		SECTION 7 : DECISIONS OF CABINET MEMBERS AND OFFICERS Member decisions taken since the last Cabinet meeting	
		SECTION 8 : ANY OTHER ITEM(S) THAT THE LEADER DETERMINES TO BE URGENT AND REQUIRES A DECISION	
		Section 10: BRIEFING NOTES Briefing notes are circulated for information with the Cabinet papers but do not form part of the agenda <ul style="list-style-type: none"> • Update on support for young people including positive activities grants and building resilience project-to follow • Community right to challenge process-to follow 	

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Cabinet

**Tuesday, 25th September, 2012
6.00 - 7.00 pm**

Attendees	
Councillors:	Steve Jordan (Leader of the Council), John Rawson (Cabinet Member Finance), Rowena Hay (Cabinet Member Sport and Culture), Peter Jeffries (Cabinet Member Housing and Safety), Andrew McKinlay (Cabinet Member Built Environment), Jon Walklett (Cabinet Member Corporate Services) and Roger Whyborn (Cabinet Member Sustainability)

Minutes

16. APOLOGIES

There were no apologies.

17. DECLARATIONS OF INTEREST

Councillor Jordan declared a personal and prejudicial interest in agenda item 10 as he had submitted a bid for Westdown Gardens community green.

18. MINUTES OF THE LAST MEETING

RESOLVED that the minutes of the meeting held on 17 July be approved and signed as a correct record.

19. PUBLIC QUESTIONS AND PETITIONS

The following response was provided to the question received from Mr Gary Dawson:

Public Question to the Cabinet Member for Finance (Cllr John Rawson) from Mr Gary Dawson:

What is Cheltenham Borough Council's policy in relation to its own long term vacant domestic property, and why has no reference been made within the Housing Renewal Policy 2012 - 2017 with regard to this policy?

Response from Cllr Rawson:

The Council's policy regarding its own long-term vacant domestic property is not mentioned in the Housing Renewal Policy 2012-17 because that document is concerned specifically with private sector housing.

Cheltenham Borough Council (CBC) and Cheltenham Borough Homes (CBH) have a policy of making the most effective use of their housing stock, which naturally means filling properties with new tenants as quickly as possible when

they become vacant. In average it takes 17 days between one tenant leaving and another moving in, which is one of the fastest turnarounds of any social landlord in the country.

However there will occasionally be properties that are deliberately being held empty pending redevelopment. There will also sometimes be properties that are no longer economic for CBC to retain, as it will be too expensive to bring them back to an acceptable condition. In this case CBC will review the future of these properties and usually put them on the market to get the best return for the asset.

There are currently seven properties in this latter category which have been held for a very specific and carefully considered reason. In past years, when councils disposed of Housing Revenue Account properties to people who wanted to live in the properties rather than rent them out, the council was allowed to retain only 25 per cent of the capital receipt for reinvestment.

To get round this restriction, CBC tried to sell the properties to buy-to-let investors. However in the economic downturn either the offers were not acceptable or there was no interest. We therefore decided to follow an alternative course of action.

Some time ago, the Government announced that it intended to change the rules to allow councils to retain a higher percentage. In these circumstances, CBC felt that it was wise to wait for this change in the law, so that it would have more of the proceeds of sale to reinvest.

The change has taken longer than expected to come, and in fact the Government did not introduce it until April this year. However, our legal team have looked into the implications of the change, and have confirmed that we will be able to retain 100% of the proceeds of sale when selling HRA properties to owner-occupiers, provided we reinvest the money in affordable housing. This is a very welcome turn of events which is worth many thousands of pounds to us and I believe it justifies the delay.

In the new, changed circumstances, I have asked officers to review the future of these properties and report back to me. Regardless of the change in the law, CBC is still under an obligation to obtain "best consideration" for any asset it disposes of, which means I will need to take professional advice from officers about the best way of marketing the properties and the best time to do so.

20. RESTORATION OF PITTVILLE GATES

The Cabinet Member Finance introduced the report and explained that whilst the Borough Council had limited resources in terms of finance for the project, it had provided officer time and allocated funds via the Environmental Improvement Fund. He paid tribute to the efforts of the Friends' of Pittville in raising funds and recognised the importance of the Gates to the town's history and heritage.

The Cabinet member explained that implementation would be in two phases in order to achieve improvement to the site as soon as possible. It was proposed that the Council take on the role of partner to the project to procure and deliver

the improvements. He clarified that Council approval was required to allocate the funding.

RESOLVED to :

1. enter into an agreement with The Friends' of Pittville for the restoration of the Pittville Gates.
2. authorise the Head of Property and Asset Management to carry out the procurement to appoint the contractor to carry out the works to Pittville Gates and a project manager to manage the construction project, subject to sufficient funding for each phase being in place.

RESOLVED that Council be recommended to :

3. allocate the funding for this project.

21. LICENSING OF RICKSHAWS IN CHELTENHAM

Prior to the report being introduced the Leader of the Council explained that he would be using his discretion by inviting Mr Meyer of Rickshaw Revolution to address Cabinet.

Mr Meyer expressed his extreme dissatisfaction with the length of time it had taken for a proposal to be laid before Cabinet on the licensing of rickshaws. It had taken 7 months to date and he had intended his company to be operating in Cheltenham in the summer as originally he was advised the process would take 3 months. The proposed policy laid in the report before Cabinet was in his view wholly unsatisfactory and he regretted that he had not been involved in the process.

In introducing the report the Cabinet Member Housing and Safety explained that this was a unique situation and there were outstanding safety concerns which needed to be resolved. The Business Support and Licensing Team Leader was called upon to explain the length of time it had taken for this proposal to be considered. He explained that a formal complaint had been received from the rickshaw operator and a response to the complaint had been forwarded in writing. The proposal had been delayed due to the local government elections in May 2012, the change in Cabinet member, the summer recess and constitutional changes.

The Cabinet Member Housing and Safety added that there were ongoing concerns regarding the safety of rickshaws and to that end it was proposed that the report be deferred to a future meeting of Cabinet.

Members supported this approach due to incomplete information surrounding safety issues. Whilst they welcomed the concept of the operation it was important that the policy was properly considered to ensure that it worked and could be enforced for the benefit of those affected by the policy and for those operating the service. The Cabinet Member Housing and Safety agreed to meet with Mr Meyer directly to discuss his concerns.

The Leader of the Council explained that the Government may legislate specifically for this activity in the future but in the meantime arrangements to license rickshaws would be necessary in the interest of public safety and protection.

RESOLVED unanimously

To defer the item to a future meeting of Cabinet

22. CORPORATE RISK REGISTER

The Cabinet Member Corporate Services introduced the report and explained that effective risk management was a key component of the council's governance arrangements which included the Senior Leadership Team reviewing the Corporate Risk Register on a monthly basis. There had been an increase in the number of risks this summer due to the Cheltenham Development Task Force asking for risks relating to individual projects to be identified and treated in the same way as divisional risks. There were currently 19 active risks on the register, 2 with a low score, 10 with a medium score and 7 with a high score.

The Cabinet Member made particular reference to Risk CR3 regarding bridging the gap as an excellent example of how risks are mitigated in the council.

RESOLVED that:

Having considered the corporate risks and the progress being made to manage them and the format of the reports provided the Corporate Risk Register be approved.

23. ANNUAL REVIEW OF HACKNEY CARRIAGE FARES

The Cabinet Member Housing and Safety introduced the report which proposed that Cabinet approve the fare increase of 5% for Hackney Carriage fares in accordance with the Hackney Carriage fare formula.

RESOLVED that :

1. An increase of 5% for Hackney Carriage fares be approved, and
2. That authority be delegated to the Director of Wellbeing & Culture to carry out the necessary advertising requirements to comply with section 65 of the Local Government (Miscellaneous Provisions) Act 1976, and
3. Subject to there being no substantive amendments being made following consultation, that the proposed fares be adopted by the Director of Wellbeing & Culture under delegated authority.

24. GATING ORDERS-A CRITERIA FOR ADOPTION

The Cabinet Member Housing and Safety introduced the report and explained that central government had put in place legislation to enable closure of back and side alley ways which can become a source of crime in built up areas. The report outlined a criteria and process for the assessment and making of gating orders at the Council to ensure a consistent and transparent approach around the borough.

He emphasised that gating orders would be implemented as a last resort with other measures outlined in paragraph 3.1 of the report to be considered first.

RESOLVED that

1. the criteria and process for assessing requests and where appropriate making gating orders detailed in Appendix 2 be adopted for application throughout the borough.
2. delegated authority be granted to:
 - The Community Protection Manager to initiate the initial assessment in response to a request for a gating order.
 - The Director for Wellbeing and Culture in consultation with the Cabinet portfolio holder to ensure that the right criteria and conditions are in place and where appropriate authorise formal consultation to be carried out.
 - The Director of Wellbeing and Culture in consultation with the Cabinet portfolio holder to authorise the making of a gating order where there are no unresolved written representations received during the formal consultation period,

25. NEW HOMES BONUS- ENVIRONMENTAL IMPROVEMENTS PROGRAMME

Having declared a personal and prejudicial interest in this item Councillor Jordan left the room and did not participate in the debate.

The Cabinet Member Sustainability introduced the report and explained that £160 000 of the New Homes Bonus had been allocated to the Cheltenham Environmental Improvements Fund. A scoring system had been devised and a member panel comprising the Cabinet Members Built Environment and Sustainability and a Cabinet appointed Advisory Group considered the bids. He highlighted the bids which had been received as outlined in paragraph 1.7 of the report.

The Cabinet Member Built Environment explained that due to the limited amount in the fund the focus was on awarding funding to those schemes which would have most impact for people in the town.

The Cabinet Member Finance paid tribute to the officers and the panel for their work in awarding projects to schemes which would play a role in preserving the local heritage and biodiversity of the town.

RESOLVED that

the prioritised list of bids attached at Appendix C be supported, having had regard to the available budget of £160,000

26. AMENDMENTS TO CHELTENHAM CIVIC PRIDE URBAN DESIGN FRAMEWORK - TECHNICAL APPENDIX ROYAL WELL DEVELOPMENT BRIEF

The Cabinet Member Built Environment introduced the report and explained that revisions were sought to the technical appendix to the Cheltenham Civic Pride Urban Design Framework Supplementary Planning Document (SPD). These arise from the need to correct inconsistencies between the Brief and the parent SPD in order to clarify the planning position prior to the site progressing to market. More specifically the Cabinet Member referred to paragraph 1.3 of the report and the reasons behind the changes which would provide more flexibility as things progress.

The Cabinet Member Sustainability highlighted bus transport and explained that a holistic approach was being taken within the Civic Pride agenda. A bus map would be produced to ensure the public were well aware of any changes and that bus transport remained easily accessible from the town centre.

RESOLVED that

- (i) the schedule of revisions to the Royal Well Development Brief part of the Cheltenham Civic Pride Urban Design Framework Supplementary Planning Document as set out at Appendix 2 to this report for public consultation be approved; and
- (ii) arrangements for public consultation be delegated to the Director Built Environment in consultation with the Cabinet Member Built Environment.

27. BUSINESS RATES RETENTION POOLING

The Cabinet Member Finance introduced the report which explained the Government's proposals for Business Rates Pooling from April 2013. It also sought approval in principle to enter into a Pooling Agreement with all Gloucestershire district councils and the County Council subject to agreement on satisfactory governance arrangements and a full assessment of the risks and rewards.

The Cabinet Member highlighted that the impact of business rate pooling may not be fully known until late November/early December 2012 due to the timing of the draft Local Government finance settlement. The advantages of a pooling system would mean reduced risk to the council as it would be less vulnerable to fluctuations in business rate income and there would be benefits of sharing economic growth and business development across the county. However there would be uncertainty and impact on income streams resulting from the loss of major business and the constrained ability to increase the business rates in the town.

The Leader of the Council explained that Leadership Gloucestershire had added value in taking this issue forward and cross county working seemed a sensible approach.

RESOLVED that Council be recommended to:

1. Agree in principle to be part of a Gloucestershire Business Rates Pool, subject to a thorough assessment of risks/rewards and agreement on satisfactory governance arrangements
2. Subject to a) above, to approve the submission of a proposal to the Government for a Gloucestershire Pool by the 19th October deadline

3. Delegate authority to the Section 151 Officer and Chief Executive to assess the risks/rewards and agree the business case for joining a Gloucestershire Business Rates Pool
4. Delegate authority to the Section 151 Officer and Chief Executive, in consultation with the Borough Solicitor, Leader of the Council and the Cabinet Member for Finance, to agree the governance arrangements for the operation of a Gloucestershire Business Rates Pool.

28. BRIEFING FROM CABINET MEMBERS

The Cabinet Member Sport and Culture updated Cabinet on the progress of the Leisure and Culture review process and referred to the briefing note which had been circulated with the agenda. She reported that following the stakeholder consultation events a set of outcomes were drawn up which formed an important part of the options appraisal process. Work had been progressing and 4 options were taken to the full option appraisal stage.

The financial assessment was proving challenging and complex. In terms of next steps the importance of keeping Cheltenham as a cultural destination and maintaining its artistic and cultural excellence was key in order to generate the greatest return financially, economically and socially to the town. A new trust had the potential to do this and strengthen the brand for physical and cultural wellbeing.

The Cabinet member reported that any options being considered should show how it would be superior in delivering the desired outcomes through services. The briefing note would be sent to key stakeholders and their feedback was eagerly awaited.

The Cabinet Member Sport and Culture also circulated a booklet to members on "The Day the Torch came to Cheltenham". This was created as a permanent archive of the event by Paul McKee, Arts Development Officer. Various artists were commissioned including a writer, poet, photographer and film maker to contribute to the booklet. The Cabinet member would be investigating ways on how this could be made available to the public.

**29. LOCAL GOVERNMENT ACT 1972 - EXEMPT BUSINESS
Resolved**

That in accordance with Section 100A (4) Local Government Act 1972 the public be excluded from the meeting for the remaining agenda item as it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public are present there will be disclosed to them exempt information as defined in paragraph 3, Part (1) Schedule (12A) Local Government Act 1972, namely :

Paragraph 3 : Information relating to the financial or business affairs of any particular person (including the authority holding that information)

**30. EXEMPT MINUTES OF THE MEETING HELD ON 17 JULY 2012
RESOLVED that the exempt minutes of the meeting held on 17 July be approved and signed as a correct record.**

31. ICT SUPPORT TO CHELTENHAM FESTIVALS LTD

The Cabinet Member Finance introduced the report which had been submitted to Cabinet as an urgent item due to financial lead in times. He explained that whilst Cheltenham Festivals was a separate organisation Cheltenham Borough Council provided in kind support for ICT networking and telephony. Increasingly as the festivals grew the demands on the ICT team were becoming more difficult to fulfil and were impacting on the core ICT service. The proposal to award a grant to Cheltenham Festivals would create scope for savings in the ICT commissioning review and avoid the potential cost of meeting the increasing service requirements of Cheltenham Festivals. The grant, which would be funded from the General Reserve, would cover the infrastructure set up and one year's maintenance cost.

Members supported the objectives of the report and paid tribute to the good working relationship between CBC and Cheltenham Festivals.

RESOLVED that Council be recommended to:

Make available a grant of £139k to Cheltenham Festivals to fund the establishment of independent ICT infrastructure and financing of the first year of independent maintenance support, to be met from the Council's General Fund Reserve.

Chairman

Cheltenham Borough Council

Cabinet – 16th October 2012

Budget Monitoring Report 2012/13 – position as at August 2012

Accountable member	Councillor John Rawson, Cabinet Member for Finance
Accountable officer	Paul Jones, Head of Financial Services
Accountable scrutiny committee	All
Ward(s) affected	All
Key Decision	Yes
Executive summary	To update Members on the Council's current financial position for 2012/13 based on the monitoring exercise at the end of August 2012. The report covers the Council's revenue, capital, treasury management and the housing revenue account. The report identifies any known significant variations (minimum £50,000) to the 2012/13 original budget and areas with volatile income trends.
Recommendations	<ol style="list-style-type: none"> 1. Note the contents of this report including the key projected variances to the original 2012/13 budget identified at this stage and the potential projected overspend of £281,000 for the financial year 2012/13. 2. Introduce a freeze on supplies and service expenditure budgets, where possible, until further notice, to be reflected in the revised 2012/13 budget. 3. If, following the more detailed monitoring process currently being undertaken as part of the budget setting process for 2013/14, the potential overspend is confirmed, take corrective action to ensure that the Council delivers services within the overall net budget for the year.
Financial implications	<p>As detailed throughout this report.</p> <p>Contact officer: Sarah Didcote, sarah.didcote@cheltenham.gov.uk, 01242 775154</p>
Legal implications	<p>None directly arising from the recommendations. The current legal position regarding Icelandic Banks is referred to in the report.</p> <p>Contact officer: Peter Lewis, Peter.Lewis@tewkesbury.gov.uk, 01684 272695</p>

<p>HR implications (including learning and organisational development)</p>	<p>Service Managers and the HR Advisors are continuing to work together to ensure vacancies are managed effectively. A request to recruit to a new or vacant post must be approved by the divisional Director. The decision to approve or reject the recruitment request is based on the business case outlining the impact on the service delivery and/or loss of income generation if the post were to remain unoccupied.</p> <p>Contact officer: Julie McCarthy , julie.mccarthy @cheltenham.gov.uk, 01242 264355</p>
<p>Key risks</p>	<p>As outlined in Appendix 1.</p>
<p>Corporate and community plan Implications</p>	<p>Key elements of the budget are aimed at delivering the corporate objectives within the Corporate Business Plan.</p>
<p>Environmental and climate change implications</p>	<p>None.</p>

1. Background

- 1.1 This report provides the second monitoring position statement for the financial year 2012/13. The purpose of this report is to notify members of any known significant variations to budgets for 2012/13 and highlight any key issues, allowing Members to take action if required.
- 1.2 Financial Services carry out a regular budget monitoring exercise for services in liaison with Directors and cost centre managers. This identifies any major variations from the current approved budget that are anticipated to occur in the financial year. The current approved budget is the original budget 2012/13 agreed by Council on the 10th February 2012, subject to any amendments made under delegated powers (for example supplementary estimates, virement, etc). Possible significant variations to revenue budgets are outlined in this report.
- 1.3 There is currently a freeze on spending against supplies and services budgets, where possible. This freeze should continue until further notice and any savings generated be incorporated into the 2012/13 revised budget, to partially offset the potential overspend detailed in table 2.1 below.

2. Net revenue position

- 2.1 The table below summarises the net impact of the variances identified at this stage in the financial year, projecting the position to the end of the financial year for all budget variances in excess of £50,000 and areas with volatile income trends, details of which are provided in paragraphs 2.2 to 3.2. A more detailed exercise will be undertaken as part of the revised budget cycle 2012/13 and reported in the next budget monitoring report in November 2012.

Significant budget variances	Overspend / (Underspend) £	para. ref:
Employee costs		
Shortfall in salary savings target	13,000	2.2
Built Environment		
Off Street car parking and fines– shortfall of income	128,000	2.5
Building Control – shortfall of income	50,000	2.6
Commissioning		
Residual Waste Collection – additional expenditure	30,000	2.9
Recycling Collection Schemes – net additional expenditure	50,000	2.10
Trade Refuse Collection – shortfall in income	50,000	2.11
Treasury		
Interest – net surplus General Fund	(40,000)	3.2
Total projected overspend	281,000	

2.2 Savings from employee costs

The 2012/13 original budget included a target of £480,000 from salary savings to be made throughout the council from vacant posts arising during the year. An assessment of the salary savings made in each Directorate over the last three years has been undertaken. This identified an average annual contribution to the savings target of £60,000 for service areas now forming part of Ubico. This target saving will be transferred from the general fund budget to Ubico as part of revised 2012/13 budgets.

- 2.3** An initial assessment of vacant posts (i.e. staff turnover) and restructures in the first five months of the year indicates that there is likely to be an overspend of £13,000 against the Cheltenham Borough Council general fund reduced annual budget target of £420,000.
- 2.4** An initial assessment of vacant posts (i.e. staff turnover) in the first five months of the year indicates that there is likely to be an overspend of £18,000 against the Ubico annual budget target of £60,000. However, this is as a result of seasonal trends in the employment of agency labour over the summer months and it is likely that this target will be achieved by the year end.

Off-street Car Parking Income

- 2.5** The income position for off-street car parking to the end of August is falling short of target by around £45k, which equates to around 2.9% of the target. A corresponding shortfall in fine income is also being generated, with income being around £8k down against target. Should these trends continue as currently anticipated, car parking income is likely to be £108,000 short of target, and fine income down by around £20,000. This will leave a total forecasted shortfall against income targets of around £128,000. Future budget monitoring reports will provide updated positions with a greater degree of accuracy.

Building Control fees

- 2.6** The joint Building Control Service for Cheltenham and Tewkesbury has had another hard year caused by the general decline in the economy and also the weakness of the construction industry. The team has worked hard to attract work within the competitive environment in which they operate and have had some successes but until the economy revives it is unlikely that income will be substantially increased.
- 2.7** The budgeted income for Cheltenham Borough Council Building Control is £388,800 in 2012/13 and it seems unlikely that this target will be achieved. Some income is expected from new developments such as the works at North Place but these can not be guaranteed at this time.
- 2.8** Currently income of £168,868 has been achieved for the Cheltenham area. If income stays at the same rate for the remainder of 2012/13, there is likely to be about £45,000 - £50,000 shortfall against target at the year end. This budget will need to be reviewed as part of the 2013/14 budget setting process. As a result of the restructure process undertaken in April a small salary saving of £23,000 has been made and this may be used to help offset any potential budget shortfall.

Commissioning - Ubico

2.9 Residual Waste Collection

This cost centre is overspent by £30,000 due to additional employee and transport costs arising from the amount of side waste which is being generated and collected. The council is rolling out revised procedures for the enforcement of side waste and closed bins which will aim to reduce the amount of waste which is being sent to landfill. . A variation order will need to be agreed between Ubico and the Council.

2.10 Recycling Collection Schemes

This cost centre is overspent by £65,000 as a result of an additional collection round being operated following an increase in volume of recyclate. This increase has been on-going from the 2011/12 revised budget following the introduction of the fortnightly residual collection service. A review of service delivery is planned which should help alleviate this overspend in the second half year and a variation order will need to be agreed. This is offset by an increase in income for recyclate and recycling credits within the commissioning budgets of £15,000. The net overspend is therefore expected to be £50,000 for 2012/13.

2.11 Trade Refuse Collection

There is an expected shortfall in trade refuse collection income of £50,000 for 2012/13 as a result of the loss of a trade contract with effect from September 2012. This loss of income is not expected to be recovered in 2012/13.

3. Treasury Management

3.1 Icelandic Banks

Members will be aware that the Council has outstanding loans with the Icelandic owned banks Glitnir, Landsbanki and Kaupthing, Singer & Freidlander (KSF). Since the decision was made by the Icelandic Supreme Court that Local Authority wholesale depositors are considered preferential creditors, both the Landsbanki and Glitnir Winding up Boards have made repayments to the Council, with further amounts expected in the future.

Details of amounts recovered in 2012/13 to date, together with an explanation of their accounting treatment, were provided in the Financial Outturn 2011/12 and Budget Monitoring to May 2012 report to Council on 19th June 2012. There are no further developments to report since this date. Full details of the history and current expected recovery of these outstanding loans is also included in the 2011/12 Statement of Accounts.

3.2 Treasury Management Activity

There is a predicted surplus of interest of £40,000 to report on Treasury Management within the general fund for 2012/13. Lending interest is forecast to be around £10,000 better off compared to the original budget due to holding higher balances on the Council's Call Accounts than forecast in late 2011, and also being able to lend for longer periods. Temporary borrowing interest is predicted to be around £30,000 lower than predicted for the 2011/12 original budget. It has been the strategy of the treasury team to repay temporary debt with maturing investments and this has reduced the need to borrow on a daily cash flow basis.

4. Capital expenditure

4.1 There are no significant variances to the 2012/13 original capital budgets at this time. A detailed exercise will be carried out as part of revised 2012/13 budgets to ensure that these schemes are being delivered as planned within the allocated capital budgets.

5. Programme maintenance expenditure

5.1 All the work that has been planned for completion in 2012/13 remains as scheduled. However, a detailed exercise will be undertaken in putting together the revised budgets to ensure that the priorities in place remain appropriate.

6. Housing Revenue Account (HRA)

6.1 HRA Capital Programme

The HRA budget for 2012/13, approved in February 2012, estimated a surplus of £1,346,600 for the year which, after debt repayment of £1,392,000, would result in a balance of £2,666,400 to be carried forward in revenue reserves at 31st March 2013.

6.2 Currently identified variations to the budget are as follows:-

The outturn position for 2011/12 showed an increased level of reserve at 31st March 2012 of £3,096,500 (previously estimated at £2,711,800).

The current forecast for capital expenditure is now £5,329,000 compared to the original estimate of £5,192,000. This reflects both the approval of an additional £300,000 for a pilot scheme installing photovoltaic panels and a delay in the replacement of alarm call systems in sheltered schemes whilst further option appraisal work is undertaken.

6.3 The net impact of these variations will be to reduce the forecast surplus to £1,209,600 but leave an enhanced balance of £2,914,100 in reserve at 31st March 2013.

6.4 No other significant variations have been identified at this time.

7. Council tax and Business rates collection

7.1 The monitoring report for the collection of council tax and business rates (NNDR) income is shown in Appendix 2. This shows the position at the end of August 2012 and the projected outturn for 2012/13.

8. Sundry debt collection

8.1 The monitoring of the collection of sundry debts is ongoing and there are no significant matters to report. A detailed monitoring report for the collection of sundry debt income will be provided in the next budget monitoring report, for the position to the end of November 2012.

9. Section 151 Officer advice

9.1 The council has a sound track record for delivering services within budget. Members will recall that the budget monitoring position to the end of August 2011 projected an overspend for the year of £476,400. Measures were put in place which enabled the council to address the potential in year budget deficit and delivered services within the resources available resulting in a budget saving of £149,777 in 2011/12.

9.2 The monitoring report is clearly an estimated position and there are many variables which may result in a more favourable outturn for the year than currently predicted. The position is not unexpected given the impact of the current economic climate on investment interest and car parking income.

9.3 As a precautionary measure, it is recommended that service managers look to mitigate this projection by freezing expenditure on external supplies and services expenditure budgets, where possible, until further notice, to be reflected in the revised 2012/13 budget.

10. Conclusion

- 10.1** This report summarises the results of a broad monitoring exercise at an early stage in the year which reports a position which may result in the identification of further projected net variances identified during the more detailed budget monitoring exercise referred to above.
- 10.2** The continued impact of the economic recession present particular concerns for the council's budgets. It is clearly important to ensure that budgets are more closely monitored over the coming months with a view to taking action at a future date, if necessary, in order to ensure that the Council delivers services within budget.

11. Consultation

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

Report author	Contact officer: Paul Jones paul.jones@cheltenham.gov.uk, 01242 775154
Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Council Tax and NNDR collection
Background information	<ol style="list-style-type: none"> 1. Section 25 Report – Council 10th February 2012 2. Final Budget Proposals for 2012/13 – Council 10th February 2012

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1.	Unable to take corrective action in respect of reduced income streams.	Cabinet	June 2010	3	6	18	Reduce	In preparing the revised budget for 2012/13, SLT to consider the options for offsetting reduced income streams by analysing and reducing the level of expenditure across the Council.	December 2012	SLT	Corporate Risk Register
2.	Requirement to fund projected overspend from General Balances would result in General Balances falling below the minimum range of £1.5m to £2m set by the Chief Finance Officer.	Cabinet	June 2010	3	6	18	Reduce	In preparing the revised budget for 2012/13, an exercise to realign earmarked reserves will be undertaken in order to strengthen the level of General Balances.	December 2012	Chief Finance Officer	Corporate Risk Register

Guidance

Types of risks could include the following:

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

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

Risk ref

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

Risk Description

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

Risk owner

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

Risk score

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

Control

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

Action

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

Responsible officer

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

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

Transferred to risk register

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

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Council Tax and Business Rates Collection Rates 2012-2013

Business Rates 2012/2013

Current Year Charges - 2012/2013			
Period	% Collected As at 31.08.12	August 2012 Target As at 31.08.12	2012/2013 Target As at 31.03.13
Comparison with 2011/2012	54.74%	55.70%	98.85%
	As at 31.08.11		% Collected 31.03.12
	55.67%		98.78%
			Top Quartile
			N/A
			Revised 2012/2013 Target As at 31.03.13
			N/A
			Comments
			The current collection rate is slightly below the target for the end of August and lower than at the same time last year. The position can fluctuate throughout the year and at this stage we are optimistic that we can achieve the year end target of 98.85%

Previous Years Charges Outstanding in Current Year (2012/2013)

Period	Previous Year Debts Outstanding As at 31.08.12	August 2012 Target As at 31.08.12	2012/2013 Target As at 31.03.13
Comparison with 2011/2012	£541,886	£500,000	£255,000
	As at 31.08.11		Amount o/s 31.03.12
	£506,092		£264,699
			Top Quartile
			N/A
			Comments
			The arrears are slightly higher than the target and also higher than at the same time last year. We are monitoring the position closely and working with any businesses having difficulty in paying. At the moment we are optimistic that we can achieve the year end target of £255,000.

Council Tax 2012/2013

Current Year Charges - 2012/2013			
Period	% Collected As at 31.08.12	August 2012 Target As at 31.08.12	2012/2013 Target As at 31.03.13
Comparison with 2010/2010	48.50%	48.30%	98.25%
	As at 31.08.11		% Collected 31.03.12
	48.29%		98.23%
			Top Quartile
			N/A
			Revised 2012/2013 Target As at 31.03.13
			N/A
			Comments
			The current collection rate is slightly higher than the target and higher than at the same time last year. We continue to monitor collection levels closely but are optimistic that we will achieve our year end target which is 98.25%

Previous Years Charges Outstanding in Current Year (2012/2013)

Period	Previous Year Debts Outstanding As at 31.08.12	August 2012 Target As at 31.08.12	2012/2013 Target As at 31.03.13
Comparison with 2010/2010	£1,273,317	£1,220,000	£790,000
	As at 31.08.11		Amount o/s 31.03.12
	£1,195,704		£802,330
			Top Quartile
			N/A
			Revised 2012/2013 Target As at 31.03.13
			N/A
			Comments
			The arrears are slightly higher than the target and also higher than at the same time last year. Again, we are monitoring the position closely and working with council tax payers having difficulty in paying, but at the moment remain optimistic that we can achieve the year end target of £790,000.

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Cheltenham Borough Council

Cabinet – 16 October 2012

Budget strategy and process 2013/14

Accountable member	Cabinet Member for Finance, Councillor John Rawson
Accountable officer	Director of Resources (Section 151 Officer), Mark Sheldon
Accountable scrutiny committee	Budget Scrutiny working group
Ward(s) affected	All
Key Decision	Yes
Executive summary	The purpose of this report is to propose a broad strategy and outline a process for setting the budget, housing rents and council tax for 2013/14. It outlines a number of principles that need to be established at this stage to enable budget preparation to commence.
1. Recommendations	<p>That Cabinet:</p> <ol style="list-style-type: none"> 1. Approve the budget setting timetable at Appendix 2. 2. Note the estimated funding gap for 2013/14 of £0.95m-£1.2m and the steps taken to close it at Appendix 3. 3. Approve the budget strategy outlined in section 4 below. 4. Delegate to the Section 151 Officer, in consultation with the Cabinet Member for Finance, to consider the suggestions from the Budget Scrutiny Working Group in preparing the interim budget proposals for 2013/14 as outlined in section 5.

Financial implications	<p>This report sets out the budgetary process for 2013/14 and the general financial parameters under which the budget will be prepared.</p> <p>Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
Legal implications	<p>The budget process is governed by the Budget and Policy Framework Procedure Rules (contained in the Council Constitution) and the process recommended in this report is designed to meet and exceed the requirements of those Rules.</p> <p>Contact officer: Peter Lewis, peter.lewis@tewkesbury .gov.uk, 01684 272012</p>

HR implications (including learning and organisational development)	None at this stage, other than the need to ensure proper consultation with staff and trade unions in relation to the budget. Contact officer: Julie McCarthy, julie.mccarthy@tewkesbury.gov.uk, 01242 264355
Key risks	The Council, as part of its work on corporate governance, has a corporate risk management strategy and corporate risk register, which highlights key risks to the organisation in achieving business objectives. The high level risks will need to be addressed as part of the budget process and may require additional resources or the re-direction of existing resources to mitigate unacceptable levels of risk. These risks are regularly reviewed by the Corporate Governance Group and Cabinet and the Overview and Scrutiny Committee have the option to scrutinise any aspect of the risk register. See risk assessment at Appendix 1.
Corporate and community plan Implications	The annual budget aims to deliver the outcomes defined by the Council's corporate business plan and resourcing should be aligned to the delivery of corporate plan priorities.
Environmental and climate change implications	None arising from this report

1. Background

- 1.1 The responsibility for preparing the budget in line with the Council's policy framework, taking proper account of technical and professional advice and presenting proposals to Council for approval, lies with the Cabinet.
- 1.2 It is customary for the Cabinet Member for Finance, at this time of year, to present a report on the budget process. In view of the scale of the budget funding gap and the political balance of the Council, this report aims to outline a process designed to arrive at an acceptable budget.

2. Budget / business planning timetable

- 2.1 The budget and policy framework requires that the Council publish a timetable setting out the key dates in the budget setting process. A draft budget timetable, attached for approval at Appendix 2, sets out the sequence of events leading up to the setting of the budget and council tax level for the Council for 2013/14 and the Council business plan.
- 2.2 The timetable allows sufficient time to consider alternative budget proposals or amendments put forward to the budget proposed by the Cabinet.
- 2.3 The following fundamental principles, established in previous budget rounds, are incorporated into the process of determination of the budget for 2013/14.
- Cabinet make timely decisions in order to assist the officers in presenting the budget proposals to Cabinet and Council in accordance with the timetable.
 - Opposition parties work up alternative budget proposals ready for initial budget meeting in February 2013, validated by Financial Services.
 - Members aim to set Cheltenham Borough Council's budget and council tax at the initial Council meeting.

3. The national funding scenario

- 3.1** In August 2012, the Public Sector Borrowing Requirement for the year stands at £44.9bn, up from £35.6bn from the same period in 2011. This puts the UK's net debt at £1.032bn, or 65.7% of GDP according to the Office for National Statistics. Not brilliant but a far cry from the 231% high seen in 2008. If the UK keeps borrowing at the current rate, the Office for Budget Responsibility predicts that public borrowing will hit £119bn for the whole of the financial year. This would be a significant step backwards in dealing with the deficit.
- 3.2** These figures suggest that the Chancellor of the Exchequer could be forced to make deeper cuts to public spending to meet his target of eliminating the structural deficit by 2017.
- 3.3** The Government funding strategy is shifting towards rewarding councils for growth, both housing and employment. The top slicing of money for New Homes Bonus and proposed pooling of business rates will redirect funding to those councils which embrace growth. Since there is not likely to be any more money overall, these funding streams will potentially be offset by reduction in traditional RSG funding and, there is the potential for considerable uncertainty about future funding streams and a significant risk to the Council if we do not support housing and employment growth.
- 3.4** The Government is currently consulting on a new Business Rates Retention system of allocation of resources which will impact on the overall grant settlement the Council will receive. At present it is unclear what the full impact of the options under this new system will have on the Council in 2013/14 and ongoing.
- 3.5** The budget process this year will be challenging given many uncertainties around both the expenditure of the Council due to budget pressures from items such as the localised Council Tax Benefit scheme and also the financing aspects with the radical changes to the financing of local government through the Resource Review. Both these elements will bring risk and uncertainty into the budget process which officers will highlight later in the year.
- 3.6** Given this uncertainty, there is no clear view about future funding levels and Section 151 officers across the country are finding it difficult to project forward and are in agreement that certainty will only come in the funding settlement in December 2012.
- 3.7** Cheltenham Borough Council has already had its RSG funding cut by 23.23% since 2010. This has placed tremendous pressure on finances and services. Previous Government announcements suggested we would be facing a further 5% cut in 2013/14, but the cut may well be significantly more.

4. 2013/14 and MTFS funding gap

- 4.1** Included in the budget presented to Council in February 2012 was an estimate of the Medium Term Financial Strategy (MTFS) which identified a funding gap of £735k for 2013/14 between what the Council will need to spend to maintain services and what it can spend assuming an illustrative council tax increase of 2.5%. The MTFS also identified a funding gap over the period of the MTFS (2013/14 – 2017/18) of £2.1m.
- 4.2** The MTFS projections have been updated, at Appendix 3 to reflect local factors (scenario 1) and modelled to reflect a potential greater than planned funding cut for planning purposes (scenario 2). These indicate the MTFS gap increasing to £3.3m, due to developments outside our control such as the benefits funding cut as a result of the localisation of council tax benefit, the impact of the global financial markets on the council's pension fund in addition to the potential for a deeper cut in government funding.

5. Cabinet Budget Strategy

- 5.1 To date, the Council's 'Bridging the Gap (BtG)' programme has been largely successful in managing the funding gaps over recent years with over 5m generated annually from BtG work streams including service reviews, shared services, increased income generation, assets management initiatives etc. This has made it possible to adopt a more strategic approach to identifying savings rather than relying on 'salami slicing' of budgets.
- 5.2 The starting point for constructing the 2013/14 budget has been a MTFS funding gap of £954,946. An energetic and proactive approach to identifying budget savings, carried out as part of the BtG programme has bridged the gap with £14,254 to spare, assuming a 3.5% council tax increase and a freeze on parking charges at existing levels. However this assumes that there will be a 5% cut in RSG, which could well be an underestimate.
- 5.3 In all, £1,089,200 of savings and additional charges have already been identified and included in the 2013/14 budget – a remarkable achievement. However, this is work in progress at present, and further savings are in the process of being identified in case the Government's local government finance settlement is significantly worse than expected.
- 5.4 The BtG programme has also started to develop a 'Bridging the Gap Strategy' which indicates broadly how the Council may close the projected funding gap over the period of the MTFS. It includes savings targets rather than necessarily specific worked up projections of cost savings and includes the accommodation strategy (based on the high level option appraisal work); sharing ICT; asset rationalisation; future waste initiatives and savings targets for commissioning reviews.
- 5.5 One of the key changes in the BTG proposals is the increased use of New Homes Bonus money to support the budget. The potential growth of income from the New Homes Bonus, and the fact that it 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. For this reason, the intention is to use £200,000 of the New Homes Bonus money each year to top up the 20 year maintenance fund, removing the need to increase the base revenue budget contribution to this fund.
- 5.6 The BtG projections indicate potential shortfalls in some of the years against the savings target. The Council may take the view that if the longer term strategy for closing the gap is robust and it is confident about delivery, then it could justifiably meet the shortfalls from one off sources.
- 5.7 The Cabinet's key aims in developing an approach to the budget are to:
- Protect frontline services, as far as possible
 - Develop longer term plans for efficiencies over the period of the MTFS including increasing emphasis on shared services and the development of new models of service provision through commissioning.
- 5.8 The Government introduced legislation through the Localism Act to require councils proposing what it regards as an excessive rise in Council Tax (over 3.5% in 2012/13) to hold a local referendum allowing the public to veto the rise. This legislation will need to be considered later in the budget process when we consider financing of the overall budget and when the Secretary of State has announced both the settlement figures and referendum criteria.

Service growth

- 5.9 The Cabinet's initial approach is that, given the difficult financial situation, there should be no growth in services except where there is a statutory requirement or a compelling business case for an 'invest to save' scheme.

- 5.10 Officers and members will need to base decision-making, particularly requests for additional resources, upon the priorities in the Council's business plan. The Budget Scrutiny Working Group and the Overview and Scrutiny Committee will be invited to review and feedback to the Cabinet their priorities for relevant bids received. These priorities will be considered by the Cabinet in pulling together the consultation budget.

6. Budget Scrutiny Working Group

- 6.1 In February 2011, the Council agreed to set up a Budget Scrutiny Working Group with the following terms of reference:

- To consider options for bridging the funding gap i.e. proposals for charging or reduction in expenditure
- To review the work programme for commissioning and options being considered
- To develop members' scrutiny skills and understanding of financial matters
- To develop the approach to budget consultation

- 6.2 This strategy report has already been considered by this Group and I am keen that this this Group should play a significant part in developing and supporting the budget process.

7. Budget Setting Process 2013/14 – key stages

- 7.1 In approaching the budget setting process for 2013/14, the Cabinet will endeavour to adhere to some well established principles designed to deliver budget proposals in a timely manner following proper process, including:

- Tabling one-off money for debate at earliest opportunity
- Requirement for early and clear direction input from Cabinet and Senior Leadership Team
- Ensure Financial Services maintain strong role in moderating process
- Director of Resources (Section 151 Officer) leads and advises on strategic budget issues
- Agree Cheltenham Borough Homes (CBH) management fee and Housing Revenue Account (HRA) budget as early as possible
- Maintain good communications between Chief Executive, Senior Leadership Team, Council Leader, Cabinet Member for Finance and Director of Resources (Section 151 Officer) over budget progress / issues.
- Ensure clarity of savings achieved from procurement.
- Align the Senior Leadership Team behind a collective approach to resolving budget gap issue.
- Include the Overview and Scrutiny Committee and the Budget Scrutiny Working Group in the budget process

- 7.2 The proposed key stages in the process for setting the budget for 2013/14 are summarised in the timetable at Appendix 2 and are detailed below. The timing of events may change as the process develops.

Publication of budget timetable

- 7.3 The Cabinet will publicise a budget timetable by including this in its Forward Plan and via other media.

Budget preparation

- 7.4 Between October and November 2012, the Cabinet Member for Finance and officers will work

with the Cabinet towards the creation of 'interim budget' proposals which will incorporate the following:

- A standstill budget projection prepared under a general philosophy of no growth in levels of service. Inflation for contractual and health and safety purposes will only be allowed where proven at the appropriate inflation rate.
- There has been a Local Government pay freeze for three consecutive years (2010/11, 2011/12 and 2012/13). Given that a three year freeze has now been completed and given that an increase in some employee's pension contributions is expected from April 2014, it is felt prudent for the Council to include an allowance for pay inflation in 2013/14 for staff of 1%. This is less than current CPI (2.6% in July 2012) but is likely to be a more realistic level of pay increase within the sector given the Chancellor's public sector pay cap of 1% announced in the last budget.
- The current MTFs assumes inflation on fees and charges at an average rate of 2.5% (excluding the VAT increase) annually over the 5 year period. This increase will be assumed in the preparation of the standstill budget and any deviation from this will form part of the interim budget proposals. At this stage the Cabinet intends to freeze car parking income and has already modelled the impact of this in the MTFs projections at Appendix 3.
- The impact of prevailing interest rates on the investment portfolio will be assessed in preparing the budget. The Treasury Management Panel will consider the position in respect of treasury management activity during the budget setting cycle, including the latest position in respect of Icelandic banks.
- An assessment of the charges to be made to Cheltenham Borough Homes and the Housing Revenue Account including assessing the impact on the General Fund of the changes to the housing subsidy system.
- A council tax increase of 3.5% has been used for modelling purposes.
- Proposals for service growth (invest to save schemes only).
- An updated assessment of the MTFs incorporating the financial assessment of the Business Plan tasks and any updated estimates for future funding pressures and sources of income.

Publication of initial budget proposals

- 7.5 The Cabinet will present its initial budget proposals and publish them for consultation in line with the advertised plan. The initial budget proposals will include all general fund revenue, capital and housing revenue account estimates to meet a balanced budget, together with assumptions made on future council tax and rent levels.

Budget Consultation

- 7.6 The Cabinet considered whether to repeat the significant budget consultation of the summer of 2010 but concluded that the results may be similar and it would not add any further value. As a result of that consultation, a residents' focus group was formed which has met annually since to consider budget proposals and it is the Cabinet's intention to repeat this again this year. In addition to the formal budget consultation, some targeted consultation around specific issues, particularly those arising from commissioning, may be undertaken.
- 7.7 The formal budget consultation period will be no less than four weeks and will take place during December 2012 to January 2013. The Cabinet will seek to ensure that the opportunity to have input into the budget consultation process is publicised to the widest possible audience. During the consultation period all interested parties will be welcome to provide feedback on the initial

budget proposals. Groups, businesses, tenants, residents, staff and trade unions will be encouraged to comment on the initial budget proposals at this time. They will be asked to identify, as far as possible, how alternative proposals complement the Council's business plan and community plan, how they will be financed, and how they will help the Council to achieve best value. Presentations will be made to key business groups as part of the consultation process.

- 7.8** The Budget Scrutiny Working Group and Overview and Scrutiny Committee will be invited to review the interim budget proposals in the meetings scheduled for January 2013 and feed any comments back to the Cabinet.
- 7.9** Whilst the Cabinet will be as flexible as possible, it is unlikely that any comments received after the consultation period can be properly assessed to consider their full implications and to be built into the budget. Accordingly, if alternative budget proposals are to come forward, this should happen as early as possible.
- 7.10** All comments relating to the initial budget proposals should be returned to the Section 151 Officer by the end of the consultation period for consideration by the Cabinet in preparing their final budget proposals. Consultation questionnaires will be available in key locations and for completion on line via the Council's website. Comments can be e-mailed to moneymatters@cheltenham.gov.uk.

Assessment of alternative Budget Proposals

- 7.11** It is important that any political group wishing to make alternative budget proposals should discuss them, in confidence, with the Section 151 Officer and / or the appropriate s are properly identified. Executive Director / Director / Chief Executive (preferably channelled through one Group representative) to ensure that the purpose, output and source of funding of any proposed change
- 7.12** Given the financial pressures and the potentially very difficult decisions which will have to be made, it is very 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.

Final Budget Proposals and Council Approval

- 7.13** At the end of the consultation period, the Cabinet will draw up firm budget proposals having regard to the responses received. In drawing together its budget proposals to Council the report will reflect the comments made by consultees and the Cabinet's response. The firm budget proposals will be presented to Council at the budget setting meeting for decision in February 2013.

8. Housing Revenue Account

- 8.1** Draft proposals for the Housing Revenue Account will also form part of the same process for considering the General Fund revenue and capital budgets.
- 8.2** The financial projections contained in the HRA Business Plan are currently being updated to reflect revised estimates for:
- Need to spend on stock investment and maintenance,
 - Subsidy changes,
 - Stock numbers,
 - Rent and service charge income.

- 8.3 The revised projections will be available to inform decisions on the level of management and maintenance and capital investment in 2013/14 (to include fees payable to Cheltenham Borough Homes and administrative charges from Council Divisions).
- 8.4 The HRA financial strategy adopted by the Council in recent years has been to seek ongoing efficiency savings in management and maintenance, to retain a contingency balance of approximately £1 million on the account and use any surplus resources to fund capital investment in the stock.
- 8.5 Now that the Decent Homes programme is completed, future investment will focus on retaining the decency standard and further neighbourhood works including the potential to build new social housing using the funding 'headroom' following the abolition of the housing subsidy system.

9. Reasons for recommendations

- 9.1 The Council is required to agree a budget process and timetable.

10. Alternative options considered

- 10.1 The process for considering alternative budgets is set out above.

11. Consultation and feedback

- 11.1 The consultation process is described fully above. In view of the size of the challenge the Council faces in setting the 2013/14 budget, consultation has already commenced with trade unions.

12. Performance management – monitoring and review

- 12.1 The delivery of savings and additional income proposed as part of the budget will be monitored through the Bridging the Gap programme which meets monthly with the Cabinet Member for Finance.

Report author	Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123
Appendices	<ul style="list-style-type: none"> 1. Risk Assessment 2. Budget timetable (this is currently being worked and will be available for the Cabinet meeting) 3. Funding gap projection
Background information	<ul style="list-style-type: none"> 1. RSG projections 2012/13 – 2013/14 2. MTFS 2012/13 to 2016/17

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 bridge the gap in the medium term financial strategy then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision	Director of Resources Mark Sheldon	1/9/2010	3	4	12	Reduce	A budget strategy report and projection has been developed to include 'targets' for work streams to close the 2 funding scenarios i.e. with the current projection of cuts and a deeper level of cuts. Further work streams have been developed to close the projected funding gap for 2013/14.	On-going	Mark Sheldon	1/9/2010
	Considerable uncertainty in funding streams including localisation of council tax benefit scheme, changes in the local government Resource Review i.e. top slicing of New Homes Bonus, business rates localisation and the resulting impact on Revenue Support grant.	Director of Resources Mark Sheldon	28/9/12	4	4	16	Reduce	Update Cabinet with latest views during the budget process.	On-going	Mark Sheldon	

	Uncertainty and impact on income streams as a result of the introduction of the business rates retention scheme in April 2013 resulting from the loss of major business and the constrained ability to grow the business rates in the town.	Mark Sheldon	14/09/2012	4	4	16	Accept & Monitor	Join Gloucestershire pool to share the risk of fluctuations in business rates revenues retained by the council. Work with members and Gloucestershire LEP to ensure Cheltenham grows its business rate base.	On-going On-going	Jayne Gilpin Mike Redman	
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Budget / Business Planning Process 2013/14 – Timetable of key stages / dates

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July - September 2012	SLT / Service Managers work with the Bridging the Gap programme to identify options for savings and additional income
1st October - 14th December 2012	Calculate provisional NNDR1 estimate 2013/14
2nd October 2012	Budget Working group - review the draft budget strategy before the reporting to Cabinet in October.
18th October 2012	Joint Liaison Forum - Section 151 Officer / HR to discuss the emerging budget and staff implications
12th October 2012	Deadline to submit taxbase calculation - applicable date is 12th October 2012 (CTB1 figure used in RSG calculation).
16th October 2012	Cabinet approve the budget strategy - guidelines, timetable and estimated funding gap for 2012/13 and the Cabinet's approach to the budget / MTFS
1st November 2012	Deadline for preparation of standstill budget on basis of no growth and further detailed analysis of under spends / additional income.
tba - mid November 2012	Budget Working group - consider input to interim budget proposals and report direct to Cabinet.
18th November 2012	CBH - deadline for review of support to CBH / HRA
19th November 2012	Treasury Management Panel to consider budget estimates for treasury management budget assumptions.
Week commencing 19th November 2012	Briefing Cabinet Member on HR implications on budgets including potential redundancies
Week commencing 19th November 2012	Posts at risk of redundancy to be confirmed by Directors
Week commencing 19th November 2012	Directors in consultation with HR identify redundancy selection pools prior to preparation of at risk and consultation letters.
Week commencing 19th November 2012	HR to prep consultation/at risk letters
22nd November 2012	Joint Consultative Committee - briefing on HR implications on budgets including potential redundancies, consult on areas being considered for redundancy, issue statutory S188 notification of posts being considered for redundancy, present the draft "at risk" and "consultation" letters for
1st December 2012	Recalculate taxbase figure for Section 151 Officer sign off under delegated powers and production of briefing note for Cabinet Deputy
3rd December 2012	"at risk" and "consultation" letters distributed to line managers ready for distribution.
3rd December 2012	"at risk" and "consultation" letters issued by line managers.
14th December 2012	Confirm provisional NNDR1 estimate to County Council and DCLG
17th December 2012	Council to approve Council Tax Support Scheme and the New Council Tax Discounts on Empty Properties for 2013/14
18th December 2012	Cabinet present interim budget proposals for consultation including proposals for growth, savings and levels of fees and charges and projection of the Medium Term Financial Strategy (MTFS).
19th December 2012 to 18th January 2013	Cabinet consult on budget proposals including Overview and Scrutiny committee, public and the business community.
January 2013	Finance Settlement.
7th January 2013	Budget Working group - review consultation and make recs to O&S committee on budget
10th January 2013	O&S Committee consider recommendations from budget working group and forward to Cabinet/Council
11th January 2013	Recalculate taxbase and confirm or amend figure under delegated powers, if necessary.

14th January 2013	Approve final NNDR1 estimate and advise County Council and DCLG
14th January 2013	Advise all precepting authorities (including parishes) re. relevant taxbase figures
28th January 2013	Treasury Management Panel – consider final recommendations to Cabinet in respect of treasury management activity.
1st February 2013	Deadline for submission of alternative budget proposals to Financial Services for validation.
5th February 2013	Cabinet present final budget proposals including response to consultation exercise.
8th February 2013	Council meet to approve Cheltenham Borough Council budget only - approve proposed Cabinet or alternative budget (approved in principal).
8th February 2013	Police Authority approve budget and council tax level.
11th February 2013	Special council meeting (if required) – meets the requirement for the proper officer to call a council meeting to discuss objections to an alternative budget within 7 days of receipt of objections.
22nd February 2013	Council meet to approve the Council tax resolution (includes GCC and police tax) – last day for Council to approve any proposed budget.
23rd February - 27th February 2013	Council tax charge calculation / bill file creation.
Week beginning 25th February 2013	Application of redundancy selection criteria by Directors/Service Managers where required.
22nd February 2013	Final amendments to council tax leaflet/sign off for printing
26th February - 28th February 2013	Billing information sent to printers.
Week Commencing 25th February 2013	Redundancy notice letters (or stand down letters) prepared by HR. 1st March 2013 – redundancy notice letters (or stand down letters) distributed to managers for distribution on the 4th March 2013.
4th March 2013	Managers issue redundancy notification (or stand down letters) to those for whom redundancy selection criteria need not apply (maximum notice periods = 12 weeks/3 months)
Week commencing 4th March 2013 and through notice periods	HR guide and support managers to work with their employees under notice of redundancy to seek alternative CBC employment (for those with little service their notice might only be 1 month, therefore redeployment prospects significantly reduced).
1st - 4th March 2013	Council tax booklets to be delivered to printers/CBC
By 12th March 2013	Bills to be issued (14 days notice required before first payment - some payments due on 1st April)
7th April 2013	First (earliest) dismissal likely to take effect, assumes notice given on 4th March 2013
Summer 2014	Budget Working group - seminars with Directors to educate members on service direction of travel / issues

*Need to make staff available at short notice, for meetings with the trade unions for the purpose of ensuring genuine consultation i.e. to receive and continue discussions around ways of reducing the number of potential redundancies, mitigating or avoiding them in the run up to week before the papers final budget papers are distributed. This is essential to demonstrate a genuine approach to consultation and to be willing to explore those alternatives before decisions are made.

Consultation Timetable

Trade Unions

19th November 2012 – 5th February 2013 (79 days) for Cabinet proposals

19th November 2012 – 8th February 2013 (82 days) for Council decision.

Employees

3rd December 2012 – 5th February 2013 (65 days) for Cabinet proposals

3rd December 2012 – 8th February 2013 (68 days) for Council decision.

First dismissal – 7th April 2013

Last dismissal – 9th June 2013

BRIDGING THE GAP STRATEGY - SCENARIO 1						
	2013/14	2014/15	2015/16	2016/17	2017/18	Total
MTFS Gap	954,946	597,929	644,865	354,191	248,172	2,800,103
Total Current MTFS Funding Deficit	954,946	597,929	644,865	354,191	248,172	2,800,103
Organisational changes						
Remove essential/regular car user status	15,600					15,600
Delivered staff restructures	43,900					43,900
Senior Management Team review		100,000	50,000	50,000		200,000
Built Environment Management Restructure	52,700					52,700
Economic Development Restructure	20,000					20,000
Retained organisation savings					50,000	50,000
Shared Services						
Establishing Ubico with Cotswold District Council	93,000					93,000
GO shared services	269,700					269,700
Tewkesbury Borough Council joining Ubico	45,400					45,400
Shared Project Management with Forest of Dean	15,600					15,600
Shared GIS with Forest of Dean	30,000					30,000
Commissioning						
L&C Review	50,000		500,000			550,000
Trade Waste service review			50,000			50,000
Review of Arle Nursery					50,000	50,000
ICT Review			100,000			100,000
Revenues & Benefits Review					50,000	50,000
Joint Management Unit for Waste					100,000	100,000
Income						
Freeze on car parking charges	-120,000					-120,000
Council tax increase of 3.5%	80,000					80,000
Planning fee income rise 15%	60,000					60,000
Townscape/Conservation planning advice	5,000					5,000
Fees & Charges Review inc. concessions			30,000			30,000
Provision of mortgages - interest				20,000		20,000
Asset Management						
Remove annual increase contribution to Programme Maintenance Reserve	200,000	200,000	200,000	107,000		707,000
Rationalisation of asset portfolio			30,000		30,000	60,000
Accommodation Strategy				100,000	100,000	200,000
Other						
Additional allotment sites	5,000					5,000
Supplies & services savings	3,300	12,000	10,300	10,000	10,000	45,600
Additional recharge to HRA / CBH	69,000					69,000
Single Advice Contract tender saving	22,000					22,000
Reduction in Everyman Grant	5,000	5,000	5,000			15,000
Reduction in grant to Regeneration Partnerships	4,000	4,000	4,000			12,000
Reduction in grants			30,000			30,000
Total Savings/Income over MTFS	969,200	321,000	1,009,300	287,000	390,000	2,976,500
shortfall / (surplus) against MTFS Funding Gap	-14,254	276,929	-364,435	67,191	-141,828	-176,397
Potential 'one off' funding contribution to support budget due to timing of savings delivery	14,254	-276,929	364,435	-67,191	141,828	176,397

* Make one-off contributions to Programme Maintenance reserve from New Homes Bonus
 NB: traffic lights denote risk associated with delivery

BRIDGING THE GAP STRATEGY - SCENARIO 2						
	2013/14	2014/15	2015/16	2016/17	2017/18	Total
MTFS Gap	954,946	597,929	644,865	354,191	248,172	2,800,103
Potential additional funding cut - further c5%	250,000	250,000				500,000
Total Current MTFS Funding Deficit	1,204,946	847,929	644,865	354,191	248,172	3,300,103
Organisational changes						
Remove essential/regular car user status	15,600					15,600
Delivered staff restructures	43,900					43,900
Senior Management Team review		100,000	50,000	50,000		200,000
Built Environment Management Restructure	52,700					52,700
Economic Development Restructure	20,000					20,000
Retained organisation savings					50,000	50,000
Shared Services						
Establishing Ubico with Cotswold District Council	93,000					93,000
GO shared services	269,700					269,700
Tewkesbury Borough Council joining Ubico	45,400					45,400
Shared Project Management with Forest of Dean	15,600					15,600
Shared GIS with Forest of Dean	30,000					30,000
Commissioning						
L&C Review	50,000		500,000	100,000	100,000	750,000
Trade Waste service review			50,000			50,000
Review of Arle Nursery					50,000	50,000
ICT Review			100,000			100,000
Revenues & Benefits Review					50,000	50,000
Joint Management Unit for Waste					100,000	100,000
Income						
Freeze on car parking charges	-120,000					-120,000
Council tax increase of 3.5%	80,000					80,000
Planning fee income rise 15%	60,000					60,000
Townscape/Conservation planning advice	5,000					5,000
Fees & Charges Review inc. concessions			30,000			30,000
Provision of mortgages - interest				20,000		20,000
Asset Management						
Remove annual increase contribution to Programme Maintenance Reserve	200,000	200,000	200,000	107,000		707,000
Rationalisation of asset portfolio			30,000		30,000	60,000
Accommodation Strategy				100,000	100,000	200,000
Other						
Additional allotment sites	5,000					5,000
Supplies & services savings	3,300	12,000	10,300	10,000	10,000	45,600
Additional recharge to HRA / CBH	69,000					69,000
Single Advice Contract tender saving	22,000					22,000
Reduction in Everyman Grant	5,000	5,000	5,000			15,000
Reduction in grant to Regeneration Partnerships	4,000	4,000	4,000			12,000
Reduction in grants			30,000			30,000
Total Savings/Income over MTFS	969,200	321,000	1,009,300	387,000	490,000	3,176,500
shortfall / (surplus) against MTFS Funding Gap	235,746	526,929	-364,435	-32,809	-241,828	123,603
Potential 'one off' funding contribution to support budget due to timing of savings delivery	-235,746	-526,929	364,435	32,809	241,828	-123,603

* Make one-off contributions to Programme Maintenance reserve from New Homes Bonus
 NB: traffic lights denote risk associated with delivery

**Cheltenham Borough Council
Cabinet – 16th October 2012**

Cheltenham Borough Homes – Development Options Review

Accountable member	Councillor Jeffries, Cabinet Member Housing and Safety
Accountable officer	Grahame Lewis, Executive Director
Ward(s) affected	St Pauls
Key Decision	Yes
Executive summary	In March of this year CBH were mandated by the Cabinet to review development options for Crabtree Place (24 properties), Cakebridge Place (20 properties) and four garage sites (14 properties). CBH were also requested to seek a development partner for these schemes following the completion of an appropriate competitive selection process.
Recommendations	<p>The above actions have now been satisfactorily completed and I would therefore make the following recommendations that:</p> <ul style="list-style-type: none"> (i) That CBH be mandated to secure the best available deal from developers in respect of net construction cost for the three schemes. (ii) That CBH can continue contractual negotiations such that early planning submissions can be made in respect of Cakebridge Place and Crabtree Place. (iii) That CBH be mandated to act in respect of decanting tenants and securing the freeholds of privately owned properties, in full consultation with affected persons and subject to acceptance of appropriate terms and rehousing options. (iv) The decision with regard to ownership of the developments is delegated to Grahame Lewis, Executive Director, in consultation with the Cabinet Member Housing & Safety, Section 151 Officer and CBH following receipt of legal advice. This decision is to be made prior to any contractual commitment being entered into with any developer. (v) If the decision at (iv) is for CBH to own the completed properties the council will, subject to all necessary consents being received from the Secretary of State, agree to transfer land as required at nil cost (on the assumption that the capital receipt from sales land values at St Pauls will be used to subsidise development costs) and provide financial support through the affordable housing reserve and provide access to PWLB borrowing.

Financial implications	As outlined in sections 4 and 5 of this report. Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123
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<p>Legal implications</p>	<p>Disposing of land held for housing purposes under the Housing Act 1985 requires the consent of the Secretary of State. In the 13 March 2012 cabinet report I stated that CBC could rely on a general consent issued by the Secretary of State to sell land to CBH. However, as a result of revised general consents issued in May 2012 the council must now obtain a specific consent from the Secretary of State to transfer dwellings to CBH if it is to transfer more than 5 dwellings in any financial year. This is because the new general consents prohibit the transfer of more than 5 dwellings in any financial year to registered providers in which councils own an interest.</p> <p>The council can rely on general consent A3.2 to dispose of the garage sites or any other land which does not comprise dwellings to CBH.</p> <p>A number of the options mentioned in this report will involve the council transferring housing land at nil value and giving grants or granting loans to CBH. As Cheltenham Borough Homes has gained Registered Provider status under the Housing and Regeneration Act 2008, the Council is able give it financial support to enable it to develop land for housing accommodation by relying on a general consent issued by the Secretary of State, namely “The General Consent Under Section 25 of the Local Government Act 1988 for the disposal of land to registered providers of social housing”.</p> <p>Using this consent, any housing on the land must be vacant at the time it is transferred to CBH and must then be demolished. The transfer also needs to contain a provision that the housing on the land must be completed within 3 years of the transfer. This period can be extended if necessary due to circumstances beyond CBH’s control. Any land or houses transferred under this consent cannot be sold on the open market; they must be rented by CBH under periodic tenancies or shared ownership leases. Any land or other financial assistance to be used for the development of units for sale on the open market will require a specific consent from the Secretary of State. There will need to be a resolution of full council authorising an application to be made to the Secretary of State and a resolution of Cabinet to make the application for such consent.</p> <p>Any loan or grant given to CBH should be secured on the land to be transferred by way of a legal charge in favour of the council. It is advised that the council should seek funder collateral warranties from all professionals and contractors working on the new build properties.</p> <p>CBH is bound by the same procurement requirements as CBC and will need to comply with the Public Contracts Regulations 2006 in choosing a development partner.</p> <p>Any financial support to be given to CBH will not be unlawful state aid because it is permitted pursuant to European Commission Decision 2012/21/EU.</p>
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	<p>If Cabinet is minded to approve CBH directly employing the contractors carrying out works on CBC's properties, then the council will need to either be given collateral warranties from the contractors or be named in the contract as a party that has the benefit of the contract using the Contracts (Rights of Third Parties) Act 1999. Further advice will be given to officers about which option best protects the Council.</p> <p>Contact officer: Donna Ruck, donna.ruck@tewkesbury.gov.uk, 01684 272696 / 01242 774929</p>
HR implications (including learning and organisational development)	<p>No direct HR implications arising from the content of this report.</p> <p>Contact officer: Julie McCarthy, Julie.mccarthy@cheltenham.gov.uk, 01242 264355</p>
Key risks	As outlined in Appendix 1
Corporate and community plan Implications	Supports the delivery of affordable housing outcome and St Paul's Phase 2 was a key project within the corporate strategy
Environmental and climate change implications	The homes will comply with environmental standards as laid down in planning legislation

1. Background

- 1.1 At Cabinet on 13 March 2012, Members made the following decisions in respect of the potential development opportunities available to Cheltenham Borough Homes:
- i) That CBH be mandated to review development options for St Pauls Regeneration Phase Two (Crabtree Place), Cakebridge Place (unfit Tarran bungalows) and the four garage sites with current planning approvals.
 - ii) That CBH should seek a Developer Partner for the schemes through a competitive process, subject to final approval by Cabinet.
 - iii) Delegated authorities were determined in respect of a potential offer to be made in respect of the social housing element of the North Place redevelopment.
 - iv) That CBH should continue to pursue any unallocated grant to provide a subsidy to the cost of developing the garage sites, which are readily available for an early commencement to redevelopment.
- 1.2 In respect of item iii) above, an initial offer was made however CBH was advised that no acceptable offer had been received from any bidder. As a result of concerns expressed by CBH and other bidders in respect of the overall design of the social housing this was subsequently redesigned. A second opportunity to bid subsequently occurred, however CBH was not able to meet a very tight bidding timeframe. The matter is now therefore no longer under consideration as a potential opportunity by CBH.
- 1.3 The remaining three approvals however were acted upon immediately and positive progress has been made in respect of identifying deliverable and viable solutions.

1.4 The procurement and construction timeframes for these schemes rely upon a number of significant constraints, namely;-

- i) The deadline of 30 March 2015 for completion of any of the schemes where grant is secured, as this is paid upon completion of the affordable housing by the date above, at the risk of losing the grant contribution if completion is after 01 April 2015.
- ii) The successful conclusion of the CPO of a single property in Crabtree Place, a process which has commenced.
- iii) The acquisition of properties currently in private ownership and others currently tenanted.

1.5 The report to Cabinet on 13 March 2012 identified a number of potential options, including:

Option:	Principle:	Ownership:	Subsidy:	Long Term Finance:
Option 1	Further CBH Development	CBH	From CBC	PWLB Through CBC
Option 2	CBC Development Through HRA	CBC	From CBC	PWLB Through CBC
Option 3	Using Developer Grant	CBH or CBC	Through Grant & S106 Gain	PWLB Through CBC
Option 4	Using RP Grant	CBH or CBC	Through Grant & S106 Gain from selected Developer	PWLB Through CBC

2.0 Option Review Actions

2.1 In order to provide a comprehensive base of data upon which scheme development costs could be founded, CBH initiated the following range of surveys and testing in respect of each of the six sites (Crabtree Place, Cakebridge Place and the 4 Garage Sites (Burma Avenue, Imjin Road, Brook Road and Malvern Street):

- i) Measured site surveys.
- ii) Site Investigations (surveys, trial pits, boreholes and materials sampling and testing.
- iii) Statutory Services searches.
- iv) Japanese Knotweed Surveys.
- v) Flood Risk Analysis at Crabtree & Cakebridge, including a more detailed investigation at the latter.

2.2 In the absence of any allocation of Affordable Housing Grant from the Homes and Community Agency's (HCA) 2011 – 2015 Affordable Homes Programme, CBH was keen to consider any potential to secure grant indirectly. At a regular meeting with CBC Officers and the HCA, the HCA representatives identified the potential for CBH to access grant allocated to a Developer but for

which no site had yet been selected. The route into this was through the HCA's Delivery Partner Panel (DPP).

- 2.3 The DPP was established on a regional basis through an EU compliant procurement process which established a shortlist of Developers and Contractors which could be used to secure a contractual relationship through a mini-tender process, a short and effective solution to delivering competitive new-build contracts.
- 2.4 Through Capita Symonds (CBH's Employers Agent) an initial enquiry was issued to the South West Regional DPP. As a result four developer/contractor expressions of interest were secured. This allowed Capita to issue an enquiry document to all four, based upon CBH requirements in general and the specific data identified at 3.1 above.

3.0 Tender Process Outcome

- 3.1 During the course of the tender one of the tendering parties withdrew, however the remaining three submitted detailed scheme proposals and development costs albeit with qualifications.
- 3.2 The tender assessment process was comprehensive and consisted of the following steps:
 - i) The assessment by CBH of Written Tender Submissions in response to a set of tender questions.
 - ii) The evaluation of tender costs on a scheme by scheme basis and in varying combinations.
 - iii) The assessment of initial design proposals by CBH in conjunction with CBC Townscape Manager.
 - iv) A presentation and interview process by CBH supported by CBC Property Services officers.
- 3.3 The initial tender outcome was summarised in a report produced by Capita. As financial negotiations continue with the tenderers, at this stage the cost data remains commercially sensitive and the developers are identified as A, B and C.
- 3.4 From consideration of the assessment scoring matrixes the following positions are observed (as they currently stand):
 - The best option is not to give all three projects to the same Developer.
 - The best tender received for St. Pauls Regeneration Phase Two is clearly the tender from Developer C by some way. This is also exclusive of Developer Grant.
 - The best tender received for the Garage Sites is not so clear, but currently it is the Developer A tender.
- 3.5 The tenders received for Cakebridge Place are very close there are two options:

Option A is to combine Cakebridge Place with St. Pauls Regeneration Phase Two; or
Option B is to combine Cakebridge Place with the Garage Sites.
- 3.6 The Option A route would lead to Developer C offering the best combined tender for St. Pauls Regeneration Phase Two and Cakebridge Place, and Developer A for the Garage Sites.

This would equate to a total cost for all three projects of £4,263,886.00, exclusive of £400,000.00 of Developer Grant.

- 3.7 The Option B route would lead to Developer A offering the best combined tender for Cakebridge Place and the Garage Sites, and Developer C for St. Pauls Regeneration Phase Two.

This would equate to a total cost for all three projects of £3,883,189.34, exclusive of £400,000.00 of Developer Grant. This option will spread the risk more efficiently with Developer C only having to concentrate on the larger, mixed tenure project that is St. Pauls Regeneration Phase Two.

- 3.8 However, as discussed above the cost sections are all subject to change over the forthcoming weeks as Capita remove the non-compliant exclusions and qualifications from all of the tenders.
- 3.9 In addition to the outstanding cost queries, the design review identified that there are some issues to be resolved with developers around site layouts, density and house types. The implications of this are that at some later post discussion stage there may be further cost adjustments. This will be factored into the final tender report assumptions.
- 3.10 With regard to the options table at 2.5, the potential preferred Options are Option 3 for St Paul's Regeneration and either Option 1 or 2 for Cakebridge Place and the Garage Sites.

4.0 Financial Considerations

- 4.1 At present the forward programme is being considered as an overall project which has constituent financial elements of net construction cost (after credit for land values at St Pauls), available grant, affordable PWLB finance based on net rents and a balancing capital subsidy from CBC or through the HRA.
- 4.2 The decision as to whether CBH is developing homes for their ownership or that of CBC is not critical at this stage until the financing requirements have been clarified. This will be initially at the conclusion of tender assessment (in the Tender Report) and more comprehensively following any further cost adjustments brought about by design changes to meet CBH/CBC requirements. This will be confirmed following the receipt of legal advice.
- 4.3 The assessment has highlighted available grant initially at the level of £400,000 from Developer C which CBH would need to secure within the next two months. As identified above, this establishes a critical timeline in respect of project completion in order to secure such grant. On that basis the decisions being sought at present will include some degree of flexibility and the potential requirement for delegated authority to approve the final solution.

5.0 Forward Actions

- 5.1 Capita has raised a number of tender qualification issues with the three developers in order to transfer the risk to the developer and will incorporate any financial implications resulting therefrom into their Tender Report in due course.
- 5.2 The impact of design changes cannot be evaluated at this stage as it is not until a firm commitment has been made that developers will fully engage with CBH and CBC Planners in a

dialogue around design optimisation. The cost basis of tenders is however such that the implications of change can be fairly and properly evaluated. CBH would reserve the right to withdraw from any contract in the event that design differences could not be settled to mutual satisfaction.

- 5.3 The recommendations herein are therefore designed to provide sufficient certainty of intent to CBH and their developer Partner(s), whilst retaining the flexibility to make further design and/or cost adjustments in order to achieve both best design and best value in terms of the proposed scheme package.

Report author	Contact officer: Gordon Malcolm, gordon.malcolm@cheltborohomes.org, 01242 774978 and Contact officer: Grahame Lewis, grahame.lewis@cheltenham.gov.uk, 01242 264312
Appendices	1. Risk Assessment
Background information	

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If construction does not move forward within agreed timescales there is a risk that any grant available from the current affordable housing programme may be lost	Grahame Lewis	September 2012	2	3	6	R	Robust project planning and project management. Delegated decisions at key milestones	March 2015	Paul Stephenson CBH	
	If acquisition of interests to enable full site assembly is not managed effectively it will impact on the programme	Grahame Lewis	September 2012	2	3	6	R	Robust project planning and project management. Delegated decisions at key milestones	March 2015	Paul Stephenson CBH	
	Without effective contract management there is a potential risk for cost overrun.	Grahame Lewis	September 2012	2	3	6	R	clear specification contract monitoring Programme manager	March 2015	Paul Stephenson CBH	
Explanatory notes											
<p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											

Guidance

Types of risks could include the following:

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

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

Risk ref

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

Risk Description

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

Risk owner

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

Risk score

Impact on a scale from 1 to 5 multiplied by likelihood on a scale from 1 to 6. Please see risk [scorecard](#) for more information on how to score a risk

Control

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

Action

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

Responsible officer

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

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

Transferred to risk register

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

Briefing Notes

Name of Committee - Cabinet

Date of meeting – 16 October 2012

Responsible Officer – Richard Gibson
Strategy and Engagement Manager

This note contains information to keep Members informed of matters relating to the work of the Cabinet but where no decisions from Members are needed. If Members have questions relating to matters shown, they are asked to contact the Officer indicated.

Support for young people in Cheltenham.

This note is to keep Cabinet Members up to date with decisions taken by the Cabinet Member Sport and Culture in relation to supporting young people in Cheltenham.

The building resilience project

The council allocated a sum of £50k in 2011-12 to support the development of additional capacity and expertise within VCS providers of community-based youth work. The contract, known as the “Building Resilience” project, was secured by County Community Projects after a commissioning exercise.

As the council agreed to a further £50k for 2012-13, the Youth Services Task Group agreed to evaluate the project’s impact in order that we made best use of the 2012-13 funding. County Community projects delivered a presentation about the project to the task group in July; the task group agreed to seek independent feedback from users of the project via an online survey.

The survey was available over the summer and members reviewed the 10 survey responses at the task group meeting on 11 September and were happy that there were no serious issues raised about the delivery of the project.

Members were therefore happy to advise me that the contract be renewed for a further 12 months.

They indicated that CCP should be more pro-active in the following areas:

- Enabling the effective delivery of training eg through train the trainer.
- Mapping and gapping work to identify geographical gaps and working to identify solutions to meet these gaps,
- Providing more information to help members and partners allocate scarce resources across the whole of Cheltenham to deliver better outcomes for all young people
- Providing more support to ensure the effective engagement of young people in public life.
- Using an asset-based approach as a methodology to help deliver better outcomes for young people.

Elected members would like more oversight over the work of the project, with CCP being invited to attend the task group meeting on a regular basis, and also members being invited to attend the CCP steering group meetings.

I have therefore agreed to enter into a new contract worth £40k to enable County Community Projects to deliver a second year of the Building Resilience Project.

Positive Activities Grants

Gloucestershire County Council (GCC) has agreed to invest £50k in each of the six Gloucestershire districts in 2012-13. This funding is to be used to help voluntary and community sector (VCS) organisations provide positive activities for young people.

The objective of the funding is to enable a programme of activities in each district that makes a positive difference to young people and mitigates the impact of reduced public sector provision of universal youth work.

Cheltenham Borough Council leads the allocation process though as part of its commitment to working in partnership with others, it seeks advice and support from the Positive Participation Partnership and the Positive Lives Partnership.

This year, the positive activities fund was advertised at the same time as the health inequalities grant (worth £25k from NHS Gloucestershire) and the Stronger Safer fund (worth £36k from the Home Office).

The assessment panel met on 4 September 2012 to review the 17 applications that were bidding for £72,700 in total. The panel made a number of recommendations about the funding that are shown on the attached table.

These recommendations were discussed by the Youth Services Task Group and they made the following comments:

- Aston project – accepted that the residential project might not be suitable for funding, but members see the Aston project as a valuable project, so keen to look at other ways of supporting the project.
- Charlton Kings Youth Forum – given that the forum have raised the issue of drugs and alcohol, members would like partners to look into this – perhaps County Community Projects could take a lead but also work with NHS Gloucestershire.
- Glos Young Carers – great project, but as the client group are vulnerable young people, members would like to know why this is being funded through positive activities and not through the targeted youth support service.
- Hesters Way – members would like reassurance that officers are supporting the neighbourhood project address the issues that have been raised.
- Members wondered whether the application form could ask about the involvement of local ward members in the project.

I have therefore agreed to the recommendations as set out in the attached table.

Contact Officer: Richard Gibson
Strategy and Engagement Manager
01242 235354
richard.gibson@cheltenham.gov.uk

Positive Activities Panel assessment; 4 September 2012

Organisation	Project	Description	cost of project	amount requested	Panel Assessment	Red-Amber-Green	Amount approved
Cheltenham & County Cycling Club	BMX Project	To rejuvenate an old BMX Track off Arle Road in Cheltenham This will enable schoolchildren to get enjoyable exercise (as some 30% of Cheltenham schoolchildren can be classed as Clinically Obese) as well as making the site much more pleasant for neighbours (currently it is a wasteland with youngsters making mischief there) Lastly it will fill in a gap as the nearest existing BMX Tracks are 40 miles away in Bristol and Hereford and there is a proven need for a track in Cheltenham	77500	5,000	The panel expressed concern that the proposed location is not appropriate and residents remain unconvinced. However, they are very supportive of concept asked the applicant to submit a revised project plan indicating where the project will be delivered and evidence that progress can be made with the project by March 2013. In addition, the panel would like a bit more information on how the funding will be allocated.		5,000 to be held open until the applicant concludes discussions about the location of the BMX track
The Rock	Tuesday Night Transition (TNT)	TNT (Tuesday Night Transition) is a term time Tuesday evening session for young people school years 6 – 8. These sessions have been designed to support young people through their journey (transition) of leaving Primary School and settling into Secondary School. The two hours (6.00-8.00pm) include games, workshops and a most importantly time for young people to make friends and spend time with other young people who are going through the same changes.	11678	3,328	The panel were supportive of this project which builds on the Rock's record of success with the project last year. They asked that clarification be given on timescales and that the Rock address issues of sustainability post 2013.		3328
The Aston Project c/o Gloucestershire Constabulary	The Aston Project – 3 night camping trip for 20 young people at Cranham Scout Centre	The Aston Project is a youth diversionary project for 10-18 year olds in Cheltenham. It aims to reduce youth offending by identifying the likes/skills/interests of young persons referred to us, and placing them with a matched local employer, business or club (for the younger ones). Youths earn 1 time credit for 1 hours work. The credits are spent on activities and experiences. The Aston project would like to run a camping trip for young people to spend their credits on - a reward for the positive contributions they have made to their community	1235	1,235	Despite the project being re-submitted, the panel still felt uneasy about the residential project and although remaining supportive of the Aston project felt unable to support the application.		0
Cheltenham YMCA	YMCA Street live	Build on last year's street live project by providing community-based football/sports project for young people aged 11-19	16000	7,500	The YMCA have not submitted any claim for funding or monitoring evidence of what was achieved with last year's funding. As such, this application which continues last year's project cannot be assessed unless the applicant comes forward with evidence about the outcomes of last year's funding.		0 – waiting for final assessment based on subsequent information
Charlton Kings Youth Support Group	Raising drug and alcohol awareness	The CK youth forum plan 2 performing arts showcases for local young people, which will involve organising, performing, technical and organisational skills.	7500	1500	The panel were supportive of the work of the forum and the intentions of the project, but felt that the focus on purchasing equipment to enable the forum to produce anti-drug and alcohol leaflets would not help deliver		0

Organisation	Project	Description	cost of project	amount requested	Panel Assessment	Red-Amber-Green	Amount approved
	through 2 performing arts events				positive activities in the Charlton Kings community. The panel felt that there are already many different drug and alcohol resources available that the forum could tap into.		
Charlton Kings Youth & Community Centre	"Watch Them Grow – Part II"	We want to deliver a junior youth club as well as maintaining our senior night, We currently provide a provision for 14-19 year olds, for young people so they can access a qualified youth worker for advice and guidance and also to develop social skills as well as accessing informal education whilst having fun.	8698	5640	The panel were supportive of the project as it builds on the work undertaken in Charlton Kings last year. The panel did express concerns that the building resilience project is providing line management and not building capacity within management committees, particularly as the future of that project is not yet guaranteed.		5,640
Cheltenham District Scouts	Cheltenham Scouts Development Project	Cheltenham Scouts would like to open a new Scout Group in the Whaddon, Lynworth and Priors area to be called Oakwood Scout Group. The Group would initially comprise of a Beaver Colony, 6-8 yrs olds, and a Cub Pack, 8-10.5 yr old boys and girls. We anticipate recruiting twelve boys and girls for each section initially and gradually increasing these numbers to twenty four in each Section if there proves to be a demand. We also plan to open a new Beaver Colony, 6-8 yrs olds, in Springbank for up to twenty boys and girls aged 6 – 8 years.	3800	3800	The panel were very supportive of the application, but unfortunately were only able to fund the work with the explorer scouts as the beavers and cubs are too young.		1,000
Gloucestershire Young Carers	Gloucestershire Young Carers – 'Caring Counts' (Cheltenham Senior Young Carers)	'Caring Counts' aims to provide activities and support to young carers aged 11-16 living in Cheltenham Borough including areas of St Paul's, Naunton Park/Leckhampton and Town Centre. Young Carers have ongoing caring responsibilities for a family member who has a physical or mental illness, is disabled or misuses drugs or alcohol.	6600	5000	CONDITIONAL - the panel were very supportive of the aim of the project and agreed to fund the project; though before any funding is released, the applicant needs to submit additional information about transport costs, and where the sessions are being held, more info on other staff costs and who the facilitators are, and how the project will work with existing projects like Inspiring Families to ensure the benefits of the project get to some of our more vulnerable young carers.		5,000
Cheltenham Sea Cadets	Training Ship Legion - Galley Upgrade	To upgrade the TS Legion to a standard that we are able to deliver Cook Steward Training - a sea cadet qualification to level 2.	3500	3000	CONDITIONAL - the panel requested more information about the outcomes from the 24 sessions and subject to this agreed to only fund match fund actual costs associated with the new kitchen up to a maximum of £1,500.		1,500
County Community Projects	Youth Café	CCP runs a "Youth Café" two evenings a week and a girls-only club once a week for children and young people in Cheltenham Town Centre, primarily targeting disadvantaged groups who do not readily engage with such provision or who have not previously had access. The café provides a much-needed venue for young people to meet in the	18,484	5,160	CONDITIONAL: the panel recognised the need for a town centre youth club and agreed the grant on condition that the applicant clarifies how many nights are being provided through this application and the direct costs incurred, how will this integrate with the girls night which is already funded from 11-12 positive activities pot, whether the venue has 12 months		5,160

Organisation	Project	Description	cost of project	amount requested	Panel Assessment	Red-Amber-Green	Amount approved
		evenings and engage in a range of positive structured activities			security at 340 High Street, and clarification of how many weeks in the year this will be operational.		
Young Enterprise - Gloucestershire	Young Enterprise Company hire	Deliver a one year company programme where students set up and run their own real company; they raise real finance, carry out market research, create a business plan etc	16500	5500	The panel felt that this is a brilliant idea, but had concerns that this is more of an economic development project and that businesses should be involved		0
Hester's Way Neighbourhood Project	Time to Grow	We wish to employ a high calibre youth worker to: ensure the growth of our 4 community led youth projects at the Springbank Community Resource Centre, start up a new youth project from our Rowanfield Exchange Community Hub, start up a detached outreach youth project in Springbank and Rowanfield to work with young people not currently accessing any local youth provision, increase the number of local people involved in volunteering. The highly energised youth worker will develop and deliver a new youth programme, train and lead existing volunteers, and help recruit new volunteers.	20,540	9,882	The applicant has not submitted any claim for funding or monitoring evidence of what was achieved with last year's funding. As such, this application cannot be assessed unless the applicant comes forward with evidence about the outcomes of last year's funding. Given the high level of need in the area, the panel will recommend allocating funding to commission positive activities for young people in the Hesters Way/Springbank area that interested parties will be able to bid into.		£5,000 allocated provisionally to support Hesters Way/Rowanfield/Springbank
C3 Church	Youth Café at the Pavilion	During summer 2012 the youth work team at C3 Church will be assisting the delivery of the Park Rangers activities in the Hatherley and Reddings areas. Having got to know some of the young people and as follow up to these activities we aim to engage with them through a weekly Youth Café at the Pavilion. We will provide a range of positive activities for young people aged between eleven and nineteen to include sports, games, arts & crafts and trips to other activities locally as well as providing a safe environment for them to socialise.	£7,589	£1,495	The panel were happy to support this interesting project noting that the form had been filled in very well and that it was very good value for money.		1495
Isbourne Holistic Centre	Head-Body-Heart	A pilot project in which we provide a representative from the Isbourne Holistic Centre and experts in the holistic field to visit youth centres and clubs (initially) in Cheltenham that will introduce young people to a wellbeing 'toolkit' - simple and effective ways in which they can adopt healthier life choices and influence their own personal wellbeing. There are three main areas for focus: Head, Body, and Heart, representing physical, mental and spiritual wellbeing, together creating 'whole' health. Students will learn how to increase their own personal development and growth, culminating in a visual representation of their	6400	4,400	The panel were very interested in the Head-Body-Heart programme and noted the evidence of success from elsewhere but felt that the application lacked detail about who the project would be delivered with. The application would have been viewed more positively if it had been submitted by a school/community group/youth club etc who had seen the benefits of the programme and were keen to get it delivered in their community. The panel noted that there could be an interesting link with the young carers organisation and other positive activities projects.		0

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		achievement through an art project.					
Granley Residents Association	Street based youth provision	Granley Residents Association want to provide street-based youth provision for local young people, which would give them access to guidance and support.	8258	5,700	The panel welcomed the work of the Residents association in Benhall to provide youth activities and were happy to support the bid. Similar to Charlton Kings, the panel did express concerns that the building resilience project is providing line management and not building capacity within management committees, particularly as the future of that project is not yet guaranteed.		5700
Educycle	Launch-pad	We aim to raise awareness for the need to recycle educational material within Cheltenham	4556	4556	The panel did not feel that this project would deliver positive activities with young people.		0
							38,823