



CHEL TENHAM

BOROUGH COUNCIL

Notice of a meeting of Cabinet

Tuesday, 10 December 2013
6.00 pm
Pittville Room - Municipal Offices

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 Minutes of the meeting held on 12 November 2013	(Pages 1 - 4)
4.	PUBLIC AND MEMBER 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 COMMITTEE	
5.	GLOUCESTERSHIRE AIRPORT GREEN POLICY FOURTH ANNUAL REVIEW - REFERRAL FROM OVERVIEW & SCRUTINY COMMITTEE Report of the Chair of the Joint Airport Scrutiny Working Group	(Pages 5 - 26)
	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	
6.	TREASURY MID TERM REPORT 2013/14	(Pages

		Report of the Cabinet Member Finance	27 - 38)
		SECTION 6 : BRIEFING SESSION	
		• Leader and Cabinet Members	
7.		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 9 : LOCAL GOVERNMENT ACT 1972 - EXEMPT BUSINESS	
8.		<p>LOCAL GOVERNMENT ACT 1972 - EXEMPT BUSINESS The Cabinet is recommended to approve the following resolution:-</p> <p>“That in accordance with Section 100A(4) Local Government Act 1972 the public be excluded from the meeting for the remaining agenda items 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:</p> <p>Paragraph 3; Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p>	
9.		<p>GLOUCESTERSHIRE AIRPORT Report of the Overview and Scrutiny Committee 25 November 2013</p>	(Pages 39 - 58)

Contact Officer: Rosalind Reeves, Democratic Services Manager, 01242 774937

Email: democratic.services@cheltenham.gov.uk

Cabinet

Tuesday, 12th November, 2013

6.00 - 6.20 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

1. APOLOGIES

None.

2. DECLARATIONS OF INTEREST

None.

3. MINUTES OF THE LAST MEETING

The minutes of the last meeting were approved and signed as a correct record.

4. PUBLIC AND MEMBER QUESTIONS AND PETITIONS

None.

5. REVIEW OF LICENSING POLICY, GUIDANCE AND CONDITIONS FOR PRIVATE HIRE AND TAXIS ADOPTED BY COUNCIL

The Cabinet Member Housing and Safety introduced the report and explained that the Council's current Licensing policy, guidance and conditions for private hire and taxis ("taxi policy") was adopted by Council in October 2010. He said that while there was no statutory requirement to undertake a review of the taxi policy, there was a commitment set out in the policy to do so at least once every three years to ensure the policy remained up to date and relevant.

The Cabinet Member Housing and Safety highlighted that to facilitate the review and better engage with key stakeholders a taxi policy review working group was set up by the Licensing Committee earlier in the year. The only contentious issue raised was the Council's proposal to introduce a uniform colour for all licensed Hackney Carriages. He stated that in accordance with normal practice, a 12 week consultation would be undertaken.

The Leader added that there had been media interest in the proposal to introduce a uniform black colour scheme but highlighted that to limit the impact of this the implementation would be gradual as and when licensed vehicles were replaced or re-licensed. This had been worked through with officers and the trade.

RESOLVED THAT

- 1. the proposed amendments to the current taxi policy be noted and**
- 2. the amended draft policy be approved for consultation.**

6. CCTV POLICY

The Cabinet Member Corporate Services introduced the report and explained that this related to the use of all CCTV surveillance systems within and on Council owned property excluding town centre equipment operated by Gloucestershire Police.

He explained that the purpose of the policy was twofold, firstly to ensure that individuals and the wider communities had confidence that surveillance cameras are deployed to protect and support them, rather than spy on them. Secondly, it was to provide assurance that where Cheltenham Borough Council used these complex technologies it would do so in line with the requirements for Data Protection Act 1998.

The Cabinet Member reported that each service manager who had responsibility for a CCTV scheme must have a specific Code of Practice in place before it becomes operational or within 6 months of the approval of this document. The corporate policy provided guidance to service managers and enables them to agree and publish a system specific Code of Practice for their service area and would assist system owners, management and operators to understand their legal obligations whilst reassuring the public about the safeguards within it. An annual review would ensure compliance with CCTV policy and the basic principals contained within it. Any major subsequent changes made to this Code would be approved by Cabinet.

When asked whether the policy applied to the webcam which looked out on to the Long Gardens the Cabinet Member invited the Corporate Governance, Risk and Compliance officer to address Cabinet. He stated that the CCTV policy allowed for additional surveillance systems and this particular webcam required its own Code of Practice.

RESOLVED THAT

The Policy for the operation of CCTV surveillance systems on Cheltenham Borough Council property be approved.

7. BRIEFING FROM CABINET MEMBERS

The Cabinet Member Housing and Health reported that rent arrears rates for council owned properties were well within the realms of what had been anticipated. He paid tribute to the work CBH had undertaken to address potential issues prior to the introduction of welfare reform.

The Cabinet Member Sport and Culture reported that the Wilson had received more than 25 000 visitors in its first month. This compared to an annual visitor total of 70 000 for the Art Gallery & Museum in its last full year of operation. She also explained that previously outreach and education had taken place in schools but now more schools were visiting the Wilson for this purpose.

The Leader announced that last week at a national level the unions had put in a claim for a staff pay award of £1 per hour which, in Cheltenham's case, would put 8.3 % on the actual pay bill. A formal response was required by January. The Leader also made reference to the Rewiring Public Services campaign for which he had recently attended a briefing at South West Councils. The LGA was seeking cross party support to these proposals and as such the Leader thought it appropriate to refer the whole paper to Overview and Scrutiny.

8. DECISIONS OF CABINET MEMBERS

The Cabinet Member Sustainability reported that he had made a decision adopting the new inclement weather policy and procedure. This was a result of learning lessons from the inclement weather and waste collections in 2012. The decision to stop waste collections remained with Ubico on the basis of health and safety and following on from that a daily conference would take place involving all related parties to deal with resuming collections/undertaking limited collections. There were also procedures in place to improve communications.

The Cabinet Member Housing and Safety reported that he had made a decision to accept the recommendation to adopt the Tenancy Agreement Document for future PV system installation programmes without going for full consultation with the tenants.

The Cabinet Member Finance reported that he had made a decision to agree to a restructure of the proposed disposal agreement with Augur Buchler relating to the food store element of the scheme from a freehold to a long leasehold at a peppercorn rent for a term of 250 years.

**9. 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 items 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 paragraphs 3 and 5, 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)

Paragrap 5: Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings

The exempt minutes were approved and signed as a correct record.

10. EXEMPT MINUTES

The exempt minutes were approved and signed as a correct record.

Chairman

Cheltenham Borough Council

Cabinet – 10 December 2013

Gloucestershire Airport Green Policy Fourth Annual Review – referral from Overview & Scrutiny Committee

Report of the Chair of the Joint Airport Scrutiny Working Group

Accountable member	Councillor Tim Harman, Chair of the Joint Airport Scrutiny Working Group
Accountable officer	Pat Pratley, Deputy Chief Executive
Ward(s) affected	None
Key Decision	No
Executive summary	<p>On 25 November 2013 Overview & Scrutiny Committee considered a report from the Joint Airport Scrutiny Working Group (JASWG) on the outcomes of the fourth review of the Gloucestershire Airport Ltd (GAL) Green Policy. This report is attached at appendix 1.</p> <p>Overview & Scrutiny Committee endorsed the JASWG report and recommended that Cabinet see the report and note that officers will be working with GAL management to consider whether the ceiling of 4,000 tonnes CO₂ for aircraft emissions set down in the green policy should be recalibrated.</p>
Recommendations	Cabinet is recommended to note that officers will be working with GAL management to consider whether the ceiling of 4,000 tonnes CO₂ for aircraft emissions set down in the green policy should be recalibrated

Financial implications	<p>None – review of a document owned by Gloucestershire Airport Ltd</p> <p>Contact officer: Nina Philippidis, Accountant, Business Partner Team (West), nina.philippidis@cheltenham.gscx.gov.uk, 01242 264121</p>
Legal implications	None – review of a document owned by Gloucestershire Airport Ltd
HR implications (including learning and organisational development)	<p>None – review of a document owned by Gloucestershire Airport Ltd</p> <p>Contact officer: Julie McCarthy, HR manager (GO shared services), Julie.mccarthy@cheltenham.gcsx.gov.uk, 01242 264355</p>
Key risks	Identified in Joint Airport Scrutiny Working Group report
Corporate and community plan Implications	Identified in Joint Airport Scrutiny Working Group report

Environmental and climate change implications	Identified in Joint Airport Scrutiny Working Group report
Property/Asset Implications	None – review of document owned by Gloucestershire Airport Ltd

1. Background

- 1.1** The Airport Green Policy was approved by the cabinets of both shareholding councils in April 2009 and included in this was a commitment to monitor and review the policy on an annual basis. In line with that commitment, the JASWG received the fourth annual review report and a presentation from GAL on 21 October 2013 on the progress made on implementing the green policy. A copy of the GAL report is attached at appendix 2.
- 1.2** Overview & Scrutiny Committee considered the report of the JASWG on the outcomes of the review at its meeting on 25 November 2013. The draft minutes of that meeting are at appendix 3.
- 1.3** With regard to the recommendations, members asked whether there would be consultation with the public about recalibrating the emissions ceiling for aircraft. It was confirmed that, should the ceiling be subject to change, this will be reported to the Airport Consultative Committee, which includes representatives from local parish councils.

2. Reasons for recommendations

- 2.1** The purpose of this referral from Overview & Scrutiny Committee is to inform Cabinet of the outcomes of the JASWG report.
- 2.2** Overview & Scrutiny Committee endorsed the JASWG report and recommended that Cabinet see the report and note that council officers and GAL management will be working together to consider whether the current 4,000 tonne CO₂ ceiling for aircraft emissions, set out in the green policy, should be recalibrated.
- 2.3** The reason for considering a recalibration of the ceiling for aircraft emissions is set out in the JASWG report at appendix 1.

3. Performance management – monitoring and review

- 3.1** The JASWG reviews progress on implementing the green policy on an annual basis. The next review will also consider the implications of the Defra guidance on the current ceiling for aircraft emissions.

Report author	Contact officer: Gill Morris, climate change and sustainability officer, gill.morris@cheltenham.gov.uk, 01242 264229
Appendices	<ol style="list-style-type: none"> 1. JASWG report and associated appendices (1 & 3) 2. Gloucestershire Airport Ltd Green Policy Fourth Annual Review Report (appendix 2 to JASWG report) 3. Overview & Scrutiny Committee draft minutes, 25 November 2013 (to follow)

Background information

Available from [Gloucestershire Airport](#) website:

Page 7

1. Gloucestershire Airport Ltd Green Policy Issue 3
2. Gloucestershire Airport Ltd Green Policy Travel Plan

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Cheltenham Borough Council

Overview & Scrutiny Committee – 25 November 2013

Gloucestershire Airport Green Policy Fourth Annual Review

Report of the Chair of the Joint Airport Scrutiny Working Group

Accountable member	Councillor Tim Harman, Chair of the Joint Airport Scrutiny Working Group
Accountable officer	Pat Pratley, Deputy Chief Executive
Ward(s) affected	None
Key Decision	No
Executive summary	<p>The Joint Airport Scrutiny Working Group met on 21 October 2013 to receive a report and presentation on the fourth review of Gloucestershire Airport's Green Policy from the Operations Manager at Gloucestershire Airport Ltd (GAL).</p> <p>Overall, the Working Group was satisfied with the progress made by GAL during the review period; however, it made a recommendation that, before the next annual review, GAL management work with council officers to consider whether the current ceiling of 4,000 tonnes CO₂ for aircraft emissions, set down in the green policy, should be recalibrated as a result of guidance to be issued by Defra in 2014.</p>
Recommendations	<p>The Overview & Scrutiny Committee is recommended to:</p> <ul style="list-style-type: none"> (i) endorse the report from the Joint Airport Scrutiny Working Group (ii) forward the report to Cabinet with a recommendation that Cabinet notes that officers will be working with GAL management to consider whether the ceiling of 4,000 tonnes CO₂ for aircraft emissions set down in the green policy should be recalibrated

Financial implications	<p>None – review of a document owned by Gloucestershire Airport Ltd</p> <p>Contact officer: Nina Philippidis, Accountant, Business Partner Team (West), nina.philippidis@cheltenham.gscx.gov.uk, 01242 264121</p>
Legal implications	None – review of a document owned by Gloucestershire Airport Ltd
HR implications	<p>None – review of a document owned by Gloucestershire Airport Ltd</p> <p>Contact officer: Julie McCarthy, HR manager (GO shared services), Julie.mccarthy@cheltenham.gscx.gov.uk, 01242 264355</p>
Key risks	See Appendix 1

Corporate and community plan Implications	The Gloucestershire Airport Green Policy is not a council document; however, as a shareholding council, encouraging the Airport to improve its environmental performance ensures it contributes to the council and community objectives of reducing carbon emissions. The Airport is also encouraged to take positive steps to engage with the local community.
Environmental and climate change implications	In addition to the above, the Policy also includes measures to tackle other environmental concerns including noise pollution, water quality and waste management.
Property/Asset Implications	None

1. Background

- 1.1 Gloucestershire Airport Green Policy was approved by the Cabinets of both shareholding councils in April 2009. Included in this was a commitment to monitor and review the policy on an annual basis.
- 1.2 This fourth review covers the period 1st April 2012 to 31st March 2013 but does include some information up to August 2013.
- 1.3 Council officers have collated the reports for previous reviews, but, in a change to the process, it was agreed at the last annual review that GAL management would prepare and present the report to the Joint Airport Scrutiny Working Group. A copy of their report is attached at Appendix 2.
- 1.4 The Joint Airport Scrutiny Working Group received the report and presentation on 21 October 2013. The extract of the meeting minutes attached at Appendix 3 outline the points raised by the Working Group in response to the report and presentation.

2. Reasons for recommendations

- 2.1 Overall, the Working Group was satisfied with the progress made by GAL during the review period.
- 2.2 It was noted that emissions from ground operations had increased; however this was not unexpected. The increase was put down to a harsh winter coupled with an inefficient electric heating system. Improving the heating system will require major investment; the airport is already considering the feasibility of installing PV panels on its car park to generate an element of its own electricity.
- 2.3 Members also noted the 16.6% reduction in emissions from aircraft within the context of a 10% increase in aircraft movements. This reduction was largely accounted for by aircraft upgrades, but also a change in the methodology used for calculating the emissions.
- 2.4 When the Policy was originally developed, national guidance on calculating emissions from air travel was not available. A methodology was therefore developed locally with independent consultants and this is set out in the Green Policy. However, Defra has now published national guidance and part of this guidance has been applied to the latest figures, accounting for a straight line 2% reduction in emissions.
- 2.5 Defra is planning to bring in a further change to the guidance next year and GAL has suggested that this change may have a significant impact on the calculation of aircraft emissions, such that the current ceiling of 4,000 tonnes CO₂ may no longer be appropriate.

2.6 The Working Group therefore recommended that, before the next annual review, council officers work with GAL management to consider whether the ceiling should be recalibrated.

3. Performance management – monitoring and review

3.1 The next annual review will cover the period 1st April 2013 to 31st March 2014 and will consider the progress made on implementing the Green Policy and the implications of the Defra guidance on the current ceiling for aircraft emissions.

Report author	Contact officer: Gill Morris, climate change and sustainability officer, gill.morris@cheltenham.gov.uk, 01242 264229
Appendices	<ol style="list-style-type: none"> 1. Risk assessment 2. Gloucestershire Airport Green Policy Fourth Annual Review report (note: title should read 'fourth' not 'third') 3. Joint Airport Scrutiny Working Group, extract of meeting minutes, 21 October 2013
Background information	<p>Available from Gloucestershire Airport website:</p> <ol style="list-style-type: none"> 1. Gloucestershire Airport Ltd Green Policy Issue 3 2. Gloucestershire Airport Ltd Green Travel Plan

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
1	If the airport fails to make progress on implementing its Green Policy this could have a negative impact on the council's reputation locally	Deputy Chief Executive	25/11/13	2	2	4	Reduce	The annual review process ensures the council receives regular updates on progress	Ongoing	Climate change & sustainability officer	Commissioning division
<p>Explanatory notes</p> <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>											

**Joint Airport Scrutiny Working Group
21 October 2013
4:00pm to 6:00pm**

Extract of minutes relating to Green Policy

6.0 Presentation of the fourth review of the Gloucestershire Airport Green Policy report

- 6.1** DL reminded members that the green policy had been developed as part of a condition for the runway safety project and continues to evolve. The airport has now taken responsibility for producing the review report, as requested at the November 2012 JAWG meeting. The past year has been the busiest year for some time for GAL and the airport is now rated 11th in the UK for total aircraft movements and is the busiest general aviation airport in the market.
- 6.2** CO₂ ground emissions had increased by 15% due to the reliance on electrical heating and the harsh winter period, however, GAL continues to investigate the feasibility of onsite electricity generation using PV.
- 6.3** There has been a reduction in aircraft emissions of 16.6% due to the use of more modern aircraft, resulting in less fuel being used and quieter aircraft. There has also been a change in the methodology used for calculating the emissions. Unleaded fuel was introduced in April 2012 and has been very successful and usage of unleaded fuel will increase in the future.
- 6.4** Out of hours activity has reduced and is well within the agreed parameters set down in the policy. Changes to out-of-hours activity, approved by JAWG, have not yet been implemented as it has not been necessary. There was some difference in the understanding of what had actually been approved and DL agreed to report back with clarification.
- 6.5** Noise complaints had increased and it was noted that two individuals are responsible for the majority; as a consequence the data is being skewed. The underlying downward trend is likely to be related to increased use of more modern aircraft.
- 6.6** Recycling activity has grown significantly as it has been rolled out to all airport tenants.
- 6.7** In the presentation, DL reported on progress against the 2012 JAWG recommendations. Work is continuing with Down Hatherley PC regarding noise issues. The PC has a place on the consultative committee but an independent group has been set up and continues to express concern outside of the PC; the airport will continue to work with them.

7.0 Member Questions

- 7.2** Responding to a member question regarding the airport walks scheme, DL confirmed that walkers are protected by a 1.8m perimeter fence.
- 7.3** The reduction in CO₂ emissions from aircraft was welcomed. With regard to the change in methodology, a member asked if GAL is also looking at previous years as it will be useful to be able to compare the difference in the figures using the different methodologies.
- 7.4** DL advised that the difference is currently a straight-line 2% reduction, but DEFRA is proposing to introduce a radiative forcing factor from 2013 (this is the effect of aircraft cruising at high levels in

the atmosphere). This could have a significant negative impact on the figures. It was agreed that officers would work with GAL in April/May 2014 to understand the impact and consider recalibrating the 4.000 tonnes CO₂ ceiling currently set in the policy.

DL agreed to add baseline information re progress of the Green Travel Plan 2013.

- 7.3 DL advised that there had been a 10% growth in aircraft movement levels and the reduction in aircraft emissions is therefore encouraging. Future growth will involve more of the modern aircraft. In the future GAL will consider looking at the CO₂ calculation at more than one point during the year, although this is a time consuming and complex exercise.

8.0 Confirmation of next steps and process for 2014 review of the Green Policy

- 8.1 Members agreed that a report will be taken to Overview and Scrutiny Committee for noting by Cabinet, subject to recalibration of CO₂ emissions being noted specifically.

9.0 Any other business

No other business was discussed.

Report to Joint Airport Working Group October 2013

Gloucestershire Airport Green Policy Third Annual Review

BACKGROUND

Gloucestershire Airport Green Policy was developed as a result of a condition placed on the approval of the business case for the Runway Safety Project (RSP). The subsequent Policy was approved by both shareholding councils in April 2009 and included a commitment to review the progress made in implementing the Policy on an annual basis. This fourth review covers the period 1st April 2011 to 31st March 2013 and, in some cases, the calendar year 2012. , but due to some delays in obtaining the necessary information, and the nature of the information provided, the narrative also includes progress in some areas up to August 2013

SUMMARY

In 2012, the Joint Airport Working Group requested that all Airport Green Policy targets and parameters be collated as a specific appendix for future reviews. The report below is an extract of this new appendix, which appears in Issue 3 of the Airport Green Policy.

The key parameters for the fourth annual review are as follows, and are explained in detail below: -

- Total aircraft movement 74 000, up 10%
- Ground operations - CO2 emission increase of 15.7% to 302 Tonnes, due predominantly to harsh winter.
- Aircraft emissions – CO2 emissions decrease of 16.6% to 2649 Tonnes due principally to fleet modernisation.
- Out-of-hours activity reduced by 180 flights, well within agreed parameters.
- Noise complaints increased overall to 417, although 2 complainants generated 321 (77%) of these. Underlying trend downward
- Recycling activity massively increased – cardboard 50%, plastic 100%, paper 650%

NARRATIVE

2012 Update

The Green Policy has been revised to update the text and incorporate previous committee recommendations at this, the fourth annual review. The document, and indeed the policy, continues to evolve. Significant progress has been made in key areas, with pleasing progress in aircraft CO₂ emissions, despite a 10% increase in aircraft movements. Fleet modernisation and more accurate DEFRA emission calculation methodology have delivered improved emission performance while out-of-hours activity and waste recycling have also seen notable betterment.

The harsh winter in this reporting period, however, significantly impacted on energy usage and served to highlight the inefficiency of the Airport's electric heating. It will be difficult to achieve better heating performance without significant infrastructural investment but schemes are currently under consideration for photovoltaic cell generation in the car parking area and on other Airport buildings. The installation of 'smart' metering technology across the Airport site is nearly complete and Severn Trent are continuing to roll out their water metering programme across the site.

Following completion of the Runway Safety Project, the Airport ecology, particularly in the new footpath area around the RESA continues to improve. The Airport is engaged in a joint project with Churchdown Parish Council and other stakeholders to develop a number of circular 'Airport walks', focussing on the ecology of the immediate area. This community engagement, combined with the unique environment of a 'controlled access' area should make for some interesting and diverse habitats in the years to come.

The RESA area has seeded naturally and the newly planted hawthorn hedges are beginning to establish, although the Airport must continue to maintain a low bird hazard environment through deterrent techniques. Within and since the reporting period, the Airport has also hosted a number of sporting events, including 1 mile, 4km and 10km running races, a cycling endurance event and even an outdoor Shakespeare play. These non-aviation and 'low carbon' activities will continue to develop community involvement.

Noise complaints have reduced in real terms, although the statistics are somewhat skewed by two complainants whose reports account for more than 77% of the annual total. Again, fleet modernisation is thought to account for a significant proportion of the reduction with modern light aircraft and high performance business jets being noticeably quieter than the aircraft they have replaced.

Out-of-hours activity remains at a low level, well within the agreed Green Policy parameters. The JAWG and Consultative Committee agreed to a variation of the scheme to facilitate certain types of flight within 30 minutes of published opening and closing times although the Airport has not yet implemented any operational changes to take advantage of this increased weekday flexibility as demand remains low.

Progress is being made in rolling out the Green Policy to other Airport tenants. At least one has installed a waste oil heating system, thereby recycling their own aircraft used engine oil, another has installed PV cells on their business premises.

Sales of the new unleaded grade of AVGAS fuel have more than doubled since the new grade was introduced and a 'product recovery system' for Avgas and Jet A1 fuels now ensures that the majority of quality control samples are recycled into stock after removal of contaminants and settling.

Work is ongoing with the Environment Agency to review and update the discharge consent held for the Airport's sewage system, which has continued to meet permitted levels throughout the reporting period.

GREEN POLICY – APPENDIX F – ANNUAL REVIEWS

26.1 Ground Operations

26.2 An annual reduction target of 10% was set for the first two years for the reduction of CO₂ emissions from ground-based operations following the recommendations of Severn Wye Energy Agency. The three principle Airport buildings are considered separately for energy use: -

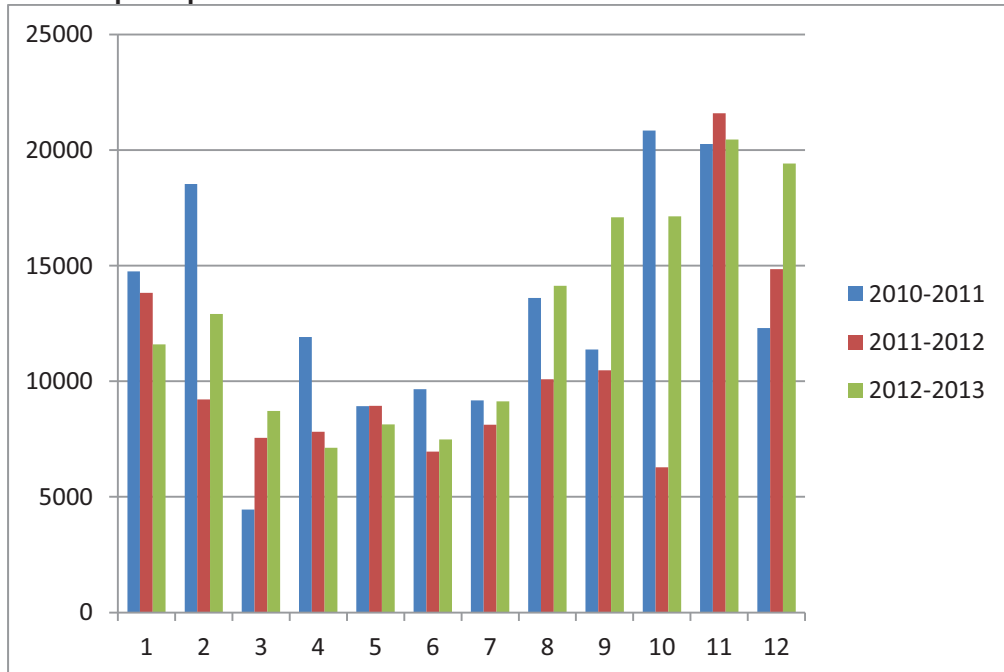
26.3 SE1 Terminal Building and main hangar



The building

SE1 and the Main Terminal have the highest concentration of computers, printers, and other office equipment on the airport site. Along with this it is also heated by an electric heater system that is relatively inefficient compare with the modern equivalent. Despite this, it is an area where staff education can contribute to energy reductions along with initiatives such as reducing lighting levels throughout the building.

Consumption pattern



Analysis

Following 'benchmarking' in 2010, annual energy use has been calculated as follows:

Year (Apr-Mar)	KW/h used	% Change/Year
2010-2011	155781	
2011-2012	125731	-19%
2012-2013	153307	+22%
Overall % Chg		-1.6%

The positive work done since 2009 in education and installation of more efficient lighting was undone by significantly increased heating use during the exceptionally cold winter of 2012 into 2013. This highlights the inefficiency of the building's reliance on electrical heating. Nevertheless, the overall trend is marginally down.

Further Initiatives

Continuing staff education, Major investment in the heating and lighting systems is required to continue the downward trend. Further investigation of the feasibility of photovoltaic generation is ongoing.

26.4 Fire Station & hangar SE27

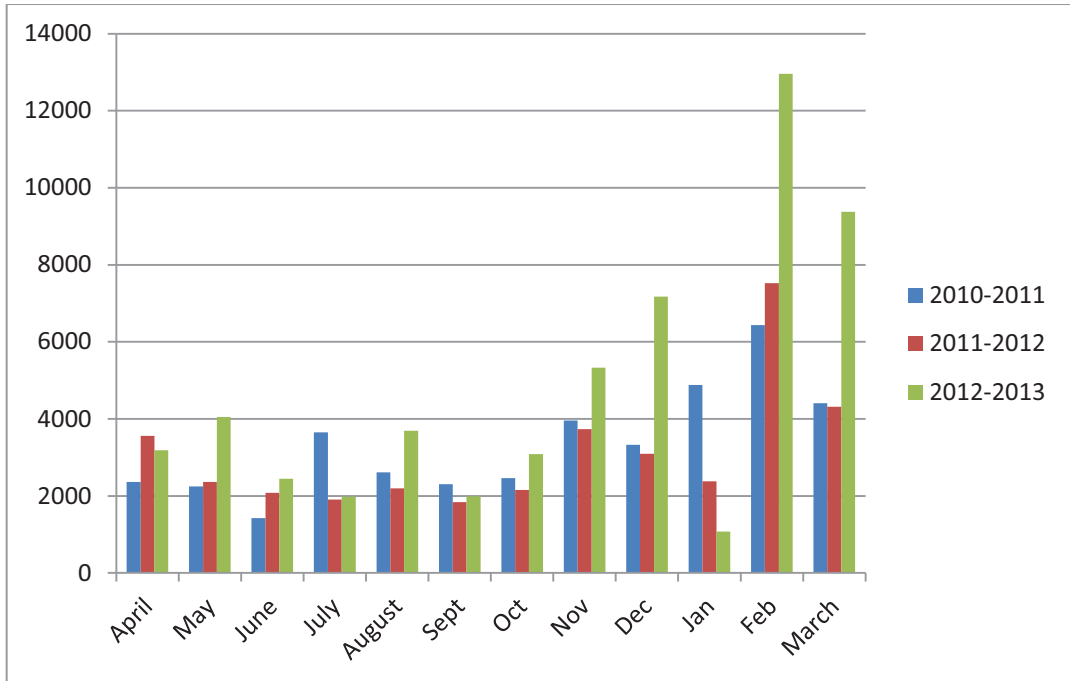


The building

Fire Station and hangar SE27 is the Airport Fire Service headquarters. It contains office space, rest/meal area and bays for the services fire appliances. As with other areas of the airport it is heated by relatively inefficient electric heaters and the storage bays are lit with an equally dated lighting system.

Consumption pattern

(Graph overleaf)



Analysis

Following ‘benchmarking’ in 2009/10, the energy use is determined as follows: -

Year	Total KW/h	% Change/Year
2010-2011	33416	
2011-2012	35053	+4.8
2012-2013	66049	+93.4
Overall % Chg		+97.1

Utilisation had been relatively stable, however the cold winter again resulted in a significant increase in energy consumption, particularly as additional electrically powered ‘warm air’ heaters were temporarily used in the Fire Station bays to prevent the emergency vehicle water lines from freezing.

This building is also used to charge the Airport’s two electric vehicles (tugs) and future ‘everyday’ consumption is likely to remain at a higher level than the benchmark.

Further Initiatives:

As stated in previous years, energy reductions could be achieved with major investment in replacement of the lighting and heating systems with more energy efficient units

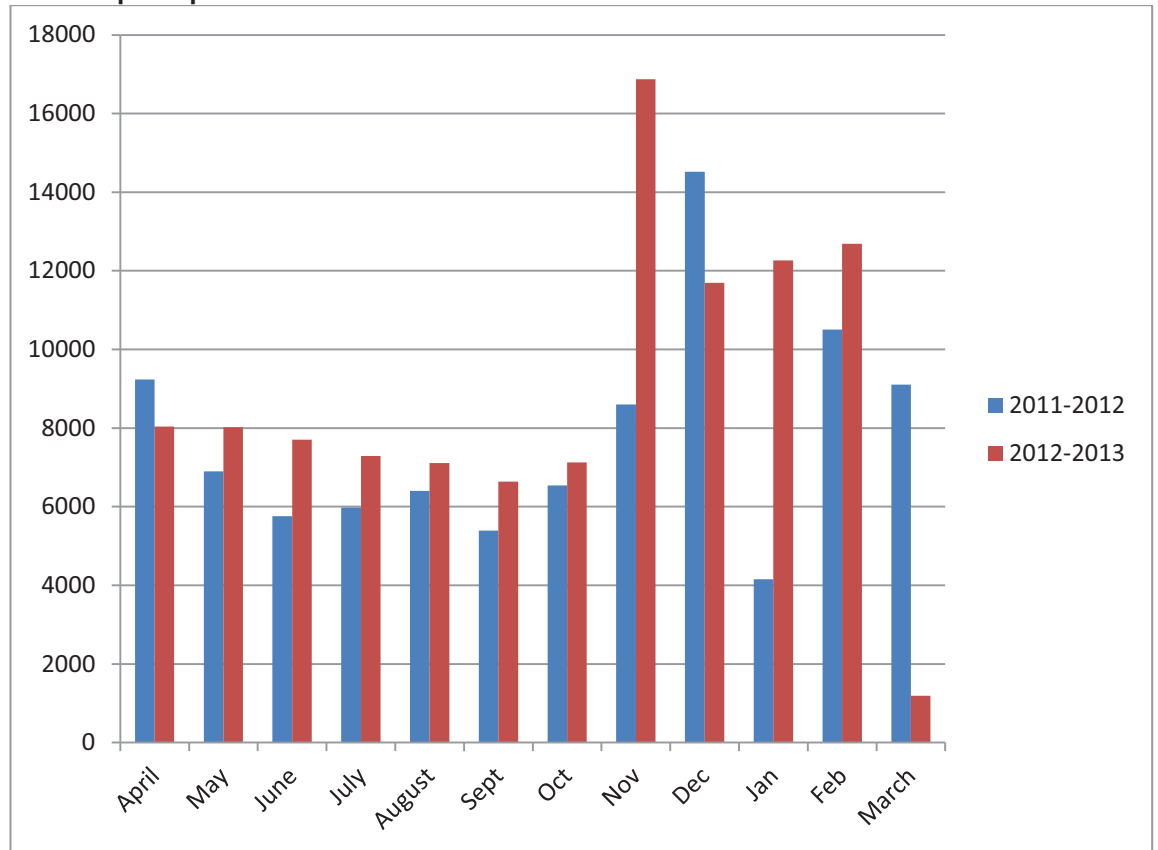
26.5 Control Tower



The building

The Control Tower not only is the centre for controlling airport movements but is also the source of power for all of the safety significant navigational equipment, radar and runway lighting. It contains a main viewing area (VCR), office space, and kitchen area. The percentage of domestic usage is relatively low, compared with the consumption of the navigational and ATC equipment.

Consumption pattern



Analysis

Following 'benchmarking' in 2010/11, the energy use is determined as follows: -

Year	Total	% Change
2011-2012	93080	
2012-2013	106654	+14.5

The energy use in the building is clearly consistent with seasonal temperature variation, again highlighting the inefficiency and dependence on electrical heating. The changes completed to the Airport's runway lighting system as part of the runway safety project, should deliver a small saving in future years.

Further Initiatives:

Investment in a new heating system alongside updating lighting would help to reduce energy levels. However, the buildings age and layout make any initiative's effects limited. Larger savings would be difficult due to the equipment contained within the building and its importance to airport operations.

26.6 Vehicle use

Vehicle fleet utilisation is shown at Appendix F. Most significantly since the 2012 review, the Airport has acquired a further electric tug, which will further reduce diesel fuel use.

26.7 **Ground emission totals**

Collating the data for ground-based emissions gives the following summary: -

Period 2009 – 2013

2009/10

Source	Volume	Kg/CO₂
Electricity =	299807 KWh	(157,278)
Diesel =	51,834 ltrs	(138272)
Petrol =	117 ltrs	(270)

Tonnes CO₂ = 295.82

2010/11

Electricity =	280200 KWh	(146,992)
Diesel =	49,883 ltrs	(133,067)
Petrol =	117 ltrs	(270)

Tonnes CO₂ = 280.33

2011/12

Electricity =	246490 KWh	(129,308)
Diesel =	49,608 ltrs	(132,334)
Petrol =	117 ltrs	(270)

Tonnes CO₂ = 261.91

2012/13

Electricity =	326,010 KWh	(170,829)
Diesel =	49,243 ltrs	(130,986)
Petrol =	127 ltrs	(292)

Tonnes CO₂= 302.11

26.8 **Conclusion**

The extreme winter of 2012/13 resulted in a significant increase in energy use at the Airport. This, in turn, reversed the overall downward trend in energy usage since benchmarks in the Green Policy process became available. This highlights the Company's dependence on electrical heating.

26.9 Aircraft emissions

Using the methodology defined earlier in this document, Gloucestershire Airport undertakes to ensure that CO₂ emissions from aircraft operations do not exceed a ceiling of 4000 Tonnes CO₂ in the course of normal Airport operations.

The calculations for 2012 are as follows: -

Total Jet A1 emissions	1539.481 Tonnes
Total Avgas emissions	1110.400 Tonnes
Total	2649.866 Tonnes

The 2012 data shows a marked reduction, more than 527 Tonnes, or 16.6% lower than the previous year. There are some key factors influencing this reduction.

DEFRA has now published guidance for calculating air travel emissions, primarily from an airline passenger perspective. It does however, now specify a 'distance' factor of 8%, rather than the 10% previously used in the calculations.

Specifically, two of the resident business jets at the Airport have been upgraded in the reporting period, both with significantly more efficient aircraft. Furthermore, the Isle of Man, Belfast and Jersey services have been operated by a Let 410 aircraft, replacing the Dornier 228, again with a notable difference in fuel burn.

Avgas emissions have also reduced by more than 100 tonnes. This is largely due to the largest flying school, Aeros Flight Training, introducing 3 modern Tecnam aircraft to their fleet.

26.10 **Operational Controls**

The ceiling for total annual aircraft movements (excluding emergency, Police and Air Ambulance-related flights), measured by calendar year is set at 95 000.

The ceiling for out-of-hours flights (excluding emergency, Police and Air Ambulance-related flights, or those arriving early or late due to operational reasons) is set as not more than 1.5% of the annual total.

Not more than 100 flights per annum (excluding emergency, Police and Air Ambulance-related flights) will be permitted during the hours of 2300 – 0600.

26.11 **2012 figures**

Total number of flights in 2012	73778
Total number of flights out-of-hours	539
Percentage of out-of-hours	0.73%

	Number	% of total flights
Total number of exempt flights	125	0.17
Manx2 flights delayed/early due to operational reasons	28	
Total number of 'qualifying' flights	386	0.52
Total number of 'qualifying' flights between 23-0600	9	0.01

		% of out of hours flights
Qualifying flights within 5 minutes of opening time	42	10.9
Qualifying flights within 30 minutes of opening time	126	32.6
Qualifying flights within 1 hour of opening time	235	60.9
Qualifying flights within 2 hours of opening time	363	94.0

26.12 **2011 figures**

Annual total mvt	67022	
Total out of hours	669	1.0%
Total emergency related	103	
Qualifying out of hours	566	0.84%
Total 23-0600	8	
Within 5 mins	84	
Within +/- 30 mins	340	
Within +/- 1 hour	464	
Within +/- 2 hours	538	

26.13 **Conclusion**

The percentage and number of out-of hours flights reduced in 2012 and no Green Policy parameters were exceeded.

26.14 **Noise complaints**

A total of 417 complaints were received during 2012. This equates to 0.56% of the total annual movements. Two individuals, however, generated 321 of these (178 & 143). One, in particular, has elected to file two complaints for every out of hours flight; one of the grounds of it being out of hours, and one on the grounds of noise.

This represents an increase on 2011 data (280 complaints, 0.41%) but a reduction on the 2010 peak (587 complaints, 0.87%)

If reports from the two most prolific complainants are temporarily excluded from the datasets, the underlying trend is downward.

26.15 Waste management

A baseline for waste in relevant categories was established in 2011 as follows: -

Cardboard	12 x 1100ltr bin
Plastic	72Kg
Paper	187Kg

Significant progress was made during 2012 with the recycling scheme rolled out to all Airport tenants. Consequently, recycling rose substantially.

2012 Recycling	
Cardboard	18 x 1100ltr bin
Plastic	142Kg
Paper	1500Kg

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**Cheltenham Borough Council
Cabinet – 10 December 2013
Council – 16 December 2013
Treasury Mid-Term Report 2013/14**

Accountable member	John Rawson, Cabinet Member Finance
Accountable officer	Director Resources , Mark Sheldon
Accountable scrutiny committee	Overview and Scrutiny
Ward(s) affected	None
Key Decision	Yes
Executive summary	The Treasury Management Strategy for 2013/14 has been determined by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009 (revised 2011), which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year. The Code also recommends that members are informed of Treasury Management activities at least twice a year. This report therefore ensures this authority has adopted the code and complies with its requirements.
Consultation	The Treasury Management Panel are to consider this report on 27th November 2013.
Recommendations	Cabinet approve the following recommendation to Council: 1. Note the contents of the summary report of the treasury management activity during the first six months of 2013/14.

Financial implications	All financial implications are detailed throughout the report Contact officer: Andrew Sherbourne, andrew.sherbourne@cheltenham.gov.uk, 01242 264337
Legal implications	None specific arising from the report recommendations. Contact officer: Peter Lewis, peter.lewis@teWKesbury.gov.uk, 01242 264216
HR implications (including learning and organisational development)	No direct HR implications arising from this report Contact officer: Julie McCarthy, Julie.McCarthy@cheltenham.gov.uk. 01242 264355
Key risks	see appendix 2

Corporate and community plan Implications	None
Environmental and climate change implications	None

1. Background

1.1 The Treasury Management Strategy for 2013/14 has been developed by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009 (revised 2011), which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year. The Code also recommends that members are informed of Treasury Management activities at least twice a year. This report therefore ensures this authority has adopted the code and complies with its requirements, one of which is the provision of a Mid-year report to Members.

2. Economic update for the first six months

2.1 The following key points have been provided by the councils Treasury Advisors, Capita Asset Services.

2.2 During 2013/14 economic indicators suggested that the economy is recovering, albeit from a low level. After avoiding recession in the first quarter of 2013, with a 0.3% quarterly expansion the economy grew 0.7% in Q2. There have been signs of renewed vigour in household spending in the summer, with a further pick-up in retail sales, mortgages, house prices and new car registrations.

2.3 The strengthening in economic growth appears to have supported the labour market, with employment rising at a modest pace and strong enough to reduce the level of unemployment further. Pay growth also rebounded strongly in April, though this was mostly driven by high earners delaying bonuses until after April's cut in the top rate of income tax. Excluding bonuses, earnings rose by just 1.0% y/y, well below the rate of inflation at 2.7% in August, causing continuing pressure on household's disposable income.

2.4 The Bank of England extended its Funding for Lending Scheme (FLS) into 2015 and sharpened the incentives for banks to extend more business funding, particularly to small and medium size enterprises. To date, the mortgage market still appears to have been the biggest beneficiary from the scheme, with mortgage interest rates falling further to new lows. Together with the Government's Help to Buy scheme, which provides equity loans to credit-constrained borrowers, this is helping to boost demand in the housing market. Mortgage approvals by high street banks have risen as have house prices, although they are still well down from the boom years pre 2008.

2.5 Turning to the fiscal situation, the public borrowing figures continued to be distorted by a number of one-off factors. On an underlying basis, borrowing in Q2 started to come down, but only slowly, as Government expenditure cuts took effect and economic growth started to show through in a small increase in tax receipts. The 2013 Spending Review, covering only 2015/16, made no changes to the headline Government spending plan, and monetary policy was unchanged in advance of the new Bank of England Governor, Mark Carney, arriving. Bank Rate remained at 0.5% and quantitative easing also stayed at £375bn. In August, the MPC provided forward guidance that Bank Rate is unlikely to change until unemployment first falls to 7%, which was not

expected until mid 2016. However, 7% is only a point at which the MPC will review Bank Rate, not necessarily take action to change it. The three month to July average rate was 7.7%. CPI inflation (MPC target of 2.0%), fell marginally from a peak of 2.9% in June to 2.7% in August. The Bank of England expects inflation to fall back to 2.0% in 2015.

3. Portfolio position 1/4/2013 to 30/9/2013

Movements in the Council's borrowing during the first six months of 2013/14 financial year can be seen in the table below. Long term loans are deemed to be those repayable over a period of more than one year.

Source of Loan	Balance at 1 April 2013 £	Raised during Apr-Sept £	Repaid during Apr-Sept £	Balance at 30 Sept 2013 £
Temporary Borrowing				
- Local Authorities	2,000,000	4,100,000	6,100,000	0
Temporary Investment	20,000	0	0	20,000
Total Short Term Borrowing	2,020,000	4,100,000	6,100,000	20,000
Long Term Borrowing				
- Public Works Loan Board	40,778,000	1,200,000	82,140	41,895,860
- Market Loans	15,900,000	0	0	15,900,000
Long Term Borrowing	56,678,000	1,200,000	82,140	57,795,860
Total External Borrowing	58,698,000	5,300,000	6,182,140	57,815,860

3.1 In February 2013 the Council's borrowing costs for 2013/14 was set to be £2,019,300. This is now forecast to come under by approximately £6,000 against budget. Average temporary borrowing of £430k at an average interest rate of 0.29% has occurred between 1st April and 30th September 2013 to meet temporary cash flow shortfalls against a forecasted rate of 0.32% on an average temporary borrowing balance of £1.3m. Of the £57.8m borrowing outstanding as at 30th September 2013, the HRA share of this is £44.7m, leaving the General Fund with £13.1m.

3.2 The PWLB remains an attractive source of borrowing for the Council as it offers flexibility and control. Due to downward moves in gilt yields in the first quarter, this resulted in PWLB rates falling across all maturities. In May 2013 a loan of £1.2m was taken out with the PWLB for ten years at a rate of 1.80% on behalf of Gloucestershire Airport Ltd. The loan is cost neutral for the Council as the Airport are repaying the Council in line with the repayment schedule.

4. Investments

The DCLG's Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy for 2012/13 approved by Council on the 8th February 2013. This restricted new investments to the following

- T-Bills and the Debt Management Office (DMO)
- Other Local Authorities
- AAA-rated Money Market Funds
- UK Banks & Building Societies – Minimum long term rating of A or equivalent across all three rating agencies (Fitch, Standard & Poors and Moody's)
- Other - Cheltenham Festivals, Gloucestershire Airport Company, Everyman Theatre, Ubico and Cheltenham Borough Homes

Counterparty credit quality is assessed and monitored with reference to :-

- Credit ratings
- Credit Default Swaps
- Share Price
- GDP of the country in which the institution operates

4.1 It is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.50% Bank Rate. Indeed, the introduction of the Funding for Lending scheme has reduced market investment rates even further. The potential for a prolonging of the Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. As agreed as part of the 2013/14 Treasury Management Strategy investments were only to be made to UK based banks/building society which met the lending criteria set, and up to a maximum period of one year. Treasury officers have kept to this strategy for the period reported on. Given this risk environment, investment returns are likely to remain low.

4.2 Investments - Movements in the Council's investment portfolio during the first six months of 2013/14 can be seen in the table below.

Source of Loan	Balance at 1 April 2013 £	Raised during Apr-Sept £	Repaid during Apr-Sept £	Balance at 30 Sept 2013 £
Short term Lending				

Bank – Term Deposit	0	5,000,000	4,000,000	1,000,000
Bank of Scotland Call A/C	3,830,000	48,801,000	50,711,000	1,920,000
Santander Uk Call A/C	0	17,930,000	15,180,000	2,750,000
Glos Airport Ltd	350,000	0	35,000	315,000
Total Short Term Lending	4,180,000	71,731,000	69,926,000	5,985,000
Icelandic Banks in administration	Balance at 1 April 2013 £	Raised during Apr-Sept £	Repaid during the year £	Balance at 30 Sept 2013 £
- Kaupthing Singer & Friedlander	720,000	0	90,000	630,000
- Glitnir	572,400	0	0	572,400
- Landsbanki	2,550,000	0	126,480	2,423,520
Total Icelandic Banks	3,842,400	0	216,480	3,625,920
Total External Investments	8,022,400	71,731,000	70,142,480	9,610,920

- 4.3** In February 2013 the Council's Investment income for 2013/14 was budgeted to be £24,400. The average cash balances representing the council's reserves and working balances, was £7.5m during the period this report covers. The Council anticipates an investment outturn of £37,600 at a rate of 0.64% for the whole year. Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2013/14.
- 4.4** Included within the investments of £9.61m as at 30th September 2013, the Council has £3.626m deposited in the collapsed Icelandic banks.
- 4.5** Glitnir's Winding – up - Board made a distribution to priority creditors back in March 2012, which amounted to 78p in the pound. The remaining balance is held in an escrow account in Iceland. The Central Bank of Iceland is controlling the movement of Icelandic Krona's, so the Council has been unable to gain access to these funds. The Council is working with the Local Government Association (LGA) and Bevan Brittan (appointed solicitors) to recover the remaining amount. 100% is expected to be recovered
- 4.6** Landsbanki Winding – up - Board made a fourth distribution over the 12th & 13th of September 2013 which takes the repayments made to just under 55p in the pound. Further distributions are expected in the near future. 100% is expected to be recovered.

4.7 Kaupthing Singer & Friedlander administrators have made distributions of 79p in the pound to date. Administrators currently estimate a total return of 85p-86.5p in the pound.

5. Prudential Indicators

5.1 During the financial year to date the Council has operated within the treasury limits and Prudential Indicators set out in the Council’s Treasury Policy Statement and Annual Treasury Strategy Statement. Appendix 1 attached highlights the major indicators.

6. Outlook

6.1 Economic forecasting remains difficult with so many external influences weighing on the UK. Volatility in bond yields is likely during 2013/14 as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities and safer bonds. The overall balance of risks to economic recovery in the UK is now weighted to the upside after five months of robust good news on the economy. However, only time will tell just how long this period of strong economic growth will last, and it remains exposed to vulnerabilities in a number of key areas.

6.2 Expectations for the first change in Bank Rate in the UK are now dependent on how to forecast when unemployment is likely to fall to 7%. Financial markets have taken a very contrary view to the MPC and have aggressively raised short term interest rates and gilt yields due to their view that the strength of economic recovery is now so rapid that unemployment will fall much faster than the Bank of England forecasts. They therefore expect the first increase in Bank Rate to be in quarter 4 of 2014. There is much leeway to disagree with this view as the economic downturn since 2008 was remarkable for the way in which unemployment did not rise to anywhere near the extent likely, unlike in previous recessions. This meant that labour was retained, productivity fell and now, as the MPC expects, there is major potential for unemployment to fall only slowly as existing labour levels are worked more intensively and productivity rises back up again. The size of the work force is also expected to increase relatively rapidly and there are many currently self employed or part time employed workers who are seeking full time employment. Capita Asset Services take the view that the unemployment rate is not likely to come down as quickly as the financial markets are currently expecting and that the MPC view is more realistic. The prospects for any increase in Bank Rate before 2016 are therefore seen as being limited. However, some forecasters are forecasting that even the Bank of England forecast is too optimistic as to when the 7% level will be reached and so do not expect the first increase in Bank Rate until spring 2017.

	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Bank rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%
5yr PWLB rate	2.50%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%
10yr PWLB rate	3.70%	3.70%	3.70%	3.70%	3.80%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%
25yr PWLB rate	4.40%	4.40%	4.40%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.20%
50yr PWLB rate	4.50%	4.40%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.30%

7. Performance management

7.1 In compliance with the requirements of the Treasury Management CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the first six months of 2013/14. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and

liquidity over yield.

Report author	Contact officer: Andrew Sherbourne, andrew.sherbourne@cheltenham.gov.uk 01242 264337
Appendices	Prudential Indicators Appendix 1 Risk Appendix 2
Background information	Treasury Management Strategy, Council 8th February 2013

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The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure by Service	2013/14 Original Estimate	Current Position As at 30th Sept 2013	2013/14 Revised Estimate
	£m	£m	£m
General Fund	4.236	3.865	4.236
HRA	6.472	1.565	7.075
Total	10.708	5.430	11.311

Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2013/14 Original Estimate	Current Position As at 30th Sept 2013	2013/14 Revised Estimate
	£m	£m	£m
Financed by:			
Capital receipts	0.100	3.121	0.264
Capital grants	0.366	0.32	0.366
Capital reserves	6.677	0.789	7.184
Revenue	3.565	1.200	3.497
Total financing	10.708	5.458	11.311
Borrowing need	0	0	0

Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

The table shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

We are on target to achieve the original forecast Capital Financing Requirement

Prudential Indicator – External Debt / the Operational Boundary

	2013/14 Original Estimate	Current Position As at 30 th Sept 2013	2013/14 Revised Estimate
	£m	£m	£m
Prudential Indicator – Capital Financing Requirement			
CFR – non housing	29.125	14.563	29.125
CFR – housing	44.750	22.375	44.750
Total CFR	73.875	36.938	73.875
Net movement in CFR	-		-
Prudential Indicator – External Debt / the Operational Boundary			
Borrowing	99.800	57.816	99.800
Other long term liabilities*	0	0	0
Total debt 31 March	99.800	57.816	99.800

Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2013/14 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2013/14 Original Estimate	Current Position As at 30 th Sept 2013	2013/14 Revised Estimate
	£m	£m	£m
Gross borrowing	69.044	48.205	69.044
CFR* (year end position)	73.050	73.050	73.050

The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2013/14 Original Indicator £m	Current Position As at 30 th Sept 2013 £m	2013/14 Revised Indicator £m
Borrowing	109.800	57.816	109.800
Other long term liabilities*	0	0	0
Total	109.800	57.816	109.800

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
	<p>LOBO Loans - If £7m of these loans is recalled by the banks if they choose to exercise their option then we would need to have the resources on the day to repay. Alternative borrowing arrangements at today's current rates would be favourable for the Council</p>	<p>Director for Resources Mark Sheldon</p>	<p>24th January 2012</p>	1	2	2	Accept	<p>If the loans are recalled the council could take out temporary borrowing which is currently much lower than the rates on these loans. Any capital receipts available could also be used to repay debt.</p>	<p>March 2014</p>	<p>Section 151 Officer Mark Sheldon</p>	

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