



# CHEL TENHAM

## BOROUGH COUNCIL

### Notice of a meeting of Cabinet

Tuesday, 17 December 2013  
6.00 pm

Municipal Offices, Promenade, Cheltenham, GL50 9SA

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

### Agenda

	<b>SECTION 1 : PROCEDURAL MATTERS</b>	
<b>1.</b>	<b>APOLOGIES</b>	
<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>	
<b>3.</b>	<b>MINUTES OF THE LAST MEETING</b> The minutes of the meeting held on 10 December 2013 will be approved at the Cabinet meeting on 14 January 2014.	
<b>4.</b>	<b>PUBLIC AND MEMBER QUESTIONS AND PETITIONS</b>	
	<b>SECTION 2 :THE COUNCIL</b> <i>There are no matters referred to the Cabinet by the Council on this occasion</i>	
	<b>SECTION 3 : OVERVIEW AND SCRUTINY COMMITTEE</b> <i>There are no matters referred to the Cabinet by the Overview and Scrutiny Committee on this occasion</i>	
	<b>SECTION 4 : OTHER COMMITTEES</b> <i>There are no matters referred to the Cabinet by other Committees on this occasion</i>	
	<b>SECTION 5 : REPORTS FROM CABINET MEMBERS AND/OR OFFICERS</b>	
<b>5.</b>	<b>GENERAL FUND REVENUE AND CAPITAL - INTERIM BUDGET PROPOSALS 2014/15 FOR CONSULTATION</b> Report of the Cabinet Member Finance and Section 151	(Pages 1 - 24)

		Officer	
6.		<b>HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL REVISED BUDGET 2013/14 AND INTERIM BUDGET PROPOSALS 2014/15 FOR CONSULTATION</b> Report of the Cabinet Member Finance and Section 151 Officer	(Pages 25 - 40)
		<b>SECTION 6 : BRIEFING SESSION</b>	
		<ul style="list-style-type: none"> <li>• Leader and Cabinet Members</li> </ul>	
7.		<b>BRIEFING FROM CABINET MEMBERS</b>	
		<b>SECTION 7 : DECISIONS OF CABINET MEMBERS AND OFFICERS</b>	
		Member decisions taken since the last Cabinet meeting	
		<b>SECTION 8 : ANY OTHER ITEM(S) THAT THE LEADER DETERMINES TO BE URGENT AND REQUIRES A DECISION</b>	

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**Cheltenham Borough Council**

**Cabinet – 17<sup>th</sup> December 2013**

**General Fund Revenue and Capital - Interim Budget Proposals  
2014/15 for Consultation**

<b>Accountable member</b>	<b>Cabinet Member for Finance, Councillor John Rawson</b>
<b>Accountable officer</b>	<b>Director of Corporate Resources (Section 151 Officer), Mark Sheldon</b>
<b>Accountable scrutiny committee</b>	<b>Overview and Scrutiny Committee</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key Decision</b>	<b>Yes</b>
<b>Executive summary</b>	<b>This report sets out the Cabinet’s interim budget proposals for 2014/15 for consultation. The budget projections have been prepared before the December settlement announcement which is not expected until week commencing 16<sup>th</sup> December 2013.</b>
<b>Recommendations</b>	<ol style="list-style-type: none"> <li><b>1. Approve the interim budget proposals for consultation including a proposed council tax for the services provided by Cheltenham Borough Council of £187.12 for the year 2014/15 (a 0% increase based on a Band D property).</b></li> <li><b>2. Approve the growth proposals, including one off initiatives at Appendix 3.</b></li> <li><b>3. Approve the proposed capital programme at Appendix 6, as outlined in Section 7.</b></li> <li><b>4. Delegate authority to the Director of Corporate Resources, in consultation with the Cabinet Member for Finance, to determine and approve any additional material that may be needed to support the presentation of the interim budget proposals for consultation.</b></li> <li><b>5. Seek consultation responses by 24<sup>th</sup> January 2014.</b></li> <li><b>6. Approve that the Council will remain in the Gloucestershire business rates pool for 2014/15 (para 3.7)</b></li> <li><b>7. Approve no change to the Local Council Tax support scheme in 2014/15 (para 3.10).</b></li> </ol>

<p><b>Financial implications</b></p>	<p>As contained in the report and appendices.</p> <p><b>Contact officer: Paul Jones.</b></p> <p><b>E-mail:</b> paul.jones@cheltenham.gov.uk</p> <p><b>Tel no: 01242 775154</b></p>
<p><b>Legal implications</b></p>	<p>This report proposes an interim budget for consultation purposes and there are no specific legal implications at this stage.</p> <p><b>Contact officer: Peter Lewis</b></p> <p><b>E-mail:</b> peter.lewis@tewkesbury.gov.uk</p> <p><b>Tel no: 01684 272012</b></p>
<p><b>HR implications (including learning and organisational development)</b></p>	<p>In the spirit of building on our positive employee relations environment, the recognised trade unions received a budget briefing at the Joint Consultative Committee on 24<sup>th</sup> October 2013. Dialogue with the recognised trade unions will continue in order to ensure that the potential impact on employees is kept to a minimum and in doing so help to avoid the need for any compulsory redundancies. The Council's policies on managing change and consultation will be followed.</p> <p>Going forward, it is important that capacity is carefully monitored and managed in respect of any reductions in staffing and reduced income streams.</p> <p><b>Contact officer: Julie McCarthy</b></p> <p><b>E-mail:</b> julie.mccarthy@cheltenham.gov.uk</p> <p><b>Tel no: 01242 264355</b></p>
<p><b>Key risks</b></p>	<p>As outlined in Appendix 1</p>
<p><b>Corporate and community plan Implications</b></p>	<p>The aim of the interim budget proposals is to direct resources towards the key priorities identified in the Council's Corporate Business Plan whilst recognising the reduction in Government funding.</p>
<p><b>Environmental and climate change implications</b></p>	<p>The draft budget contains a number of proposals for improving the local environment, as set out in this report.</p>

## **1. Background**

- 1.1 In accordance with the Council's Budget and Policy Framework Rules, which is part of the Council's constitution, the Cabinet is required to prepare interim budget proposals for the financial year ahead and consult on its proposals for no less than four weeks prior to finalising recommendations for the Council to consider in February 2014. This report sets out the interim proposals for 2014/15.
- 1.2 The Local Government Finance Settlement for 2013/14 marked the introduction of the new local government resource regime with a significant change in the way local authorities are financed. Under the new regime, around 40% of the Council's Government funding comes directly from Business Rates and, as a consequence, has the potential to vary either upwards or downwards during the year. This is a key strand of the Government policy to localise financing of local authorities and brings the potential for increased risks or increased rewards.
- 1.3 One of the key unknowns with the revisions to the local government finance regime related to how the New Homes Bonus would be top sliced from the formula grant. It is now clear from the new regime that the new Homes Bonus forms an integral part of the financing of local government and is indeed used in the Government's preferred terminology of 'Spending Power' that it utilises when the settlement is announced. The interim budget proposals sets out clearly the anticipated use of New Homes Bonus to support the Council's spending requirement.

## **2. 2013/14 Budget Monitoring to November 2013**

- 2.1 The accounting implications for Business Rates Retention and the grants due for schemes such as small business rates relief are expected to be announced in December 2013. In order to give a more accurate budget monitoring position for the third quarter of 2013/14, a separate budget monitoring position will be presented to Cabinet at its meeting on 14<sup>th</sup> January 2014.

## **3. Finance Settlement and significant changes to Local Government Finance**

- 3.1 Since 2009/10 the Council's core funding from the Government has been cut by some £3.7 million, from £8.8 million to £5.1 million.
- 3.2 At the end of last year the Government announced that its funding would be cut in 2014/15 by 12.7%, making a further loss of £788k. More recently, it has become clear that the cut will be even bigger, and is likely to amount to 13.6% or £844k. Part of the reason for the larger cut is the Government's intention of creating a safety net to compensate local authorities for the loss of business rates income.
- 3.3 Overall we are likely to see a cut in RSG between 2014/15 and 2015/16 of 28%. The cut is not evenly distributed across blocks or elements, with the largest reductions in RSG of 34% being for lower tier (district council) functions. These reductions were much worse than expected.
- 3.4 The Autumn Statement delivered by the Chancellor on 5<sup>th</sup> December 2013 stated that the planned transfer of New Homes Bonus monies to the Local Growth Fund will no longer take place (other than in London) in 2015/16. We will need to await the outcome of the final settlement to understand the full implications of this announcement.

## **Business Rate Retention and Pooling**

- 3.5 The Business Rates Retention Scheme was introduced on 1st April 2013. Under the Scheme, the Council retains some of the business rates raised locally. The business rates yield is divided - 50% locally and 50% to the Government. The Government's share is paid into a central pool and redirected to local government through other grants. Of the 50% local share, the District Council's share has been set at 80%, with the County Council's share being 20%. A tariff is

applied to reduce the local share to a baseline funding level set by the Government (£18.369m in 2013/14). Where the value of retained business rates exceeds the baseline funding level, 50% of the surplus is paid over to the Government as a levy; the remaining 50% can be retained by the Council.

- 3.6** In order to maximise the value of business rates retained within Gloucestershire, the Council entered into the Gloucestershire Business Rates Pool. Being a part of the Pool has the benefit of reducing the levy from 50% to 19%. Any surpluses generated by the Pool will be allocated in accordance with the governance arrangements agreed by the Gloucestershire Councils.
- 3.7** The Chief Finance Officers have reviewed the viability of the Pool for 2014/15 and are satisfied that it remains viable in its current form. Sustainable surpluses from the Pool will contribute towards the savings targets identified in future years.

### **Localised Council Tax Support (LCTS)**

- 3.8** The Council was required to establish a local scheme for Local Support for Council Tax to come into effect from 1st April 2013, replacing the national Council Tax Benefit Scheme. For 2013/14, the Council adopted the existing national scheme as its local scheme. The cost of the local scheme was, therefore, expected to be broadly in line with the costs of the previous Council Tax Benefit Scheme. The Government cut funding for Local Support for the Council Tax Support Scheme by 10% with effect from 2013/14. The Council absorbed this cut in funding for 2013/14, with a view to reviewing the scheme for 2014/15.
- 3.9** 2013/14 was the first year the Government did not fully fund the scheme. Locally, the councils in Gloucestershire agreed not to make any changes to the scheme but, in line with other councils in the county, agreed changes to the council tax empty property exemptions and second homes discounts to help offset the approximate 10% shortfall in funding. Indications are that the additional revenue generated has offset the fall in funding for LCTS.
- 3.10** Following consideration by the Section 151 officers across the county, it was recommended that no changes would be made to the scheme for 2014/15 in order to avoid the potential for a significant number of claimants receiving small bills which may be difficult to recover. On 17th September 2013 Cabinet resolved that the Local Council Tax Support scheme (LCTS) remain unchanged for 2014/15, other than the annual uprating of premiums, allowances and non-dependant deductions and that a short public consultation should take place on the Council's website. The Council consulted on this basis but there was, not surprisingly, no response to this consultation. Consequently it is proposed to keep the LCTS scheme unchanged for 2014/15.

### **Parish Council Support Grant**

- 3.11** The local Council Tax Support scheme operates in a similar way to discounts, such as for empty properties or single person occupiers. Rather than being accounted for as a benefit cash payment, the Council Tax base is reduced. Whilst this has no impact for the individual Council Tax Payer, a lower Council Tax base reduces the yield in Council Tax to this Council, Gloucestershire County Council, Gloucestershire Police Authority and Town and Parish Councils. To offset this impact, the Government pays a cash grant to all local authorities. The element of grant attributable to Town and Parish Councils is paid to the billing authority (i.e. this Council). It is for each billing authority to agree with its Town and Parish Councils any mechanism for paying over a share of the overall grant paid to the billing authority.
- 3.12** For 2013/14, the value of grant awarded to the 5 Parish Councils for LCTS was £10,269. Funding for Local Council Tax Support has been "rolled" in to the Revenue Support Grant and the Retained Business Rates Baseline Funding Position. As Government funding reduces, the Council will be under pressure to reduce the funding available for Local Council Tax Support available to Town and Parish Councils. However, in order to give Parish Councils a degree of financial stability and give them the assurance they need to set their own precepts, it is not

proposed to pass on any reductions in 2014/15.

### Finance settlement

- 3.13** Taking all of the above points in to account, estimating the level of central government support and the Council's share of business rate income has been a challenging task. Given the degree of uncertainty, the draft budget for 2014/15 has been based upon the assumption that central government funding will fall by 13.6%.
- 3.14** This assumption is based on the illustrative 2014/15 start-up funding allocations and will clearly need to be reviewed following the Local Government Finance Settlement.
- 3.15** The analysis of central government funding which has been used to put the 2014/15 budget proposals together is shown in the following table:

	2013/14 £m	2014/15 £m
Revenue Support Grant	3.731	2.806
Cheltenham's share of Redistributed Business Rates	2.482	2.563
<b>Formula Grant</b>	<b>6.213</b>	<b>5.369</b>
Actual cash (decrease) over previous year		(0.844)
% cash cut		(13.6%)

- 3.16** The more detailed analysis of the net budget requirement for 2014/15 and the funding available is attached at Appendix 2.

## 4. The Cabinet's general approach to the 2014/15 budget

- 4.1** The Cabinet's budget strategy for 2014/15, approved at a meeting on 15<sup>th</sup> October 2013, included an estimate of £0.989m for the 2014/15 budget gap i.e. the financial gap between what the Council needs to spend to maintain services (including pay and price inflation) and the funding available assuming a 13.6% cut in government support.
- 4.2** The final assessment of the budget gap for 2014/15, based on the detailed budget preparation undertaken over recent months and the assumed financial settlement is £1.438m which takes into account the following variations:
- Freeze car parking charges £93.6k
  - Increased superannuation costs in respect of the 2013 triennial revaluation £206k
  - Additional cost for the collection of communal waste £93k
  - Council Tax freeze in 2014/15
- 4.3** For the past three years the Council has frozen its council tax precept at £187.12 a year for a Band D taxpayer. In proposing this course of action, the Cabinet has borne in mind the difficult economic and financial climate that many of our residents face. However, during the period of the freeze our own financial position as a Council has deteriorated sharply, and the Cabinet has been

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acutely aware of the difficulty of continuing the freeze in 2014/15.

- 4.4** The Budget Strategy and Process report, approved by Cabinet in October 2013, highlighted the specific difficulties of continuing the freeze in 2014/15. Currently the Government is offering councils roughly half the cost of freezing council tax in 2014/15, when compared with increasing council tax by 2%. However, this limited incentive only lasts for two years, after which it drops out of the Council's budget, creating an additional funding gap of about £150,000 in every subsequent year.
- 4.5** Two developments have made it easier for Cabinet to recommend a council tax freeze for the fourth year running. The first is that we have succeeded in identifying sufficient savings and additional income to make it affordable in the first two years. The second is that the Government has withdrawn its proposal to top-slice our New Homes Bonus income from 2015 to fund economic development initiatives, adding to our forecast income and making a further year's freeze sustainable.
- 4.6** The continuation of the council tax freeze in 2014/15 will avoid adding to the financial burden of residents, many of whom are still facing difficult financial circumstances. It is particularly gratifying that, under this interim budget, this can be achieved without cutting frontline services and without introducing above inflation increases in fees and charges.
- 4.7** The Government introduced legislation through the Localism Act to require councils proposing what it regards as an excessive rise in Council Tax (over 2% in 2014/15) to hold a local referendum allowing the public to veto the rise. Clearly as the Cabinet is minded to propose a 0% increase in council tax for 2014/15, this requirement does not arise.
- 4.8** In preparing the interim budget proposals, the Cabinet and officers have:
- Prepared a standstill budget projection under a general philosophy of no growth in levels of service with the exception that it is a statutory requirement or there is a compelling business case for an 'invest to save' scheme. The full list of proposals for growth, including one off initiatives, is included in Appendix 3.
  - Provided for inflation for contractual, statutory, and health and safety purposes at an appropriate inflation rate where proven.
  - Budgeted for pay inflation at 1% for 2014/15.
  - Increased income budgets assuming an average increase in fees and charges of 2.5%, with some exceptions. Property rents have not been inflated but are now set in line with rent projections based on property leases. The Cabinet proposes to freeze car park charges, except for councillors' parking passes which will rise by inflation, and building control charges. The costs have been shown as growth within the interim budget proposals.
  - Green waste charges have been frozen since their introduction in 2011. It is proposed to increase these charges by £1 to £37 per annum which will ensure the scheme remains cost neutral to the council taxpayer. Those residents taking advantage of the discount for prompt renewal will pay just £35.
  - Assessed the impact of prevailing interest rates on the investment portfolio, the implications of which have been considered by the Treasury Management Panel.
- 4.9** The key aims in developing the approach to the budget were to:
- Do everything possible to protect frontline services



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- Identify savings that can be achieved through reorganisation of service delivery or raising additional income rather than through service cuts
- 4.10** Once again, there has been a great deal of activity during the course of the year to develop this longer term strategy for closing the funding gap. The Cabinet has worked with officers to develop the 'Bridging the Gap (BtG)' programme using the BtG group supported by the Senior Leadership Team. The Cabinet's interim budget proposals for closing the budget gap in 2014/15, the result of this work, are detailed in Appendix 4, split into:
- Decisions already made by Council totalling £11k.
  - Proposals yet to be agreed by Council which are not built into the base budget, totalling £1,426,900. They comprise £776,900 of efficiency savings and additional income; an additional contribution from New Homes Bonus (NHB) of £450k to support the base budget; and a reduction of £200k in revenue contributions to fund capital expenditure given the Council's anticipated healthy balance in capital receipts from the sale of assets.
- 4.11** The Bridging the Gap programme and the commissioning process have also helped the Council to move towards a robust five-year strategy for closing the funding gap. The work done on leisure and culture services, ICT services, management restructuring and accommodation strategy, as well as a number of smaller pieces of work, give the Council the opportunity to think ahead over a period of several years, rather than planning its budgets a year at a time.
- 4.12** This budget proposes to make fuller use of the New Homes Bonus to support the revenue budget. This reflects the Government's view that the New Homes Bonus is part of local authorities' income stream, and not simply a "nice to have" extra. However we are well aware that the New Homes Bonus may in future years be a fluctuating source of income. Accordingly we have limited the amount of New Homes Bonus income being directly taken into the revenue budget to a total of £700k, which is 66% of the total expected income in 2014/15 of £1.060m. It is proposed that the remainder should be earmarked for one off or time-limited spending or kept in reserve.
- 4.13** The proposed one off uses of New Homes Bonus income include: £50k to support the well-liked and very effective Community Pride scheme; £200k to support the Planned Maintenance Reserve; and £50k to support the Mitigation fund for Cheltenham Transport Plan.
- 4.14** The Cabinet and SLT have been anticipating the need to make significant savings and have been actively managing vacancies and staffing levels in order to minimise the impact of service reviews, systems thinking and savings initiatives.

## 5. Treasury Management

- 5.1** Appendix 2 summarises the budget estimates for interest and investment income activity. Security of capital remains the Council's main investment objective. However, the budget has been prepared taking into account the following changes, agreed by the Treasury Management Panel at its meeting on 27<sup>th</sup> November 2013.
- 5.2** The Bank of England has said that interest rates will remain low through 2014/15, indicating that the Bank Rate will remain at its historic low until 2016, although current positive data on unemployment and inflation could mean an earlier increase. With this in mind, for 2014/15 interest payable will reduce by £5,000 and interest receivable will increase slightly by £100. As a result, the net impact on 2014/15 budget is an increase in net treasury income of £5,100.

### **6. Reserves**

- 6.1** Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to comment upon “the robustness of the estimates and the adequacy of the reserves for which the budget provides”. This review forms part of the formal budget setting report presented to Council in February 2014, however, some initial comments are given below.
- 6.2** A number of the savings proposed arise from organisational changes and require one-off sums to cover the costs of redundancy and early retirement. In order to keep general balances within the recommended range of £1.5m - £2.0m it is proposed to fund these costs from the pension reserve in 2014/15.
- 6.3** An assessment of the Civic Pride Reserve projects that this reserve will be wholly consumed by 31<sup>st</sup> March 2015. Given the Council’s aspirations in delivering the Cheltenham transport plan and its own accommodation strategy, it is proposed to realign the balances held in the IBS License Reserve and Vehicle Leasing Equalisation Reserve, totalling £265k. This will give continuity to the Cheltenham Development Task Force up to the financial year ending 31<sup>st</sup> March 2017.
- 6.4** The Council currently holds 2 reserves which are used to fund capital expenditure; namely a ‘housing’ capital reserve and a ‘general’ capital reserve. Given the significant capital resources now held within the Housing Revenue Account, it is proposed that these reserves be merged into one ‘general fund’ capital reserve in order to give more transparency over how the Council funds its general fund capital programme.
- 6.5** The Council is currently in the process of creating an independent Leisure and Cultural Trust which will deliver some of the borough’s ‘flagship’ services from October 2014. In order to give the new Trust some assurances in its infancy, the Cabinet is minded to create an earmarked reserve to cover any potential deficits in the early years of trading. The Cabinet will await the outcome of the budget monitoring report in early January 2014 before determining where this allocation can be funded from.
- 6.6** The Council anticipates the imminent disposal of North Place and Portland Street car parks. Whilst this is a welcome boost to the economy, it is acknowledged that the council will have a temporary shortfall in its net car parking revenue until the new facility is completed. In order to protect the Council from this volatility, the Cabinet is minded to create an earmark equalisation reserve to cushion the impact of fluctuating activity levels. Here again, the Cabinet will await the outcome of the budget monitoring report in early January 2014 before determining where this allocation can be funded from.
- 6.7** A projection of the level of reserves to be held at 31<sup>st</sup> March 2014 and 31<sup>st</sup> March 2015 respectively is detailed in Appendix 5.

### **7. Capital Programme**

- 7.1** The proposed capital programme for the period 2013/14 to 2017/18 is at Appendix 6.
- 7.2** The programme includes provisional sums for infrastructure investment to be funded from the Civic Pride reserve and New Build through Cheltenham Borough Homes. It also includes the next phase of the ICT Infrastructure Upgrade strategy, agreed by Cabinet on 11<sup>th</sup> December 2012.
- 7.3** The Council anticipates the sale of North Place and Portland Street car parks during 2013/14, releasing substantial additional capital. A list of potential infrastructure investment projects across the town is being developed for approval by the Council, aimed at achieving our aspirations for a vibrant, beautiful and prosperous town. This is likely to include funding for the Town Hall capital investment scheme, reported to the Cabinet in July 2013.

## **8. Property Maintenance Programmes**

- 8.1** The interim budget proposals do not include the 2014/15 property maintenance programme as the detail is still being finalised. However the budget includes a revenue contribution of £700k to planned maintenance together with a £200k contribution from New Homes Bonus, which will be enough to fund a very substantial programme. The planned maintenance programme was reviewed by the Asset Management Working Group on the 5<sup>th</sup> December 2013 and the recommendations will be built into the final budget proposals in February 2014.

## **9. Reasons for recommendations**

- 9.1** As outlined in the report.

## **10. Alternative options considered**

- 10.1** The Cabinet have considered many alternatives in arriving at the interim budget proposals. Opposition groups will be able to suggest alternative budget proposals for consideration by Council in February 2014.

## **11. Consultation and feedback**

- 11.1** The formal budget consultation on the detailed interim budget proposals will be over the period **18<sup>th</sup> December 2013 to 24<sup>th</sup> January 2014**. 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, interested parties including businesses, tenants, residents, staff and trade unions will be encouraged to comment on the initial budget proposals. They will be asked to identify, as far as possible, how alternative proposals complement the Council's Business Plan and Community Plan and how they can be financed. The Overview and Scrutiny Committee will be invited to review the interim budget proposals in the meetings scheduled for January 2014 and any comments will be fed back to the Cabinet.
- 11.2** 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.
- 11.3** All comments relating to the initial budget proposals should be returned to the GO Shared Services Head of Finance 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 **money matters@cheltenham.gov.uk**.

## **12. Performance management – monitoring and review**

- 12.1** The scale of budget savings will require significant work to deliver them within the agreed timescales and there is a danger that this could divert management time from delivery of services to delivery of savings. There are regular progress meetings to monitor the delivery of savings and this will need to be matched with performance against the corporate strategy action plan to ensure that resources are used to best effect and prioritised.
- 12.2** The delivery of the savings workstreams included in the interim budget proposals, if approved by full Council will be monitored by the BtG group.

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<p><b>Appendices</b></p>	<ol style="list-style-type: none"> <li>1. Risk Assessment</li> <li>2. Summary net budget requirement</li> <li>3. Growth</li> <li>4. Savings / additional income</li> <li>5. Projection of reserves</li> <li>6. Capital programme</li> </ol>
<p><b>Background information</b></p>	<ol style="list-style-type: none"> <li>1. MTFS 2012/13 – 2017/18</li> </ol>

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible Officer	Transferred to risk register
1.01	If the 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.	Mark Sheldon	15 December 2010	4	4	16	R	The council continues to deliver savings and additional income from its Bridging the Gap (BtG) programme which now includes targets for commissioning projects based on approved business cases. The Cabinet have developed a budget strategy which identifies longer term savings targets for closing the MTFS funding gap.	ongoing	Director of Corporate Resources	26 January 2011
1.02	If the robustness of the income proposals are not sound then there is a risk that the income identified within the budget will not materialise during the course of the year.	Mark Sheldon	15 December 2010	3	3	9	R	Robust forecasting is applied in preparing budget targets taking into account previous income targets, collection rates and prevailing economic conditions. Professional judgement is used in the setting / delivery of income targets which are monitored throughout the year and reported through the budget monitoring reports to cabinet.	ongoing	Director of Corporate Resources	
1.03	If when developing a longer term strategy to meet the MTFS, the council does not make the public aware of its financial position and clearly articulates why it is	Jane Griffiths	15 December 2010	3	3	9	R	As part of the delivery of the BtG / commissioning programmes there needs to be a clear communication strategy. In adopting a	ongoing	Communications team to support the BTG programme	

	making changes to service delivery then there may be confusion as to what services are being provided and customer satisfaction may decrease.							commissioning culture the council is basing decisions on customer outcomes which should address satisfaction levels.			
1.04	If there is a reliance on shared services delivering savings and these savings do not materialise or shared service projects do not proceed as anticipated then other savings will need to be found to meet the MTFS projections.	Pat Pratley	15 December 2010	3	3	9	R	All shared services are operated under prince 2 principles, with clear business case and risk logs are maintained for the shared service. Savings / Benefit realisation are reviewed via the BTG and corporate plan monitoring	Ongoing	Deputy Chief Executive	
1.05	If the council does not carefully manage its commissioning of services then it may not have the flexibility to make additional savings required by the MTFS in future years and a greater burden of savings may fall on the retained organisation	Mark Sheldon	15 December 2010	3	3	9	R	Contracts, SLAs and other shared service agreements will need to be drafted and negotiated to ensure that there is sufficient flexibility with regards to budget requirements	Ongoing	Director Commissioning	
1.06	If the assumptions around government support, business rates income, impact of changes to council tax discounts prove to be incorrect, then there is likely to be increased volatility around future funding streams.	Mark Sheldon	13 December 2012	4	3	12	R	Work with GOSS and county wide CFO's to monitor changes to local government financing regime and adjust future budgets for any significant variances.	Ongoing	Director of Corporate Resources	

## NET GENERAL FUND BUDGET 2014/15

<b>GROUP</b>	<b>2013/14 ORIGINAL £</b>	<b>2014/15 ORIGINAL £</b>
<b>Projected cost of 'standstill' level of service</b>		
Commissioning	5,468,100	5,193,100
Built Environment	3,095,900	2,514,410
Wellbeing & Culture	4,619,250	4,031,500
Resources	2,781,800	3,379,265
Strategic Directors	455,150	383,050
Savings from vacancies	(480,000)	(450,000)
Bad debt provision	40,000	40,000
	<b>15,980,200</b>	<b>15,091,325</b>
Capital Charges	(1,970,800)	(1,886,400)
Interest and Investment Income	332,900	327,800
Use of balances and reserves	(583,868)	922,139
Proposed Growth recurring - Appendix 3		127,500
Proposed Growth one-off - Appendix 3		300,000
Savings / Additional income identified - Appendix 4		(987,900)
<b>NET BUDGET</b>	<b>13,758,432</b>	<b>13,894,464</b>
<b>Deduct:</b>		
Revenue Support Grant	(3,731,162)	(2,806,462)
National Non-Domestic Rate	(2,482,240)	(2,563,177)
New Homes Bonus	(250,000)	(1,030,000)
Specific Grant in lieu of council tax freeze 2013/14	(71,902)	(78,581)
Specific Grant in lieu of council tax freeze 2014/15		(73,063)
Council Tax Discount Grant	(21,980)	
Less: Grant allocated to Parishes (council tax support)	10,269	10,269
Collection Fund Contribution	(21,200)	(47,200)
	<b>(6,568,215)</b>	<b>(6,588,214)</b>
<b>NET SPEND FUNDED BY TAX</b>	<b>7,190,217</b>	<b>7,306,250</b>
<b>Council Tax income assuming increase of 0.00 %</b>	<b>7,190,217</b>	<b>7,306,250</b>
<b>Funding Gap</b>	<b>0</b>	<b>0</b>
Band 'D' Tax	£187.12	£187.12
Increase per annum		£0.00
Increase per week		£0.00
% Rise		0.0%
Gross Collectable Tax Base	38,912.10	39,540.10
Collection Rate %	98.75%	98.75%
Net tax base	38,425.70	39,045.80
Rounded tax base for calculation purposes	38,425.70	39,045.80

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Ref	Division	Project Name	Description	Revenue Costs			Capital Costs		
				2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
				£	£	£	£	£	£
<b>SUPPORTED GROWTH</b>									
1	Commissioning	Elections	Additional postage budget to cover the increasing costs of postage	7,500	7,500	7,500			
2	Commissioning	Elections	Election Fees increase due to IER impact	6,400	6,400	6,400			
3	Built Environment	Building control income	To not increase building control fees in line with inflation, to reflect the current downturn in building control income levels.	20,000	20,000	20,000			
4	Built Environment	Car Parking income	To not increase car parking income charges in line with inflation, to reflect the current downturn in car parking income levels.	93,600	93,600	93,600			
				<b>127,500</b>	<b>127,500</b>	<b>127,500</b>	-	-	-
<b>SUPPORTED GROWTH (FUNDED FROM NEW HOMES BONUS)</b>									
	Commissioning	Community Pride	Community Pride 'bidding' budget for allocation in 2014/15	50,000					
	Cheltenham Development Taskforce	Mitigation Fund	Mitigation fund for Cheltenham Transport Plan	50,000					
	Resources	Planned Property Maintenance	Funding to support property planned maintenance programme	200,000					
				<b>300,000</b>	-	-	-	-	-
<b>SUPPORTED GROWTH (FUNDED FROM CAPITAL RESERVE/RECEIPTS)</b>									
	Built Environment	Transformational Works St. Pauls Phase 2	Transformational improvements to private households in St. Paul's to assist them in raising the standard of their dwellings in line with new build council housing stock.				200,000		
	Resources	ICT Server Room Generator	50% of the cost of a generator in the Forest of Dean DC server room to provide business continuity back-up which supports the delivery of a revenue saving as identified in Appendix 4				25,000		
				-	-	-	<b>225,000</b>	-	-

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BRIDGING THE GAP STRATEGY							
	Approved Savings	2013/14	2014/15	2015/16	2016/17	2017/18	Total
MTFS Gap		1,244,800	1,437,900	1,149,622	717,751	491,351	3,796,624
<b>Total Current MTFS Funding Deficit</b>		<b>1,244,800</b>	<b>1,437,900</b>	<b>1,149,622</b>	<b>717,751</b>	<b>491,351</b>	<b>3,796,624</b>
<b>Organisational changes</b>							
Staff restructures							
- Public Protection		35,000					0
- Parks & Gardens (reduction of p/t post)		10,000					0
- Building Control (offset by inflation on income - see Appendix 3)		9,800					0
- Customer services / facilities management re-organisation			50,000				50,000
Built Environment Management Restructure		52,700	12,100				12,100
Economic Development Restructure		20,000					0
Revenues & Benefits Service Review		88,000					0
Car park retained organisation savings post GCC - car park income collectors		23,000					0
Retained organisation savings post GCC - target		150,000					0
Senior Management Team review			156,400	43,600			200,000
<b>Shared Services</b>							
Establishing Ubico with Cotswold District Council	*	91,700					0
Additional waste target				45,400			45,400
GO shared services							
- staff savings	*	221,800					0
- licensing savings	*	32,600					0
- ICT support and hosting costs	*	(53,200)					0
- procurement savings							
1. Treasury management	*	4,500					0
2. CIPFA Publications	*	1,000					0
3. Audit fee	*	35,000					0
Shared Project Management with Forest of Dean		19,600					0
Shared GIS with Forest of Dean		30,000					0
<b>Commissioning</b>							
L&C Review - AGM savings	*	50,000					0
L&C Review - trust savings		40,000	181,700	262,300	220,700	161,200	825,900
L&C Review - reduction in retained organisation				33,900	33,800		67,700
ICT Review - per business case to Cabinet 11/12/12			121,300	80,000			201,300
ICT Review - server room rationalisation / infrastructure savings			31,000	7,000			38,000
Ubico - business plan			30,000				30,000
Review of Arle Nursery						50,000	50,000
Green Environment			20,000				20,000
Revenues & Benefits Review			100,000	30,000			130,000
Public Protection & Private Sector Housing Review				120,000			120,000
Joint Management Unit for Waste						100,000	100,000
<b>Income</b>							
Planning fee income rise 15%		60,000					0
Townscape/Conservation planning advice		5,000					0
Fees & Charges Review inc. concessions				30,000			30,000
<b>Asset Management</b>							
Remove annual increase contribution to Programme Maintenance Reserve		200,000					0
Rationalisation of asset portfolio				30,000		30,000	60,000
Accommodation Strategy					100,000	100,000	200,000
<b>Other</b>							
Supplies & services savings							
1. Corporate training budget	*	2,000	2,000				2,000
2. LGA - reduced membership costs	*	300		300			300
3. Building Control		6,000					0
4. Target saving			10,000	10,000	10,000	10,000	40,000
Additional recharge to HRA / CBH post HRA reform & revision to SLAs		69,000					0
Single Advice Contract tender saving		22,000					0
Reduction in Everyman Grant	*		5,000	5,000			10,000
Reduction in grant to Oakley & Hesters Way Regeneration Partnerships	*	4,000	4,000	4,000			8,000
Community Development - reduction in operational budget		15,000					0
Additional allotment sites	*			5,000			5,000
Reduction in revenue contribution to capital outlay (RCCO)			200,000				200,000
Use of NHB to support Base Budget			450,000				450,000
Cheltenham Borough Homes contribution to Community Development			64,400				64,400
<b>Efficiency savings Target yet to be identified</b>			0	443,122	353,251	40,151	836,524
<b>Total Savings/Income over MTFS</b>		<b>1,244,800</b>	<b>1,437,900</b>	<b>1,149,622</b>	<b>717,751</b>	<b>491,351</b>	<b>3,796,624</b>
<b>shortfall / (surplus) against MTFS Funding Gap</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Denotes savings previously approved.

NB: traffic lights denote risk associated with delivery



<u>Purpose of Reserve</u>	31/03/13	2013/14	2013/14	31/03/14	2014/15	2014/15	Proposals	31/03/15
	£	Revenue	Movement	Capital	Re-allocation	to Support	2014/15 Budget	£
		£	Capital	£	£	£	£	£
<b><u>EARMARKED RESERVES</u></b>								
<b><u>Other</u></b>								
RES002 Pension Reserve	-176,373	-150,000		-328,373				-166,973
RES003 Economic Development Reserve	-14,200			-14,200		311,400		-14,200
RES004 IBS License Reserve	-148,700			-148,700	148,700			0
RES005 Keep Cheltenham Tidy Reserve	-626			-626				-626
RES006 Cultural Development Reserve	-22,361			-22,361				-22,361
RES007 LABGI Reserve	0			0				0
RES008 House Survey Reserve	-88,025	-7,500		-95,525	-7,500			-103,025
RES009 Twinning Reserve	-7,400			-7,400				-7,400
RES010 Flood Alleviation Reserve	-223,048	82,000		-141,048	50,000			-91,048
RES011 Art Gallery & Museum Development Reserve	-618,232		618,232	0				0
RES012 Pump Room Insurance Reserve	-13,735			-13,735				-13,735
RES013 TIC Shop Reserve	-29			-29				-29
RES014 GF Insurance Reserve	-79,371			-79,371				-79,371
RES015 Vehicle Leasing Equalisation Reserve	-116,085			-116,085	116,085			0
RES016 Joint Core Strategy Reserve	-161,767	21,500		-140,267	55,200			-85,067
RES018 Civic Pride Reserve	-639,226	168,200		-115,026	115,000			-264,811
RES019 Land Charges Reserve	-34,400			-34,400				-34,400
	<b>-2,345,580</b>			<b>-1,257,148</b>				<b>-883,048</b>
<b><u>Repairs &amp; Renewals Reserves</u></b>								
RES201 Committed Maintenance Reserve	-185,629	39,000		-146,629	39,000			-107,629
RES202 Highways Insurance Reserve	-15,000			-15,000				-15,000
RES203 Revs & Benefits IT Reserve	-30,000			-30,000				-30,000
RES204 I.T. Repairs & Renewals Reserve	-349,965	26,600		-101,600	30,665			-70,935
RES205 Property Repairs & Renewals Reserve	-534,043	315,250		-191,493	-700,000			-891,493
	<b>-1,114,637</b>			<b>-484,722</b>				<b>-1,115,057</b>
<b><u>Equalisation Reserves</u></b>								
RES101 Rent Allowances Equalisation	-133,256	68,400		-64,856	64,856			0
RES102 Planning Appeals Equalisation	-101,232			-101,232				-101,232
RES103 Licensing Fees Equalisation	-22,555			-22,555	11,400			-11,155
RES104 Interest Equalisation	-424,012	250,000		-174,012				-174,012
RES105 Local Plan Equalisation	-127,230	60,000		-67,230	60,000			-7,230
RES106 Elections Equalisation	0	-61,500		-61,500	61,500			0
	<b>-808,284</b>			<b>-491,384</b>				<b>-293,628</b>

	<b>Purpose of Reserve</b>	<b>31/3/13</b>	<b>2013/14</b>	<b>31/3/14</b>	<b>2014/15</b>	<b>2014/15</b>	<b>Proposals</b>	<b>2014/15</b>	<b>31/3/15</b>
		<b>£</b>	<b>Movement</b>	<b>£</b>	<b>Revenue</b>	<b>Re-alignment</b>	<b>to Support</b>	<b>Movement</b>	<b>£</b>
			<b>Revenue</b>	<b>Capital</b>	<b>£</b>	<b>£</b>	<b>2014/15 Budget</b>	<b>Capital</b>	
			<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
<b>Reserves for commitments</b>									
RES301	Carry Forwards Reserve	-1,612,126	1,590,326	-21,800	21,800				0
	Approved budget carry forwards								
<b>CAPITAL</b>									
RES401	Housing Capital Reserve	-902,476		-902,476		902,476			0
RES402	Capital Reserve - GF	-1,364,674	-570,000	-554,474	-570,000	-902,476		841,100	-1,185,850
	To fund Housing General Fund capital expenditure								
	To fund General Fund capital expenditure								
		-2,267,150		-1,456,950					-1,185,850
	<b>TOTAL EARMARKED RESERVES</b>	-8,147,777		-3,712,004					-3,477,583
<b>GENERAL FUND BALANCE</b>									
B8000 -	General balance	-2,021,123	269,492	-1,751,630	-4,060			14,700	-1,740,990
B8240		-2,021,123		-1,751,630					-1,740,990
	<b>TOTAL GENERAL FUND RESERVES AND BALANCES</b>	-10,168,899	2,101,768	-5,463,634	-922,139	0	311,400	855,800	-5,218,573

## GENERAL FUND CAPITAL PROGRAMME

Code	Fund	Scheme	Scheme Description	Original Scheme Cost	Payments to 31/03/13	Budget 2013/14	Revised Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
				£	£	£	£	£	£	£	£
		<b>RESOURCES</b>									
		<b>Property Services</b>									
CAP001	C/R	Programmed Maintenance	New cremators	655,000	627,703		27,300				
		<b>Financial Services</b>									
CAP010	C	GO ERP	Development of ERP system within the GO Partnership	421,700	441,973			14,700			
CAP011	C	Gloucestershire Airport	Contribution towards the redevelopment project - £1.2m loan	1,200,000	1,193,840		6,100				
		<b>ICT</b>									
CAP021	C	Working Flexibly	Deliver council services at a time and place which suit the customer. Implementation of Citrix environment to deliver business applications to the home / remote users desktop	35,300	27,674		7,600				
CAP025	C	IT Infrastructure	Virtual e-mail appliance licence -setting up of e-mail connection between all GO Partner authorities.				22,000				
CAP026	C	IT Infrastructure	5 year ICT infrastructure strategy			409,500	409,500	241,100	275,600	77,400	62,800
		<b>Revenues</b>									
CAP013	G	Localisation of Business Rates	Software changes required in order to introduce the Localisation of Business Rates as required by legislation and funded by grant	35,000			35,000				
		<b>WELLBEING &amp; CULTURE</b>									
		<b>Parks &amp; Gardens</b>									
CAP101	S	S.106 Play area refurbishment	Developer Contributions			50,000	50,000	50,000	50,000	50,000	50,000
CAP102	C	Play Area Enhancement	Ongoing programme of maintenance and refurbishment of play areas to ensure they improve and meet safety standards			80,000	80,000	80,000	80,000	80,000	80,000
		<b>Cemetery &amp; Crematorium</b>									
CAP002	C	Burial Chapel	Invest to save scheme to convert burial chapel to handle cremations.	110,000	102,334		7,600				
		<b>Cultural Services</b>									
CAP121	R/P	Art Gallery & Museum Development Scheme	Council's commitment to new scheme as agreed by Council 20th July 2008	6,300,000	4,296,964	899,202	2,003,000				
		<b>Recreation</b>									
CAP111	C	Gym Equipment	To replace worn out equipment and ensure that we retain a successful and competitive publicly accessible fitness provision			211,000	241,000				
CAP112	C	Carbon reduction scheme	Replacement of Pool Hall lighting to LEDs at Leisure@			30,000	30,000				
		<b>Community Safety</b>									
CAP141	C	CCTV/Town Centre initiative	Expansion of on street CCTV in the town centre to increase safety and secure the environment			50,000	50,000	50,000	50,000	50,000	50,000

## GENERAL FUND CAPITAL PROGRAMME

Code	Fund	Scheme	Scheme Description	Original Scheme Cost	Payments to 31/03/13	Budget 2013/14	Revised Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
				£	£	£	£	£	£	£	£
		<b>BUILT ENVIRONMENT</b>									
		<b>Integrated Transport</b>									
CAP150	C	Civic Pride	CBC contribution to East Promenade repaving by GCC, plus street furniture costs.		139,000		6,000				
CAP151	C	Civic Pride	CBC contribution to West Promenade repaving by GCC.			100,000	100,000				
CAP152	C	Civic Pride	Upgrade of Promenade pedestrianised area including remodelling of tree pits, providing seating, re-pointing existing Yorkstone.			100,000	100,000				
CAP153	C	Civic Pride	Remodelling of Sherborne Place Car Park into a Green car park for short stay bus use.			100,000	100,000				
CAP154	C	Civic Pride	Scheme for St.Mary's churchyard			50,000	50,000				
CAP206	C	Civic Pride	Improvements to Grosvenor Terrace Car Park (Town Centre East) including making a Green car park, improving linkages to the High Street, improved sustainability - rainwater harvesting, PV cells etc.		9,350	120,000	140,600				
CAP201	C	CCTV in Car Parks	Additional CCTV in order to improve shopping areas and reduce fear of crime		19,470	50,000	99,800	50,000	50,000	50,000	50,000
CAP202	C	Car park management technology	The upgrade of the car park management technology at selected sites such as Regent Arcade is essential as the existing management systems and hardware have now reached the end of their life cycle.		76,465		43,500				
		<b>Housing</b>									
CAP221	C/SCG	Disabled Facilities Grants	Mandatory Grant for the provision of building work, equipment or modifying a dwelling to restore or enable independent living, privacy, confidence and dignity for individuals and their families.			600,000	600,000	600,000	600,000	600,000	600,000
CAP222	C	Adaptation Support Grant	Used mostly where essential repairs (health and safety) are identified to enable the DFG work to proceed (e.g. electrical works).			25,000	38,700	25,000	25,000	25,000	26,000
CAP223	PSDH	Health & Safety Grant / Loans	A new form of assistance available under the council's Housing Renewal Policy 2003-06				295,500				
CAP224	LAA / C	Vacant Property Grant	A new form of assistance available under the council's Housing Renewal Policy 2003-06								
CAP225	C/S	Renovation Grants	Grants provided under the Housing Grants, Construction and Regeneration Act 1996			60,000	100,000				
CAP227	C/S	Housing Enabling - St Paul's Phase 2	A Gloucestershire-wide project to promote home energy efficiency, particularly targeted at those with health problems					2,300,000			
		Housing Enabling - Garage Sites	Expenditure in support of enabling the provision of new affordable housing in partnership with registered Social Landlords and the Housing Corporation			1,300,000	1,700,000				





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## Cheltenham Borough Council

Cabinet – 17th December 2013

### Housing Revenue Account - Revised Budget 2013/14 and Interim Budget Proposals 2014/15 for Consultation

<b>Accountable member</b>	Cabinet Member for Finance, John Rawson
<b>Accountable officer</b>	Director of Resources (Section 151 Officer), Mark Sheldon
<b>Ward(s) affected</b>	All
<b>Key Decision</b>	Yes
<b>Executive summary</b>	This report summarises the Housing Revenue Account (HRA) revised budget for 2013/14 and the Cabinet's interim budget proposals for 2014/15 for consultation.
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. Note the revised HRA budget for 2013/14.</li> <li>2. Approve the interim HRA budget proposals for 2014/15 for consultation including a proposed average rent increase of 4.03% (applied in accordance with national rent restructuring guidelines) and increases in other rents and charges as detailed at Appendix 5.</li> <li>3. Approve the proposed HRA capital programme for 2014/15 as shown at Appendix 3.</li> <li>4. Approve the creation of an earmarked revenue reserve to finance future new build in the HRA. The value of funds to be transferred to this reserve to be considered by Cabinet as part of the review of HRA outturn for each accounting year.</li> <li>5. Delegate authority to the Cabinet Member for Finance, in consultation with the Director of Resources, to approve the acquisition of private interests within sites identified for future development subject to the availability of funds as described in paragraph 5.5.</li> <li>6. Delegate authority to the Director of Resources, in consultation with the Cabinet Member for Finance, to determine and approve any additional material that may be needed to support the presentation of the interim budget proposals for consultation.</li> <li>7. Seek consultation responses by 30<sup>th</sup> January 2014.</li> </ol>
<b>Financial implications</b>	<p>As contained in the report and appendices.</p> <p><b>Contact officer: Mark Sheldon.</b></p> <p><b>E-mail: <a href="mailto:mark.sheldon@cheltenham.gov.uk">mark.sheldon@cheltenham.gov.uk</a></b></p> <p><b>Tel no: 01242 264123</b></p>

<p><b>Legal implications</b></p>	<p>The Constitution contains a delegation to the Lead Member to acquire land or property where the value of the interest does not exceed £250,000. The effect of recommendation 5 is that the Cabinet Member for Finance will be able to authorise the acquisition of land or property whatever the value of the interest, subject to the availability of funds. A Cabinet Member report and decision will be required to authorise each purchase prior to the authority entering into contract with the owners.</p> <p>As this report proposes an interim budget for consultation purposes, there are no other specific legal implications at this stage.</p> <p><b>Contact officer: Donna Ruck, Solicitor</b></p> <p><b>E-mail: donna.ruck@tewkesbury.gov.uk</b></p> <p><b>Tel no: 01684 272012</b></p>
<p><b>HR implications (including learning and organisational development)</b></p>	<p>No direct HR implications arising from this report.</p> <p><b>Contact officer: Julie McCarthy</b></p> <p><b>E-mail: julie.mccarthy@cheltenham.gov.uk</b></p> <p><b>Tel no: 01242 272696</b></p>
<p><b>Key risks</b></p>	<p>As outlined in Appendix 1</p>
<p><b>Corporate and community plan Implications</b></p>	<p>The aim of the interim budget proposals is to direct resources towards the key priorities identified in the Council's Corporate Business Plan.</p>
<p><b>Environmental and climate change implications</b></p>	<p>The draft budget contains proposals for improving the local environment particularly in addressing the issue of energy reduction in Council owned dwellings</p>

**1 Background**

**1.1** The Council's Constitution requires that the Cabinet prepare an interim budget for consultation before it makes recommendations to full Council in February 2014. The Cabinet is then required to draw up its firm budget proposals having regard to the responses it has received during the consultation period, and its report to Council in February 2014 should reflect the Cabinet's response to such comments.

**2. HRA Business Plan**

**2.1** In February 2012 the Council approved a new 30 year HRA business plan which anticipated significant additional resources arising from the implementation of self financing. The Council also approved a strategy to use these resources to finance a programme of new build, further improvements to existing stock and additional support services for tenants.

**2.2** Initial progress in delivering those objectives is summarised below:-

- Year 1 (2012/13), the Council requested CBH to develop investment proposals. Additional

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resources arising in the year were used to repay debt falling due (£1.392m.), increasing the borrowing headroom available to £8.1m.

- Council approved budget proposals in February 2013 which included an investment of £1m. over 3 years, commencing in 2013/14, to improve services to tenants and a further £4.5m. to enhance capital expenditure on the existing stock within the same period. The Council has also supported a continuation of CBH new build on HRA land at four garage sites and St Paul's Phase 2.

**2.3** The financial projections within the business plan have been updated to reflect the 2012/13 outturn and variations to budget in the current year. The opportunity has also been taken to review forward assumptions using the best available information to date.

**2.4** The budget proposals for 2014/15 and projections for the following two years are based on the following key assumptions:-

- Rent – increase of 4.03% from April 2014 and annually thereafter at Consumer Price Index (CPI) + 1% (this reflects Government proposals for future social rent policy, see paragraph 4.2.3 below).
- Inflation – CPI at 2.25% p.a. and RPI at 2.75% p.a.
- Void rent loss at 1% p.a.
- Stock loss through Right to Buy (RTB) – 22 units in 2013/14, 20 units in 2014/15 and 12 units p.a. for the following 2 years. The Government stimulus has attracted more interest in the scheme but completions are still at a fairly modest level though this is being closely monitored.
- Interest payable at a blended fixed rate of 3.7% assuming no change to debt levels in the period to 31<sup>st</sup> March 2017
- Bad debt provision rising to 2% of rent collectable by 2016/17 to reflect phased introduction of welfare reform.
- Council administrative charges to the HRA are currently shown at a cash frozen level for 2014/15 pending the completion of a review of cost allocations.

Further detail on cost assumptions are shown in section 4 below.

**2.5** The Chartered Institute of Housing and the Chartered Institute of Public Finance and Accountancy have recently published a voluntary code of practice for the self financed HRA based on 6 key principles which are considered essential elements for the continued sustainability of the business plan. They are inviting all stock owning authorities to sign up to the code which is supported by a self assessment toolkit enabling each Council to measure their compliance with the principles and benchmark progress against other local authorities. Officers are currently evaluating the toolkit and will bring forward a recommendation as to whether the Council should use the code in a future report.

### **3. 2013/14 Revised Budget**

**3.1** The revised budget at Appendix 2 shows a decrease in the deficit for the year of £262,700 compared to the original estimate. This reduction, together with an increase of £448,900 in the balance brought forward from 2012/13, will give revenue reserves of £3,538,800 at 31<sup>st</sup> March 2014.

**3.2** Significant variations have been identified in budget monitoring reports and are summarised

below:-

<b>Budget Heading</b>	<b>Change in resources</b>
	<b>£'000</b>
Repairs & Maintenance – higher repair cost from increased voids	-150
Bad Debt Provision – lower arrears than anticipated reflect delay in implementation of benefit changes and allocation of additional resources to mitigate impact	120
Depreciation	-47
Dwelling Rents – loss of rent from additional sales and higher voids	-161
Transfer from Major Repairs Reserve – confirmation of accounting practice	-108
Revenue contributions to fund capital programme – additional funding options have reduced use of revenue resources	635
Other net variations	-26
<b>Net decrease in Deficit for Year</b>	<b>263</b>

#### 4. 2014/15 Budget

4.1 The budget proposals for 2014/15 and projections for the following 2 years are shown at Appendix 2.

#### 4.2 Rent Increase and changes to Social Rent Policy

4.2.1 Since 2002 Government social rent policy has used the retail price index (RPI) in the preceding September plus 0.5% to uplift the formula rent for each property in the following financial year. In September 2013 RPI was 3.2% so formula rents for each property will be increased by 3.7% for 2014/15.

4.2.2 Rent restructuring, which would bring the actual rents of all local authority properties to their formula rent, was timetabled to be complete by 2015/16. The application of those guidelines in Cheltenham will result in an average rent increase of 4.03% from April 2014. The assumption that this process would continue was used by the Government in the debt settlement calculations and also in the 30 year HRA Business Plan projections. Appendix 5 details the proposed average rent for 2014/15 together with the proposed garage rent which reflects an increase of 3.2% (in line with RPI).

4.2.3 The Government has now published a consultation paper on social rent policy for the ten year period from April 2015. The key proposals are:-

- The formula rent for each property will be increased annually by CPI + 1% (currently RPI + 0.5%)
- Convergence to formula rent will cease in 2014/15, with future rent increases limited to CPI + 1% (currently RPI + 0.5% + up to £2 per week for upward convergence with formula rent)
- Tenants with declared income in excess of £60,000 p.a. to pay full market rent.

The change in the price index is unlikely to have much impact given that the long term trend has shown RPI being in the range of 0.5% to 0.7% higher than CPI. However the end of rent convergence will have a very significant impact on those authorities whose average rent is still some way below formula rent. They will have anticipated rental growth on the basis of convergence continuing in their business plans. Cheltenham is fortunate in that the average rent will only be 0.33% below formula by April 2015 and thus the rent lost will be marginal (approx £60,000 pa). The Government will allow rents to be moved straight to formula when a property is

re-let so that rent lost through this policy change will reduce over time.

The deadline for responses to the consultation paper is 24<sup>th</sup> December 2013.

- 4.3** Estimates of service charge income currently assume an increase of 3.2% for grounds maintenance (subject to negotiation with Ubico) and 6% for cleaning (reflects increasing employee costs, particularly employers' contributions to the pension fund). Charges for power to communal areas are still under review.
- 4.4** Significant changes to the HRA in 2014/15 as compared to the revised estimates for 2013/14 are itemised in the table below. There is a forecast surplus of £115,200 for the year which leaves revenue reserves at £3,654,000 at 31<sup>st</sup> March 2015.

<b>Budget Heading</b>	<b>Change in resources</b>
	<b>£'000</b>
Increase in base CBH management fee (see paragraph 4.5.2 below)	-216
CBH Service Improvement (paid in 2013/14 only)	1,000
Reduction in repairs and maintenance (anticipates lower voids)	92
Increase in bad debt provision – impact of welfare reform	-51
Depreciation	-139
Increase in rents (after adjustment for stock loss)	675
Income from PV tariff	50
Revenue contributions to capital – increased capital investment	-1,278
Other (net)	5
<b>Net increase in resources</b>	<b>138</b>

**4.5 Cheltenham Borough Homes (CBH)**

- 4.5.1** The draft budget includes provision for the management fees and other charges payable to CBH. The company has submitted its own detailed budget and fee proposal for 2014/15.
- 4.5.2** CBH draft budgets approved by their Board on 27<sup>th</sup> November show a net increase in management costs of £287,700 analysed as below:-

	<b>£</b>
Pay award (1%) and increments	76
Pension fund contributions – increase follows triennial valuation of fund	155
Additional Posts – 2 Surveyors to support increased capital spend	70
Other net savings	(15)
<b>Increase in net management costs</b>	<b>286</b>

The HRA management fee represents an increase of 4.6% over the current year and allows CBH draft budgets for 2014/15 to show a breakeven position on services provided to the Council

- 4.5.3** The additional charge of £70,000 for management of the capital programme allows the employment of two additional surveyors for the delivery of the significant increase in expenditure. Despite this uplift in cost, fee levels will remain below 8% of works which is considered commensurate with market levels.

- 4.5.4** The overall cost of repairs and maintenance has increased by 1.6% incorporating estimates of demand for materials. The cost of delivering the estate cleaning contract has risen by £13,400 which is primarily due to increased employee costs.
- 4.5.5** The company has prepared a progress statement on the use of the service investment funds, totalling £1m., approved by the Council for the three year period to March 2016. This is shown at Appendix 6. The enhancements to the four service areas are being delivered through discrete projects with informed budget allocations and specified outcome targets. All projects are being closely monitored with bi-monthly progress reports being shared with Council officers at liaison meetings.
- 4.5.6** During a period of service expansion CBH have emphasised the need to continue to demonstrate value for money, requiring full business cases to be prepared for each new initiative. They will seek corporate economies of scale as the level of activity increases.
- 4.5.7** The fee submission for the main areas of activity is shown below and compared with 2013/14.

	<b>2013/14</b>	<b>2014/15</b>
	<b>£</b>	<b>£</b>
Management Fee	<b>4,698,400</b>	<b>4,914,300</b>
Revenue & Capital Repairs	<b>3,795,100</b>	<b>3,857,700</b>
Management of Capital Programme	<b>455,000</b>	<b>525,000</b>
Block Cleaning Service	<b>293,700</b>	<b>307,100</b>

## **5. Capital Programme**

- 5.1** The revised capital programme for 2013/14 reflects the completion of schemes carried forward from the previous year as previously reported to Cabinet.
- 5.2** The detailed capital programme for 2014/15 and indicative programmes for the following two years are shown at Appendix 4. These reflect the additional funding allocated to stock investment for photo voltaic installations and other sustainability measures and the acceleration of the window replacement programme, due to commence in 2015/16. There is also provision for transformational improvements to retained properties in Folly Lane, adjacent to the St Paul's 2 new build site.
- 5.3** The proposed funding of the capital programme, together with a statement of balances on the major repairs reserve is shown at Appendix 3. The main sources of funding remain the major repairs reserve and contributions from the revenue account. The Government's policy to stimulate RTB has increased the availability of capital receipts. An element of those receipts, being that attributable to the debt held on each sold property, can be used for any HRA purpose and it is proposed that these sums be used to finance capital expenditure on the existing stock.
- 5.4** Receipts from non RTB disposals and those retained through the one for one replacement agreement with the Government are held separately for investment in new affordable housing. They are mutually exclusive in their use in that schemes partly funded by retention receipts cannot be also funded from non RTB disposal receipts and vice versa. Similarly retention receipts cannot be used to fund schemes that are funded by Homes and Communities Agency (HCA) grant.
- 5.5** Council and CBH officers are currently carrying out site appraisals to identify opportunities for HRA new build. Some of these sites will require the acquisition of private interests to make them suitable for development. To enable the efficient assembly of such sites it is recommended that



opportunities for purchasing those interests be pursued as they arise. The acquisitions could be funded by either

- revenue contributions or
- retention receipts if there is certainty that no HCA funding is available for the scheme.

An initial provision of £0.6m. has been included in 2014/15 programme, currently assumed to be funded by capital receipts.

**6. Reserves**

**6.1** The recommended minimum revenue balance to cover contingencies is £1.5m. The three year projections forecast a reserve balance of £4.049m. at 31<sup>st</sup> March 2017. They also show an increasing surplus of operating income year on year. A significant part of these surpluses is being used to fund both service improvement and additional investment in the existing stock.

**6.2** It is now recommended that an earmarked reserve be created to identify resources available to fund new build in the HRA. This would demonstrate a clear strategy to finance the third objective in the business plan but would not prejudice any future decision to reallocate these funds if necessary. The level of funds to be transferred to this reserve would be approved by Cabinet when considering the outturn report for each accounting year commencing with 2013/14, but the overall sum is to be initially restricted to a maximum of £2.5m. in the period to 31<sup>st</sup> March 2017.

**7. Consultation process**

**7.1** The Council is proposing to consult on these budget proposals during the period to 30<sup>th</sup> January 2014. This extended period will allow the CBH to respond at their Board meeting on 29<sup>th</sup> January 2014. The results from this consultation will be fed back to the Cabinet and taken into account in the formulation of the final budget proposals.

**7.2** As part of the interim consultation process the Cabinet's proposals will be included on the Council's web site, made available at the Municipal Offices, Area Offices and publicised through the local press. All interested parties will be encouraged to respond. Consultations meetings will be held with both tenant and leaseholder representatives.

**7.3** In preparing the consultation document it may be helpful to provide supplementary information, for instance relating to the main changes in the budget. It is therefore recommended that the Director of Resources and Cabinet Member for Finance be given delegated authority to approve any supplementary information for consultation.

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<b>Appendices</b>	<ol style="list-style-type: none"><li>1. Risk Assessment</li><li>2 HRA Operating Account</li><li>3 Major Repairs Reserve and HRA Capital Programme (summary)</li><li>4 HRA Capital Programme (detail)</li><li>5 HRA – Rents and Charges</li><li>6 Service Investment – Progress Statement</li></ol>
<b>Background information</b>	<ol style="list-style-type: none"><li>1. HRA 30 year Business Plan</li><li>2. CBH Budgets and Plans 2014/15</li></ol>

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1.01	If welfare reforms have a greater impact on tenants than anticipated and planned for, it may increase the level of debt or impact on vulnerable families	Jane Griffiths	December 2012	3	4	12	R	The HRA budget includes specific resources to address welfare reform	Mar 2017	CBH through management agreement	
1.02	If supporting people contracts are not renewed it could impact on the tenants in sheltered accommodation	Jane Griffiths	December 2012	2	3	6	R	The existing contract has been extended to October 2014. An evaluation of alternative service and funding options is in progress. The budget currently assumes contract income will reduce as it has been confirmed that the cost of alarm systems will not be funded in future	Mar 2015	CBH through management agreement	
1.03	If void rent loss is higher than estimated it will impact on assumed rent income in the HRA	Jane Griffiths	December 2012	3	2	6	R	Demand for social housing remains high with significant waiting list. Despite an unexpected increase in the first half of 2013/14 void levels are returning to a normal low level and CBH is achieving high performance on re-letting time. Quality of accommodation needs to be maintained and changes in tenancy termination rates monitored	Mar 2015	CBH through management agreement	

1.04	If the demand for reactive repairs increases there may be insufficient budget to meet demand	Jane Griffiths	December 2012	4	3	12	R	Maintain robust stock condition data. Major peril to the stock is fire which is covered by appropriate insurance. HRA reserves are maintained at a level considered sufficient for uninsured stock damage	Mar 2015	CBH through management agreement	
1.05	If there is insufficient capacity to deliver the ambitious programme of building works then the programme may not be deliverable	Jane Griffiths	December 2012	2	3	6	R	The HRA budget includes specific resources to address capital programme works	Mar 2016	CBH through management agreement	
1.06	If the £1m. investment in services is not planned to maximise the use of collective partnership resources there is a risk of duplication and lack of value for money	Jane Griffiths	December 2012	3	3	9	R	Officers from CBC will be working with CBH to ensure that there is a co-ordinated development of expenditure plans	Mar 2016	CBH through management agreement	
1.07	If the capital receipts held from RTB sales under the retention agreement with DCLG are not used within 3 years of receipt they are repayable with interest to the Government	Jane Griffiths	December 2013	3	3	9	R	Officers from CBC and CBH are currently evaluating sites for new build development to ensure procurement and delivery timescales will allow use of these funds before expiry	Dec 2015	CBC/CBH	
1.08	If private interests on potential development sites cannot be acquired through a cost effective and timely process this could prevent or delay new build schemes	Jane Griffiths	December 2013	3	4	12	R	The HRA budget includes a provision for the early acquisition of relevant interests on identified sites if opportunities arise	Mar 2017	CBC/CBH	

HRA OPERATING ACCOUNT

	2013/14		2014/15	2015/16		2016/17
	Original	Revised	Estimate	Projections		
	£	£	£	£	£	£
<b><u>EXPENDITURE</u></b>						
General & Special Management	1,883,600	1,922,800	1,964,600	1,919,600	1,801,100	
ALMO Management Fee	4,698,400	4,698,400	4,914,300	4,988,000	5,100,200	
ALMO Service Improvement	1,000,000	1,000,000	0	0	0	
Rents, Rates, Taxes and Other Charges	35,100	40,100	45,200	45,500	45,900	
Repairs & Maintenance	3,903,000	4,053,100	3,961,000	4,020,000	4,130,600	
Provision for Bad Debts	320,000	200,000	251,000	324,000	400,000	
Interest Payable	1,684,700	1,684,700	1,684,700	1,684,700	1,684,700	
Depreciation of Dwellings	5,157,800	5,206,600	5,322,400	5,446,200	5,582,000	
Depreciation of Other Assets	108,400	106,200	129,600	140,900	152,000	
Debt Management Expenses	80,900	80,900	81,700	82,500	82,500	
Rent Rebate Subsidy Limitation	41,400	41,400	20,700	0	0	
<b>TOTAL</b>	<b>18,913,300</b>	<b>19,034,200</b>	<b>18,375,200</b>	<b>18,651,400</b>	<b>18,979,000</b>	
<b><u>INCOME</u></b>						
Dwelling Rents	18,359,300	18,198,600	18,873,300	19,418,100	19,995,400	
Non Dwelling Rents	443,500	432,200	433,500	438,600	443,100	
Charges for Services and Facilities	755,200	780,800	815,000	826,100	837,100	
Supporting People Grant	130,000	130,000	110,000	90,000	90,000	
Feed in Tariff from PV Installations	0	13,000	63,000	186,000	190,000	
<b>TOTAL</b>	<b>19,688,000</b>	<b>19,554,600</b>	<b>20,294,800</b>	<b>20,958,800</b>	<b>21,555,600</b>	
<b>NET INCOME FROM SERVICES</b>	<b>-774,700</b>	<b>-520,400</b>	<b>-1,919,600</b>	<b>-2,307,400</b>	<b>-2,576,600</b>	
Amortised Premiums/Discounts	-10,100	-10,100	-10,100	-10,100	-7,300	
Interest Receivable	-35,200	-25,900	-42,500	-42,500	-42,500	
<b>NET OPERATING INCOME</b>	<b>-820,000</b>	<b>-556,400</b>	<b>-1,972,200</b>	<b>-2,360,000</b>	<b>-2,626,400</b>	
<b>Appropriations</b>						
Revenue Contributions to Capital	1,214,200	579,500	1,857,000	2,095,900	2,496,000	
Transfer from Major Repairs Reserve	-108,400	0	0	0	0	
<b>HRA Surplus/(Deficit) carried to reserves</b>	<b>-285,800</b>	<b>-23,100</b>	<b>115,200</b>	<b>264,100</b>	<b>130,400</b>	
<b>Revenue Reserve brought forward</b>	<b>3,113,000</b>	<b>3,561,900</b>	<b>3,538,800</b>	<b>3,654,000</b>	<b>3,918,100</b>	
<b>Revenue Reserve carried forward</b>	<b>2,827,200</b>	<b>3,538,800</b>	<b>3,654,000</b>	<b>3,918,100</b>	<b>4,048,500</b>	
<b>Average Rent:-</b>			<b>4.03%</b>	<b>3.25%</b>	<b>3.25%</b>	
<b>Increase 1st April 2013</b>				<b>90.19</b>	<b>93.12</b>	
<b>48 wk</b>		<b>83.97</b>	<b>87.35</b>	<b>83.25</b>	<b>85.96</b>	
<b>52 wk</b>		<b>77.51</b>	<b>80.63</b>	<b>4,523</b>	<b>4,511</b>	
<b>Average stock</b>		<b>4,558</b>	<b>4,543</b>			

**MAJOR REPAIRS RESERVE**

	2013/14		2014/15	2015/16	2016/17
	Original	Revised	Estimate	Projections	Projections
	£	£	£	£	£
Balance brought forward	0	399,100	0	0	0
Depreciation of Dwellings	5,157,800	5,206,600	5,322,400	5,446,200	5,582,000
Depreciation of Other Assets	108,400	106,200	129,600	140,900	152,000
	5,266,200	5,711,900	5,452,000	5,587,100	5,734,000
Utilised to fund Capital Programme	-5,157,800	-5,711,900	-5,452,000	-5,587,100	-5,734,000
Transfer to HRA re Other Assets	-108,400	0	0	0	0
Balance carried forward	0	0	0	0	0

**HRA CAPITAL PROGRAMME**

	2013/14		2014/15	2015/16	2016/17
	Original	Revised	Estimate	Projections	Projections
	£	£	£	£	£
Property Improvements & Major Works (see detail at Appendix 4)	5,762,000	6,331,400	7,739,000	7,373,000	7,920,000
Adaptions for the Disabled	400,000	450,000	400,000	400,000	400,000
Environmental Works (Tenant Selection)	60,000	60,000	60,000	60,000	60,000
Repurchase of Shared Ownership Dwellings	50,000	50,000	50,000	50,000	50,000
Contribution to ICT infrastructure	200,000	200,000			
	6,472,000	7,091,400	8,249,000	7,883,000	8,430,000

**EXPENDITURE**

Property Improvements & Major Works (see detail at Appendix 4)	5,762,000	6,331,400	7,739,000	7,373,000	7,920,000
Adaptions for the Disabled	400,000	450,000	400,000	400,000	400,000
Environmental Works (Tenant Selection)	60,000	60,000	60,000	60,000	60,000
Repurchase of Shared Ownership Dwellings	50,000	50,000	50,000	50,000	50,000
Contribution to ICT infrastructure	200,000	200,000			
	6,472,000	7,091,400	8,249,000	7,883,000	8,430,000

**FINANCING**

Capital Receipts	100,000	800,000	940,000	200,000	200,000
HRA Revenue Contribution	1,214,200	579,500	1,857,000	2,095,900	2,496,000
Major Repairs Reserve	5,157,800	5,711,900	5,452,000	5,587,100	5,734,000
	6,472,000	7,091,400	8,249,000	7,883,000	8,430,000

PROPERTY IMPROVEMENT & MAJOR WORKS				
Description of works	2013/14	2014/15	2015/16	2016/17
EXTERNAL IMPROVEMENTS	908,000	810,000	770,000	770,000
INTERNAL IMPROVEMENTS	344,500	432,000	432,000	432,000
PATHS, FENCES & WALLS	100,000	100,000	100,000	100,000
WORKS TO BUILDING FABRIC	237,100	150,000	150,000	150,000
PV INSTALLATIONS & OTHER SUSTAINABILITY MEASURES	1,288,000	2,450,000	100,000	100,000
NON TRADITIONAL PROPERTIES	20,000	-	250,000	250,000
RENEWAL OF HEATING SYSTEMS	335,000	375,000	401,000	616,000
MAJOR REFURBISHMENTS TO VOID PROPERTIES	544,100	325,000	325,000	325,000
WINDOWS & DOORS	125,000	125,000	3,000,000	3,500,000
ASBESTOS	75,000	100,000	100,000	100,000
SHELTERED ACCOMMODATION	50,000	80,000	60,000	65,000
NEIGHBOURHOOD WORKS	773,700	400,000	400,000	400,000
DOOR ENTRY SCHEMES	30,000	18,000	18,000	44,000
STRUCTURAL WORKS	100,000	100,000	100,000	100,000
CARBON MONOXIDE DETECTORS	50,000	50,000	-	-
FIRE PROTECTION	234,900	228,000	223,000	223,000
LIFTS	76,000	101,000	181,000	-
SCOOTER STORES	30,000	30,000	30,000	-
INTERNAL COMMUNAL IMPROVEMENTS	100,000	100,000	100,000	100,000
GARAGE IMPROVEMENTS	204,500	100,000	100,000	100,000
CONCRETE REPAIRS	144,500	-	-	-
COMMERCIAL PROPERTIES	15,800	-	-	-
NEW BUILD SITE INVESTIGATION & APPRAISAL	90,300	-	-	-
ST PAULS PHASE 2 TRANSFORMATIONAL IMPROVEMENTS	-	540,000	-	-
SITE ASSEMBLY FOR NEW BUILD	-	600,000	-	-
FEE FOR MANAGING PROGRAMME	455,000	525,000	533,000	545,000
<b>TOTAL BUDGET</b>	<b>6,331,400</b>	<b>7,739,000</b>	<b>7,373,000</b>	<b>7,920,000</b>

**HOUSING REVENUE ACCOUNT - RENTS & CHARGES**

	<b>2013/14</b>	<b>2014/15</b>
	<b>£</b>	<b>£</b>
Dwelling Rents (average)		
48 wk basis	<b>83.97</b>	<b>87.35</b>
52 wk basis	<b>77.51</b>	<b>80.63</b>
Garages (per month)	<b>26.68</b>	<b>27.53</b>
Communal Heating Schemes (52 wk basis)		
Gas		
1 person flat	<b>7.90</b>	<b>TBC</b>
2 person flat	<b>10.65</b>	<b>TBC</b>
Cumming Court		
1 person flat	<b>4.88</b>	<b>TBC</b>
2 person flat	<b>6.71</b>	<b>TBC</b>
Guest Bedrooms (per night)	<b>10.00</b>	<b>10.00</b>



## Service Investment - Progress Statement

Investment Pot	Activity	2013/14	2014/15	2015/16	Total
		Budget £	Budget £	Budget £	Budget £
<b>Welfare Reform</b>	<b>Resources:</b>				
	Benefit and Money Advisor	31,900	32,554	33,543	97,997
	Housing Revenue Officer	16,106	29,001	30,386	75,493
	Additional Employment Initiative Officer	29,068	30,034	30,946	90,048
	Customer Profiling work done by IT	435			435
	Raising Awareness (to include £2k for screens at HWRC & Oakley)	5,000	2,000		7,000
	Information Technology: One-off hardware & on-going maintenance	13,111	5,559	5,448	24,118
	Payment Methods - Review & Implementation	5,000			5,000
	My Move Scheme	35,000	15,000	5,000	55,000
	<b>Total for Welfare Reform</b>	<b>135,620</b>	<b>114,148</b>	<b>105,323</b>	<b>355,091</b>
<b>Enhanced Services For Vulnerable People</b>	<b>Expansion of Community Hubs for Older People</b>				
	Establish 2 community hubs in Sheltered Housing	4,625	12,500	12,500	29,625
	<b>Establishment of Community Hub for People with a Disability</b>				
	1 pilot community hub	2,625	9,000	9,000	20,625
	Activity co-ordinator for community hubs	6,850	28,300	29,200	64,350
	<b>Service transformation plan</b>				
	Service transformation plan	20,000	25,000	15,000	60,000
	<b>Expansion of Employment Services to Tenants</b>				
	Appointment of 3 CBH Apprentices across CBH	1,288	13,437	15,761	30,486
	Training Hub - formal and informal learning	1,950	1,750	2,000	5,700
<b>Other</b>					
Establishment of Youth Café in St Pauls and on-going cost	8,900	8,600	8,600	26,100	
<b>Total for Vulnerable People</b>	<b>46,238</b>	<b>98,587</b>	<b>92,061</b>	<b>236,886</b>	
<b>Partnerships &amp; Communities</b>	<b>Delivery of Services &amp; Projects for Young People :</b>				
	Project to increase young people engagement, skills and aspirations		12,000	12,000	24,000
	<b>Other</b>				
	Cheltenham Open Door	1,124	2,064	1,500	4,688
	Community Investment Grants	-	68,400	64,400	132,800
Digital Inclusion Initiatives	-	17,500	17,500	35,000	
<b>Total for Partnerships &amp; Communities</b>	<b>1,124</b>	<b>99,964</b>	<b>95,400</b>	<b>196,488</b>	
<b>Enabling New Business</b>	<b>Various</b>				
	Specialist legal advice	10,000	10,000	10,000	30,000
	New Business Advisor	-	9,450	12,600	22,050
	Housing options and spa lettings	15,288	8,365	-	23,653
	Staff time for existing staff members	49,050	12,845	-	61,895
<b>Total for Enabling New Business</b>	<b>74,338</b>	<b>40,660</b>	<b>22,600</b>	<b>137,598</b>	
	<b>257,320</b>	<b>353,359</b>	<b>315,384</b>	<b>926,062</b>	

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