



CHELtenham

BOROUGH COUNCIL

Notice of a meeting of Cabinet

Tuesday, 10 February 2015
6.00 pm
Pittville Room - Municipal Offices

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

Agenda

	SECTION 1 : PROCEDURAL MATTERS	
1.	APOLOGIES	
2.	DECLARATIONS OF INTEREST	
3.	MINUTES OF THE LAST MEETING Minutes of the meeting held on 13 January 2015	(Pages 1 - 4)
4.	PUBLIC AND MEMBER QUESTIONS AND PETITIONS These must be received no later than 12 noon on the fourth working day before the date of the meeting	
	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.	SCRUTINY TASK GROUP PUBLIC ART PANEL The Chair of the Overview and Scrutiny Committee will present this item	(Pages 5 - 22)
6.	SCRUTINY TASK GROUP MEMBERS ICT The Chair of the Scrutiny Task Group Members ICT will present this item	(Pages 23 - 40)
	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	
7.		FINAL GENERAL FUND BUDGET PROPOSALS 2015/16 (INCLUDING SECTION 25 REPORT) Report of the Cabinet Member Finance	(Pages 41 - 104)
8.		FINAL HOUSING REVENUE ACCOUNT REVENUE BUDGET 2015/16 Report of the Cabinet Member Finance	(Pages 105 - 120)
9.		TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY 2015/16 Report of the Cabinet Member Finance	(Pages 121 - 148)
10.		CORPORATE ADVERTISING AND SPONSORSHIP Report of the Cabinet Member Development and Safety	(Pages 149 - 160)
11.		COUNTER FRAUD UNIT-AN EVOLUTIONARY APPROACH Report of the Cabinet Member Corporate Services	(Pages 161 - 168)
		SECTION 6 : BRIEFING SESSION • Leader and Cabinet Members	
12.		BRIEFING FROM CABINET MEMBERS	
		SECTION 7 : DECISIONS OF CABINET MEMBERS 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	

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

**Tuesday, 13th January, 2015
6.00 - 6.25 pm**

Attendees	
Councillors:	Steve Jordan (Leader of the Council), John Rawson (Cabinet Member Finance), Rowena Hay (Cabinet Member Healthy Lifestyles), Peter Jeffries (Cabinet Member Housing), Jon Walklett (Cabinet Member Corporate Services) and Chris Coleman (Cabinet Member Clean and Green Environment)

Minutes

- 1. APOLOGIES**
Councillor McKinlay

- 2. DECLARATIONS OF INTEREST**
There were none.

- 3. MINUTES OF THE LAST MEETINGS**
The minutes of the meeting held on 9 and 16 December 2014 were approved and signed as a correct record.

- 4. PUBLIC AND MEMBER QUESTIONS AND PETITIONS**
None.

- 5. TRANSPARENCY POLICY**
The Cabinet Member Corporate Services introduced the report which sought Cabinet approval of a new Local Government Transparency Code which was mandatory on all local authorities from October 2014 and which identified what information must be published quarterly before 31 December 2014 and annually no later than 2 February 2015.

The Cabinet Member highlighted that the aim of the code was to ensure citizens have improved access to data from major public service providers in order to strengthen people's trust in government and encourage greater public participation in decision making. He said that fortunately CBC, as evidenced by the recent LGA peer review, had maintained a principal of full and open transparency - a philosophy that could be seen to be working with all relevant information readily obtainable from the website. He reported that CBC would conform to the government's timetable for publication data in three star format, then would strive to attain four star standard as soon as possible. The Cabinet Member explained that with the mandatory status there were additional detailed requirements and highlighted the following :

- 1) publication of a list of property assets - including buildings and car parks – (with no current requirement for valuations)
- and

2) publication of a list of contracts and tenders exceeding £5000 - this figure represents a lower threshold than the previous £10000'

Members supported the approval of the Transparency Policy statement.

RESOLVED THAT

- 1. A Transparency Policy statement be approved.**
- 2. An amendment be approved to the description of one of the Council's Core Values so that it will align to the Policy Statement.**
- 3. An approach that will lead to the publication of all mandatory data to a minimum 3 star format be approved.**

6. BUDGET MONITORING REPORT UP UNTIL END NOVEMBER 2014

The Cabinet Member Finance introduced the report which updated Members on the Council's current financial position for 2014/15 based on the monitoring exercise at the end of November 2014. The report covered the Council's revenue, capital and treasury management position and identified any known significant variations (minimum £50 000) to the 2014/15 original budget and areas with volatile income trends.

The Cabinet Member Finance reported that it was expected that the overall position for the council would be within budget for 2014/15 despite a difficult year. He highlighted that due to the sale of North Place and Portland Street car parks, car parking income had been affected but the reduction was not as great as originally feared and thus there was no draw on the reserve. Longer term shortfalls would be offset by savings on NNDR. He also reported that there had been a downturn in income at the Cemetery and Crematorium in comparison with the same period in the previous financial year. He explained however that initial forecasts have improved and the estimated shortfall in income had been somewhat mitigated by improved performance in the last few months. The Cabinet Member Finance also highlighted that the £248 k use of reserves from the Business Rates Retention Scheme was listed as this could only be credited a year after it had been received.

In terms of savings the Cabinet Member Finance said that due to changes in the way that vehicles were financed there had been a one-off saving of £297.3k in leasing costs in 2014/15. An underspend from the provision of Ubico services was also anticipated. Overall he said that coming in under budget was an achievement in a difficult financial year.

The Leader highlighted to members that the third recommendation would be considered by Council as part of the budget setting process.

RESOLVED THAT

- 1. The contents of this report including the key projected variances to the 2014/15 budget and the expected delivery of services within budget be noted.**
- 2. The budget virements to the 2014/15 budget, as detailed in Appendix 4 be approved.**
- 3. Council be recommended to approve a one-off contribution from general balances of £178,250 as part of the budget setting process for 2015/16.**

7. UBICO EXPANSION OF PARTNERSHIP

The Leader introduced the report and explained that in April 2012 Cheltenham Borough Council and Cotswold District Council created Ubico to deliver services to both councils. The subsequent cost efficiencies and service improvements delivered by the company have attracted significant interest and locally four other councils have applied to join the company. He explained that in September 2014 revised governance arrangements for an extended partnership were approved and now Cabinet was being asked to formally approve the extension of the partnership to other partners based on the business cases attached to the report.

The Leader explained that Tewkesbury BC had been involved in the process of establishing Ubico from the outset and was intending to join in April 2015. The proposal for TBC to join Ubico would provide the opportunity to rationalise space leading to operational efficiencies at the Depot. The financial benefits were outlined in paragraph 2.3 of the report. The Leader reported that West Oxfordshire and the Forest of Dean would at this stage only join part of the business due to existing contractual arrangements. Stroud DC hoped to join in 2016.

The Leader highlighted that the financial implications of extending the partnership meant that once all partners were on board Cheltenham BC would increase its annual savings to £129,825 and the Council would recover £90,667 of its share of Ubico set up costs.

Finally, the Leader added that in terms of scrutiny, the Ubico board had a member observer. The Board has confirmed that it would continue this arrangement but was due to look at broader scrutiny options to ensure continued member involvement.

Members welcomed the achievements of Ubico in positively delivering its services at the same time as generating efficiencies and savings. Thanks were given to all those who had been involved in the process.

RESOLVED THAT

- 1. The business case for Tewkesbury Borough Council, West Oxfordshire District Council, Forest of Dean District Council and Stroud District Council as appended to this report be approved**
- 2. It be agreed that a £1 share in Ubico Ltd be issued to each of the above mentioned councils on the date each council enters into a**

contract with Ubico Ltd for the delivery of services to their council, such date not to be before 31 March 2015.

8. BRIEFING FROM CABINET MEMBERS

The Cabinet Member Clean and Green Environment reported that there had been a good response to the cemetery and crematorium feasibility study. Tenders had now been evaluated and a shortlist drawn up. Alongside this a heritage statement had been drafted. The Cabinet Member working group were next due to meet in February.

The Cabinet Member Clean and Green Environment also informed Members that a refuse and recycling campaign would be launched in February comprising a redrafting of the promotional literature to highlight service improvements and information on other initiatives.

Finally, the Cabinet Member Clean and Green Environment reported that all Members should have received an email with regard to waste and recycling collections during periods of bad weather. He urged members to pass the message on to residents that waste and recycling containers should be presented as normal and Ubico would endeavour to collect them if possible.

The Cabinet Member Finance reported that more than 120 letters and emails had been received as responses to the ongoing budget consultation. Interest had been stimulated by the discussion on the future capital programme of the council. He informed members that an open forum on the budget would take place this Thursday, 15 January at 7 pm.

The Cabinet Member Finance also reported that an invitation to tender had been issued yesterday for qualified conservators of the War Memorial project. He reported that a meeting had taken place with the Heritage Lottery Fund in November where the Council was encouraged to submit a grant application by early May. A report to Cabinet was scheduled in June which would provide more detail on costs and how additional funding would be raised.

The Leader confirmed that CBC's response to the Western route rail study consultation had been submitted last week. He thanked the scrutiny task group for their input and informed that the response emphasised the importance of Cheltenham Railway Station and the endorsement of the wider county strategy.

The Leader then reported that at the Vision 2020 Programme Board meeting which had been held last Friday the appointment of Andrew North as interim lead commissioner and David Neudegg as interim managing director had been confirmed. He added that there was no increase in salary being proposed. He informed that the position of programme director, which was initially being ring fenced to the four councils involved, was currently being advertised.

Chairman

Cheltenham Borough Council

Cabinet

10 February 2015

Scrutiny Task Group Review – Public Art Panel

Covering Report

Accountable member	Councillor Tim Harman, Chair of the Overview and Scrutiny Committee
Accountable officer	Rosalind Reeves, Democratic Services Manager
Executive summary	<p>At its meeting on 3 November 2014 Overview & Scrutiny Committee requested that a workshop be set up where scrutiny members could meet with members of the Public Art Panel to review the governance of the panel. Their findings and recommendations are set out in detail in the attached Scrutiny Task Group Report.</p> <p>Their report was considered by the O&S committee at their meeting on 12 January 2015 when they endorsed the recommendations from the task group and agreed to forward them to Cabinet for their consideration. They were happy with the report and noted the achievements of the panel and that public art projects could sometimes be difficult to draw together and achieve a successful outcome. They suggested that an Annual Report of public art achievements in Cheltenham would help promote the work of the panel and requested that ward members should always be kept informed of work going on in their area.</p>
Recommendations	<p>That Committee endorses the recommendations set out in the Scrutiny Task Group Report and recommends that Cabinet :</p> <ol style="list-style-type: none"> i. Commends the achievements of the Public Art Panel to date in the support of Public Art in the borough. ii. Approves the revised terms of reference for the Public Art Panel as set out in the Appendix for adoption by the Public Art Panel at their next meeting and that the revised Terms shall be communicated to the organisations represented on the Public Art Panel. iii. Agrees that a representative from the Cheltenham Trust be invited to the Public Art Panel and if accepted, that the membership of the Public Art Panel be extended accordingly. iv. Agrees that the non- councillor membership of the Public Art Panel be formally appointed at the next meeting of the Public Art Panel and a review date set for 3 years hence in 2018 v. Allocates a sum not exceeding £6000 to enable the Director of Environmental & Regulatory to carry out a refresh of the Public Art Strategy. vi. Agrees that the Public Art Panel should be consultees on the Community Infrastructure Levy project.

- vii. Requests officers to review the project management process for Public Art with the council's business development team.
- viii. Request Officers supporting the Public Art Panel to work with Democratic Services and One Legal to agree when and by whom decisions are being taken and which decisions should be published as part of the democratic process.
- ix. Requests the Townscape Manage to use the Members Briefing following the Public Art Panel meetings to provide an update to all Councillors and make minutes of the Public Art Panel available on the intranet subject to any confidentiality and to produce an Annual Report on behalf of the panel.

<p>Financial implications</p>	<p>A review of the Public Art Strategy will cost in the region of £5000 to £6000. This may be funded by top slicing Section 106 receipts with the consent of the developers. If it cannot be financed from existing budgets, a request for additional funding will need to be made and approved by Cabinet.</p> <p>Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
<p>Legal implications</p>	<p>As an advisory body to the authority, the governance and decision making provisions applicable to the Public Art Panel are set out in the Council's constitution. The decision maker in respect of public art matters will vary depending on the circumstances under consideration. To assist the Public Art Panel, the report of the scrutiny task group identifies some important decision points within a project and suggests appropriate decision makers.</p> <p>Contact officer: shirin.wotherspoon@tewkesbury.gov.uk, 01684 272017</p>
<p>HR implications (including learning and organisational development)</p>	<p>The report recommends publishing Public Art decisions so this may mean additional work for the officer who supports the Public Art Panel.</p> <p>Contact officer: Julie McCarthy email: julie.mccarthy@cheltenham.gov.uk,</p>

<p>Planning implications</p>	<p>S106, as clearly set out in national planning guidance may be negotiated if they “mitigate the impact of unacceptable development to make it acceptable in planning terms. Obligations should meet the tests that they are necessary to make the development acceptable in planning terms, directly related to the development, and fairly and reasonably related in scale and kind”. In the past we have discussed with One Legal top slicing S106 but this wasn’t supported. In the context of the guidance on S106 should the Council progress on top slicing, then it would need to clearly demonstrate that the tests have been met.</p> <p>Secondly, the Council is currently undertaking the work to progress a community infrastructure levy (CIL). This is being led by the Planning and Liaison Member Working Group. However, given the costs involved in preparing a public art strategy, I would suggest that if One Legal support the principle of top slicing then this should be progressed on the funds already committed to public art via S106 thereby negating any need to negotiate any sums via CIL.</p> <p>Tracey Crews, Head of Planning, tracey.crews@cheltenham.gov.uk</p> <p>01242 264168</p>
<p>Key risks</p>	<p>As set out in the report</p>
<p>Corporate and Community Plan implications</p>	<p>Strengthening our communities</p>
<p>Environmental and climate change implications</p>	<p>None.</p>
<p>Property/Asset Implications</p>	<p>None.</p>

1. Background

1.1 As set out in the report

2. Reasons for recommendations

2.1 The Overview and Scrutiny Committee were requested to set up a scrutiny task group to review the governance of the Public Art Panel.

3. Alternative options considered

3.1 There are a number of options and these are set out in the report.

4. Consultation and feedback

The Cabinet Member Healthy Lifestyles and the Public Art Panel were involved in the review. The Cabinet Member indicated at the O&S meeting on 12 January that she was very pleased with the task group report and the recommendations as set out would give the process the

transparency in decision making she felt had been lacking. The Public Arts Panel considered the report at their meeting on 21 January and were happy with the recommendations.

5. Performance management –monitoring and review

5.1 The Cabinet Member will continue to monitor the success of the new arrangements. O&S have suggested an Annual Report on the work of the Public Art Panel.

Report author	Contact officer: Rosalind Reeves, Democratic Services Manager, Rosalind.reeves@cheltenham.gov.uk, 01242 77 4937
Appendices	1. Risk Assessment 2. Task Group report
Background information	None

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the governance arrangements for the panel are not made clear there may be confusion about the accountability for the delivery of public art and potential damage to the council's reputation if they are not delivered effectively	Wilf Tomaney	1/12/2014	2	3	6	Reduce	Get agreement to the revised terms of reference		RR	
<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>											

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SCRUTINY TASK GROUP REPORT

PUBLIC ART PANEL

DECEMBER 2014

1. INTRODUCTION

- 1.1 The Cabinet Member Healthy Lifestyles, Councillor Rowena Hay, first suggested that the governance and accountability of the Public Art Panel was a suitable topic for scrutiny. A discussion paper was brought to the Overview and Scrutiny Committee on 8 September 2014 setting out the history of the panel and the findings of a previous review carried out by the Social and Community O&S Committee in 2011. The recommendations from that review were agreed by Cabinet at the time and good progress subsequently made in implementing them. These are available in the report which went to Overview and Scrutiny Committee in September 2014 if any member wishes to read the details.
- 1.2 These recommendations included the appointment of an independent lay member chair, agreed membership of the panel and a regular programme of meetings within the council's municipal calendar. Under these new arrangements the panel has gone on to demonstrate a successful track record in its support for the delivery of public art within the borough
- 1.3 At the O&S meeting in September, the Cabinet Member was keen to recognize the contribution made by the panel and emphasise that in her view it was working effectively. Her main concern was that as she had been designated as the Cabinet Lead Member for Public Art, she needed to understand the process for selecting and appointing panel members and have clarity with regard to the lines of authorisation for the spending decisions it reached. This was particularly relevant due to the level of section 106 funds earmarked for public art at any one time with total amounts typically in the order of £300,000, a considerable sum.
- 1.4 The O&S committee agreed that the best way to progress these governance issues would be to hold a joint workshop with members of the panel and scrutiny. Councillors Harman, Payne, Colin Hay and Ryder were nominated as the scrutiny members who would be invited to attend.
- 1.5 This workshop was held as the first item on the agenda of the Public Art Panel meeting on 12 November 2014. It was facilitated by the Democratic Services Manager, Rosalind Reeves. Two scrutiny members, namely Councillors Payne and Ryder were in attendance and the Townscape Manager, Wilf Tomaney was present to answer any questions and give guidance on the process.

- 1.6 There was further follow-up after the meeting with officers particularly with regard to the governance issues and decision-making process and Shirin Wotherspoon from One Legal gave guidance on the Constitution.
- 1.7 This report summarises conclusions from this work and makes a number of recommendations which can be forwarded to Cabinet.

2. MEMBERSHIP AND TERMS OF REFERENCE

2.1 Membership of the task group:-

- Councillor John Payne
- Councillor Chris Ryder

And with officer support from:

- Rosalind Reeves, Democratic Services Manager
- Wilf Tomaney, Townscape Manager
- Shirin Wotherspoon, Solicitor One Legal

2.2 Terms of reference

- To review the governance arrangements for the Public Art Panel with particular reference to the appointment and membership of the panel and its decision-making
- To make recommendations to Cabinet as appropriate via O&S Committee

3. OUR FINDINGS

The Achievements of the Public Art Panel

- 3.1 When the scrutiny members attended the meeting of the Public Art Panel we were impressed by the enthusiasm and commitment of the panel members. They give up their time on a voluntary basis to support Public Art in Cheltenham and have a successful track record of delivery. We commend them for their hard work and their contribution should be recognized by the Council.

Selection and Election of Panel Members

- 3.2 The terms of reference for the panel were set some time ago and we think they would benefit from a refresh. In particular the membership of the panel should be clearly set out and terms of office included. We have worked with officers to draft some revised terms of reference and these are attached as Appendix 1 to this report.
- 3.3 We welcome the continuation of a non-elected/councillor representative as chair to ensure some continuity but we suggest in the terms of reference that they are re-elected every three years. Ideally a new chair would then be elected but the existing chair could be re-elected for one further term before they must stand down as chair, though they could continue to remain on the panel as a representative of their organisation. Similar

conditions should also apply to co-optees. This will ensure that the panel is kept fresh with new ideas.

- 3.4 In particular we would draw attention to the fact that the majority of the membership are representatives from organisations. It is up to the organisations who they put forward but we suggest they refresh their membership every three years and the panel should consider implementing a system of suitable substitutes.
- 3.5 The terms of reference lists the organisations that are currently represented on the panel. If at any point the panel felt they would benefit from additional representation they could appoint an individual from an organisation as an additional co-optee. It is suggested that the number of potential co-optees be increased from 2 to 3.
- 3.6 The Cheltenham Trust has now been commissioned by the Council to deliver sports and leisure services for the borough. Although their brief does not specify public art as one of their deliverables we think the Trust could use Public Art to support some of their objectives in promoting awareness and understanding of visual arts. As a major organisation for arts in the town we think they should be invited to nominate a member to join the panel as their expertise could be very valuable.

The role of the panel in projects

- 3.7 As mentioned the panel is an 'advisory' panel. This is true in terms of their role in advising the Cabinet Member with responsibility for Public Art or any organisation wishing for advice and guidance in this field. However we do feel that the panel performs a wider role in that it assists the Director of Environmental & Regulatory Services with commissioning project managers to carry out public art projects and subsequently receiving progress updates and managing issues arising. We feel this important role needs to be made clear in the terms of reference.

Project Sponsors/ Budget holder and stakeholders

- 3.8 In performing this project review role, it is also important that the panel have a mechanism for reporting back progress to project sponsors, budget holders and stakeholders.
- 3.9 We are advised by one of the project managers from the Public Art Pool that they followed a project management process. We were keen to ask the panel what decisions they made on projects. In response the panel did not feel there were specific decision points but projects followed a due process and therefore evolved over the project life cycle.
- 3.10 Members familiar with the Prince2 methodology adopted within the authority, highlighted that this methodology would have key decision points along the way and a formal process for reporting to project sponsors. This would be set out in the project initiation document. We did not go into the detail of the project management methodology used in managing the public art projects but there should be similar decision points and key milestones which could be identified.
- 3.11 We feel it would be beneficial for some officers from the council's business development team to sit down with a representative from the Public Art Pool to better understand the project management structure adopted for Public Art projects and assist in identifying the

milestones and decision points.

- 3.12 We think there is also an issue about accountability for the successful delivery of a public art project. Clearly the project manager has a contractual responsibility because they are being paid to deliver the project. We were keen to ask the panel the question “If a project got into trouble and the media started to ask questions who would be the individual who would stand up and be accountable?”
- 3.13 The panel responded that there was always likely to be a difference in public opinion on a particular piece of public art. That may be so but the question we were asking was relating to a more serious problem, for example if a project went seriously over budget, or the contracted artist went out of business for example. Who would be accountable in that case?
- 3.14 The scrutiny members were of the view that in this case it would be the project sponsor or budget holder that would need to be kept fully aware and would ultimately be accountable. This could be the Cabinet Member/Director of Environmental & Regulatory Services responsible for public art or the budget holder/Director.
- 3.15 This reporting mechanism needs to be made clear in the project initiation document which is then jointly agreed before work on the project commences. We feel this is essential to the successful management of a project.

Decision making

- 3.16 Within the authority there is a specific decision-making process which is set out in the Council's Constitution. The schemes of delegation set out which decisions must be made by Council, by Cabinet, those which can be taken by a Cabinet Member and those which are delegated to Directors/officers. There is a statutory requirement to publish Executive decisions made by the Cabinet or a Cabinet Member and there is also a statutory requirement to publish certain types of officer decision.
- 3.17 The first point to establish is that any decisions relating to public art projects which are being delivered on behalf of the authority would need to follow these procedures.
- 3.18 One Legal were very clear in their advice that decision making in respect of the Public Art Panel should be one of the following:

Cabinet	In respect of Key Decisions
Cabinet Member Healthy Lifestyles	Who has been delegated authority by the Leader to be the Cabinet Member for Public Art
The Director of Environmental & Regulatory Services	Who is the relevant Executive Board Lead Officer for the Public Art Panel
Officers	To whom the Director has sub- delegated authority. These decisions would be likely to be taken by the Townscape Manager who has responsibility for the budget for the section 106 money.

- 3.19 The authority has a statutory requirement to publish such decisions and they would need to be supported by the appropriate documentation, typically a report.
- 3.20 The challenge is deciding at which points in the life cycle of a public art project, these decisions need to be taken and formally recorded. We would suggest as a minimum the following decision points could be designated and the decision maker is indicated in brackets:
- i) Define the key roles and responsibilities i.e panel members, stakeholder, budget holder, relevant officer who will be consulted on and named in the project initiation document (Director/Officer)
 - ii) Agreement of a project initiation document which would set out roles and responsibilities and budget and authorises the project to proceed (Cabinet Member)
 - iii) Appointment of a project manager (Officer)
 - iv) Agreement of the project brief for potential artists prepared by the Project Manager (Director/Officer)
 - v) Selection of artist (Director/Officer)
 - vi)) Tenders and contracts (as required by the Contract Rules)
- 3.21 We are keen to stress that we do not want to create a burden of administration for the officers, project managers or the panel but we do feel it is essential to maintain a proper audit trail and indeed this is a statutory requirements where the authority's monies are being spent.

Dissemination of Information

- 3.22 We have already mentioned the need to keep project sponsors and budget holders updated on projects. We also think it is important for the Public Art Panel to promote their achievements to the wider group of Councillors. This could easily be achieved by officers supporting the panel including an update on the Members Briefing after each panel meeting.
- 3.23 Members could also request to have a copy of the minutes of the Panel or view the minutes on the intranet link.

Public Art Strategy

- 3.24 The Public Art Strategy forms a valuable document within the authority and for the panel, project managers and potential developers and sponsors. It was produced in 2004 and has not been updated since then and the panel are very keen that it should be updated with the involvement of the Public Art Pool. We think the authority should undertake this valuable piece of work by providing some resource and budget for the task. Officers have previously obtained estimates from individuals or organisations who could carry out the work at a cost of £5000 or £6000 hence the need for £6000 of funding for this work. We understand that some councils have top sliced the section 106 funding to fund this sort of work. One Legal has confirmed that top slicing sums may be possible for future s106 agreements but it is not part of the current Public Art SPG policy. In those circumstances, owner/developers may not accept the obligation as a valid requirement.

Community Infrastructure Levy

- 3.25 The Government is introducing changes which will allow councils to develop a charging structure for a Community Infrastructure Levy which could replace Section 106 agreements. We understand that Cabinet has agreed in principle to ask officers to investigate the feasibility of charging such a levy. We have not gone into this in any

detail but this may be an opportunity to change the way developers provide funding for public art. Therefore public art requirements should be considered as part of this feasibility study and the Public Art Panel should be consultees on the project although it was accepted that such contributions are likely to be at the lower end of the list of levies.

4. CONSULTATION

- 4.1 During the course of this review we have consulted with officers involved in this issue. The Cabinet Member Healthy Lifestyles attended the meeting of O&S when this review was initiated and had the opportunity to review our draft report. We also met with members of the panel and sent out our report to members of the Public Art Panel for their comment.

5. RECOMMENDATIONS

- 5.1 Taking all our findings into consideration, the task group agreed a number of recommendations to Cabinet, namely that :
- i. **The Public Art Panel are commended for their achievements to date in the support of Public Art in the borough.**
 - ii. **The revised terms of reference for the Public Art Panel as set out in the Appendix be approved and adopted by the Public Art Panel at their next meeting and communicated to the organisations represented on the Public Art Panel.**
 - iii. **A representative from the Cheltenham Trust be invited to the Public Art Panel and if accepted, that the membership of the Public Art Panel be extended accordingly.**
 - iv. **The non-councillor membership of the Public Art Panel be formally appointed at the next meeting of the Public Art Panel and a review date set for 3 years hence in 2018.**
 - v. **A sum not exceeding £6000 be allocated to enable the Director of Environmental & Regulatory to carry out a refresh of the Public Art Strategy.**
 - vi. **The Public Art Panel should be consultees on the Community Infrastructure Levy project.**
 - vii. **The project management process for Public Art is reviewed with the council's business development team.**
 - viii. **Officers supporting the Public Art Panel work with Democratic Services and One Legal to agree when and by whom decisions are being taken and which decisions should be published as part of the democratic process.**
 - ix. **The Members Briefing following the Public Art Panel meetings is used to provide an update to all Councillors and minutes of the Public Art Panel are made available on the intranet subject to any confidentiality.**

6. PROGRESSING THE SCRUTINY RECOMMENDATIONS

- 6.1 The scrutiny task group will report to O&S on 12 January 2012 and to Cabinet in February.
- 6.2 In conclusion the task we are confident that we have met our terms of reference are and commend our recommendations to the Overview and Scrutiny Committee.

Report author	Councillor, Chair of the scrutiny task group Contact officer: Rosalind Reeves, Democratic Services Manager, Rosalind.reeves@cheltenham.gov.uk, 01242 77 4937
Appendices	1. The Public Art Panel revised terms of reference
Background information	1. Meeting of O&S 8 September 2014

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PUBLIC ART PANEL

TERMS OF REFERENCE

The Public Art Panel was originally set up to encourage the provision of public art within the borough by setting up an advisory group in which officers, Members and representatives of relevant organisations within the borough can meet to provide a consultation and discussion forum.

<p>Role</p>	<ol style="list-style-type: none"> 1. To provide appropriate direction and advice regarding the disposal of public art funding received via the Section 106 process; 2. To make recommendations to the appropriate Cabinet Member Director/Officer where Executive decisions are required as part of the Democratic process. These will then be formally published on the Council's website in the interests of transparency; 3. To subsequently keep the Cabinet Member informed of progress in implementing those decisions and bringing to their attention any key issues; 4. To provide guidance and support to anyone involved in projects containing elements of public art within the borough; 5. To undertake activity aimed at encouraging understanding and appreciation of public art through advocacy, education, training and promotional activity; 6. To encourage wider community involvement in terms of the siting and development of public art projects; 7. To advise on the choice of artists and the broad direction that the public art should take in order to maintain quality; and. 8. To advise the Director of Environmental & Regulatory Services on the commissioning of project managers or community groups to carry out public art projects with the panel acting as a project review board and keeping the relevant stakeholders, sponsors and budget holders up to date with progress.
<p>Status</p>	<p>An advisory group which assists the Director of Environmental & Regulatory Services with his public art commissioning and programme management responsibilities but has no budget of its own.</p>
<p>Membership</p>	<ul style="list-style-type: none"> • Two Cheltenham Borough Councillors <ul style="list-style-type: none"> - one should be a Member of the Planning Committee - one should be a Councillor with an interest in art and culture (ideally the Councillor representation should be cross party but this is not essential)

	<p>One representative from each of the following organisations:</p> <ul style="list-style-type: none"> • University of Gloucestershire Art department • Cheltenham Arts Council • Civic Society • GAVCA • Cheltenham Trust (to be invited) <p>• Up to 3 co-optees which the panel may wish to appoint for a period of up to three years because of their specialist expertise or community representation. Co- optees may be re-appointed for a further 3 year term thereafter.</p> <p>The members representing an organisation may be changed at any time by the organisation notifying the administrator of the panel. Each organisation may also nominate a substitute to attend the panel if their nominee cannot attend. Generally the panel will encourage organisations to nominate an individual for a period of at least three years but will welcome new nominees after that period in order to bring fresh ideas to the group.</p>
Chair	<p>The members of the panel will appoint a chair from its membership excluding the elected Members. They could be elected for a period of three years but will be eligible for re-election for a further three-year term after which they will retire. Although standing down as chair, the representative could, if their organisation agreed, continue to sit on the panel as a representative of their organisation.</p>
Officer support	<p>This will vary but the core support will be provided by</p> <ul style="list-style-type: none"> • Townscape Manager, E&RS • Parks development team, E&RS • Planning Administration, E&RS.
Public Art Pool	<p>A group of project managers with experience in delivering public art projects who are appointed by authorised officers of the council. They are available to the Public Art Panel to recommend to the Director of Environmental & Regulatory Services or Cabinet Member for selection for specific public art projects and any remuneration will be paid from the funds available for the project.</p> <p>A member of the pool cannot be a member of the Public Art Panel but they can attend meetings of the panel by invitation, typically to update the panel on any projects they are working on.</p>
Cabinet Member	<p>The Cabinet Member with responsibility for Public Art will receive agendas and minutes of the meeting and can attend meetings of the panel by invitation or with prior notification to the chair as an observer.</p>
Budget holders	<ul style="list-style-type: none"> • Director of E&RS is the budget holder for the section 106 money and the S106 agreements are worded to the effect that public art must be provided to the satisfaction of the director E&RS. • Cheltenham Development Task Force MD is the budget holder and the Cabinet Lead is the Cabinet Member Built

	<p>Environment.</p> <ul style="list-style-type: none"> • Cheltenham organisations seeking guidance from the panel e.g. Civic Society. • Other groups: bids for funding from various community groups are agreed by Cabinet and these groups may then ask the panel for assistance and advice.
Accountability	<ul style="list-style-type: none"> • Accountability to the Cabinet Member with responsibility for public art. • Accountability to the budget holder who has commissioned a work of public art through the panel.
Meetings	<ul style="list-style-type: none"> • Bi-Monthly . • Structured agendas, to include progress reports on the programme of projects. • Notes to be taken and action points monitored • Appropriate follow-up communications after the meeting to interested parties.
Conflicts of Interest	<ul style="list-style-type: none"> • Members must declare any interests or conflicts of interest in the business of the panel. • Where conflicts exist, panel members may be asked to leave the meeting for the agenda item.

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Cheltenham Borough Council

Cabinet

10 February 2015

Scrutiny Task Group Review – Members ICT

Covering Report

Accountable member	Councillor Tim Harman, Chair of Overview and Scrutiny Committee
Accountable officer	Rosalind Reeves, Democratic Services Manager
Executive summary	<p>At its meeting on 3 November 2014 Overview & Scrutiny Committee commenced a review of Members ICT. A Scrutiny Task Group was set up and the findings and recommendations of that Group are set out in detail in the attached Scrutiny Task Group Report.</p> <p>Their report was considered by the O&S committee at their meeting on 12 January 2015 when they endorsed the recommendations from the task group and agreed to forward them to Cabinet for their consideration. They were supportive of the policy in that Members who had iPads should be willing to go paperless and there was a suggestion that this should be extended to Members with their own iPads as well. They were keen that the option of having pink papers available on the iPad was explored. There were issues for double hatted members with incompatibility of software requiring different equipment and they felt this should be looked at at some point. They felt training for members in the use of their iPads was key to a successful roll out and welcomed the training sessions and additional guides that had already been produced by Democratic Services to assist members.</p>
Recommendations	<p>That Cabinet agrees the recommendations set out in the Scrutiny Task Group Report and that:</p> <ol style="list-style-type: none"> 1. the Members' ICT Policy is endorsed and publicised to all Members, thereby demonstrating Cabinet's support for the move to paperless meetings 2. the recommendations in respect of Members signing up to the policy before accepting a council iPad (including the retrospective requirements) should be implemented by Democratic Services Manager, 3. the recommendation regarding encouraging Members to participate in training and development designed to enhance their use of ICT equipment and applications provided is taken forward by the Cabinet Member Corporate Services in liaison with ICT and Democratic Services, 4. the recommendation regarding Members' ICT provision being kept under review in order to take advantage of new developments in technology is taken forward by the Cabinet Member Corporate Services in liaison with ICT and Democratic Services.

Financial implications	<p>The financial implications of the review are included in the attached report. There is a clear business case moving from paper copy for accessing committee papers to using iPads. If Members embrace the change, there could be printing savings in excess of £4,000 per annum.</p> <p>Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
Legal implications	<p>No legal implications arising from the recommendations.</p> <p>Contact officer: sarah.halliwel@teWKesbury.gov.uk, 01684 272692</p>
HR implications (including learning and organisational development)	<p>No HR implications arising directly from this report</p> <p>Contact officer: Julie McCarthy, HR Manager julie.mccarthy@cheltenham.gov.uk</p>
Key risks	<p>As set out in the report</p>
Corporate and Community Plan implications	
Environmental and climate change implications	<p>The move to paperless meetings delivers a financial saving on paper, but the environmental benefit is less clear since it is influenced by sourcing, manufacturing processes and energy use.</p> <p>Gill Morris, Client officer, gill.morris@cheltenham.gov.uk</p> <p>Tel: 01242 264229</p>
Property/Asset Implications	<p>The use of iPads in meetings will be reliant on Wi-Fi facilities being available in the meeting rooms.</p>

1. Background

1.1 As set out in the report

2. Reasons for recommendations

2.1 The Overview and Scrutiny Committee were requested to set up a scrutiny task group to review the Members ICT policy and the business case for iPads.

3. Alternative options considered

3.1 There are a number of options to Members and the council and these are set out in the report.

The option of paying Members an ICT Allowance under the Members Allowance Scheme, which would enable them to buy their own equipment to use for carrying out council business, was explored by the Members Allowance panel earlier in 2014. However advice from One Legal at the time advised that such an allowance was not allowed within the Members Allowance legislation. The recommendations from the panel to Council in December 2014 acknowledged that there was still a need for Members to have access to a PC at home/or in the Council offices for their council work as well as wifi and home telephone and allocated a sum of £100 per annum to support those facilities as part of the basic allowance. This was agreed by Council.

4. Consultation and feedback

4.1 The Cabinet Member Corporate Services was involved in the review and Members views on ICT support has been sought.

5. Performance management –monitoring and review

5.1 The roll out of Members ICT will continue to be monitored by Democratic Services in liaison with ICT.

Report author	Contact officer: Rosalind Reeves, Democratic Services Manager, Rosalind.reeves@cheltenham.gov.uk, 01242 77 4937
Appendices	1. Risk Assessment 2. Task Group report
Background information	None

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If Members do not support the move to paperless meetings then the printing savings will not be achieved and the business case for the iPads will not be realised.	Rosalind Reeves	1/12/2014	3	3	9	Reduce	Get Cabinet support for the initiative via the Members ICT policy Get Members to sign an agreement before accepting the iPad.		RR	
	If Members are not clear on what ICT support is available they may not have the tools they require to support them in their role.	Rosalind Reeves		2	2	4	Accept	Continue to communicate to new and existing Members and offer training		RR	
Explanatory notes											
<p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											



SCRUTINY TASK GROUP REPORT

MEMBERS' ICT REVIEW

DECEMBER 2014

1. INTRODUCTION

- 1.1 Members' ICT has come a long way since the early 2000s when council first applied for e government funding to enable the authority to issue laptops to its Members. ICT is now a part of all our lives and the council is keen to develop its use of ICT to enhance the effectiveness of both its staff and Members. It also aims to provide the public with improved facilities for accessing council services, inputting to the the democratic process and communicating with their elected representatives.
- 1.2 Details of the ICT services provided to Members and the expectation of Members in terms of its use, has always been covered in the Members induction pack and ICT training following their election. This has been extended to cover the use of remote access via Citrix and included the roll-out of iPads following the elections in May 2014.
- 1.3 As the iPad pilot progressed, it became clear that a document was needed which would set out clearly what was being provided for Members in terms of ICT and the expectation of them, particularly with regard to the loan of a council iPad and the move to paperless meetings.
- 1.4 The Democratic Services Manager worked with ICT, the Director of Resources and the Cabinet Member, Corporate Services, Councillor Jon Walklett, to produce a draft Members' ICT policy. In order to gain Members' support for the policy it was suggested that this could be reviewed by overview and srutiny and this would also provide an opportunity for the business case for the iPad roll out to be scrutinised.
- 1.5 A scrutiny task group was initiated by the Overview and Scrutiny Committee at their meeting on 3 November 2014 for this purpose.
- 1.6 This report sets out the findings and recommendations arising from the scrutiny review by the scrutiny task group.

2. MEMBERSHIP AND TERMS OF REFERENCE

- 2.1 Membership of the task group:-

- Councillor Matt Babbage (Chair)
- Councillor Max Wilkinson
- Councillor John Payne
- Councillor Dan Murch
- Councillor Chris Mason

2.2 **Terms of reference agreed at our first meeting**

- To review the Members' ICT policy
- To scrutinise the business case for iPads
- To make recommendations to Cabinet as appropriate via the O&S Committee

3. **HOW DID THE TASK GROUP GO ABOUT THIS REVIEW?**

3.1 The task group met on one occasion when we reviewed the draft policy and the business case for iPads. The officers involved are listed below and we thank them for their support.

- Rosalind Reeves, Democratic Services Manager, facilitator for the task group supported by Tess Beck, Democracy Assistant
- Mark Sheldon, Director of Resources and sponsor of the policy
- Dan Hares ICT

3.2 We would also thank the Cabinet Member Councillor Walklett for his contribution to our meeting and subsequent comments on our report.

4. **OUR FINDINGS**

The Members' ICT Policy

4.1 The task group were fully supportive of the draft policy that was made available to us at our meeting. We felt it provided clarity on the ICT provision for Members and made it clear what was expected of Members in their use of ICT. We also welcomed the introduction of a signed agreement to support the issue of a council iPad.

4.2 The task group were aware that there had been some issues arising from the pilot roll out of council iPads with some Members still expecting paper copies. We asked for the policy to be strengthened in this respect so it is absolutely clear that Members accepting a council iPad should not ask for copies of papers which had been circulated electronically. We acknowledge that this will be a difficult adjustment to make for some Members but without this the business case is not sustainable. For this reason it is important we support all Member through the change.

4.3 With this amendment the revised Members' ICT policy is attached as appendix 1 to this report and we recommend that it is adopted.

Use of Modern.gov for viewing agendas and papers

- 4.4 The Members ICT policy covers the use of the modern.gov app which is essential for reviewing the agendas for papers and meetings and hence enables the move to more paperless meetings. The members of the scrutiny task group had been using this app for some time and our experience is that it is a very powerful tool enabling Members to review and annotate papers in a similar way that they would have done with a paper copy.
- 4.5 We do acknowledge that it needs a certain amount of investment of an individual's time to familiarise themselves with the new tool and to adjust to this new method of working. We commended the training that has been provided by ICT and Democratic Services to assist with this and we want to encourage all Members to avail themselves of this training. This will enable them to be fully aware of the functionality of their iPad and the modern.gov app and how it can support them in their work.
- 4.6 The scrutiny task group also noted that currently Members could not access task group and working group meetings via the modern.gov app and these could only be made available electronically via the circulation of agenda packs via e-mail. We were advised by officers that these could be available to Members in the future on their iPad via the intranet and this facility can be made available to Members if they are accessing the council network via Citrix.

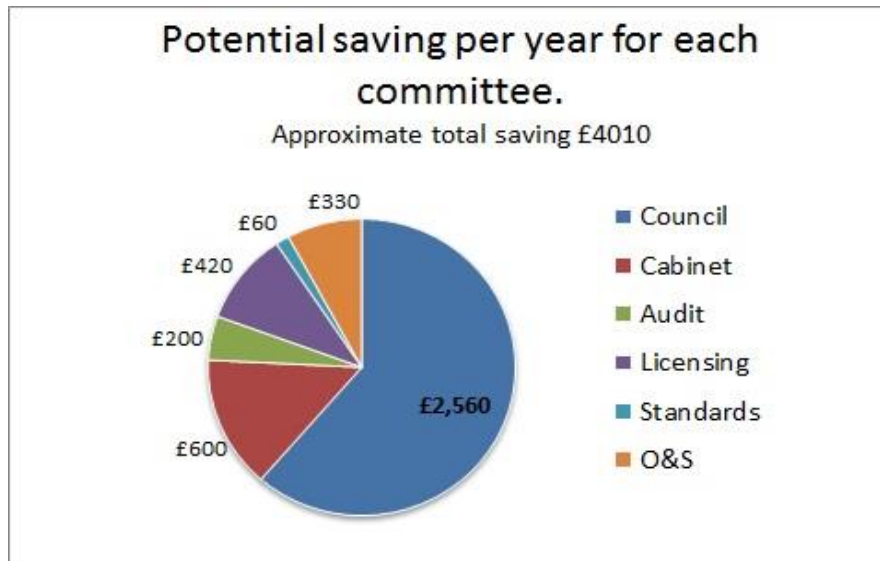
The iPad Business case

- 4.7 The scrutiny task group reviewed the business case for the roll-out of council iPads. This was quite straightforward and in summary the outlay of the cost in purchasing the council iPads is balanced by the savings in printing costs. The details are as follows:
- 4.8 The current cost of an iPad with the software is about £400 (with no 3G connectivity i.e. needs WiFi to connect to the internet) and has an expected life span of 3-4 years

On that basis the revenue cost of iPads on a rolling 3-4 year life cycle would be the cost of replacing an lpad for each member every 3.5 years on a rolling 4 year program
i.e. £400 every 3.5 years/3.5 * 40 Members per annum = £4570 per year.

With some contingency for lost or stolen equipment the replacement budget would need to be in the order of £5000 in the Democratic Services budget. It is assumed that any licensing costs would be picked up by ICT which has been the current practice.

4.9 An approximation of the number of sets of committee papers printed per annum can be estimated by looking at the number of Members and meetings for each of our main committees. It is difficult to assess the exact cost of printing committee papers as a lot of printing is done in-house and it is not directly itemised in the budget. However the potential savings from external off site printing across Council and its committees administered by Democratic Services is in the order of £4000.



4.10 These figures demonstrate a simple break-even point and if all Members were to receive electronic copies of committee papers there would be scope for achieving a saving in excess of £4000 per annum which would be sufficient to cover the costs of the iPad maintenance budget required. All of these committee papers could be viewed via the Modern.gov app.

4.11 These figures do not include the cost of printing Planning Committee papers. Currently this is done by Planning Administration rather than Democratic Services and they do all the printing in house rather than send them off site. This would be a lot cheaper than the off-site printing but involves more staff effort. They estimate that they do about 25 copies of papers each month with an average of 160 sides of printing. Initial discussions have been held with the service manager responsible for planning and they are committed to reviewing the situation in 2015.

4.12 The case for iPads is further enhanced when you consider the non-financial benefits:

- Ease of access to emails without having to log into Citrix, which improves Members' communication with both colleagues, officers and constituents
- Access to other applications approved by the council to support Members in their work
- Ability to save annotations and ease of navigation within the modern.gov app

- 4.13 It should be noted that paper copies would still need to be printed for the public, external representatives and officers attending the meeting. Currently there are no facilities for viewing confidential papers on the iPad so these would continue to be printed on pink paper hard copy. There is a modern.gov app available which will enable Members to view restricted papers on their iPad but this currently has a cost of £6,000 per annum whereas the modern.gov app to view public papers is available free to any councillor or member of the public. We would suggest this is looked at again so see if the price can be negotiated.

Future development

- 4.14 Technology never stands still so the task group identified the need for officers to keep abreast of new developments which could further support Members in their work and roll these out as appropriate.

5. CONSULTATION

- 5.1 During the course of this review we have consulted with officers involved in this issue. The Cabinet Member Corporate Services attended our meeting and had the opportunity to review our draft report.

6. RECOMMENDATIONS

- 6.1 Taking all our findings into consideration, the task group agreed a number of recommendations, namely that
- i. **The Members' ICT Policy is endorsed by Cabinet and publicised to all Members, thereby supporting the move to paperless meetings**
 - ii. **Members are required to sign up to the policy before accepting a council iPad and all Members currently in possession of one should be asked to sign up retrospectively to demonstrate their commitment to go paperless**
 - iii. **Members are encouraged to participate in training and development designed to enhance their use of ICT equipment and applications provided**
 - iv. **Members' ICT provision is kept under review in order to take advantage of new developments in technology**

7. PROGRESSING THE SCRUTINY RECOMMENDATIONS

- 7.1 The scrutiny task group acknowledged that the roll-out of Members' iPads had been temporarily halted whilst this review of the policy took place. We were conscious that the timing of this review meant that our recommendations would not go to O&S until the meeting on 12 January 2015 and Cabinet in February 2015. We did not wish the roll-out to be delayed until then. Therefore we indicated to the Cabinet Member that we would be supportive of the rollout continuing, but it should be emphasised to Members that when accepting an iPad they were committing to go paperless and they would be asked to retrospectively sign up to the policy once it has been agreed by Cabinet in February.

7.2 In conclusion the task group were confident that we had met our terms of reference are and we commend our recommendations to the Overview and Scrutiny Committee.

Report author	Councillor Matt Babbage, Chair of the scrutiny task group Contact officer: Rosalind Reeves, Democratic Services Manager, Rosalind.reeves@cheltenham.gov.uk, 01242 77 4937
Appendices	1. The Members' ICT Policy
Background information	1. None

MEMBERS ICT POLICY DRAFT

1. Introduction

1.1 The objective of Members ICT provision is:

- To maximise the effectiveness of Members in their role
- To enhance communications between Members, officers, partners and members of the public

1.2 Electronic communication is an essential part of the Member's role as a Councillor. It will be used to inform them of important information such as dates of meetings, Member briefings, training events and notification of minutes and agendas and there will be an assumption that Members will look at their accounts on a regular basis, preferably daily. Their council e-mail address will be made publicly available and members of the public may contact them via this means and would expect a prompt acknowledgement and timely response.

1.3 With the increasing use and access to mobile devices and the focus on reducing costs and protecting the environment, there will be an expectation that Members will view committee agendas and reports on line rather than require expensive printed hard copies. To this aim, the council is offering Members the loan of a council iPad or facilities to use their own iPad if they prefer.

2. The Objectives of the Members ICT Policy

- To ensure a common understanding of what facilities are provided by the Council and what is expected to be provided by the Member
- To ensure Members are clear on the expectations of themselves in their usage of ICT particularly with regard to data security
- To ensure members are clear on their commitment to moving towards paperless meetings if they accept a council iPad or use their own.
- To ensure Members are clear on what they can expect in terms of skills and training and where they can go to for support.

3. ICT Provision

3.1 The council will provide Members with the following ICT facilities:

- A logon access to the council network (upon completion of an Acceptable Use Policy form – this will be included in the ICT induction)
- A Cheltenham Borough Council e-mail account
- Access to the council's intranet (access to the Internet would be provided by the Member's own Internet provider - e.g. BT)
- Access to personal storage and shared areas as appropriate
- ICT's current version of Microsoft applications – which includes Word, Excel and PowerPoint
- Computers and printers available in the Members room and the political group rooms where Members can log on to the council network

[Type text]

- Use of other printers at the Municipal Offices for photocopying and printing from the network
- The loan of a council iPad OR the ability to have access to a council email account via a personal iPad or iPhone (providing it has the appropriate encryption facilities) and provision of the modern.gov app for reading committee papers.
- Wifi facilities available at the Municipal Offices for Members using their council iPad or their own equipment
- A facility for providing remote access to the council network via Members' own ICT equipment
- Each Member will be issued with their own personal ID pass giving access to the Municipal Offices and the Members Room.
- Access to the ICT Service Desk facility to assist Members with any issues associated with the above facilities
- Training and development to support Members in their use of the above facilities

3.2 It is assumed that members will have their own:

- Laptop, PC or other equipment suitable for home working (see the **Equipment minimum specification** section in Appendix 1)
- Printer (must be AirPrint enabled if they want to print directly from an iPad)
- Internet provider
- A broadband connection (2 MB as a minimum preferred) to support the remote access if required
- Paper, toner and other consumables required in use of the above (this is covered by the Members basic allowance)
- Facilities for resolving any issues with the Member's own equipment or service provider as this would not be the responsibility of the ICT Service Desk.

4. Information and Data Security

4.1 Before using any of these facilities, Members are required to attend an induction session which also covers the council's Information Security policy

4.2 The Data Protection/ ICT Security presentation can be found here along with links to the relevant security policies:

<http://intranet.glosdistricts.org/InformationSecurity/Default.aspx>

5. Use of iPads

5.1 Loan of a Council iPad

Any member can request the loan of a council iPad provided they are prepared to undertake to move to receiving committee papers electronically and sign up to the iPad agreement attached as Appendix 2 to this policy. This is essential as the business case for purchasing iPads from the Democratic Services budget depends on the savings made by reducing printed copies of committee papers. The expectation is that all committee papers will be circulated electronically as soon as possible. Members with a council iPad will not be expected to ask for paper copies of documents that have already

been made available to them electronically.

5.2 The iPad will remain the property of the council and will be registered to the council so there will be restrictions on what Members can access and the applications that can be made available. It will be set up with a range of applications and settings relevant to the councillor role and these will include:

- access to council emails with 500MB of storage
- access to the council's intranet (though this is still under development)
- modern.gov committee app
- twitter
- basic Microsoft office read-only facilities as they become available

5.3 All appropriate licenses will be provided by ICT.

5.4 Requests for any additional applications may be submitted to ICT via Democratic Services and a valid business case needs to be made. For this reason some members may prefer to use their own equipment where there are no such restrictions.

5.5 Microsoft office is available on the council iPads which will enable Members to open and read Word and Excel attachments on their iPad but not edit them. The editing of these documents would require ICT to buy Microsoft 365. This is currently being investigated with plans to roll out at some future point. This policy will be updated as new facilities become available.

5.6 Training on using the iPad will be available from ICT on basic facilities and from Democratic Services on the modern.gov app.

5.7 Members will be responsible for the safekeeping of any council equipment issued to them and expected to treat it with appropriate care to avoid it being damaged or stolen. A case will be provided when the iPad is first supplied. Any damage or stolen equipment must be reported to the ICT Service Desk immediately so that any security wipes can be initiated.

5.8 Accessing Council emails via your own iPad or iPhone

Members requiring this facility will be able to bring their iPad or iPhone to ICT when officers from ICT will be available to help enable this. The license for this facility will be paid for by ICT.

5.9 It is a personal choice whether Members opt to use their own equipment and they will need to weigh up the advantages for themselves. Using their own equipment they will have no restrictions on the apps they choose to load onto their iPad or phone and they can buy the equipment that will suit all their requirements. e.g. the council would provide a basic model suitable for use on council business but the individual may wish to purchase equipment with a higher specification for playing games or watching films for example. Technology is also moving so quickly that buying their own equipment enables Members to upgrade their equipment more regularly than the three to four-year lifespan the council plans for. Members using their own iPad or iPhone will have to use a secure password every time they log on as would any Member using their council iPad.

5.10 iPads and iPhones have the security chip necessary for accessing secure Cheltenham Borough Council services via Airwatch. Android devices will need to have the KNOX or KNOX2 encryption chip to be compatible. If in doubt, please consult the ICT Service Desk.

5.11 Members who already have their own iPad set up for secure access to Gloucestershire County Council email via Good, will not be able to use that same iPad to access Cheltenham Borough Council secured services via Airwatch. We would recommend the use of a Cheltenham Borough Council iPad in this case.

6. Accessing ICT facilities from a Member's home computer

Access to the facilities listed above can be provided to Members via an application ('Citrix') and ICT will advise Members on how to install this on their home equipment. (ICT may need to log on to the Member's PC remotely in order to facilitate this if there are any problems.) This application will allow the Member to gain access to the council's infrastructure, and in order to do this they will require a remote access token and licence, which will be paid for and provided by ICT.

7. ICT facilities available via the network

Email

ICT requires Members to use a Cheltenham Borough Council email address as it offers protection against spam emails and viruses and is supported by the ICT Service Desk. Members are expected to check it regularly. The email address takes the following format: clr.firstname.lastname@cheltenham.gov.uk.

Due to security restrictions imposed by the Cabinet Office as part of the council's Public Service Network requirements, ICT will not allow Members to have any automatic diverts on their council emails to a private email address.

Microsoft Office Suite:

Microsoft Word – word processing
Microsoft Excel – spreadsheets
Microsoft PowerPoint – presentations
Microsoft Outlook – email, calendar, contacts, tasks

Internet – World Wide Web and access to modern.gov

Individual file storage area – U drive

Intranet – CBC internal web pages which includes access to:

- Staff directory – Includes contact details for all staff and councillors.
- Online forms, including a travel claim form and hospitality declaration.
- Access to modern.gov for facilities not available on the public version of the system via the internet e.g working group meeting agendas and reports

The organisation structure
Latest news and information

Council website addresses:

Cheltenham Borough Council	www.cheltenham.gov.uk
Arts & Crafts Museum website	www.artsandcrafts.org.uk
Art Gallery & Museum website	www.cheltenhammuseum.org.uk
Tourism website	www.visitcheltenham.gov.uk
Cheltenham Festivals website	www.cheltenhamfestivals.co.uk
Cheltenham Trust website	to be advised

8. Use of modern.gov

8.1 Modern.gov provides electronic delivery of democratic information including councillor details/activities and meetings as well as the Council's Constitution.

8.2 This system is the engine room of the democratic process. It speeds up the procedure for compiling agendas, reports and minutes and makes it easier for all Members of the Council, staff and members of the public to access such documents and information about the Council and its Committees.

8.3 The system is open for use by all and can be accessed through the Council's internet site. <http://www.cheltenham.gov.uk/> (councillors, meetings and decisions).

8.4 Training sessions are available to provide Members with an understanding of the key modern.gov features and this will be covered in the ICT induction session for new Members. This will cover how to gain access to reports, agendas, minutes and the forward plan, access registers of interests and view and download meeting calendars.

8.5 The Modern.gov app

This app can be downloaded free of charge from the modern.gov pages on the Council's website. It provides the facility for agendas and minutes for selected committees to be automatically downloaded to the user's iPad. Facilities will then enable the user to annotate the document with their comments and highlight any areas just as they would do with a hard copy set of papers.

8.6 Full training will be provided by Democratic services so that Members can be confident in going paperless to all meetings.

8.7 A modern.gov app is also available to purchase which will allow the user to access confidential papers which are not available on the free app. Currently pink papers will continue to be distributed in hard copy or by secure e-mail although this will be kept under review particularly if the price of the app was to come down.

8.8 For the time being Planning Committee papers will continue to be circulated hard copy due to the additional level of complexity for Planning and the large number of additional papers circulated but this will be reviewed in the early part of 2015.

9. Support & Training

9.1 ICT services are provided by a Shared service arrangement between Forest of Dean and Cheltenham Borough Council.

9.2 More information is available on ICT Training is available here:
<http://intranet.glosdistricts.org/Training/Default.aspx>

9.3 Ongoing support to councillors is offered by the ICT Service Desk, which is the first point of contact for any queries, training requests or problems that may be encountered.

10. ICT Services

The Service Desk is open Monday to Friday from 8.30 am to 5 pm on 01242 775000.

10.1 New Members will be provided with a network log on within 1 week of their election. This will allow access to council e-mails. ICT will aim to establish Members' remote working capability within 2 weeks of their election either by providing a council loaned iPad and/or a Citrix token.

10.2 Before using any of these facilities, councillors are required to attend an induction session which also covers the council's Information Security policy.

10.3 Members requiring the facility to receive council emails on their iPad or phone will be able to bring their iPad or iPhone to the Members Open Day or to one of the ICT training sessions and officers from ICT will be available to help enable this facility. This is the quickest way for new Members to be up and running with their council emails as soon as possible after the elections. If Members are coming in specifically about an iPad issue, they are advised to phone ahead to check if someone familiar with iPad support is available to assist.

Appendix 1 - Equipment minimum specification

The 'Citrix' application requires the following minimum specification for laptops and PCs:

- Windows Vista or later, (Windows 7 or above preferred).
- 1.5Ghz Processor
- 1GB RAM
- IE9 or above
- 2Mb Broadband/ADSL connection

If you wish to use your own device it must have the following:

- Apple - iOS 4.3 or later
- Android – KNOX or KNOX2 encryption chip

Vodafone and Orange discounts

Vodafone discounts of up to 20% off price plans are available for Elected Members, council employees, friends and family members. Details can be found on council intranet Social pages under employee discounts. You can email Vodafone at info@vodafoneemployeeadvantage.co.uk from home. Vodafone will send an automated reply with an embedded link to the discount page and application form which will require you to provide the payroll number allocated for the purposes of paying your members allowance.

If you take up this offer, it will be a personal arrangement between yourselves and Vodafone, so please contact Vodafone direct with any queries.

Appendix 2 – Agreement to support the issue of a Council Ipad

In taking receipt of a council iPad I accept the following conditions as a Member of Cheltenham Borough Council :

1. I will ensure the safekeeping of the iPad at all times and take every step to ensure it is not put at risk of being broken or stolen. Should this happen I will report it to ICT Service Desk at the first possible opportunity.
2. I understand the iPad is for my own personal use and will not let any other person have access to it. I will use a secure password every time I log in.
3. I understand that confidential or restricted information may be sent to me and I will treat any data in accordance with the data security policy and according to the Members' code of conduct. Any breaches of that security policy must be reported immediately to Democratic Services.
4. I understand that in accepting the iPad I am committed to the move to paperless meetings and I am prepared to receive papers electronically via the modern.gov app and take the iPad to meetings for that purpose. I will not ask for hard copies of papers that have been distributed electronically. I understand that I will continue to receive restricted papers for meetings in hard copy or by secure e-mail where there is a need.
5. I will commit to keeping my skills up to date and using new facilities as they become available on the iPad by attending training programmes when offered and/or making use of other training facilities.
6. I understand the first port of call for any technical problems with the iPad is the ICT Service Desk and I appreciate that the person who receives the call may need to refer it to a colleague with more expertise.
7. I understand that support for the modern.gov will be provided by Democratic services in the first instance but they may need to refer any technical problems to the providers of the system.
8. I understand that I am not allowed to put an automatic forward on my Cheltenham Borough Council email address to another email account.

On that basis I am happy to take ownership of the iPad.

Signed:

Councillor

Date:

Cheltenham Borough Council

Cabinet – 10th February 2015

Council – 13th February 2015

**General Fund Revenue and Capital – Revised Budget 2014/15, and
Final Budget Proposals 2015/16**

Accountable member	Cabinet Member for Finance, Councillor John Rawson
Accountable officer	Director of Corporate Resources (Section 151 Officer), Mark Sheldon
Accountable scrutiny committee	Overview and Scrutiny Committee
Ward(s) affected	All
Key Decision	Yes
Executive summary	This report summarises the revised budget for 2014/15 and the Cabinet’s final budget proposals and pay policy statement for 2015/16.
Recommendations	<p style="text-align: center;">Cabinet / Council</p> <ol style="list-style-type: none"> 1. Note the revised budget for 2014/15 and approve one-off contribution from general balances of £178,250 as detailed in Section 3.2. 2. Consider the budget assessment by the Section 151 Officer at Appendix 2 in agreeing the following recommendations. 3. Approve the final budget proposals including a proposed council tax for the services provided by Cheltenham Borough Council of £187.12 for the year 2015/16 (a 0% increase based on a Band D property). 4. Approve the growth proposals, including one off initiatives at Appendix 4. 5. Approve the savings / additional income and the budget strategy at Appendix 5. 6. Approve the use of reserves and general balances and notes the projected level of reserves, as detailed at Appendix 6. 7. Approve the proposed capital programme at Appendix 7, as outlined in Section 10, including the additional underwriting of £90,000 to support the Art Gallery and Museum redevelopment scheme. 8. Approve the Pay Policy Statement for 2015/16, including the continued payment of a living wage supplement at Appendix 8. 9. Approve a level of supplementary estimate of £100,000 for

2015/16 as outlined in Section 15.

10. Approve no change to the Local Council Tax support scheme in 2015/16 (para 4.19).

11. Note that the Council will remain in the Gloucestershire business rates pool for 2015/16 (para 4.9).

Financial implications	As contained in the report and appendices. Contact officer: Sarah Didcote. E-mail: sarah.didcote@cheltenham.gov.uk Tel no: 01242 264125
Legal implications	The budget setting process must follow the Council's Budget and Policy Framework Rules. The Local Government Act 2012 introduced a radical change to the local government finance system. The key changes introduced by the Act were: <ul style="list-style-type: none">• implementation of the Business Rates Retention Scheme;• replacement of the existing Council Tax Benefit system with local Council Tax Support;• implementation of changes to council tax rules to provide some local flexibility on the council tax local authorities can charge on empty properties. All of the above changes came into effect for the 2013/14 financial year. Section 38 of the Localism Act 2011 requires local authorities to produce Pay Policy Statements. The Localism Act 2011 also contains requirements for local authorities to hold a referendum where council tax is proposed above a specific 2% increase. Section 25 of the 2003 Local Government Act requires the authority's Section 151 Officer to comment on the robustness of the estimates and the adequacy of reserves. Contact officer: Peter Lewis E-mail: peter.lewis@tewkesbury.gov.uk Tel no: 01684 272012

<p>HR implications (including learning and organisational development)</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 23rd October 2014. 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>Contact officer: Julie McCarthy</p> <p>E-mail: julie.mccarthy@cheltenham.gov.uk</p> <p>Tel no: 01242 264355</p>
<p>Key risks</p>	<p>As outlined in Appendix 1</p>
<p>Corporate and community plan Implications</p>	<p>The aim of the budget proposals is to direct resources towards the key priorities identified in the Council's Corporate Business Plan whilst recognising the reduction in Government funding.</p>
<p>Environmental and climate change implications</p>	<p>The final budget contains a number of proposals for improving the local environment, as set out in this report.</p>

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

The Cabinet Member Finance and Section 151 Officer have been mindful of this statutory duty in how the budget proposals have been prepared. The community and equality impacts of the various budget proposals are as follows:

Budget Proposal	Potential community and equality impacts and any mitigating actions
Organisational changes, including management and staff restructuring	Ensuring that our human resource processes used to enable staff restructuring are compliant with equality legislation
Shared services	As above, ensuring that our human resource processes, used to enable staff restructuring are compliant with equality legislation
Commissioning	Ensuring that the equality and community impacts of commissioning reviews are assessed.
Supplies and services savings	None identified
Reductions in Everyman and Regeneration Partnership grants already agreed in previous budgets	None identified – budget savings were set out in the grant agreements already entered into

1. Background

- 1.1** In accordance with the Council's Budget and Policy Framework Rules, which are part of the Council's constitution, the Cabinet is required to prepare interim budget proposals for the financial year ahead and consult on its proposals for no less than four weeks prior to finalising recommendations for the Council to consider in February 2015. The consultation took place between the period 17th December 2014 to 26th January 2015 and this report sets out the final proposals for 2015/16.
- 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 50% of the Council's Government funding comes directly from Business Rates and, as a consequence, has the potential to vary either upwards or downwards during the year. This is a key strand of the Government policy to localise financing of local authorities and brings the potential for increased risks or increased rewards.
- 1.3** The 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 final budget proposals sets out clearly the anticipated use of New Homes Bonus to support the Council's spending requirement.

2. Budget Assessment of the Section 151 Officer

- 2.1** Under Section 25 of the 2003 Local Government Act, there is a legal requirement for the Section 151 Officer to make a report to the authority when it is considering its budget, council tax and housing rents (see separate report on HRA to Council) covering the robustness of estimates and adequacy of reserves. The Act requires councillors to have regard to the report in making decisions at the Council's budget and council tax setting meeting.
- 2.2** The Section 151 Officer is satisfied that the proposed budget for 2015/16 has been based on sound assumptions and that the Council has adequate reserves to fund operations in 2015/16. The Section 151 Officer has taken a risk based approach to his assessment which is attached at Appendix 2.

3. 2014/15 Budget Monitoring to November 2014

- 3.1** The budget monitoring report to the end of November 2014, considered by Cabinet on 13th January 2015, identified there may be a net overspend against the budget of £178,250. However the reported financial position of Ubico in the first half year indicates that there will be a contribution payable to the Council for 2014/15 of approximately £180,000. It is therefore expected that the overall position for the Council will be within budget for 2014/15.
- 3.2** The Cabinet recommends to Council, that a contribution of £178,250 be made from general balances, based on the position as at November 2014. It is anticipated that the general reserve will be replenished at the financial year end, upon confirmation of the Ubico outturn for 2014/15.

4. Finance and significant changes to Local Government Finance

- 4.1** On 5th February 2014, the Local Government Minister announced the final local government settlement for 2014/15 and the illustrative settlement for 2015/16, the latter of which equated to a further grant reduction in cash terms of £0.835 million or 15.3%.

- 4.2** This means that since 2009/10, the Council's core funding from the Government has been cut by some £5 million, from £8.8 million to £3.8 million (this excludes council tax support funding which transferred into the settlement funding assessment in 2013/14).
- 4.3** On 18th December 2014, the Local Government minister announced the provisional local government settlement for 2015/16. Due to the general election which will take place in 2015, no indicative or provision figures have been supplied for 2016/17 or later years. The final settlement for 2015/16 is due to be announced on 10th February 2015 and will be incorporated into the 2015/16 final budget proposals.
- 4.4** The proposed levels of Government funding for this Council are set out in the table below which also shows recent reductions in funding. Overall, core Government funding (referred to as the Settlement Funding Assessment) will reduce by 14.0% in 2015/16.

	2013/14	2014/15	2015/16
	£ 000	£ 000	£ 000
Revenue Support Grant	3,731	2,921	2,110
Baseline Funding (Cheltenham's target level of retained business rates)	2,482	2,530	2,579
Settlement Funding Assessment	6,213	5,451	4,689
Actual cash (decrease) over previous year		(0.762)	(0.762)
% reduction in funding		12.3%	14.0%

- 4.5** The Council has benefited from the inclusion of council tax freeze grant (in respect of 2014/15) within the Revenue Support Grant element of the settlement funding assessment.

Business Rate Retention and Pooling

- 4.6** 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. 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.
- 4.7** 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.

- 4.8** The Gloucestershire Chief Finance Officers have monitored the financial performance of the Business Rates Pool during 2013/14 and the first six months of 2014/15. As previously reported, the performance of the Pool exceeded expectations in 2013/14, and at the time of writing this report, the performance of the Pool is still expected to generate an overall surplus for 2014/15. However, the final 2014/15 position will not be known until the summer of 2015 when the final out-turn position is declared for each Gloucestershire billing authority.
- 4.9** The Chief Finance Officers are satisfied that the Pool remains viable in its current form and that sustainable surpluses from the Pool will contribute towards the savings targets identified in future years. The Chief Finance Officers are recommending that the Pool continues in its current form.
- 4.10** The Autumn Statements in 2013 and 2014 included an extension to the Small Business Rate Relief from 50% to 100% for each year, as well as introducing a new £1,000 discount for small business with a rateable value below £50,000 (2014/15) which was increased to £1,500 for 2015/16. A commitment has been made to fully compensate local government for lost business rates. This compensation will be paid by a specific grant from DCLG (section 31 grant).
- 4.11** One of the key documents in the budget setting process is the estimate of business rates yield which is reported in the National Non Domestic Rates return (NNDR1) which is submitted to the Department for Communities and Local Government. The NNDR1 return was submitted to the Department of Communities and Local Government (DCLG) by the deadline of 31st January 2015 and the budget is based on the figures within that return. The table below incorporates figures from the NNDR1 return and it is pleasing to report that the estimated net surplus from retained business rates against the baseline funding position is £681,751; an increase of £340,696 from that predicted in the interim budget proposals.

	2015/16 £
Estimate of retained business rates	22,236,357
Tariff to government	(19,084,298)
Grant to compensate for government decisions (e.g. Small business rate relief and Localism Act reliefs)	753,259
Estimated levy payable to government	(644,616)
Net retained business rates	3,260,702
Less Baseline Funding (Cheltenham BC Target level of retained business rates)	(2,578,951)
Net surplus on business rates in 2015/16 against baseline funding	681,751
Surplus adjustment in respect of 2013/14 (one-off)	187,360
Surplus adjustment in respect of 2014/15 (one-off estimated)	322,281
Additional one-off adjustments in respect of previous years surpluses from retained business rates	509,641

- 4.12** Overall, the Council has overachieved from BRRS in the period 2013/14 to 2014/15. However, due to current government regulations governing when amounts can be credited to the General Fund, the General Fund cannot be credited with its share of the growth until at least the year after it is received.

- 4.13** The move to local business rates retention appears to be a positive one, but local authorities have faced a series of obstacles in trying to make it a success. The Government's desire is to make sure that the system is fair and that there is a balance between incentives and managing risks, although it is nearly two years since business rates retention was introduced and the rules are still changing. Local authorities have been inundated with various regulation updates but we are still struggling to get access to critical information, such as the likely outcome of appeals against business rates.
- 4.14** Given the volatility surrounding business rates and the risk of a deficit in future years (due to the number of appeals still outstanding and the proposed changes to the time-period in which appeals can be lodged), the Cabinet is minded, on the advice of the Section 151 Officer, to allocate £100k of the one-off funding from previous years surpluses into the BRR earmarked reserve as detailed in Section 9.

New Homes Bonus (NHB)

- 4.15** The Government introduced the NHB as a cash incentive scheme to reward councils for new home completions and for bringing empty homes back into use. This provides £1,467 for each new property for six years (based on national average for band D property – i.e. £8,800 per dwelling over six years), plus a bonus of £350 for each affordable home (worth £2,100 over six years).
- 4.16** Funding is not ring-fenced and is designed to allow the benefits of growth to be returned to communities. Funding is split 80:20 between district and county authorities, although it is now recognised that the funding from this scheme comes from top sliced Revenue Support Grant (RSG), which will reduce significantly over the coming years to compensate for the NHB payments.
- 4.17** The Government has announced the allocation of NHB Grant for 2015/16. For this Council, NHB Grant will increase by £507,554 from £1,098,131 to £1,605,685. The grant recognises net growth in the Council Tax base of 388 properties between October 2013 and October 2014 and the development of 225 affordable housing units.

Parish Council Support Grant

- 4.18** The Local Council Tax Support (LCTS) 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 tax yield 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.
- 4.19** For 2013/14 and 2014/15, 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, once again it is not proposed to pass on any reductions in 2015/16.

Council Tax

- 4.20** The Localism Act 2011 introduced a power to the Secretary of State for Communities and Local Government to issue principles that define what should be considered as an excessive council tax increase and to set limits. Any council that wishes to raise its council tax above the limit will have to hold a referendum, the result of which will be binding. The proposed limit for 2015/16 has been announced at 2%.
- 4.21** For the past four years the Council has frozen its council tax precept at £187.12 a year for a Band D taxpayer. In other words, no increase has been imposed since 2010. Maintaining this council tax freeze has not been easy, bearing in mind the pressures on our finances that we have endured in the meantime. However, in proposing this course of action, the Cabinet has borne in mind the difficult economic and financial climate that many of our residents face.
- 4.22** The continuation of the council tax freeze in 2015/16 will avoid adding to the financial burden of residents, many of whom are still facing difficult financial circumstances. Currently the Government is offering councils roughly half the cost of freezing council tax in 2015/16 (estimated as £81,700), when compared with increasing council tax by 2%. Furthermore, the Government has now stated that the grant will be rolled into the spending review baseline and has therefore committed to the funding being available for future years.

Collection Fund

- 4.23** In accordance with the Local Authorities Funds (England) Regulations 1992, the Council has to declare a surplus or deficit on the collection fund by 15th January and notify major preceptors accordingly. This Council's share of the collection fund surplus for 2014/15 is £111,100 which will be credited to the General Fund in 2015/16. Collection fund surpluses arise from higher than anticipated rates of collection of the council tax collection rates.

5. Unavoidable budget pressures

- 5.1** In addition to funding pressures from cuts to Government funding, the Council is also facing costs pressure from the triennial valuation of the Gloucestershire Local Government Pension Scheme. The Council has made provision for growth in contributions to the Pension Fund of £406,000 for each of the next three years (2016/17 to 2018/19).
- 5.2** Workplace pension law has changed. Every employer now has new legal duties to help their workers in the UK save for retirement. Employers must automatically enrol certain workers into a qualifying workplace Pension scheme and make contributions towards it. The financial impact of pension auto-enrolment has now been determined and consequently been built into the base budget in 2015/16.

6. The Cabinet's general approach to the 2015/16 budget

- 6.1** In the current exceptionally difficult national funding situation, the Cabinet's overriding financial strategy has been, and is, to drive down the Council's costs. The Cabinet's aim is to hold down council tax as far as possible, while also protecting frontline services.
- 6.2** The Cabinet's budget strategy for 2015/16, approved at a meeting on 14th October 2014, included an estimate of £0.902m for the 2015/16 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 15.3% cut in government support.

- 6.3** The final assessment of the budget gap for 2015/16, based on the detailed budget preparation undertaken over recent months and the assumed financial settlement is £1.044m which takes into account the following variations:
- A further year's freeze in council tax in 2015/16
 - A further year's freeze in car parking charges
- 6.4** The key aims in developing the approach to the budget were to:
- Do everything possible to protect frontline services without the need to increase council tax
 - Identify savings that can be achieved through reorganisation of service delivery or raising additional income rather than through service cuts
- 6.5** In preparing the 2015/16 budget proposals, the Cabinet and officers have:
- Prepared a budget projection under a general philosophy of no growth in services unless there is a statutory requirement or a compelling business case for an 'invest to save' scheme. The full list of proposals for growth, including one off initiatives, is included in Appendix 4.
 - Provided for inflation for contractual, statutory, and health and safety purposes at an appropriate inflation rate where proven.
 - Budgeted for pay inflation at 1.2% for 2015/16 over and above the 2014/15 base.
 - Increased income budgets assuming an average increase in fees and charges of 2.0%, 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, lifeline charges and building control fees. The costs have been shown as growth within the budget proposals.
 - Taken the decision last October to increase green waste charges by £1 to £38 per annum from February 2015. Those residents taking advantage of the discount for prompt renewal will benefit from an 'early bird' discount and pay just £36.
 - Assessed the impact of prevailing interest rates on the investment portfolio, the implications of which have been considered by the Treasury Management Panel.
- 6.6** As in previous years, the budget for the coming year is the result of a great deal of activity and hard work by officers and members all through the year. 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 final budget proposals for closing the budget gap in 2015/16, which are the result of this work, are detailed in Appendix 5.
- 6.7** 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.
- 6.8** This budget proposes to make fuller use of the New Homes Bonus i.e. an additional £350k, 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 £1,050,000, which is 65% of the total expected income in 2015/16 of £1.605m. It is proposed that the remainder should be earmarked for one off or time-limited spending or put towards this Council's contribution to the 2020 Vision Programme.

- 6.9 The proposed one-off uses of New Homes Bonus income include: £50k to support the well-liked and very effective Community Pride grant scheme.
- 6.10 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.
- 6.11 Since the interim budget 2015/16 was published, a number of changes have been made to the budget as a result of further work, and taking into account the consultation. They are documented in the supporting appendices to the report and include the following significant variations:

	£000's
Retained Business Rates	(341) k
Additional income as a result of the collection fund surplus	(61) k
Contribution to the Joint Core Strategy Partnership	60 k
Contribution to Business Rate Retention reserve	100 k
Contribution to Local Plan reserve	100 k
Increased contribution to planned maintenance	150 k

7. Treasury Management

- 7.1 Appendix 3 summarises the budget estimates for interest and investment income activity. Security of capital remains the Council's main investment objective.
- 7.2 The Bank of England remain cautious in raising the Bank Rate as it will want to protect heavily indebted consumers from too early an increase in Bank Rate at a time when inflationary pressures are also weak. A first increase in the Bank Rate is expected in Quarter 2 of the 2015/16 financial year and they expect increases after that to be at a slow pace. With this in mind, for 2015/16 interest payable will increase by £13,100 and interest receivable will increase slightly by £18,600. As a result, the net impact on the 2015/16 budget is an increase in net treasury income of £5,500.

8. Longer term planning: the 2020 Vision

- 8.1 A separate report (2020 Vision) has been considered by Cabinet at its meeting on 16th December 2014. This 2020 Vision is one of the means by which this Council could bridge the medium term funding gap which still remains, despite several years of budget savings and intensive cost-cutting.
- 8.2 2020 Vision represents an ambitious model for how four councils can work together more effectively, whilst each retaining their own decision-making powers, political independence and identity. Through joined-up working the aim is to create new shared staffing and management arrangements, to deliver high quality services and to generate savings potentially amounting to some £5.2 million per annum to be shared by the partner authorities.
- 8.3 The Government has welcomed the 2020 Vision and has made a total of £3.8 million available to the four partner councils to assist with the development costs. However, given that a number of the savings proposed in future years arise from organisational changes which may require one-off sums to cover the costs of redundancy and early retirement, there are likely to be additional costs estimated at £1.095m spread over five years. Should the Council proceed with this initiative, it is proposed to fund these costs from the New Homes Bonus.

9. Reserves

- 9.1** 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”.
- 9.2** As detailed in paragraph 4.6 above, 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. Given the volatility of this area the Cabinet proposes to increase the balance held in the BRR earmarked reserve by £100,000 to cover any deficits that may arise in the future through additional successful appeals or empty business properties; to be funded from the balance of additional one-off income projected from previous years surpluses from retained business rates receivable in 2015/16.
- 9.3** A projection of the level of reserves to be held at 31st March 2015 and 31st March 2016 respectively is detailed in Appendix 6.

10. Capital Programme

- 10.1** The proposed capital programme for the period 2014/15 to 2018/19 is at Appendix 7.
- 10.2** The programme includes provisional sums for infrastructure investment to be funded from the Civic Pride reserve and the construction of new homes through Cheltenham Borough Homes. It also includes the next phase of the ICT infrastructure upgrade strategy, agreed by Cabinet on 11th December 2012.
- 10.3** The programme proposed in this budget includes provisional sums for infrastructure investment to be funded from the Civic Pride reserve and investment in new build to be delivered through Cheltenham Borough Homes. It also includes the next phase of the ICT Infrastructure Upgrade strategy, agreed by Cabinet on 11th December 2012.
- 10.4** The costs for the redevelopment of the Art Gallery and Museum (The Wilson) are being finalised. Whilst fundraising is still ongoing, at this stage there is a funding shortfall and the amount required to be underwritten by the Council exceeds the amount approved on 14th February 2014 by £90,000. For this reason, the Capital Programme which forms part of this budget includes a provision for the amount of the additional underwriting required, which may reduce as fundraising is achieved.
- 10.5** The General Fund budget for St Pauls Phase 2 transformational improvements has been removed from the capital programme pending an ongoing review of the scheme.
- 10.6** Looking more broadly at how the Council can use its capital programme to improve the town, the sale of North Place and Portland Street car parks during 2013/14 has released substantial additional capital. A list of potential infrastructure investment projects across the town has now been developed in consultation with the Budget Scrutiny Working Group, aimed at achieving our aspirations for a vibrant, beautiful and prosperous town. It is proposed that a fuller capital programme will be brought to Council in March, alongside the draft Asset Management Plan which is currently being prepared.

11. Property Maintenance Programmes

- 11.1** The budget proposals include a revenue contribution of £850k (including a £150k one off top up) to planned maintenance, which will be enough to fund a substantial programme. The approach to planning for and funding of the planned maintenance programme is being reviewed in the

preparation of the council's Asset Management Plan and Capital strategy, and developed to include an equipment replacement programme. The resultant planned maintenance programme will be subject to review by the Asset Management Working Group prior to consideration by the Cabinet and Council.

12. Pay Policy Statement

12.1 Section 38 of the Localism Act requires local authorities to produce pay policy statements which should include the authority's policy on pay dispersion. Pay dispersion is the relationship between remuneration of Chief Officers and the remuneration of other staff.

12.2 The Pay Policy attached at Appendix 8 includes the following key requirements of the Localism Act 2011:

- policy on pay for each of the 'in scope' Officers;
- policy on the relationship between Chief Officers and other Officers;
- policy on other aspects of remuneration, namely recruitment, increases in remuneration, performance related pay and bonuses, termination payments, and transparency.

13. Reasons for recommendations

13.1 As outlined in the report.

14. Consultation and feedback

14.1 The formal budget consultation on the detailed interim budget proposals took place over the period **17th December 2014 to 26th January 2015**. The Cabinet sought to ensure that the opportunity to have input into the budget consultation process was publicised to the widest possible audience. During the consultation period, interested parties including businesses, parish councils, tenants, residents, staff and trade unions were encouraged to comment on the initial budget proposals. They were 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.

14.2 The Budget Scrutiny Working Group has been meeting during the course of the year and has made a positive contribution to the budget setting process in considering various aspects of the budget leading to its publication. The group met on 6th January 2015 and comments have been fed back to the Cabinet.

14.3 The Cabinet has used the budget consultation to engage the residents of Cheltenham in the discussion of what our wider investment priorities should be, possibly funded by capital monies received from the sale of North Place and Portland Street car parks. The results of this consultation are contained in Appendix 9.

14.4 A summary of the budget consultation responses and the Cabinet's response to them in arriving at the final budget proposals, are contained in Appendix 9. A copy of the detailed responses is available in the Members' room.

15. Supplementary Estimates

15.1 Under financial rule B11.5, the Council can delegate authority to the Cabinet for the use of the General Reserve up to a certain limit. This is to meet unforeseen expenditure which may arise

during the year for which there is no budgetary provision. It would be prudent to allow for a total budget provision of £100,000 for supplementary estimates in 2015/16 to be met from the General Reserve, the same level as in 2014/15.

16. Alternative budget proposals

- 16.1** It is important that any political group wishing to make alternative budget proposals should discuss them, in confidence, with the Section 151 Officer and / or the appropriate Strategic Director / Chief Executive (preferably channelled through one Group representative) to ensure that the purpose, output and source of funding of any proposed changes are properly captured.
- 16.2** It is also important that there is time for Members to carefully consider and evaluate any alternative budget proposals. Political groups wishing to put forward alternative proposals are not obliged to circulate them in advance of the budget-setting meeting, but in the interests of sound and lawful decision-making, it would be more effective to do so, particularly given that they may have implications for staff.

17. Final budget proposals and Council approval

- 17.1** The Cabinet has presented firm budget proposals having regard to the responses received. In reaching a decision, the Council may adopt the Cabinet's proposals, amend them, refer them back to the Cabinet for further consideration, or in principle, substitute its own proposals in their place.
- 17.2** If it accepts the recommendation of the Cabinet, without amendment, the Council may make a decision which has immediate effect. Otherwise, it may only make an in-principle decision. In either case, the decision will be made on the basis of a simple majority of votes cast at the meeting.
- 17.3** An in-principle decision will automatically become effective 5 working days from the date of the Council's decision, unless the Leader informs the Section 151 Officer in writing within 5 working days that he objects to the decision becoming effective and provides reasons why. It should be noted that a delay in approving the budget may lead to a delay in council tax billing with consequential financial implications.
- 17.4** In that case, another Council meeting will be called within 7 working days of the date of appeal when the Council will be required to re-consider its decision and the Leader's written submission. The Council may (i) approve the Cabinet's recommendation by a simple majority of votes cast at the meeting or (ii) approve a different decision which does not accord with the recommendation of the Cabinet by a majority. The decision will then become effective immediately.

18. Performance management – monitoring and review

- 18.1** The scale of budget savings will require significant work to deliver them within the agreed timescales and there is a danger that this could divert management time from 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.
- 18.2** The delivery of the savings workstreams included in the interim budget proposals, if approved by full Council, will be monitored by the BtG group.

<p>Report author</p>	<p>Sarah Didcote, GO Shared Services Business Partner Manager Tel. 01242 264125; e-mail address sarah.didcote@cheltenham.gov.uk</p>
<p>Appendices</p>	<ol style="list-style-type: none"> 1. Risk Assessment 2. Section 151 Officer budget assessment 3. Summary net budget requirement 4. Growth 5. Savings / additional income 6. Projection of reserves 7. Capital programme 8. Pay Policy Statement 9. Summary of budget consultation and Cabinet response
<p>Background information</p>	<ol style="list-style-type: none"> 1. MTFS 2012/13 to 2017/18 2. Budget Monitoring Report 2014/15 position as at November 2014 (Cabinet 13^h January 2015)

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 Cabinet have developed a budget strategy which identifies longer term savings targets for closing the MTFS funding gap including targets for commissioning projects and the 2020 vision programme based on approved business cases.	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. The 2015/16 budget addresses some areas of concern including car parking targets.	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	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.	ongoing	Communications team to support the BTG programme	

	clearly articulates why it is making changes to service delivery then there may be confusion as to what services are being provided and customer satisfaction may decrease.							In adopting a 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	

The purpose of this report is to fulfil the legal requirement under Section 25 of the 2003 Local Government Act for the Section 151 Officer to make a report to the authority when it is considering its budget, council tax and housing rents (see separate report to Council) covering the robustness of estimates and adequacy of reserves. The Act requires Councillors to have regard to the report in making decisions at the Council's budget and council tax setting meeting.

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

- Supplies and Services and staffing budgets are sufficient to maintain services as planned.
- Budgeting assumptions for treasury management activity reflect the impact of sustained low interest rates and the outcome for the Icelandic banks.
- Approach to budgeting for income is prudent in the current economic climate and given the position with North Place and Portland Street car parks.
- Given the modelling projections, the approach taken to using more of the New Homes bonus receipts to support the base revenue budget is prudent.
- The medium term financial planning assumptions, including potential future cuts in government support beyond the election, are prudent.
- The continued development and revision of the budget strategy for closing the projected budget gap, including progressing the work on 2020 vision programme, is providing a planned and measured approach to meeting future financial challenges.
- The development of the Asset Management Plan and Capital strategy including the review of planned maintenance programming / funding and approach to decision making in view of the sale of North Place and Portland street car parks, which support delivering council corporate objectives and help close the MTFs, will be an important decision for the council.
- The level of reserves, including the General Reserve, is satisfactory.

Overall conclusion

“My overall view is that the budget is a sound response to continuing challenging financial circumstances which maintains services as far as possible by delivering them through alternate delivery mechanisms, maximises efficiencies and responds to anticipated future financial challenges”.

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

Mark Sheldon (Section 151 Officer)

Area of risk	Council's approach	Potential Risks	Mitigation	Section 151 Officer assessment
<p>1. Robustness of the estimates</p> <p>Inflation – do supplies and services budgets allow sufficient for inflation?</p>	<p>1.1 Contract inflation has been allowed for at the appropriate contractual rate e.g. utilities budgets reflect negotiated rates.</p> <p>1.2 In line with previous practice, general inflation has not been provided for unless the relevant professional officer has indicated that there are inflationary pressures.</p>	<p>Whilst this creates natural efficiency savings it could lead to insufficient budget to maintain services levels.</p>	<p>Policy reviewed annually as part of the budget setting process to ensure sufficient budget e.g. 2015/16 growth proposal for additional telephony cost.</p>	<p>I am of the opinion that service managers have sufficient budgets to fund supplies and services expenditure in order to maintain existing service levels.</p>
<p>Employee costs i.e. pay / turnover targets / pension costs – are budgets sufficient?</p>	<p>1.3 Employee budgets for 2014/15 and 2015/16 allow the pay award of 2.2% wef 01/01/15 plus incremental progression for staff below the top of their grade.</p> <p>1.4 The net cost of service assumes an employee turnover saving of around 3% of gross pay budget which equates to an estimated annual saving of c£350,000. This has now been allocated across service budgets for budget holders to manage which should improve vacancy and savings target management.</p> <p>1.5 The medium term financial projections allow for pay awards for 2% from 2016/17.</p> <p>1.6 The budget for 2015/16 provides for the increase in pension contribution rates in line with the 2013 triennial revaluation of £406k and the MTFS allows for further annual increases of £406k in contribution rates based on the actuaries view about</p>	<p>Given the impact of the recession and commissioning of services, there may be less staff turnover may be reduced or more difficult to realise.</p> <p>Given inflationary pressure and prolonged period of pay freeze there may be upward pressure on pay above 1%</p> <p>Future uncertainty in the economy / fund performance and lack of clarity over the full impact of pension changes</p>	<p>Based on previous years' experience this has been achieved but will be monitored. The expectation of partner organisations is being clarified.</p> <p>Review MTFS projections regularly and feed into BtG group / SLT.</p> <p>Budgeting assumptions follow actuarial advice. Additional work is being undertaken to model the impact of commissioning</p>	<p>I am satisfied that the Council has sufficient budgetary provision for employee related costs in 2015/16 and is planning for potential future increases in pay and pension fund costs in the MTFS based on the most up to date information available.</p>

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Area of risk	Council's approach	Potential Risks	Mitigation	Section 151 Officer assessment
	<p>the longer term position of Cheltenham's pension fund. In addition, the council is making one off contributions and move towards fixed annual contributions to support the pension deficit reduction and mitigate against the cash flow position in the long term.</p>	<p>and local commissioning may increase pension fund deficits.</p>	<p>decisions on the pension fund and saving assumptions are being reviewed (part of 2020 vision work).</p>	
<p>Treasury Management – are budgeting assumptions prudent and the approach to treasury management risk tolerable?</p>	<p>1.7 Despite historic significant investment returns, the treasury management budgets are based on sustained low interest rates and no increase is factored into the MTFs.</p> <p>1.8 The budget assumes allows for a level of 'write off' of assumed loss of Icelandic bank deposits following the Icelandic supreme court decision confirming priority status for local authorities.</p> <p>1.9 The Council adheres to the CIPFA Code of Practice for Treasury Management 2011 and updates its Policy and Strategy statements annually. The Annual Investment Strategy, which sets the treasury management parameters within which Officers operate, is regularly reviewed on the advice of external advisors and annually approved by the Treasury Management Panel / Council.</p>	<p>Fluctuating interest rates / investment income could impact on the net cost of services.</p> <p>Actual distributed receipts may be subject to exchange rates and opportunities for recovery which may arise ahead of the estimated timeline.</p> <p>Given the uncertainty in the economy and financial institutions, there may be a risk to future deposits.</p>	<p>The Council has reduced it's reliance on investment interest to support the net budget and in turn reduced the risk and impact of the volatility of interest rates on the budget.</p> <p>Adjust future residual capitalisation write off to reflect actual receipts.</p> <p>The Investment Strategy is reviewed annually to ensure security of public money. Following the banking crisis, treasury advisors, Capita, continue to advise the Council and TMP on</p>	<p>I am satisfied that, given the prevailing low interest rates, the budgeting assumptions for investment interest and projected returns for the remaining Icelandic banks are reasonable; the treasury policy is in accordance with external advice and that treasury related decisions (as measured by these indicators) are in accordance with the prudential code.</p>

Area of risk	Council's approach	Potential Risks	Mitigation	Section 151 Officer assessment
	<p>The 2015/16 policy, supported by the TM panel.</p> <p>1.10 In line with the code, prudential indicators which measure the financial impact of treasury and borrowing decisions are included in the Annual Investment Strategy.</p>	<p>Borrowing limits could be exceeded</p>	<p>policy.</p> <p>Prudential indicators are monitored and reported to TMP/ council</p>	
<p>Income, Charging and Demand - are estimates at realistic and sustainable levels?</p>	<p>1.11 The Council provides a number of demand led services e.g. car parking, building control charges. Targets for the Town hall, leisure@ etc. are now within the Cheltenham Trust management fee. The estimates for 2015/16 have been prepared on the advice of officers who have taken a professional view on income levels, based on their opinion about the local economic conditions.</p> <p>The redevelopment of North Place / Portland Street would have delivered a car park on North Place with a guaranteed future income stream to the council of £350k per annum.</p> <p>1.12 No assumptions have been made in the medium term financial projections in respect of improving income levels, although it assumes inflationary increases of 2% in fees and charges unless there has been a policy decision to freeze charges in response to market conditions.</p>	<p>Existing income levels may not be sustainable.</p> <p>Inflationary increases may not be achievable in the current climate.</p>	<p>Building control, parking and lifeline charges have not been subject to an inflationary increase in 2015/16 in response to market conditions. Regular monitoring / reporting to Cabinet on significant variances in income.</p> <p>A reserve of £350k is available to mitigate against the stalling of the redevelopment and this will be re-visited at the financial year end.</p> <p>Keep MTFS assumptions under review and feed into BtG programme.</p> <p>Changes to fees and charges are not restricted to annual</p>	<p>Overall, I am satisfied that the estimates for income are based upon reasonable assumptions which take into account the prevailing economic conditions, mitigate against potential future shortfalls in income and that effective monitoring arrangements are in place.</p>

Area of risk	Council's approach	Potential Risks	Mitigation	Section 151 Officer assessment
	1.13 The Council operates in some highly competitive markets and fees and charges can be determined by managers following benchmarking against the competition.	Inflexibility may mean that services cannot respond to the market and loose income.	budget setting. The scheme of delegation allows for in year changes to be made.	
Government support – are the assumptions prudent?	<p>1.14 The estimates for 2015/16 are based on the financial settlement notified by the Department for Communities and Local Government (DCLG) in December 2014.</p> <p>1.15 The medium term financial projections assume a further grant reduction over the period of the MTFS based on LGA modelling the continual drive to reduce the national deficit beyond the election. The council tax freeze grant support is built into the base budget on the assumption that this will continue.</p> <p>1.16 The budget for 2015/16 includes assumptions for business rates based on estimates of collection / refunds, assumed government grant and levy rates. The medium term financial projections make no provision for the impact of future changes in the mechanism for operating local business rates retention but establish a reserve to mitigate against fluctuations.</p> <p>1.17 The budget assumes an increased use of New Homes Bonus (NHB) to £1.050m / yr is used to support the base revenue budget, based on NHB income receipts over the period of the MTFS as a result of additional numbers already delivered.</p>	<p>There may be government funding cuts above assumed levels</p> <p>May reduce income if no growth in business rates.</p> <p>This may not be a sustainable income stream if houses are not built or the govt reconsider future top slicing.</p>	<p>Section 151 Officer monitors relevant government policy and uses other councils to compare budgeting assumptions which may need to be reflected in future MTFS projections.</p> <p>Projections of business rates retention levels are subject to continual review. A county wide pooling arrangement has been agreed to help mitigate risk.</p> <p>Assumptions are based on a prudent view of potential levels of NHB and level of usage (65%) compared with neighbouring councils.</p>	Despite the uncertainty over future government funding, I am comfortable that the council has been sufficiently prudent in budgeting for reductions in government support, including dealing with the uncertainty of business rates and New Homes Bonus receipts.
2. Medium Term Financial Strategy (MTFS) and strategy for 'Bridging the	2.1 The 2015/16 budget includes medium terms financial projections and funding gap	Actual projections may vary from	Annual reviews of MTFS projections	The council's approach to

Area of risk	Council's approach	Potential Risks	Mitigation	Section 151 Officer assessment
<p>Gap (BtG) – are the assumptions reasonable?</p> <p><i>NB: Sound financial management requires that the Section 151 Officer and Councillors have full regard to affordability when making recommendations about the local authority's future revenue and capital programme.</i></p>	<p>over the next 3 years.</p> <p>2.2 The 2015/16 budget outlines the strategy for closing the funding gap which includes estimates savings / additional income from the 'BtG' programme e.g. shared services / partnerships, the Cheltenham Trust and the accommodation strategy. Many workstreams are already in progress and the budgeted saving assumptions considered to be robust and deliverable. The projections indicate that there may still be an unresolved gap of c£1.5m.</p> <p>2.3 The council has traditionally provided 'one off' funding for investment in systems or staff costs i.e. additional short-term resource, redundancy / pension costs funded from savings or the General Reserve.</p>	<p>predictions.</p> <p>Lack of forward planning for cuts could result in salami slicing of budgets. Projects may not deliver savings as planned and unplanned cuts may have to be made.</p> <p>If opportunities to avoid redundancy costs are not managed, the General Reserve may be placed under pressure.</p>	<p>approved by council.</p> <p>The 'BtG' programme monitors the financial projections / 'BtG' work streams. There are still outstanding workstreams to be included which may close the gap including potential 2020 vision savings.</p> <p>The level of the General Reserve is held at an appropriate level to provide a reasonable level of assurance.</p>	<p>modelling and monitoring the MTFS and planning for meeting future funding gaps outlined in the budget strategy demonstrates robust and effective planning for closing the funding gap.</p>
<p>3. Proposed level of council tax increase – is it a reasonable?</p> <p><i>NB: In setting the level of council tax, Members need to be mindful of the impact of the decision on the MTFS and future funding gaps.</i></p>	<p>3.1 The final budget proposals assume a council tax freeze for 2015/16 in line with the Government's aspiration. The MTFS in Feb 2014 proposed an increase of 2% which would have generated circa £160k p.a. in additional income. The decision to freeze council tax is partially funded by a government grant of £82k (1%) annually; hence the next income forgone is c£82k.</p> <p>The funding shortfall is being offset by savings / other income.</p> <p>3.2 The medium term financial projections models future council tax increases at 2%</p>	<p>The limited government support increases pressure on the funding gap in 2015/16 and over the period of the MTFS. The governments aspiration is for a council tax freeze in 2015/16</p>	<p>The proposed freeze avoids requirement for a referendum (cost c£50k) for council tax increases over government cap of 2% and is part funded on an on-going basis.</p> <p>The budget strategy includes future council</p>	<p>Given the support offered by the government in freezing council tax, the decision to freeze council tax is reasonable and the impact on the MTFS has been considered.</p>

Area of risk	Council's approach	Potential Risks	Mitigation	Section 151 Officer assessment
	per annum from 2016/17 onwards.		tax projections which support closing the future funding gap.	
<p>4. Is the approach to financing the maintenance programme and the Asset Management Plan (AMP) sound?</p>	<p>4.1 The Council has £700k built into the base revenue budget to fund the annual maintenance budget of the property portfolio with a £150k funding 'top up' from additional NNDR receipts. A complete review of the Planned Maintenance Programme (PMP) is underway and an updated PMP and its funding requirements will now be included in the council's Asset Management Plan and Capital Strategy due for consideration by the council.</p> <p>4.2. The council is developing an updated Asset Management Plan and Capital strategy, including funding options. It will also address how to invest the receipt from the sale of North place receipt. The budget included options for how this might be used which was subject to public consultation.</p>	<p>There may be insufficient annual budget to fund maintenance programmes</p> <p>The receipt from the sale of North Place / Portland Street could be used in an ad hoc manner.</p>	<p>The PMP is reviewed annually by the Asset Management Working Party (AMWP).</p> <p>The Council is looking to objectively assess the various options for the use of the capital receipts against its corporate objectives in order to support this important decision.</p>	<p>The assumptions for financing the capital programme and the planned maintenance programme in the 2015/16 budget are reasonable.</p> <p>Looking ahead, the Council has a one off opportunity to ensure that uses the receipts to deliver the councils corporate objectives including making a contribution to the MTFs funding gap.</p>
<p>5. Are the councils Reserves at reasonable levels?</p> <p>NB: The requirement for financial reserves is acknowledged in statute. Section 32 and 43 of the Local Government Finance Act 1992 requires billing authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.</p>	<p>5.1 The final budget proposals include a schedule of the reserves held by the Council, stating their purpose together with actual and proposed changes between years.</p> <p>5.2 On the advice of the Section 151 Officer, the Council has previously agreed to maintain its General Reserve (GR) at approximately 10% of net operating expenditure, or a level between £1.5m and £2m. This remains my advice. 2015/16 budget proposals maintain the General</p>	<p>Reserve levels may not be sufficient.</p> <p>Pressure on GR from the need to drive out savings / funding of one off investment e.g. commissioning etc may reduce it below the tolerance</p>	<p>These are reviewed on a regular basis and in the process of finalising the budget proposals. Regular reviews of reserve levels and increase General Reserve when opportunities arise.</p>	<p>Overall, I am satisfied that the projected levels of reserves, including the level of the General Reserve, are adequate for the forthcoming year.</p>

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Area of risk	Council's approach	Potential Risks	Mitigation	Section 151 Officer assessment
<p>Within the statutory and regulatory framework it is the responsibility of the Section 151 Officer to advise the authority on its level of reserves. Councillors, on the advice of the Section 151 Officer, should make their own judgements on such matters taking into account local circumstances. The adequacy of reserves can only be assessed at a local level and requires a considerable degree of professional judgement. The assessment needs to be made in the context of the authority's MTFS, its wider financial management, and associated risks over the lifetime of the plan. The Secretary of State has reserved powers to set a minimum level of reserves to be held by councils if required.</p>	<p>Reserve at c£1.6m.</p> <p>5.3 The budget proposals include the use of the car parking reserve at £350k to support the current position following the collapse of the Morrison's deal on North Place and Skanska deal on Portland street car parks.</p> <p>5.4. The council has set aside some funding to match fund the government support for the 2020 vision programme</p> <p>5.5 The Council has managed to deliver services without calling on the General Reserve.</p> <p>5.6 2015/16 projections indicate trajectory of reserve levels.</p>	<p>level.</p> <p>Potential to increase the risk of use of GR.</p> <p>The council places reliance protection provided by earmarked reserves. Opportunity cost of holding reserves.</p>	<p>Reserves reviewed regularly. Reduced number of specifically earmarked reserves over recent years.</p>	
<p>6. Is the budget balanced?</p> <p>There is a legal requirement under the Local Government Act 1992, section 32 and 43 to set a balanced budget</p>	<p>The budget proposals includes budgets for expenditure and income and uses reserves to fund one off expenditure, fund future expenditure or phase in the impact of increased expenditure per the MTFS without drawing on the General Reserve.</p>	<p>Unsustainable budget supported by the General Reserve.</p>	<p>Annual S151 Officer budget assessment</p>	<p>I am satisfied that the proposed budget is balanced and meets the legal requirement to set a balanced budget.</p>

NET GENERAL FUND BUDGET 2015/16

GROUP	2014/15 ORIGINAL	2014/15 REVISED	2015/16 ORIGINAL
	£	£	£
Projected cost of 'standstill' level of service			
Commissioning	3,963,460	4,765,860	3,927,970
Environment & Regulatory Services	2,726,270	3,961,570	2,869,620
Wellbeing & Culture	3,519,700	1,874,700	1,724,600
Resources	4,354,145	5,766,045	5,697,445
Strategic Directors	1,705,450	1,627,050	1,505,550
Programme Maintenance			850,000
Pensions auto-enrolment provision	100,000		
Savings from vacancies	(450,000)	(16,800)	
Bad debt provision	40,000	40,000	40,000
	15,959,025	18,018,425	16,615,185
Capital Charges	(1,886,400)	(1,872,400)	(1,736,900)
Interest and Investment Income	327,800	257,800	322,300
Use of balances and reserves	296,447	(1,862,303)	(69,200)
Proposed Growth recurring - Appendix 4			150,900
Savings / Additional income identified - Appendix 5			(693,900)
Additional New Homes Bonus to support base budget			(350,000)
NET BUDGET	14,696,872	14,541,522	14,238,385
Deduct:			
Revenue Support Grant	(2,920,874)	(2,920,874)	(2,110,549)
National Non-Domestic Rate	(2,321,651)	(2,444,829)	(2,507,443)
National Non-Domestic Rates - S31 Grants	(1,008,103)	(636,925)	(753,259)
National Non-Domestic Rate - 2013/14 surplus			(187,360)
National Non-Domestic Rate - 2014/15 surplus			(322,281)
New Homes Bonus	(1,030,000)	(1,098,100)	(730,000)
Specific Grant in lieu of council tax freeze 2014/15	(73,063)	(81,211)	
Specific Grant in lieu of council tax freeze 2015/16			(81,700)
Less: Grant allocated to Parishes (council tax support)	10,269	10,269	10,269
Other Government Grants		(16,402)	
Collection Fund Contribution	(47,200)	(47,200)	(111,100)
	(7,390,622)	(7,235,272)	(6,793,423)
NET SPEND FUNDED BY TAX	7,306,250	7,306,250	7,444,962
Council Tax income assuming increase of 0 %	7,306,250	7,306,250	7,444,962
Band 'D' Tax	£187.12	£187.12	£187.12
Increase per annum			£0.00
Increase per week			£0.00
% Rise			0.0%
Gross Collectable Tax Base	39,540.10		40,290.74
Collection Rate %	98.75%		98.75%
Net tax base	39,045.85		39,787.11
Rounded tax base for calculation purposes	39,045.80		39,787.10

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PROPOSALS FOR GROWTH

APPENDIX 4

Ref	Division	Project Name	Description	Revenue Costs				Capital Costs
				2015/16	2016/17	2017/18	2018/19	2015/16
				£	£	£	£	£
SUPPORTED GROWTH								
1	Regulatory and Environmental services	Car parking	Freeze car parking charges for 2015/16	63,700	63,700	63,700		
2	Regulatory and Environmental services	Cemetary and crematorium	Budget for abatement levy at the crematorium pending the implementation of a solution for mercury abatement	50,000	50,000	50,000		
3	Regulatory and Environmental services	Lifeline alarms	Freeze lifeline charges for 2015/16	3,700	3,700	3,700		
4	Regulatory and Environmental services	Urban Gulls	Additional annual budget (existing annual budget £5k p.a.) to improve the control of urban gulls.	4,100	4,100	4,100		
5	Resources	ICT	Additional line rental costs as a result of the network upgrade links between CBC sites	13,400	13,400	13,400		
6	Resources	Customer Services - Automated Telephone Payment (ATP) line conversion	Annual additional line costs as a result of the conversion from 0845 number to 0300 (low cost number) in response to EU Directive for public bodies	2,500	2,500	2,500		
7	Commissioning	Heritage Open Days	Grant to the Civic Society towards publicity for heritage open days	2,000	2,000	2,000		
8	Commissioning	Holst Museum	Additional grant to Trust to support annual running cost shortfall (current Service level agreement is for £3k annually but expires on 31/3/15)	4,500	4,500	4,500		
9	Cheltenham Development Task Force (CDTF)	Town centre Public realm improvements	Additional maintence cost of enhanced public realm - council supported investment of £561k in October 2014		2,000	5,000		
10	Regulatory and Environmental services	Building Control	Freeze Building Control fees and charges for 2015/16	7,000	7,000	7,000		
				150,900	152,900	155,900	-	-
SUPPORTED GROWTH (FUNDED FROM NEW HOMES BONUS)								
11	Commissioning	Community Pride	Community Pride 'bidding' budget for allocation in 2015/16	50,000				
12	Ubico	Material bulking plant	'One off' set up cost of creating the materials bulking plant at the central Depot required to deliver revenue saving	5,000				
13	Regulatory and Environmental services	Urban Gulls	Additional one off budget to fund a scientific gull population survey.	4,500				

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Ref	Division	Project Name	Description	Revenue Costs				Capital Costs
				2015/16	2016/17	2017/18	2018/19	2015/16
				£	£	£	£	£
14	Commissioning	BtG Initiatives	One off investment to match fund the DCLG allocation of £2.9m for 2020 partner councils. This will fund an investment programme of £7.8m required to deliver partnership savings estimated as potentially £5.2m annually of which CBC's share is estimated to be £1.32m per annum. If the council chooses not to proceed with 2020 Vision, this money is likely to be required to fund other kinds of structural change or decommissioning of services.	400,000	200,000	200,000	150,000	
15	Corporate support	SLT capacity	Additional 'one off' capacity funding and back fill support for major projects	66,000				See EXEMPT Appendix
				525,500	200,000	200,000	150,000	-

Ref	Division	Project Name	Description	Revenue Costs				Capital Costs
				2015/16	2016/17	2017/18	2018/19	2015/16
				£	£	£	£	£
SUPPORTED ONE OFF GROWTH (FUNDED FROM HOMELESSNESS RESERVE)								
16	Commissioning	Community sector grant	3 year contract, subject to annual review, with Cheltenham Housing Aid Centre (CHAC)	22,000	22,000	22,000		
SUPPORTED GROWTH (FUNDED FROM CAPITAL RESERVE/RECEIPTS)								
17	Ubico	Material bulking plant	Maximum Budget provision for acquisition cost of creating the materials bulking plant at the central Depot required to deliver annual revenue saving of £92k.					See EXEMPT Appendix
18	Resources	Bus Station	Demolition of existing concrete bus shelter and waiting room and provision of services to supply new café facility	50,000				
19	Regulatory and Environmental services	Capitalisation costs of Uniform database	Financing of up front cost of the planning business system (Uniform) upgrade cost which delivers a saving in annual software costs of c£35,700 p.a.(£178,500) over the next 5 years.	104,000				
				154,000	-	-	-	

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BRIDGING THE GAP STRATEGY							
	Approved Savings	2014/15	2015/16	2016/17	2017/18	2018/19	Total
MTFS Gap		1,409,200	1,043,900	1,363,462	671,806	648,199	3,727,367
Total Current MTFS Funding Deficit		1,409,200	1,043,900	1,363,462	671,806	648,199	3,727,367
Organisational changes							
Staff restructures							
- Customer services / facilities management re-organisation		34,300					0
Built Environment Management Restructure		12,100					0
Senior Management Team review		156,400	43,600				43,600
Shared Services							
Additional waste target			60,000				60,000
Expansion of One Legal			10,000				10,000
Efficiency gain on procurement							0
- GOSS re-tendering of banking arrangements			5,000	10,000			15,000
Commissioning							
L&C Review - trust savings		125,900	284,400	231,500	150,500	43,000	709,400
ICT Review - per business case to Cabinet 11/12/12		121,300	80,000				80,000
ICT Review - server room rationalisation / infrastructure savings		31,000					0
Ubico		117,000					
Green Environment		20,000					
Public Protection & Private Sector Housing Review			155,600				155,600
Central Depot Bulking Facility			46,000	46,000			92,000
Joint Management Unit for Waste					100,000		100,000
Income							
Planning fee income rise 15%							
BRR additional income through pooling				50,000	50,000		100,000
BRR additional income through growth above 3%				100,000	100,000		200,000
Fees & Charges Review inc. concessions				30,000			30,000
Asset Management							
Remove annual increase contribution to Programme Maintenance Reserve							
Rationalisation of asset portfolio					30,000		30,000
Accommodation Strategy				100,000		100,000	200,000
Other							
Supplies & services savings							
1. Corporate training budget	*	2,000					0
2. LGA - reduced membership costs	*		300				300
3. Target saving		10,000					0
Additional recharge to HRA / CBH post HRA reform & revision to SLAs							0
Reduction in Everyman Grant	*	5,000	5,000				5,000
Reduction in grant to Oakley & Hesters Way Regeneration Partnerships	*	4,000	4,000				4,000
Additional allotment sites	*						0
Reduction in revenue contribution to capital outlay (RCCO)		200,000					0
Use of NHB to support Base Budget		450,000	350,000				350,000
Cheltenham Borough Homes contribution to Community Development		64,400					0
Efficiency savings Target yet to be identified		55,800		795,962	241,306	505,199	1,542,467
Total Savings/Income over MTFS		1,409,200	1,043,900	1,363,462	671,806	648,199	3,727,367
shortfall / (surplus) against MTFS Funding Gap		0	0	0	0	0	0

* Denotes savings previously approved.

NB: traffic lights denote risk associated with delivery

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	<u>Purpose of Reserve</u>	<u>31/3/14</u>	<u>2014/15</u>	<u>2014/15</u>	<u>2014/15</u>	<u>31/3/15</u>	<u>2015/16</u>	<u>2015/16</u>	<u>Proposals</u>	<u>2015/16</u>	<u>31/3/16</u>
			<u>Movement</u>	<u>Reserve</u>	<u>Movement</u>		<u>Movement</u>	<u>Reserve</u>	<u>to Support</u>	<u>Movement</u>	
		£	<u>Revenue</u>	<u>Re-alignment</u>	<u>Capital</u>	£	<u>Revenue</u>	<u>Re-alignment</u>	<u>2015/16 Budget</u>	<u>Capital</u>	£
<u>EARMARKED RESERVES</u>											
<u>Other</u>											
RES002	Pension Reserve	To fund future pension liability	-92,446	-150,000		-242,446	-150,000				-392,446
RES003	Economic Development Reserve	To fund future economic studies	-14,200	10,000		-4,200					-4,200
RES005	Keep Cheltenham Tidy Reserve	Keep Cheltenham Tidy campaign - scheme contributions	-626			-626					-626
RES006	Cultural Development Reserve	To fund future arts facilities/activity	-22,361			-22,361					-22,361
RES008	House Survey Reserve	To fund cyclical housing stock condition surveys	-95,525	-7,500		-103,025	-7,500				-110,525
RES009	Twinning Reserve	Twinning towns civic visits to Cheltenham	-4,279			-4,279					-4,279
RES010	Flood Alleviation Reserve	To fund future flood resilience work, delegated to the Flood working group for allocation	-154,227	50,000		-104,227	50,000				-54,227
RES012	Pump Room Insurance Reserve	Insurance reserve for stolen jewellery / damaged collections	-18,135	4,400		-13,735					-13,735
RES013	TIC Shop Reserve	Accumulated profits held for TIC shop improvements	-29			-29					-29
RES014	GF Insurance Reserve	To fund risk management initiatives / excess / premium increases	-79,371			-79,371					-79,371
RES016	Joint Core Strategy Reserve	To fund Joint Core Strategy	-135,945		33,700	-102,245					-102,245
RES018	Civic Pride Reserve	To pump prime civic pride initiative / match funding	-560,584	115,000		-445,584	105,100				-340,484
RES019	Land Charges Reserve	Cushion impact of fluctuating activity levels	-34,400			-34,400					-34,400
RES020	Ubico Reserve	Replacement fund	-170,000			-170,000					-170,000
RES021	Cheltenham Leisure & Culture Trust	To cover unforeseen deficits in operations within new trust	-200,000			-200,000					-200,000
RES022	Homelessness Reserve	To cover future homelessness prevention costs	-50,000			-50,000	13,100		-22,000		-58,900
RES023	Transport Green Initiatives Reserve	To fund Transport Green Initiative Schemes	-35,400			-35,400					-35,400
			-1,667,529			-1,611,929					-1,623,229
<u>Repairs & Renewals Reserves</u>											
RES201	Commuted Maintenance Reserve	Developer contributions to fund maintenance	-146,629	39,000		-107,629	39,000				-68,629
RES202	Highways Insurance Reserve	County highways - insurance excesses	-15,000			-15,000					-15,000
RES203	Revs & Benefits IT Reserve	Replacement fund to cover software releases	-30,000			-30,000					-30,000
RES204	I.T. Repairs & Renewals Reserve	Replacement fund	-76,566	35,665		-40,901	35,665				-5,236
RES205	Property Repairs & Renewals Reserve	20 year maintenance fund	-742,242	362,200		-380,042					-380,042
			-1,010,437			-573,572					-498,907
<u>Equalisation Reserves</u>											
RES101	Rent Allowances Equalisation	Cushion impact of fluctuating activity levels	-142,756	64,856		-77,900	77,900				0
RES102	Planning Appeals Equalisation	Funding for one off appeals cost in excess of revenue budget	-101,232			-101,232					-101,232
RES103	Licensing Fees Equalisation	Past income surpluses to cushion impact of revised legislation	-22,555	11,400		-11,155					-11,155
RES104	Interest Equalisation	To cover any additional losses arising in the value of Icelandic deposits and/or to reduce the borrowing arising from the capitalisation of the losses	-174,012			-174,012					-174,012
RES105	Local Plan Equalisation	Fund cyclical cost of local plan inquiry	-67,230	60,000		-7,230	-100,000				-107,230
RES106	Elections Equalisation	Fund cyclical cost of local elections	-96,000	61,500		-34,500					-34,500
RES107	Car Parking Equalisation	To fund fluctuations in income from closure of car parks	-94,600	-255,400		-350,000	335,800				-14,200
RES108	Business Rates Retention Equalisation	To fund fluctuations in income from retained business rates	0	-102,000		-102,000	-100,000				-202,000
			-698,385			-858,029					-644,329

	<u>Purpose of Reserve</u>	<u>31/3/14</u>	<u>2014/15</u>	<u>2014/15</u>	<u>2014/15</u>	<u>31/3/15</u>	<u>2015/16</u>	<u>2015/16</u>	<u>Proposals</u>	<u>2015/16</u>	<u>31/3/16</u>	
		£	<u>Movement</u>	<u>Reserve</u>	<u>Movement</u>	£	<u>Movement</u>	<u>Reserve</u>	<u>to Support</u>	<u>Movement</u>	£	
			Revenue	Re-alignment	Capital		Revenue	Re-alignment	2015/16 Budget	Capital		
			£	£	£		£	£	£	£	£	
Reserves for commitments												
RES301	Carry Forwards Reserve	Approved budget carry forwards	-1,449,298	1,352,300		-96,998					-96,998	
CAPITAL												
RES402	Capital Reserve - GF	To fund General Fund capital expenditure	-1,612,746	14,000	1,096,303	-502,443	-220,500		-154,000	545,600	-331,343	
TOTAL EARMARKED RESERVES			-6,438,395			-3,642,971					-3,194,806	
GENERAL FUND BALANCE												
B8000 - B8240	General Balance - RR	General balance	-1,751,679	196,882	-33,700	-1,588,497	-9,365				-1,597,862	
TOTAL GENERAL FUND RESERVES AND BALANCES			-8,190,074	1,862,303	0	1,096,303	-5,231,468	69,200	0	-176,000	545,600	-4,792,668
B8700 - B8716	General Fund Capital Receipts		-10,195,398		1,249,247	-8,946,151				447,300	-8,498,851	

Code	Fund	Scheme	Scheme Description	Original Scheme Cost £	Payments to 31/03/14 £	Approved Budget 2014/15 £	Revised Budget 2014/15	Budget 2015/16 £	Budget 2016/17 £	Budget 2017/18 £	Budget 2018/19 £	Budget 2019/20 £	Budget 2020/21 £
RESOURCES													
Property Services													
CAP001	C/R	Programmed Maintenance	New cremators	655,000	628,638		188,300						
CAP401	C	Town Centre acquisition	Acquisition of Shopfitters site				1,000,000						
Financial Services													
CAP010	C	GO ERP	Development of ERP system within the GO Partnership	421,700	441,973	14,700	14,700						
ICT													
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			241,100	403,800	275,600	77,400	62,800			
CAP027	C	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	25,000						
WELLBEING & CULTURE													
Parks & Gardens													
CAP101	S	S.106 Play area refurbishment	Developer Contributions			50,000	72,000	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			
CAP501	C	Allotments	Allotment Enhancements - new toilets, path surfacing, fencing, signage, and other improvements to infra-structure.			600,000	610,200						
Cultural Services													
CAP121		Art Gallery & Museum Development	Funding for additional expenditure identified since November 2014 and subject to external audit review				90,000						
CAP124	C	Town Hall chairs	Replacement of Town Hall chairs on a like for like basis				80,000						
Recreation													
CAP112	C	Carbon reduction scheme	Replacement of Pool Hall lighting to LEDs at Leisure@				30,000						
Community Safety													
CAP141	C	CCTV/Town Centre initiative	Expansion of on street CCTV in the town centre to increase safety and secure the environment			50,000	95,900	50,000	50,000	50,000			
BUILT ENVIRONMENT													
Integrated Transport													
CAP152	C	Civic Pride	Upgrade of Promenade pedestrianised area including remodelling of tree pits, providing seating, re-pointing existing Yorkstone.				65,800						
CAP152	S	Civic Pride	Public Art - Promenade				22,000						
CAP153	C	Civic Pride	Remodelling of Sherborne Place Car Park into a Green car park for short stay bus use.				100,000						
CAP154	C	Civic Pride	Scheme for St.Mary's churchyard				49,500						
CAP154	S	Civic Pride	Public Art - St Mary's churchyard				20,000						
CAP155	S	Pedestrian Wayfinding	GCC Pedestrian Wayfinding				131,200						
CAP156	S	Hatherley Art Project	Public Art - Hatherley				10,000						

Code	Fund	Scheme	Scheme Description	Original Scheme Cost £	Payments to 31/03/14 £	Approved Budget 2014/15 £	Revised Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	
								£	£	£	£	£	£	
CAP205	C	Public Realm	High Street & Town Centre public realm improvement including repaving work in the High Street and town centre	561,700			244,400	317,300						
CAP204	C	Civic Pride	Improvements to Grosvenor Terrace Car Park (Town Centre East), improving linkages to the High Street, signage and decoration.				129,000							
CAP201	C	CCTV in Car Parks	Additional CCTV in order to improve shopping areas and reduce fear of crime			50,000	149,800							
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.				37,100							
	C	Car park investment	New car park machines to allow additional functionality to be introduced for the benefit of customers				250,000							
Housing														
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				
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).			26,000	26,000	26,000	26,000	26,000				
CAP223	PSDH	Health & Safety Grant / Loans	A new form of assistance available under the council's Housing Renewal Policy 2003-06											
CAP223	PSDH	Vacant Property Grant	A new form of assistance available under the council's Housing Renewal Policy 2003-06				287,900							
CAP223	PSDH	Renovation Grants	Grants provided under the Housing Grants, Construction and Regeneration Act 1996											
CAP224	LAA / C	Warm & Well	A Gloucestershire-wide project to promote home energy efficiency, particularly targeted at those with health problems				90,000							
CAP225	C/S	Housing Enabling - St Paul's Phase 2	Expenditure in support of enabling the provision of new affordable housing in partnership with registered Social Landlords and the Housing Corporation			2,300,000	2,418,500							
CAP226	C	Housing Enabling - St Paul's 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	0							
CAP227	C/S	Housing Enabling - Garage Sites	Expenditure in support of enabling the provision of new affordable housing in partnership with Cheltenham Borough Homes				1,400,000							
OPERATIONS														
CAP301	C	Vehicles and recycling caddies	Replacement vehicles and recycling equipment				61,800							
CAP301	C	10 Year vehicle Replacement	CBC & Ubico vehicle & plant replacement programme				628,000	806,000	905,000	143,000	834,000	729,000	95,000	
CAPITAL SCHEMES - RECLASSIFIED AS REVENUE														
CAP203	C	Re-jointing High Street/Promenade pedestrianised area	Re-jointing works required to improve safety and appearance of the core commercial area	60,000	52,171		7,500							
TOTAL CAPITAL PROGRAMME							4,236,800	9,448,000	2,204,900	1,788,400	1,011,800	834,000	729,000	95,000

Code	Fund	Scheme	Scheme Description	Original Scheme Cost £	Payments to 31/03/14 £	Approved Budget 2014/15 £	Revised Budget 2014/15	Budget 2015/16 £	Budget 2016/17 £	Budget 2017/18 £	Budget 2018/19 £	Budget 2019/20 £	Budget 2020/21 £
		Funded by:											
		G Government Grants				319,697	319,697	306,000	306,000	306,000			
		SCG Specified Capital Grant (DFG)					90,000						
		LAA LAA Performance Reward Grant					131,200						
		P Partnership Funding					287,900						
		PSDH Private Sector Decent Homes Grant											
		HRA Housing Revenue Account Contribution				100,000	100,000	50,000	50,000	50,000			
		R IT Repairs and Renewals Reserve					162,700						
		S Developer Contributions S106				50,000	146,100	50,000	50,000	50,000	0	0	0
		C HRA Capital Receipts					86,100						
		C GF Capital Receipts				730,000	2,994,200	447,300	130,000	130,000			
		C Civic Pride Reserve					215,300						
		C Prudential Borrowing				2,300,000	3,818,500	806,000	905,000	143,000	834,000	729,000	95,000
		C GF Capital Reserve				737,103	1,096,303	545,600	347,400	332,800	0	0	0
						4,236,800	9,448,000	2,204,900	1,788,400	1,011,800	834,000	729,000	95,000

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Pay Policy Statement

For all Employees at
Cheltenham Borough Council

2015/2016



1. Purpose

1.1. This Pay Policy Statement (The Statement) is provided in accordance with Section 38(1) of the Localism Act 2011 and will be updated annually prior to the commencement of the new financial year.

1.2. The Statement sets out Cheltenham Borough Council's (The Council) policies relating to the Pay of its workforce for the financial year 2015-16, in particular: -

- the remuneration of its Chief Officers
- the remuneration of its "lowest paid employees"
- the relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers

2. Definitions

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

- Chief Officers are those as prescribed by the Local Government and Housing Act 1989. That Act states that a Chief Officer is one of the following:
 - Chief Executive
 - Statutory Chief Officers – e.g. Section 151 Officer and Monitoring Officer
 - Non-statutory Chief Officer
- **Lowest paid employees** of the Council are defined as those employees (excluding Apprentices) who are in a full time or part time role, who are above the age of 21, and are paid within Grade A of the Council's Job Evaluation scheme (the lowest band). From 1 April 2014 (subject to the pending annual pay award) the Grade A band will be from £12,614 to £13,725 per annum, made up of 4 incremental pay points.
- **Employees who are not Chief Officers** - refers to all staff not covered under the Chief Officer group detailed above.

3. Pay Framework & Remuneration Levels

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

4. Responsibility for Decisions

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

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

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

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

- Pension
- Occupational Sickness Scheme
- Maternity Scheme.
- Overtime

5. Grading Framework & Salary Grades

5.1. Grading Framework

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

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

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

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

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

5.2. Shared Posts/Lead Employer

Where these are agreed and set in place, the costs of any role are appropriately apportioned and recharged via the employment/secondment/management agreement. Such roles, where

the Council is the employer, are evaluated according to the Council's existing job evaluation scheme.

5.3. Salary Grades

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

6. Electoral Registration and Returning Officer

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

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

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

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

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

7. Remuneration - level & element

7.1 Chief Officers

Chief Executive*	Chief Executive Level Spot Grade £109,163 p.a.
Deputy Chief Executive	Deputy Chief Executive Level Band £79,419 – £91,794 p.a.
Director	Director Level Band 3 £66,594 - £76,962 p.a. Director Level Band 4 £55,099 - £62,861 p.a.

(*2014 - 2015 pay award pending)

7.2. Non Chief Officers

Employees	11 Grades A to K (see appendix A)
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7.3. New Starters Joining the Council

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

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

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

7.3. Lowest Paid Employees

Lowest paid employees of the Council are defined as those employees (excluding Apprentices) who are in a full time or part time role, who are above the age of 21, and are paid within Grade A of the Council's Job Evaluation scheme (the lowest band). From 1 January 2015 the Grade A band will be from £13,614 to £14,075 per annum, made up of 4 incremental pay points.

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

7.4. Relationship between Remuneration of Highest Paid Employee (Chief Officer) and Lowest Paid Employee

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

The Council aims to pay no more than median salary levels when looking at market rates, and in the case of senior roles it will seek to maintain pay differentials well within the parameters recommended by the pay and pensions review (1:20). For the Council, using the salary information as at 1st January 2015 the current ratio of highest paid to lowest paid is 1:8. The ratio between the highest paid salary and the median paid salary of the Council's workforce is 1:3.7.

Lowest Paid Employee (Top of current salary band Grade A) (Excludes Living Wage Allowance)	£13,614
Mean Paid Employee (Average salary band of all employees up to & including Chief Officers)	£37,202
Median Paid Employee (Middle Salary band value of all employees up to & including Chief Officers)	£29,374
Highest Paid Employee	£109,163

7.5. Bonuses

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

7.6. Performance Related Pay

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

7.7. Pay Protection

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

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

7.8. Severance Payments

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

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

The amount of redundancy pay will be calculated as –

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

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

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

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

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

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

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

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

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

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

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

7.10. Early/Flexible Retirements

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

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

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

7.11. Honorarium Payments

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

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

Or

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

7.12. Acting up Allowances

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

The payment ('acting up' allowance) is a temporary payment and will be made to the individual employee for covering the duties of the higher graded job for the agreed period of time. The policy applies to all employees. The supplement to be paid will be the difference between the employee's current salary and depending on experience up to the second scale point of the grade relating to the higher level post. The payment will cease on completion of the 'acting up' period and the employee's salary will revert to that which it would have been had 'acting up' not occurred.

7.13. Market Forces Supplement

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

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

8. Reimbursement of Expenses

8.1 Travel & Subsistence

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

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

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

8.2 Disturbance Allowance

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

8.3. Relocation Expenses

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

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

8.4. Professional Fees & Subscriptions

The Council meets the cost of one annual professional membership body fee or subscription where it is a statutory requirement for the role and where applicable meets the cost of membership of SOLACE (Society of Local Authority Chief Executives).

9. Re-employment of Former Council Employees

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

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

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

11. Trade Union Recognition and Facility Time

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

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

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

Activity/Duty	Estimated Hours per week	No of Reps	Total Estimated time per business year.*
Case Management & Advice to Membership	Average 1 hours per week	4	188 hours
Training	Average 0.5 hours	4	94 hours

	per week		
Health and Safety	Average of 1 hours per week	2	94 hours
Corporate meetings, TU meetings and prep time	Average 0.5 hours per week	4	94 hours
Estimated Total Hours			470 hours

Estimated Average Total Hours per TU Rep Per Week	2.5 hours per week
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*business year assumes TU reps each have 25 days annual leave. Calculation based on 47 weeks per year)

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

12. National Minimum Wage/Living Wage

The National Minimum Wage (NMW) is a legal requirement that applies to most workers in the UK over school leaving age. The NMW rates are reviewed each year by the Low Pay commission.

The NMW rates from 1 October 2014 are:

- £6.50 (per hour) for workers 21 years of age and over
- £5.13 (per hour) 18 - 20 years of age
- £3.79 (per hour) for 16-17 years of age, who are above school leaving age but under 18 years of age
- £2.73 (per hour) for apprentices under 19 or 19 years of age or over who are in the first year of apprenticeship. All other apprentices are entitled to the NMW for their age.

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

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

The Living Wage rates for 2014-15 are:

- £7.85 hour UK rate outside London
- £9.15 hour UK rate for London

The Council's comparative Grade hourly rate is Grade B scp 11, £7.88. Grade A being used as a stepping stone grade from Apprentice to trainee role. The employees on Grade A are usually under 21. The majority of the Council's employees are on Grade B and above.

As at the 1st October 2014, the Council has chosen to pay the Living Wage Hourly rate (£7.85) to **all eligible employees** on scp 6 – scp 10 by way of an additional Living Wage Allowance. The Council will review its decision to pay the Living Wage annually at the Budget Setting Council meeting.

13. Other operational/non-operational pay and conditions

Other pay and conditions in operation, as follows:

- Shift premium
- Stand by and call out payments
- Premium for bank holiday/public holiday working
- Long Service Award
- Enhanced Leave – buy or sell up to an additional 5 days leave.
- Childcare Vouchers Salary Sacrifice Scheme
- Training Fees Reimbursement (post entry training scheme)
- Employee Welfare Service
- Eye Test Voucher Scheme

14. Publication and access to information

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

Please contact GO Shared Service HR & Payroll Business Centre Team on 01242 77 5164 or email jobs@cheltenham.gov.uk for more information about this Statement and/or its contents.

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

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New pay scales following pay award January 2015

		OLD	NEW		WEEKLY	HOURLY	JE Points Score
SCP	GRADE	ANNUAL	ANNUAL	MONTHLY	Weekly RATE	Hourly RATE	
GRADE		SALARY 2013	SALARY JAN 2015	SALARY	37 hr week	37 hr week	
006	Grade A	12614	£13,614	£1,134.50	£261.09	7.057	0-294
007	Grade A	12915	£13,715	£1,142.92	£263.03	7.109	
008	Grade A	13321	£13,871	£1,155.92	£266.02	7.190	
009	Grade A	13725	£14,075	£1,172.92	£269.94	7.296	
010	Grade B	14013	£14,338	£1,194.83	£274.98	7.432	295-344
011	Grade B	14880	£15,207	£1,267.25	£291.65	7.882	
012	Grade B	15189	£15,523	£1,293.58	£297.71	8.046	
013	Grade B	15598	£15,941	£1,328.42	£305.72	8.263	
014	Grade C	15882	£16,231	£1,352.58	£311.28	8.413	345-394
015	Grade C	16215	£16,572	£1,381.00	£317.82	8.590	
016	Grade C	16604	£16,969	£1,414.08	£325.44	8.796	
017	Grade C	16998	£17,372	£1,447.67	£333.17	9.005	
018	Grade D	17333	£17,714	£1,476.17	£339.73	9.182	395-444
019	Grade D	17980	£18,376	£1,531.33	£352.42	9.525	
020	Grade D	18638	£19,048	£1,587.33	£365.31	9.873	
021	Grade D	19317	£19,742	£1,645.17	£378.62	10.233	
022	Grade E	19817	£20,253	£1,687.75	£388.42	10.498	445-494
023	Grade E	20400	£20,849	£1,737.42	£399.85	10.807	
024	Grade E	21067	£21,530	£1,794.17	£412.91	11.160	
025	Grade E	21734	£22,212	£1,851.00	£425.99	11.513	
026	Grade F	22443	£22,937	£1,911.42	£439.89	11.889	495-544
027	Grade F	23188	£23,698	£1,974.83	£454.49	12.284	
028	Grade F	23945	£24,472	£2,039.33	£469.33	12.685	
029	Grade F	24892	£25,440	£2,120.00	£487.90	13.186	
030	Grade G	25727	£26,293	£2,191.08	£504.26	13.629	545-594
031	Grade G	26539	£27,123	£2,260.25	£520.18	14.059	
032	Grade G	27323	£27,924	£2,327.00	£535.54	14.474	
033	Grade G	28127	£28,746	£2,395.50	£551.30	14.900	
812	Grade H	28737	£29,369	£2,447.42	£563.25	15.223	595-644
813	Grade H	29852	£30,509	£2,542.42	£585.11	15.814	
814	Grade H	30967	£31,648	£2,637.33	£606.96	16.404	
815	Grade H	32078	£32,784	£2,732.00	£628.74	16.993	
722	Grade I	32719	£33,439	£2,786.58	£641.31	17.333	645-694
723	Grade I	33982	£34,730	£2,894.17	£666.07	18.002	
724	Grade I	35262	£36,038	£3,003.17	£691.15	18.680	
725	Grade I	36528	£37,332	£3,111.00	£715.97	19.350	
632	Grade J	37114	£37,931	£3,160.92	£727.46	19.661	695-744
633	Grade J	38674	£39,525	£3,293.75	£758.03	20.487	
634	Grade J	40236	£41,121	£3,426.75	£788.63	21.314	
635	Grade J	41806	£42,726	£3,560.50	£819.42	22.146	
542	Grade K	42618	£43,556	£3,629.67	£835.33	22.577	745 +
543	Grade K	44542	£45,522	£3,793.50	£873.04	23.596	
544	Grade K	46455	£47,477	£3,956.42	£910.53	24.609	
545	Grade K	48376	£49,440	£4,120.00	£948.18	25.626	

Cheltenham Borough Council
PEI Grades 4 to 1
(JNC Chief Officer conditions of service)
1st January 2015

SCP	GRADE DESCRIPTION	Annual Salary 2013	Annual Salary January 2015	MONTHLY SALARY	HOURLY RATE
454	Grade 4 - Director Level	£ 54,018.84	£ 55,099.22	£ 4,501.57	£ 27.9999
455	Grade 4 - Director Level	£ 56,547.88	£ 57,678.84	£ 4,712.32	£ 29.3107
456	Grade 4 - Director Level	£ 59,090.05	£ 60,271.85	£ 4,924.17	£ 30.6284
457	Grade 4 - Director Level	£ 61,629.19	£ 62,861.77	£ 5,135.77	£ 31.9446
364	Grade 3 - Director Level	£ 65,288.42	£ 66,594.19	£ 5,440.70	£ 33.8413
365	Grade 3 - Director Level	£ 68,671.92	£ 70,045.36	£ 5,722.66	£ 35.5951
366	Grade 3 - Director Level	£ 72,055.42	£ 73,496.53	£ 6,004.62	£ 37.3489
367	Grade 3 - Director Level	£ 75,453.06	£ 76,962.12	£ 6,287.76	£ 39.1100
274	Grade 2 - Deputy Chief Executive	£ 77,861.91	£ 79,419.15	£ 6,488.49	£ 40.3586
275	Grade 2 - Deputy Chief Executive	£ 81,899.89	£ 83,537.89	£ 6,824.99	£ 42.4516
276	Grade 2 - Deputy Chief Executive	£ 85,958.07	£ 87,677.23	£ 7,163.17	£ 44.5551
277	Grade 2 - Deputy Chief Executive	£ 89,995.04	£ 91,794.94	£ 7,499.59	£ 46.6476
	Grade 1 - CEX Spot Salary	£109,163.83	£109,163.83	£ 9,096.99	£ 56.5834

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Summary of activity and responses

Cabinet on 16 December agreed to a 6 week consultation period on the interim budget proposals for 2015/16. The consultation went live on Wednesday 17th December and closed on Monday 26th January. The opportunity to comment on the budget proposals was publicised to the widest possible audience via publicity in the press and on the Council's website. Special meetings were held with interested parties including businesses, parish councils and residents, to make sure that their views were heard as part of the consultation.

This year's consultation also provided the opportunity to prioritise 13 suggested proposals to spend the capital sum arising from the sale of North Place.

This report summarises the consultation activity and responses

Online Consultation

The draft budget proposals were made available on the Council's website and people were invited to make comments via an online survey or by submitting responses via email. In total 171 online responses (summarised as appendix A) were received and 34 responses by email (summarised as appendix C available in the Members' Room)

Paper-based forms

Responses were also invited by post and 17 hand-written responses were received. These responses have been included with the online responses in appendix A.

Consultation Fora

The Cabinet Member for Finance and Director of Resources also attended a number of meetings to discuss the budget proposals in person with a range of stakeholder groups. These were:

- Cheltenham Voluntary and Community Sector Forum – 9th December
- C5 Parish Councils meeting - 5th January
- Residents' Forum at which 18 residents were in attendance – 15th January (notes are available in the Members' Room)
- Cheltenham Chamber of Commerce – 19th January

Representations from local organisations

Formal representations were received from a number of local organisations.

Cheltenham Civic Society held a meeting of their members to discuss the options for future investment in the town. They expressed the view that the first priority should be the improvement of the Town Hall into a prestigious and flexible public building, of a quality and design to induce admiration and envy from visitors. They also suggested that the remainder should be spent on enhancing the public realm. The Society's full response is available in the Members' Room.

The Honourable Company of Gloucestershire wrote to urge the Council strongly to take this opportunity to transform the Town Hall. The Company's letter is available in the Members' Room.

The Playhouse Theatre made representations about the benefits of using some of the capital to invest in the Theatre, both for repairs and improvements. This will be considered further as the capital programme develops.

The Friends of Imperial Square Heritage and Conservation (FISHAC) and the Friends of Montpellier Bandstand and Gardens (FOMBAG) made a joint representation against the proposal to provide a permanent electricity supply for events in the Gardens.

Summary of responses

In total 222 responses were received. This is far greater than in previous years, thanks in part to the opportunity to influence how best to spend the £7.8m capital sum from the sale of North Place car park. The results are set in Appendix A. Appendix B which summarises the individual responses to Q8, Appendix C which summarises the general comments received by email and Appendix D which consists of notes from the Residents' Forum, are all available in the Members' Room.

The Cabinet's response to the consultation

The Cabinet considers the public responses to the questions on tax level, savings and shared services are strongly supportive of the budget strategy. The Cabinet has also responded to the strong expression of support for improving the bus station by putting a sum of money for this purpose in the capital programme.

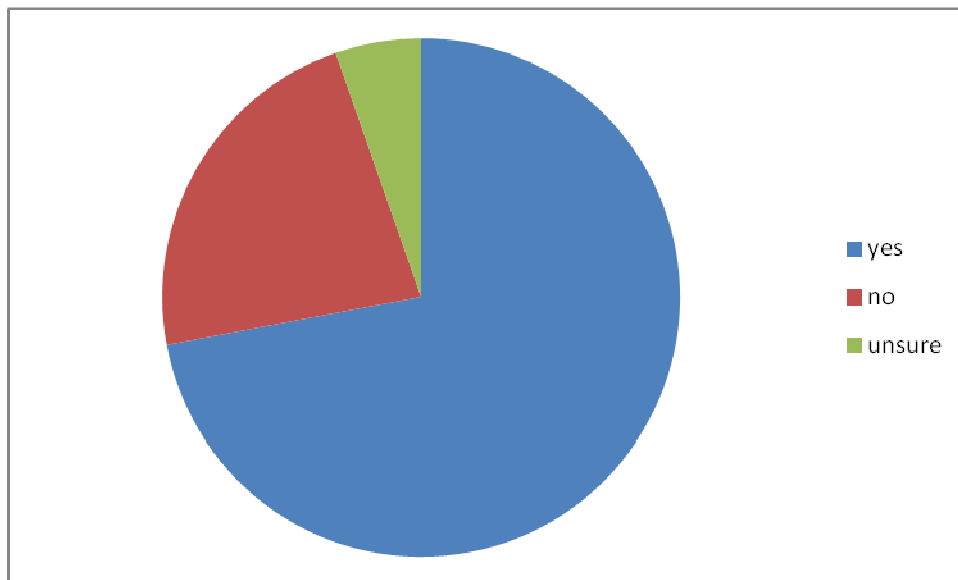
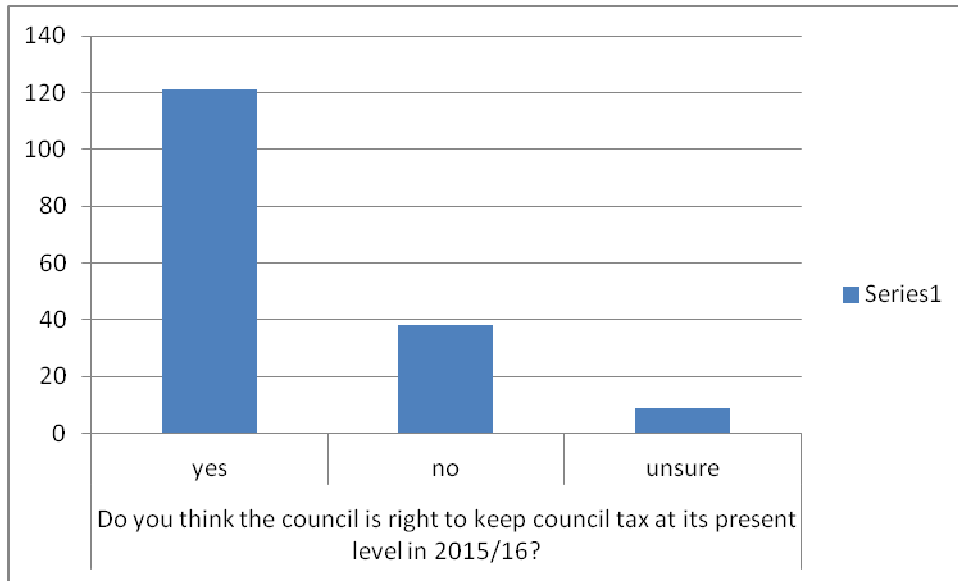
The answers given on the future capital programme will be considered as the programme develops. Consideration will be given to schemes not on the original list which are suggested by residents, as well as those that are on the original list.

Other comments are too numerous to respond to individually here. In any case many of them relate to matters which are the responsibility of the County Council. However, the Cabinet will work through them in order to pick up and respond to particular concerns wherever possible.

Appendix A – Summary of 222 online and hand-written responses.

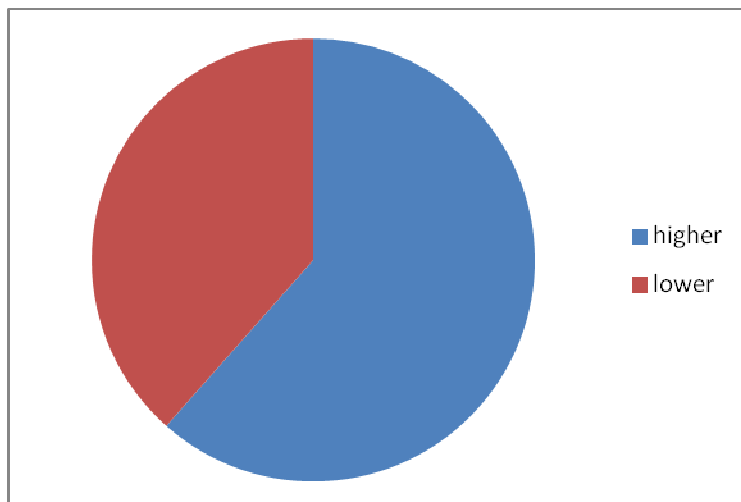
1) Do you think the council is right to keep council tax at its present level in 2015/16?

Out of 168 responses to this question, 72% of respondents said yes:



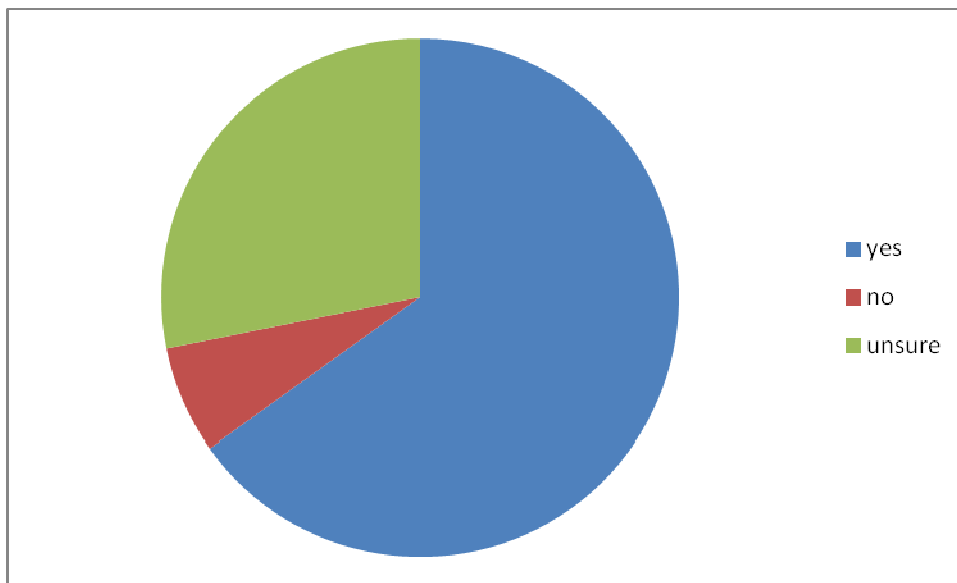
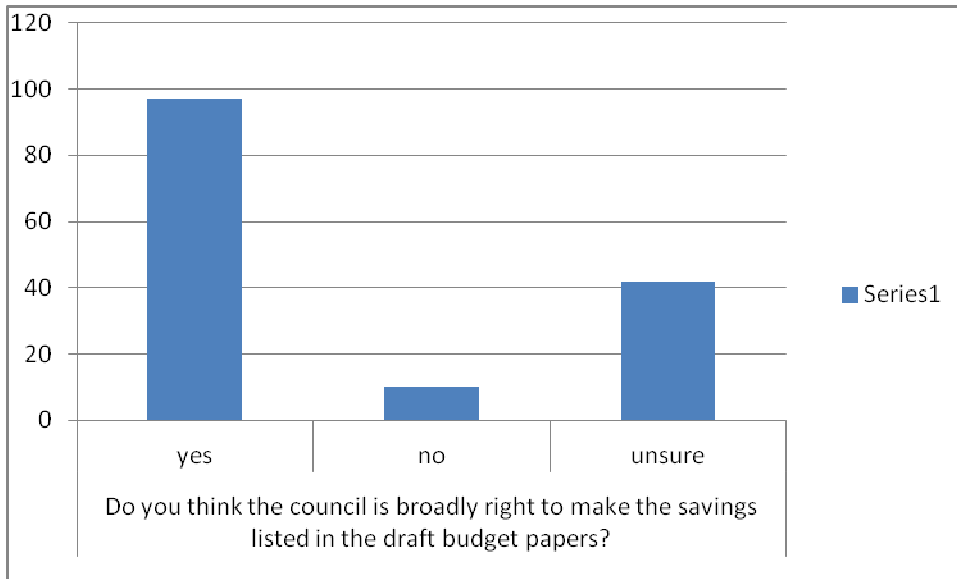
2) If your answer to question one was no, do you think council tax should be:

Out of the 39 respondents to this question; 62% said higher, 38% said lower.



3) Do you think the council is broadly right to make the savings listed in the draft budget papers?

Out of the 149 respondents to this question, 65% said yes, 28% though were unsure



4) What Borough Council services would you most like to see improved?

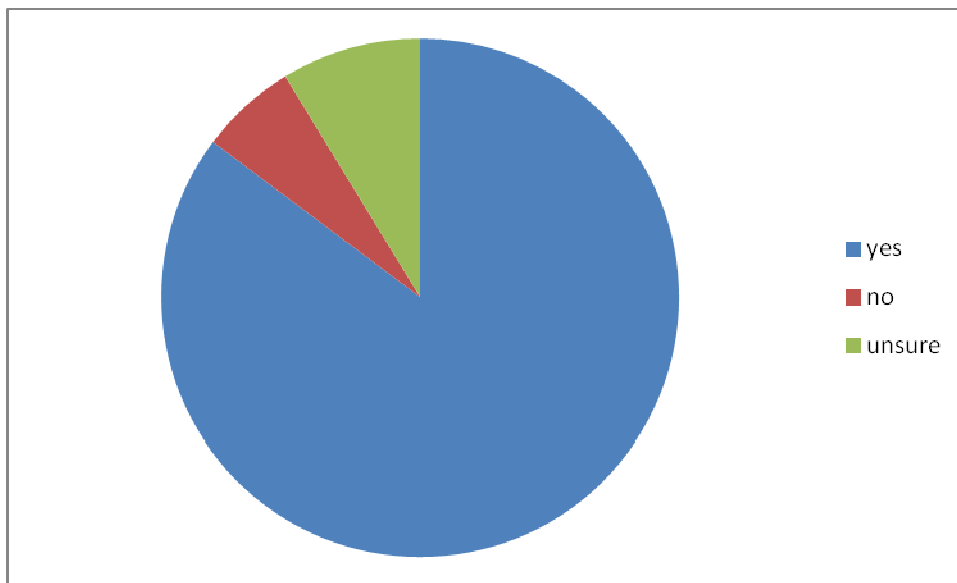
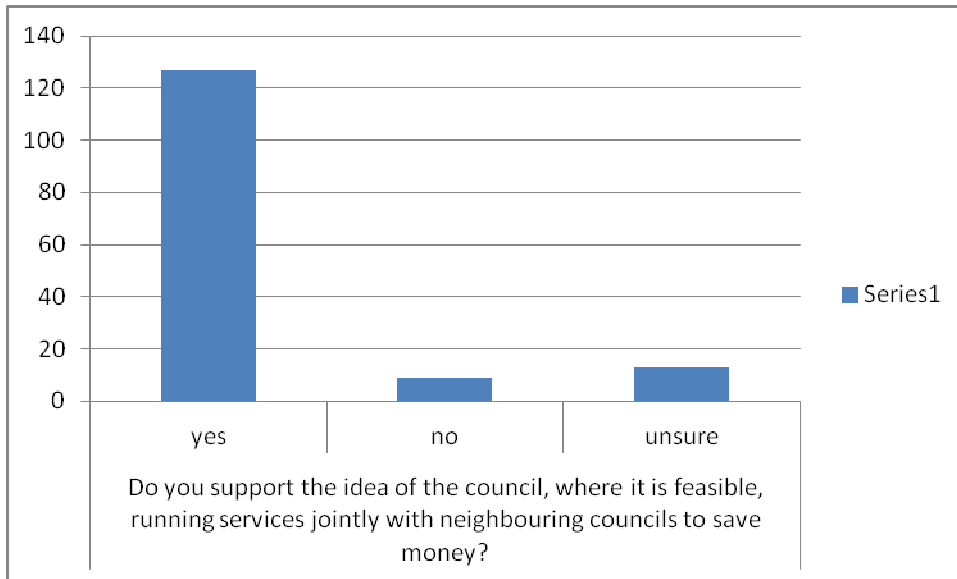
Out of the 85 responses to this question, 17 (20%) related to the maintenance and upkeep of pavements and roads, 12 (14%) related to waste and recycling services, 10 (11%) related to the cleansing of pavements and pedestrianized areas and 9 to car parking (11%).

5) Are there any services you would like us to cut back or stop providing?

Out of the 30 responses, apart from cutting benefits (3 respondents), there was no suggestion that received more than 1 mention. 11 (37%) respondents did answer "No" to this question.

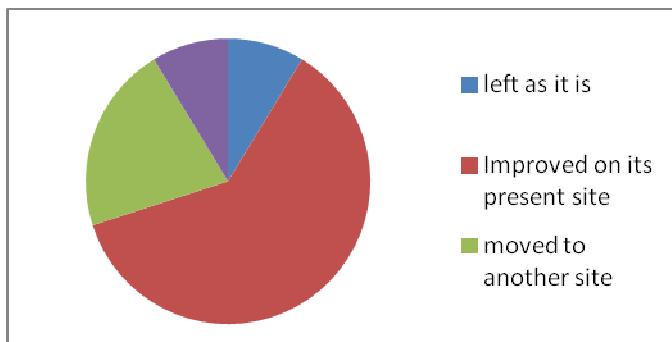
6) Do you support the idea of the council, where it is feasible, running services jointly with neighbouring councils to save money?

Out of the 149 responses to this question 127 (85%) said yes



7) There have been a number of complaints about the condition of the bus station. Do you believe the bus station should be

Out of the 150 responses to this question, 13 (9%) said it should be left as is, 92 (61%) wanted it improved on its present site and 32 (21%) wanted it moved to another site.



8) Have you any other comments on this budget or on the services the borough council provides?

28 responses were received to this question and these are listed in appendix A.

9) What do you believe the council's three top priorities for capital investment should be, from the projects listed below?

Respondents were asked to rank their favourites 1st, 2nd and 3rd. These have then been given a score with 1st rank getting 3 pts, 2nd rank getting 2 pts and 3rd rank getting 1pt. These scores are then added up to form a cumulative score.

What should be the council's top 3 priorities for capital investment			
Improve the Town Hall, creating a new foyer, providing better seating and a lift to the balcony, creating a new café/bar, and building a winter gardens style conservatory on the back as a restaurant and event venue (£2,400,000)			
1st rank	2nd rank	3rd rank	Total pts
37	24	18	
111	48	18	177
Create a new sports and play hub at the Prince of Wales Stadium providing facilities for competitive field sports and athletics (£1,843,000)			
1st rank	2nd rank	3rd rank	Total pts
43	8	10	
129	16	10	155
Create a new public square with landscaping and other improvements to the street scene at Boots Corner (£2,000,000)			
1st rank	2nd rank	3rd rank	Total pts
24	21	15	
72	42	15	129
Improve facilities for community sport and new gym facilities at Leisure at Cheltenham (£433,000)			
1st rank	2nd rank	3rd rank	Total pts
6	42	5	
18	84	5	107
Relocate the council HQ from the Municipal Offices to another office building, cutting the council's ongoing accommodation costs and allowing a redevelopment of the Municipal Offices for (for example) hotel, retail or leisure provision (£2,500,000)			
1st rank	2nd rank	3rd rank	Total pts
13	16	16	
39	32	16	87
Invest in the Crematorium to replace the cremators and potentially improve the facilities for bereaved families (£1,000,000)			
1st rank	2nd rank	3rd rank	Total pts
12	10	22	
36	20	22	78
Improvements to existing car parking provision (£3,700,000)			
1st rank	2nd rank	3rd rank	Total pts
12	12	12	
36	24	12	72
Invest in the Pittville Park play area to provide a higher standard of play equipment, create a major family attraction and potentially attract more visitors to the town (£300,000)			
1st rank	2nd rank	3rd rank	Total pts
12	6	11	
36	12	11	59

Small scale renewable energy initiatives including solar panels on top of council-owned buildings (£1,000,000)			
1st rank	2nd rank	3rd rank	Total pts
6	12	13	
18	24	13	55
Provide a permanent electricity supply to Imperial Gardens to avoid events organisers having to use noisy generators (£180,000)			
1st rank	2nd rank	3rd rank	Total pts
4	12	17	
12	24	17	53
Restore Neptune's Fountain to its former glory (£600,000)			
1st rank	2nd rank	3rd rank	Total pts
4	8	18	
12	16	18	46
Large scale solar farm to generate clean electricity and generate income for the council (£8,000,000)			
1st rank	2nd rank	3rd rank	Total pts
8	6	3	
24	12	3	39

St Mark's Junior School

As an experiment, Cllr Chris Coleman on behalf of the Cabinet conducted a consultation session with around 60 children aged 9 to 10 at St Mark's Junior School. The children were asked how they would like the £8 million spent and then given three votes each. The results were as follows:

- New Pittville play area - 35 votes
- Improve Leisure @ - 18 votes
- Improve Town Hall - 16 votes
- Repair Neptune's fountain - 15 votes
- Drainage for Swindon Village football pitch - 12 votes
- Electric parking signs - 12 votes
- Boots corner - 9 votes
- Electricity for the festival gardens - 9 votes
- Improve car parking - 8 votes
- Upgrade Prince of Wales stadium - 8 votes
- Renewable energy farm - 6 votes
- Buy and re- develop buildings - 5 votes
- Rainwater harvesting - 4 votes
- Move the council to save money - 4 votes
- Repair crematorium - 4 votes
- Solar panels on roof tops - 0 votes

A fuller version of the children's comments is available in the Members' Room.

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Cheltenham Borough Council

Cabinet – 10 February 2015

Council - 13 February 2015

Housing Revenue Account - Revised Forecast 2014/15 and Final Budget Proposals 2015/16 for Consultation

Accountable member	Cabinet Member for Finance, John Rawson
Accountable officer	Director of Resources (Section 151 Officer), Mark Sheldon
Ward(s) affected	All
Key Decision	Yes
Executive summary	This report summarises the Housing Revenue Account (HRA) revised forecast for 2014/15 and the Cabinet’s interim budget proposals for 2015/16 for consultation.
Recommendations	<ol style="list-style-type: none"> 1. Note the revised HRA forecasts for 2014/15. 2. Approve the HRA budget proposals for 2015/16 including a proposed rent increase of 2.2% and increases in other rents and charges as detailed at Appendix 5. 3. Approve that the rent for all properties be converted to formula rent on re-letting. 4. Approve the proposed HRA capital programme for 2015/16 as shown at Appendix 3. 5. Approve the transfer of £2m to an earmarked revenue reserve to finance future new build in the HRA.

Financial implications	<p>As contained in the report and appendices.</p> <p>Contact officer: Mark Sheldon.</p> <p>E-mail: mark.sheldon@cheltenham.gov.uk</p> <p>Tel no: 01242 264123</p>
Legal implications	<p>There are no specific legal implications report.</p> <p>Contact officer: Peter Lewis</p> <p>E-mail: peter.lewis@tewkesbury.gov.uk</p> <p>Tel no: 01684 272012</p>

HR implications (including learning and organisational development)	No direct HR implications arising from this report. Contact officer: Julie McCarthy E-mail: julie.mccarthy@cheltenham.gov.uk Tel no: 01242 264355
Key risks	As outlined in Appendix 1
Corporate and community plan Implications	The aim of the budget proposals is to direct resources towards the key priorities identified in the Council's Corporate Business Plan.
Environmental and climate change implications	The budget contains proposals for improving the local environment particularly in addressing the issue of energy reduction in Council owned dwellings

1 Background

1.1 The final revenue budget for 2015/16 shows only one significant amendment to the draft approved by Cabinet on 16th December 2014. The budget for St Pauls Phase 2 transformational improvements has been removed from the capital programme for 2015/16 pending an ongoing review of the scheme. This reduces the revenue contributions required to fund the programme which, together with other minor changes, leaves forecast reserves at 31st March 2018 some £514,000 higher than previously stated.

2. HRA Business Plan

2.1 The Council has approved a 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 Progress in delivering those objectives is summarised below:-

- Year 1 (2012/13), the Council requested CBH to develop investment proposals. Additional 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 and 2014 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.
- Plans are now being developed for 3 new build schemes within the HRA. The developments at Swindon Road and various garage sites are scheduled to start on site in September 2015 followed by Cakebridge Road in June 2016.

2.3 The financial projections within the business plan have been updated to reflect the

2013/14 outturn and anticipated 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 2015/16 and projections for the following two years are based on the following key assumptions:-

- Rent – increase of 2.2% from April 2015 and annually thereafter at Consumer Price Index (CPI) + 1% (this reflects Government proposals for future social rent policy, see paragraph 4.2 below).
- Inflation – CPI at 1.2% (2014/15), 1%(15/16), 1.5%(16/17), 2%(17/18); RPI at 0.9% higher.
- Void rent loss at 1% p.a.
- Stock loss through Right to Buy (RTB) – 15 units in 2014/15, 12 units in 2015/16 and 12 units p.a. for the following 2 years. Continuing Government stimulus has attracted more interest in the scheme but completions are still at a fairly modest level, though this is being closely monitored.
- The proposed capital funding and revenue consequences of HRA new build schemes will be detailed in future reports seeking Cabinet and Council approval and are not yet reflected in these budget proposals.
- Interest payable at a blended fixed rate of 3.7% assuming no change to debt levels in the period to 31st March 2018
- Bad debt provision rising to 2% of rent collectable by 2017/18 to reflect phased introduction of welfare reform.

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

3. 2014/15 Revised Forecast

3.1 The forecast at Appendix 2 shows an increase in the surplus for the year of £29,300 compared to the original estimate. This increase, together with an increase of £665,800 in the balance brought forward from 2013/14, will give revenue reserves of £4,358,800 at 31st March 2015.

3.2 Significant variations have been identified in budget monitoring reports and are summarised below:-

Budget Heading	Change in resources
	£'000
General management – increase in HRA pension contribution	-90
ALMO management fee – reallocation of cost to HRA	-54
Repairs & Maintenance – increase due to fencing & roof repairs from storm damage	-114
Bad Debt Provision – lower arrears than anticipated reflect delay in implementation of welfare reform and allocation of additional resources to mitigate impact	101
Dwelling Rents – loss of rent from additional sales and higher voids	-69

Revenue contributions to fund capital programme – changes to programme and availability of funding options have reduced use of revenue resources	259
Other net variations	-4
Net increase in Surplus for Year	29

4. 2015/16 Budget

4.1 The budget proposals for 2015/16 and projections for the following 2 years are shown at Appendix 2.

4.2 The Government has confirmed proposals for social rent policy for the ten year period from April 2015. The key points are:-

- The formula rent for each property will be increased annually by CPI + 1% (previously RPI + 0.5%).
- Convergence to formula rent will cease in 2014/15, with future rent increases limited to CPI + 1% (previously RPI + 0.5% + up to £2 per week for upward convergence with formula rent).

Social landlords will be allowed to move rents straight to formula when a property is re-let so that any rent lost through this policy change will reduce over time. It is estimated that the net impact for the Council will be an initial loss of £60,000 per annum, reducing as tenancies change.

4.3 Estimates of service charge income currently assume an increase of 1.9% for both grounds maintenance and cleaning. Overall charges for power to communal areas are will only be adjusted for usage as the tariff is fixed at 2014/15 levels.

4.4 Significant changes to the HRA in 2015/16 as compared to the revised forecast for 2014/15 are itemised in the table below. There is a forecast surplus of £1,176,300 for the year which leaves revenue reserves at £5,535,100 at 31st March 2016.

Budget Heading	Change in resources
	£'000
Increase in base CBH management fee (see paragraph 4.5.2 below)	-117
Increase in repairs and maintenance – inflation	-43
Increase in bad debt provision – impact of welfare reform	-50
Depreciation – inflation offset by stock loss	-94
Increase in rents (after adjustment for stock loss)	402
Income from PV tariff – reflects investment in 2014/15	93
Revenue contributions to fund capital programme	844
Other (net)	-13
Net increase in resources	1,022

4.5 Cheltenham Borough Homes (CBH)

4.5.1 The 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 2015/16.

4.5.2 CBH budgets approved by their Board on 28th January 2015 show a net increase in management costs of £228,000 analysed as below:-

	£'000
Pay award and increments	102
Growth – 3 additional posts to support capital programme	106
Other net costs	20
Increase in net management costs	228

These additional costs are reflected in an increase in the HRA management fee of 2.3% over the current year and an increase of £111,000 in fees to the capital programme.

Two additional fixed term posts will strengthen the delivery of the proposed £13m. window replacement programme, providing enhanced control and quality whilst another post will further improve the management of asbestos in the Council stock.

The CBH budgets for 2015/16 show a breakeven position on services provided to the Council.

4.5.4 The overall cost of repairs and maintenance has increased by 1%. The cost of delivering the estate cleaning contract has risen by 1.9% (£5,900) which reflects the cost of the pay award.

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. During the next financial year the impact of this investment will be reviewed and decisions made as to whether any of the programmes should be continued beyond March 2016.

4.5.6 During a period of service expansion CBH has 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 2014/15.

	2014/15	2015/16
	£'000	£'000
Management Fee	4,968	5,085
Management of Capital Programme	525	636
Block Cleaning Service	307	313

5. Capital Programme

- 5.1** The revised capital programme for 2014/15 reflects the completion of schemes carried forward from the previous year as previously reported to Cabinet and further variations identified during the year.
- 5.2** The detailed capital programme for 2015/16 and indicative programmes for the following two years are shown at Appendix 4. These reflect the investment requirements identified in stock condition surveys and the proposals in the updated asset management strategy.
- 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.
- 5.5** The Joint Programme Group has been developing HRA new build schemes, the first developments currently anticipated to start on site in September 2015. As outlined in paragraph 2.4 these budget proposals do not yet reflect the impact of these developments.

6. Reserves

- 6.1** The recommended minimum revenue balance to cover contingencies is £1.5m. The three year projections forecast a reserve balance of £4,643,600 at 31st March 2018. Cabinet has previously approved the creation of an earmarked revenue reserve to identify resources available to finance new build in the HRA, the overall sum being initially restricted to a maximum of £2.5m. in the period to 31st March 2017.

Given the forecast reserve position at 31st March 2018 it is recommended that £2m. is transferred into the new build reserve at the end of the current financial year. Any future spend from this reserve will be approved in line with Council financial regulations.

7. Consultation process

- 7.1** The budget proposals have been endorsed by the Board of Cheltenham Borough Homes Ltd and presented to the Tenant Scrutiny Improvement Panel with no specific concerns being raised. No other responses have been received during the period of consultation.

<p>Report author</p>	<p>Steve Slater, Finance Director, Cheltenham Borough Homes Tel. 01242 264192; <i>e-mail address steve.slater@cheltborohomes.org</i></p>
<p>Appendices</p>	<ol style="list-style-type: none"> 1. Risk Assessment 2. HRA Operating Account 3. Major Repairs Reserve and HRA Capital Programme (summary) 4. HRA Capital Programme (detail) 5. HRA – Rents and Charges 6. Service Investment
<p>Background information</p>	<ol style="list-style-type: none"> 1. HRA 30 year Business Plan 2. CBH Budgets and Plans 2015/16

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	Pat Pratley	December 2012	3	4	12	R	The HRA budget includes specific resources to address welfare reform	Mar 2018	CBH through management agreement	
1.02	If supporting people contracts are not renewed it could impact on the tenants in sheltered accommodation	Pat Pratley	December 2012	2	3	6	R	A transitional contract has been agreed with the County Council until October 2016. An evaluation of alternative service and funding options is in progress as part of the overall review of service delivery in this area	Oct 2016	Lead Commissioner Housing	
1.03	If void rent loss is higher than estimated it will impact on assumed rent income in the HRA	Pat Pratley	December 2012	3	2	6	R	Demand for social housing remains high with significant waiting list. Quality of accommodation needs to be maintained and changes in tenancy termination rates monitored	Mar 2016	CBH through management agreement	
1.04	If the demand for reactive repairs increases there may be insufficient budget to meet demand	Pat Pratley	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 2016	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	Pat Pratley	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	Pat Pratley	December 2012	3	3	9	R	Officers from CBC will ensure there is a co-ordinated delivery of expenditure plans and outcomes are clear and delivered.	Mar 2016	Lead Commissioner Housing	
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	Pat Pratley	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 via the Joint Programme Group	

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HRA OPERATING ACCOUNT

	2014/15		2015/16	2016/17	2017/18
	Original £	Revised £	Budget £	Projections £	Projections £
EXPENDITURE					
General & Special Management	1,937,400	2,054,000	2,054,100	2,073,100	2,094,700
ALMO Management Fee	4,914,300	4,968,300	5,085,000	5,161,000	5,264,000
Rents, Rates, Taxes and Other Charges	45,200	59,000	79,100	80,600	82,100
Repairs & Maintenance	3,993,700	4,107,300	4,150,000	4,233,000	4,318,000
Provision for Bad Debts	251,000	150,000	200,000	290,000	400,000
Interest Payable	1,684,700	1,684,700	1,684,700	1,684,700	1,684,700
Depreciation of Dwellings	5,343,600	5,298,500	5,382,400	5,497,800	5,643,200
Depreciation of Other Assets	108,400	142,100	151,900	163,000	172,600
Debt Management Expenses	81,700	81,700	79,000	79,800	81,000
TOTAL	18,360,000	18,545,600	18,866,200	19,263,000	19,740,300
INCOME					
Dwelling Rents	18,873,300	18,803,800	19,206,100	19,539,700	19,975,400
Non Dwelling Rents	433,500	418,500	428,200	432,400	437,300
Charges for Services and Facilities	797,500	828,200	835,600	845,300	854,800
Supporting People Grant	110,000	110,000	90,000	90,000	90,000
Feed in Tariff from PV Installations	75,000	85,000	178,000	183,000	187,000
TOTAL	20,289,300	20,245,500	20,737,900	21,090,400	21,544,500
NET INCOME FROM SERVICES	1,929,300	1,699,900	1,871,700	1,827,400	1,804,200
Amortised Premiums/Discounts	10,100	10,100	10,100	7,300	0
Interest Receivable	42,500	41,600	48,200	68,000	92,000
NET OPERATING INCOME	1,981,900	1,751,600	1,930,000	1,902,700	1,896,200
Appropriations					
Revenue Contributions to Capital	-1,857,000	-1,597,400	-753,700	-2,458,200	-2,232,200
HRA Surplus/(Deficit) carried to reserves	124,900	154,200	1,176,300	-555,500	-336,000
Revenue Reserve brought forward	3,538,800	4,204,600	4,358,800	5,535,100	4,979,600
Revenue Reserve carried forward	3,663,700	4,358,800	5,535,100	4,979,600	4,643,600

Average Rent:-				
Increase 1st April		2.20%	2.00%	2.50%
48 wk	87.35	89.27	91.06	93.34
52 wk	80.63	82.40	84.06	86.16
Average stock	4,536	4,520	4,508	4,496

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MAJOR REPAIRS RESERVE

	2014/15		2015/16	2016/17	2017/18
	Original £	Revised £	Budget £	Projections £	Projections £
Balance brought forward	0	0	0	0	0
Depreciation of Dwellings	5,343,600	5,298,500	5,382,400	5,497,800	5,643,200
Depreciation of Other Assets	108,400	142,100	151,900	163,000	172,600
	<u>5,452,000</u>	<u>5,440,600</u>	<u>5,534,300</u>	<u>5,660,800</u>	<u>5,815,800</u>
Utilised to fund Capital Programme	-5,452,000	-5,440,600	-5,534,300	-5,660,800	-5,815,800
Balance carried forward	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

HRA CAPITAL PROGRAMME

	2014/15		2015/16	2016/17	2017/18
	Original £	Revised £	Budget £	Projections £	Projections £
EXPENDITURE					
Property Improvements & Major Repairs (see detail at Appendix 4)	7,739,000	7,468,000	6,178,000	8,009,000	7,938,000
Adaptions for the Disabled	400,000	400,000	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
	<u>8,249,000</u>	<u>7,978,000</u>	<u>6,688,000</u>	<u>8,519,000</u>	<u>8,448,000</u>
FINANCING					
Capital Receipts	940,000	940,000	400,000	400,000	400,000
HRA Revenue Contribution	1,857,000	1,597,400	753,700	2,458,200	2,232,200
Major Repairs Reserve	5,452,000	5,440,600	5,534,300	5,660,800	5,815,800
	<u>8,249,000</u>	<u>7,978,000</u>	<u>6,688,000</u>	<u>8,519,000</u>	<u>8,448,000</u>

PROPERTY IMPROVEMENT & MAJOR WORKS				
Description of works	2014/15	2015/16	2016/17	2017/18
EXTERNAL IMPROVEMENTS	1,023,000	1,113,000	1,243,000	1,053,000
INTERNAL IMPROVEMENTS	330,000	312,000	312,000	312,000
PATHS, FENCES & WALLS	100,000	100,000	100,000	150,000
WORKS TO BUILDING FABRIC	218,000	150,000	150,000	150,000
PV INSTALLATIONS & OTHER SUSTAINABILITY MEASURES	2,259,000	489,000		
RENEWAL OF HEATING SYSTEMS	411,000	540,000	449,000	370,000
MAJOR REFURBISHMENTS TO VOID PROPERTIES	532,000	350,000	275,000	325,000
WINDOWS & DOORS	159,000	1,050,000	3,500,000	3,500,000
ASBESTOS	100,000	125,000	150,000	150,000
SHELTERED ACCOMMODATION	77,000	60,000	65,000	70,000
NEIGHBOURHOOD WORKS	333,000	400,000	348,000	348,000
DOOR ENTRY	18,000	31,000	31,000	31,000
STRUCTURAL WORKS	100,000	100,000	100,000	100,000
CARBON MONOXIDE DETECTORS	50,000			
COMMUNAL LIGHTING		107,000	105,000	105,000
FIRE PROTECTION	285,000	284,000	234,000	234,000
LIFTS	11,000	101,000	101,000	181,000
SCOOTER STORES	30,000	30,000		
INTERNAL COMMUNAL IMPROVEMENTS	100,000	100,000	100,000	100,000
GARAGE IMPROVEMENTS	100,000	100,000	100,000	100,000
COMMERCIAL PROPERTIES	30,000			
ST PAULS PHASE 2 TRANSFORMATIONAL IMPROVEMENTS	35,000			
NEW BUILD	642,000			
FEE FOR MANAGING PROGRAMME	525,000	636,000	646,000	659,000
TOTAL BUDGET	7,468,000	6,178,000	8,009,000	7,938,000

HOUSING REVENUE ACCOUNT - RENTS & CHARGES

	2014/15	2015/16
	£	£
Dwelling Rents (average)		
48 wk basis	87.35	89.27
52 wk basis	80.63	82.40
Garages (per month)	27.53	28.05
Communal Heating Schemes (52 wk basis)		
Gas		
1 person flat	7.90	7.90
2 person flat	10.65	10.65
Cumming Court		
1 person flat	4.88	4.88
2 person flat	6.71	6.71
Guest Bedrooms (per night)	10.00	10.00

Service Investment - Summary of Expenditure

	Actual 2013-14 £'000	Forecast 2014-15 £'000	Budget 2015-16 £'000	Total Investment Pot £'000
Welfare Reform	120	115	163	398
Enhanced Services for Vulnerable People	54	95	95	244
Partnerships and Communities	2	84	76	162
Enabling New Business	59	33	27	119
Service Improvement Programme	-	20	45	65
Contingency	-	-	12	12
	235	347	418	1,000

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Cheltenham Borough Council

Cabinet – 10th February 2015

Council - 13th February 2015

Treasury Management Strategy Statement and Annual Investment Strategy 2015/16

Accountable member	Finance , John Rawson
Accountable officer	Director Resources, Mark Sheldon
Accountable scrutiny committee	Scrutiny
Ward(s) affected	None
Key Decision	Yes
Executive summary	In accordance with best practice, the Council has adopted and complies with the CIPFA Code of Practice on Treasury Management in the public services. To comply with the code, the Council has a responsibility to set out its Treasury Management Strategy Statement for borrowing and to prepare an Annual Investment Strategy for council approval prior to the start of a new financial year.
Recommendations	<p>Cabinet recommend to Council the approval of the attached Treasury Management Strategy Statement and Annual Investment Strategy for 2015/16 at Appendix 2 including :</p> <ul style="list-style-type: none"> • The general policy objective ‘that Council should invest prudently the surplus funds held on behalf of the community giving priority to security and liquidity’. • That the Prudential Indicators for 2015/16 including the authorised limit as the statutory affordable borrowing limit determined under Section 3 (1) Local Government Act 2003 be approved. • Revisions to the Council’s lending list and parameters as shown in Appendix 3 are proposed in order to provide some further capacity. These proposals have been put forward after taking advice from the Council’s treasury management advisers Capita Asset Services and are prudent enough to ensure the credit quality of the Council’s investment portfolio remains high. • For 2015/16 in calculating the Minimum Revenue Provision (MRP), the Council will apply Option 1 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure as per section 21 in Appendix 3.

Financial implications	All financial implications are noted in the report. Contact officer: Andrew Sherbourne, andrew.sherbourne@cheltenham.gov.uk, 01242 264337
Legal implications	As detailed in the report. Contact officer: Peter Lewis peter.lewis@teWKesbury.gov.uk, 01684 272695
HR implications (including learning and organisational development)	None arising directly from this report. Contact officer: Julie McCarthy, julie.mccarthy@cheltenham.gov.uk, 01242 264355
Key risks	As noted in Appendix 1.
Corporate and community plan Implications	The purpose of the strategy is to improve corporate governance, a key objective for the Council.
Environmental and climate change implications	None arising directly from this report.

1. Background

- 1.1 The CIPFA Code of Practice for Treasury Management in Public Services and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement and the Prudential Indicators on an annual basis. The Treasury Management Strategy Statement also incorporates the Annual Investment Strategy as required under the CLG's Investment Guidance.
- 1.2 For the purposes of the Code, CIPFA has adopted the following as its definition of treasury management activities:
- “the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*
- 1.3 The Council will create and maintain, as the basis for effective treasury management:
- A Treasury Management Strategy Statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - Suitable Treasury Management Practices (TMP's) setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 1.4 The local authorities (Capital Finance and Accounting) (England) Regulations 2003, which came into force on 1st April 2004, include provisions relevant to investments. These regulations, together with amendments subsequently made to them (S.I No.534), determine the nature of specific investments, and how they should be treated/accounted for by a local authority. Formal guidance

was revised and issued by the Communities and Local Government (CLG) in 2010.

1.5 The Treasury Management Strategy Statement and Annual Investment Strategy at Appendix 2, state the overriding principles and objectives governing treasury management activity. As an integral part of that Statement, the Council includes the preparation of Treasury Management Practices which set out the manner in which the Council will achieve those principles and objectives prescribing how it will manage and control those activities.

1.6 The general policy objective of the Annual Investment Strategy is that:

‘the Council should invest prudently the surplus funds held on behalf of the community giving priority to security and liquidity’.

The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk is an important and integral element of its treasury management activities.

1.7 The strategy allows sufficient flexibilities and delegations to avoid the need for a formal variation, other than in the most exceptional circumstance.

2.0 Consultation

2.1 The Council’s external treasury advisors, Capita Asset Services, supported the Council in the production of the strategies.

2.2 The strategy is to be approved by the Treasury Management Panel at its meeting on 19th January 2015.

Report author	Contact officer: Andrew Sherbourne, andrew.sherbourne@cheltenham.gov.uk 01242 264437
Appendices	Appendix 1 – Risk Assessment Appendix 2 – Treasury Management Strategy Statement & Annual Investment Strategy 2015/16 Appendix 3 – Updated Lending list Appendix 4 - Annual MRP Statement 2015/16
Background information	Section 15(1)(a) of the Local Government Act 2003 Cheltenham Borough Council Treasury Management Practices

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	
	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	Director for Resources Mark Sheldon	24 th January 2014	1	2	2	Accept	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.	May 2016	Section 151 Officer Mark Sheldon		

TREASURY MANAGEMENT STRATEGY 2015/16

1. INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the investment reduction of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses.

CIPFA defines treasury management as:

“The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.2 Reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A mid year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Treasury Management Panel.

1.3 Treasury Management Strategy for 2015/16

The strategy for 2015/16 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) strategy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4 Training

The increased Member consideration of treasury management matters and the need to ensure officers dealing with treasury management are trained and kept up to date requires a suitable training process for Members and officers. This Council has addressed this important issue by providing training sessions for the Treasury Management Panel members on the subject of Treasury Management.

The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

The Council uses Capita Asset Services (formerly Sector), as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2. THE CAPITAL PRUDENTIAL INDICATORS 2015/16 – 2017/18

The Council's capital expenditure plans are the key driver of treasury management activity. The outputs of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure	2013/14 Actual £000	2014/15 Revised £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000
General Fund	5,044	9,558	2,255	1,838	1,062
HRA	6,363	7,948	7,228	8,519	8,448
Total	11,407	17,506	9,483	10,357	9,510

Other long term liabilities. The above financing need excludes other long term liabilities, such as leasing arrangements which already include borrowing instruments. The authority has no finance leasing arrangements at present.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital expenditure	2013/14 Actual £000	2014/15 Revised £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000
Total	11,407	17,506	9,483	10,357	9,510
Financed by:					
Capital receipts	2,691	2,756	530	530	530
Capital grants	328	698	306	306	306
Capital reserves	7,587	7,437	6,447	6,058	6,199
3 rd Party Contributions	600	378	100	100	100
Revenue	0	1,729	1,294	2,458	2,232
Borrowing need for the year	201	4,508	806	905	143

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes

The Council is asked to approve the CFR projections below:

£000	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Capital Financing Requirement					
Total CFR	72,594	75,589	75,134	74,717	73,616
Movement in CFR	(888)	2,995	(455)	(417)	(1,101)

Movement in CFR represented by					
Net financing need for the year (above)	11,407	17,506	9,483	10,357	9,510
Less MRP/VRP and other financing movements	(12,295)	(14,511)	(9,938)	(10,774)	(10,611)
Movement in CFR	(888)	2,995	(455)	(417)	(1,101)

2.3 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

2.4 Ratio of financing costs to net revenue stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. It would not be prudent for borrowing costs to be a significant proportion of net revenue either now or in the future. By estimating the ratio for at least the next three years the trend in the cost of capital (borrowing costs net of interest and investment income) as a proportion of revenue income can be seen.

%	2013/14 Actual	2014/15 Revised	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
General Fund	3.24%	3.27%	3.10%	3.07%	3.00%
HRA	8.47%	8.07%	7.99%	7.63%	7.39%
Total	6.21%	6.07%	6.34%	5.74%	5.59%

2.5 Incremental impact of capital investment decisions on council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

Incremental impact of capital investment decisions on the band D council tax

£	2013/14 Actual	2014/15 Revised	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Council tax - band D	NIL	NIL	NIL	NIL	NIL

For average weekly housing rents

£	2013/14 Actual	2014/15 Revised	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Housing Rents	NIL	NIL	NIL	NIL	NIL

Decisions on annual rent increases are subject to rent restructuring guidelines set by Central Government. As a consequence the Government has indicated that rent levels will increase annually by Retail Price Index plus 0.5% and this should cover all additional capital expenditure. This method has been used to form part of the 30 year HRA Business Plan.

3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2014, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£000	2013/14 Actual	2014/15 Revised	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
External Debt					
Debt at 1 April	60,681	55,712	59,073	58,830	58,582
Expected change in Debt	(4,969)	3,361	(243)	(248)	(254)
Actual debt at 31 March	55,712	59,073	58,830	58,582	58,328
The Capital Financing Requirement	72,594	75,589	75,134	74,717	73,616
Under / (over) borrowing	16,882	16,516	16,304	16,135	15,288

Total investments at 31 March					
Investments	19,334	17,800	15,660	14,590	14,520
Investment change	10,153	(1,534)	(2,140)	(1,070)	(70)

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within set limits. One of these is that the Council needs to ensure that its total debt, net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2015/16 and the following two financial years (shown as net borrowing above). This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Director of Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary £'000	2014/15 Revised	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Borrowing	101,000	106,600	100,600	99,780

The authorised limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The Council is asked to approve the following authorised limit:

Authorised Limit £'000	2014/15 Revised	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Borrowing	109,000	116,000	110,000	109,000

3.3 Prospects for interest rates

The Council has appointed Capita (formerly Sector) as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Capita central view.

Annual Average %	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2014	0.50	2.00	3.30	3.30
March 2015	0.50	2.20	3.40	3.40
June 2015	0.50	2.20	3.50	3.50
Sept 2015	0.50	2.30	3.70	3.70
Dec 2015	0.75	2.50	3.80	3.80
March 2016	0.75	2.60	4.00	4.00
June 2016	1.00	2.80	4.20	4.20
Sept 2016	1.00	2.90	4.30	4.30
Dec 2016	1.25	3.00	4.40	4.40

March 2017	1.25	3.20	4.50	4.50
June 2017	1.50	3.30	4.60	4.60
Sept 2017	1.75	3.40	4.70	4.70
Dec 2017	1.75	3.50	4.70	4.70
March 2018	2.00	3.60	4.80	4.80

Until 2013, the economic recovery in the UK since 2008 has been the worst and slowest recovery in recent history. However, growth has rebounded during 2013 and especially during 2014, to surpass all expectations, propelled by recovery in consumer spending and the housing market. Forward surveys are also currently very positive in indicating that growth prospects are strong for 2015, particularly in the services and construction sectors.

There does need to be a significant rebalancing of the economy away from consumer spending to manufacturing, business investment and exporting in order for this initial stage in the recovery to become more firmly established. One drag on the economy is that wage inflation has been lower than CPI inflation so eroding disposable income and living standards, although income tax cuts have ameliorated this to some extent.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- As for the Eurozone, concerns in respect of a major crisis subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation, Middle East and Ebola, have led to a resurgence of those concerns as risks increase that it could be heading into deflation and a triple dip recession since 2008. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need to for overdue reforms of the economy (as Ireland have done). Counterparty risks therefore remain high. This continues to suggest the use of higher quality counterparties for shorter time periods.
- Investment returns are likely to remain relatively low during 2015/16 and beyond;
- Borrowing interest rates have been volatile during 2014 due to the bouts of good and bad news have promoted optimism, and then pessimism, in the financial markets. The closing weeks of 2014 saw gilt yields dip to historically low levels after inflation plunged.
- The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times.

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

The Director of Resources will monitor interest rates in the financial markets and adopt a pragmatic approach to changing circumstances.

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

Treasury management limits on activity

- The Council must set both upper and lower limits with respect to the maturity structure of borrowing for the following financial year. This indicator is designed to be a control over an authority having large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates. Therefore the aim should be a relatively even spread of debt repayment dates.
- It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows:

	Upper Limit %	Lower Limit %
Under 12 months	50	0
12 months and within 24 months	50	0
24 months and within 5 years	100	0
5 years and within 10 years	100	0
10 years and within 20 years	100	0
20 years and within 30 years	100	0
30 years and within 40 years	100	0
40 years and within 50 years	100	0
50 years and above	100	0

3.5 Current Portfolio Position

The Council's treasury debt portfolio position at 31st December 2014 comprised:

		Principal	Ave. rate
		£m	%
Fixed rate borrowing	PWLB	43.12	3.78
	Market	<u>15.90</u>	<u>4.00</u>
		59.02m	3.84
Temporary Borrowing	LA's	<u>2.00</u>	0.45
TOTAL DEBT		<u>61.02m</u>	3.72
TOTAL INVESTMENTS		20.39m	0.65

3.6 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.7 Debt rescheduling

The Council will continue to maintain a flexible policy for debt rescheduling. As short term borrowing rates will be considerably cheaper than longer fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt premium repayment. The rationale for rescheduling would be one or more of the following:

- Savings in interest costs with minimal risk
- Balancing the ratio of fixed to variable debt
- Amending the profile of maturing debt to reduce inherent refinancing risks.

Any rescheduling activity will be undertaken following the rationale within the Council's Treasury Management Strategy. The Director of Resources (Designated Section 151 Officer) will agree in advance with Capita or the strategy and framework within which debt will be repaid/rescheduled if opportunities arise. Thereafter the Council's debt portfolio will be monitored against equivalent interest rates and available refinancing options on a regular basis. As opportunities arise, they will be identified by Capita and discussed with the Council's treasury officers.

All rescheduling activity will comply with the accounting requirements of the local authority Code of Practice and regulatory requirements of the Capital Finance and Accounting Regulations (SI 2007 No 573 as amended by SI 2008/414).

All rescheduling and any new long term borrowing undertaken will be reported to the Treasury Management Panel at the meeting following its action.

3.8 Municipal Bond Agency

It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This council could make use of this new source of borrowing as and when required.

4. ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second and then return.

In accordance with guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using the Capita ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. More recently, in response to the evolving regulatory regime, the agencies have indicated they may remove these "uplifts". This process may commence during 2014/15 and / or 2015/16. The actual timing of the changes is still subject to discussion, but this does mean immediate changes to the credit methodology are required.

It is important to stress that the rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into ratings through the financial crisis. The eventual removal of implied sovereign support will only take place when the regulatory and economic environments have ensured that financial institutions are much stronger and less prone to failure in a financial crisis.

Both Fitch and Moody's provide "standalone" credit ratings for financial institutions. For Fitch, it is the Viability Rating, while Moody's has the Financial Strength Rating. Due to the future removal of sovereign support from institution assessments, both agencies have suggested going forward that these will be in line with their respective Long Term ratings. As such, there is no point monitoring both Long Term and these "standalone" ratings.

Furthermore, Fitch has already begun assessing its Support ratings, with a clear expectation that these will be lowered to 5, which is defined as "A bank for which there is a possibility of external support, but it cannot be relied upon." With all institutions likely to drop to these levels, there is little to no differentiation to be had by assessing Support ratings.

As a result of these rating agency changes, the credit element of our future methodology will focus solely on the Short and Long Term ratings of an institution. Rating Watch and Outlook information will continue to be assessed where it

relates to these categories. This is the same process for Standard & Poor's that we have always taken, but a change to the use of Fitch and Moody's ratings. Furthermore, we will continue to utilise CDS prices as an overlay to ratings in our new methodology.

Furthermore, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Capita, in producing its colour codings which show the varying degrees of suggested creditworthiness.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

4.2 Specified and Non- Specified Investments

Specified Investments are investments offering high security and high liquidity. The investments will be sterling denominated with maturities up to a revised maximum of one year and meet the minimum 'high' credit rating criteria where applicable. Instruments identified for use in the financial year are listed in table below under the 'specified' and 'non-specified' investments categories.

SPECIFIED INVESTMENTS

All 'Specified and Non Specified Investments' listed below must be sterling-denominated.

The types of investments that will be used by the Council

Investment	Max Sum per institution/group	Maximum period
Debt Management Agency Deposit Facility* (DMADF) <ul style="list-style-type: none"> this facility is at present available for investments up to 6 months 	UNLIMITED	6 months
UK Government Gilts	£2m	2 years
UK Government Treasury Bills	UNLIMITED	1 year

Term deposits with the UK government or with UK local authorities (i.e. local authorities as defined under Section 23 of the 2003 Act) with maturities up to 1 year	£7m	2 years
Term deposits with credit-rated deposit takers (banks and building societies), including callable deposits, with maturities up to 1 year (UK & Non-UK)	£7m	1 year
Money Market Funds with UK/Ireland/Luxembourg domiciled	£1m	1 year
Corporate Bonds held in a broker's nominee account (King & Shaxson Ltd)	£2m	2 years to maturity
T-Bills issued by the DMO (Government)	UNLIMITED	1 year
Certificates of deposit (CD's) issued by banks and building societies covered by UK Government (explicit) guarantee	£7m	2 years

Non-specified investments are of greater potential risk and cover deposit periods over one year. Capita continue to maintain the view that, for the time being, clients should look to the short end of the market when making investment decisions and it is the intention of this Council to lend for a maximum period of two years as recommended by Capita. The exception to this is the loan made to Gloucestershire Airport Company which the Council could lend up to three years. The Council does have a 50% share in the airport.

4.3 Creditworthiness policy

This Council applies the creditworthiness service provided by Capita. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years
- Purple 2 years

- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No colour not to be used

The Capita creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-, and a minimum rating of AA- for non-UK banks. Appendix X shows the current list in use at the time of this report. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly and upon any adhoc changes. The Council is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

4.4 Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of **AAA** from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 3. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 4 of 2015. Bank Rate forecasts for financial year ends (March) are:

- 2015/16 0.75%
- 2016/17 1.25%
- 2017/18 2.00%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next three years are as follows:

2015/16 0.60%
 2016/17 1.25%
 2017/18 1.75%

4.5 Council's Banker

The Council banks with Lloyds (Lloyds Banking Group). On adoption of this Strategy, it will meet the minimum credit criteria of A- (or equivalent) long term. It is the Council's intention that even if the credit rating of Lloyds Bank falls below the minimum criteria A the bank will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.

4.6 Annual Minimum Revenue Provision (MRP) Statement

The annual MRP Statement is disclosed in Appendix 4.

4.7 Balanced Budget Requirement

The Authority complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

4.8 Reporting on the Treasury Outturn

The Director of Resources, (Designated Section 151 Officer) will report to Council on its treasury management activities and performance against the strategy at least twice a year, one at mid year and a year end review at closedown time.

The Treasury Management Panel will be responsible for the scrutiny of treasury management activity and practices.

4.9 Other Items

4.10 Training

In CIPFA's Code for Treasury Management, it requires the Director of Resources (Designated Section 151 Officer) to ensure that all appropriate staff and members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their

needs and understand fully their roles and responsibilities. Training requirements will be identified and any shortfalls will be met by Sector or other organisations.

4.11 Treasury Advisors

The CLG's Guidance on local government investments recommend that the Investment Strategy should state:

- Whether and, if so, how the authority uses external advisors offering information, advice or assistance relating to investment and
- How the quality of any such service is controlled.

The Council appointed Capita Asset Services Ltd (formerly known as Sector) as its external advisor in December 2012. They provide us with information, advice and assistance in all areas of treasury. The Council aims to have a close working relationship with Capita and will be in contact with their advisors on a regular basis (weekly) and daily if necessary. A detailed schedule of services is listed within the contract. The Council recognises that responsibility for treasury management decisions remains with the Council at all times.

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COUNTERPARTY LIST as at 2nd January 2015

Country /Domicile	Counterparty	Max CP Limit £m	Max Group Limit £m	Max Duration	Fitch Long-Term Rating
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UK Financial Institutions:

UK	Abbey National Treasury Services plc	7.0	-	6 months	A
UK	Bank of New York Mellon (International) Ltd	7.0	-	12 months	AA-
UK	Barclays Bank Plc	7.0	-	6 months	A
UK	Close Brothers Ltd	7.0	-	3 months	A
UK	Credit Suisse International	7.0	-	6 months	A
UK	Goldman Sachs International/Bank	7.0	-	3 months	A
UK	HSBC Bank Plc	7.0	-	12 months	AA-
UK	MBNA Europe Bank	7.0	-	3 months	A-
UK	Merrill Lynch International	7.0	-	6 months	A
UK	Santander	7.0	-	6 months	A
UK	Standard Chartered Bank	7.0	-	6 months	AA-
UK	Sumitomo Mitsui Banking Corporation Europe Ltd	7.0	-	3 months	A-
UK	UBS Ltd	7.0	-	6 months	A
UK	Nationwide Building Society	7.0	-	6 months	A
UK	Coventry Building Society	7.0	-	3 months	A
UK	Leeds Building Society	7.0	-	3 months	A-
UK	Bank of Scotland (Lloyds Banking Group)	7.0	9.0	12 months	A
UK	Lloyds Bank (Lloyds Banking Group)	7.0	9.0	12 months	A
UK	Nat West Bank (RBS Group)	7.0	9.0	12 months	A
UK	Royal Bank of Scotland (RBS Group)	7.0	9.0	12 months	A
UK	Ulster Bank Ltd (RBS Group)	7.0	9.0	12 months	A-

All the above banks are UK based and are authorised by the FSA

Others:

UK	Local Authorities	7.0	-	Non-Specified	-
	Money Market Funds (MMFs)	10% total Investment	-	1 year	-

Policy Investments:

UK	Cheltenham Festivals Ltd	0.1		12 months	-
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UK	The Gloucestershire Everyman Theatre	0.1		12 months	-
UK	Ubico Ltd (wholly owned LA company - 50/50 CBC & Cotswold DC)	0.5	-	1 year	-
UK	Cheltenham Borough Homes	10		Non-Specified	-
UK	Gloucestershire Airport Ltd - 50/50 CBC & Glos City Council	1.26		8 Years	-

Sovereign rating AAA

Country /Domicile	Counterparty	Max CP Limit £m	Max Group Limit £m	Max Duration	Fitch Long-Term Rating
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Non-UK Financial Institutions:

Australia	Australia & New Zealand Banking Group Ltd	2.0	2.0	12 months	AA-
Australia	Commonwealth Bank of Australia	2.0	2.0	12 months	AA-
Australia	National Australia Banks Ltd	2.0	2.0	12 months	AA-
Australia	Westpac Banking Corporation	2.0	2.0	12 months	AA-
Canada	Bank of Montreal	2.0	2.0	12 months	AA-
Canada	Bank of Nova Scotia	2.0	2.0	12 months	AA-
Canada	Canadian Imperial Bank of Commerce	2.0	2.0	12 months	AA-
Canada	Royal Bank of Canada	2.0	2.0	12 months	AA
Canada	Toronto Dominion Bank	2.0	2.0	12 months	AA-
Finland	Nordea Bank Finland plc	2.0	2.0	12 months	AA-
Germany	Landwirtschaftliche Rentenbank	2.0	2.0	12 months	AAA
Germany	NRW.BANK	2.0	2.0	12 months	AAA
Luxembourg	Clearstream Banking	2.0	2.0	12 months	AA
Singapore	DBS Bank Ltd	2.0	2.0	12 months	AA-
Singapore	Oversea Chinese Banking Corporation	2.0	2.0	12 months	AA-
Singapore	United Oversea Bank Ltd	2.0	2.0	12 months	AA-
Sweden	Nordea Bank AB	2.0	2.0	12 months	AA-
Sweden	Svenska Handelsbanken AB	2.0	2.0	12 months	AA-
USA	Bank of New York Mellon, The	2.0	2.0	12 months	AA-
USA	HSBC Bank USA, N.A.	2.0	2.0	12 months	AA-
USA	Northern Trust Company	2.0	2.0	12 months	AA-
USA	State Street Bank and Trust Company	2.0	2.0	12 months	AA-
USA	U.S. Bancorp	2.0	2.0	12 months	AA-
USA	Wells Fargo Bank NA	2.0	2.0	12 months	AA-

Minimum Credit rating of AA- for Non-UK

Limit of 40% of investment portfolio with non-uk banks.

Annual MRP Statement**Background:**

1. For many years local authorities were required by Statute and associated Statutory Instruments to charge to the Revenue Account an annual provision for the repayment of debt associated with expenditure incurred on capital assets. This charge to the Revenue Account was referred to as the Minimum Revenue Provision (MRP). In practice MRP represents the financing of capital expenditure from the Revenue Account that was initially funded by borrowing.
2. In February 2008 the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [Statutory Instrument 2008/414] were approved by Parliament and became effective on 31st March 2008. These regulations replaced the formula based method for calculating MRP which existed under previous regulations under the Local Government Act 2003. The new regulations required a local authority to determine each financial year an amount of MRP which it considers to be prudent. Linked to this new regulation, the Department of Communities and Local Government (CLG) produced Statutory Guidance which local authorities are required to follow, setting out what constitutes a prudent provision.
3. The CLG Guidance recommends that before the start of the financial year, a statement of MRP policy for the forthcoming financial year is approved by Full Council.
4. The broad aim of the Policy is to ensure that MRP is charged over a period that is reasonably commensurate with the period over which the capital expenditure which gave rise to the debt provides benefits. In the case of borrowing supported by Revenue Support Grant, the aim is that MRP is charged over a period reasonably commensurate with the period implicit in the determination of that grant. MRP is not required to be charged to the Housing Revenue Account. Where a local authority's overall CFR is £nil or a negative amount there is no requirement to charge MRP.
5. The move to International Financial Reporting Standards (IFRS) means that Private Finance Initiative (PFI) schemes and Operating Leases can be brought onto the Balance Sheet. Where this is the case, such items are classed in accounting terms as a form of borrowing. CLG has therefore amended the Capital Finance Regulations to ensure that the impact on the Revenue account is neutral, with MRP for these items matching the principal repayment embedded within the PFI or lease agreement.

MRP Options:

6. Four options for prudent MRP provision are set out in the CLG Guidance. Details of each are set out below with a summary set out in Table 1:

Option 1 – Regulatory Method:

7. This method replicates the position that would have existed under the previous regulatory environment. MRP is charged at 4% of the Authority's underlying need to borrow for capital purposes; the Capital Financing Requirement (CFR). The formula includes an item known as "Adjustment A" which was intended to achieve neutrality between the CFR and the former Credit Ceiling which was used to calculate MRP prior to the introduction of the Prudential System on 1st April 2004. The formula also took into account any reductions possible related to commutation of capital related debt undertaken by central government.
8. The General Fund MRP charge using this method is estimated at £345,402 for 2015/16.

Option 2 – CFR Method:

9. This method simplifies the calculation of MRP by basing the charge solely on the authority's CFR but excludes the technical adjustments included in Option 1. The annual MRP charge is set at 4% of the non-housing CFR at the end of the preceding financial year.
10. The General Fund MRP charge for this method is £nil for 2015/16.

Option 3 – Asset Life Method:

11. Under this method MRP is determined by the life of the asset for which the borrowing is undertaken. This can be calculated by either of the following methods:
 - (a) Equal Instalments: where the principal repayment made is the same in each year, or
 - (b) Annuity: where the principal repayments increase over the life of the asset.

The annuity method has the advantage of linking MRP to the benefits arising from capital expenditure, where these benefits are expected to increase over the life of the asset.
12. MRP commences in the financial year following that in which the expenditure is incurred or, in the year following that in which the relevant asset becomes operational. This enables an MRP "holiday" to be taken in relation to assets which take more than one year to be completed before they become operational.
13. The estimated life of the asset will be determined in the year that MRP commences and will not be subsequently revised. However, additional repayments can be made in any year which will reduce the level of payments in subsequent years.
14. If no life can be reasonably attributed to an asset, such as freehold land, the life is taken to be a maximum of 50 years. In the case of freehold land on which a building or other structure is constructed, the life of the land will be treated as equal to that of the structure, where this would exceed 50 years.
15. In instances where central government permits revenue expenditure to be capitalised, the Statutory Guidance sets out the number of years over which the charge to revenue must be made. The maximum useful life for expenditure capitalised by virtue of a direction under s16(2)(b) is 20 years
16. MRP in respect of PFI and Operating Leases brought onto the Balance Sheet under IFRS falls under Option 3.
17. The General Fund MRP charge using this method is estimated at £615,300 2015/16.

Option 4 - Depreciation Method:

18. The depreciation method is similar to that under Option 3 but MRP is equal to the depreciation provision required in accordance with proper accounting practices to be charged to the Income and Expenditure account.
19. The General Fund MRP charge for this method is £nil for 2015/16.

Conditions of Use:

20. The CLG Guidance puts the following conditions on the use of the four options:

Options 1 and 2 can be used on all capital expenditure incurred before 1st April 2008 and on Supported Capital Expenditure on or after that date.

Options 3 and 4 are considered prudent options for Unsupported Capital Expenditure on or after 1st April 2008. These options can also be used for Supported Capital Expenditure whenever incurred.

MRP Policy for 2014/15:

21. It is proposed that for 2014/15 the Council adopts Option 1 for Supported Borrowing and Option 3 for Unsupported Borrowing. For Option 3, the annuity method for calculating MRP will be used when applicable as it has the advantage of linking MRP to the benefits arising from capital expenditure, where these benefits are expected to increase over the life of the asset.

Table 1

MRP under the CLG Guidance

MRP Options	1 Regulatory Method	2 CFR Method	3 Asset Life Method	4 Depreciation Method
Classifications of Capital Expenditure impacting on the CFR	Capital expenditure incurred before 1 April 2008			
	Supported Capital expenditure incurred after 1 April 2008		Unsupported Capital expenditure incurred after 1 April 2008	
MRP Basis	Former regulations 28 and 29	4% of Non-Housing CFR	Equal Annual Instalments of Principal	Depreciation
Aspects of MRP charges	CFR excludes element attributable to Unsupported Capital Expenditure		EIP commences when asset operational	Depreciation MRP commences when asset operational
			Freehold land 50 years.	Depreciation MRP ceases when CFR component is £Nil
			Freehold land with structure >50 years	Depreciation MRP not adjusted for capital receipt
			Capitalisation periods	Depreciation MRP based on proportion of asset financed from "borrowing".
			PFI/Operating Leases brought on Balance Sheet under IFRS	

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Cheltenham Borough Council

Cabinet – 10th February 2015

Corporate Advertising & Sponsorship

Accountable member	Councillor Andrew McKinlay, Cabinet Member Development and Safety
Accountable officer	Mark Sheldon, Director of Resources
Accountable scrutiny committee	Overview & Scrutiny Committee
Ward(s) affected	All
Key Decision	No
Executive summary	The report recommends an amendment to the Corporate Advertising & Sponsorship policy and the engagement of an advertising agency to develop and manage advertising opportunities for council assets. .
Recommendations	<ol style="list-style-type: none"> 1. The approval of an amendment to the Advertising & Sponsorship policy to include a clause to explicitly prohibit agreements with organisations involved in business of a sexual nature. 2. The approval of an amendment to the Advertising & Sponsorship policy to include a clause to explicitly prohibit agreements with organisations whose advertising content is of a sexual nature. 3. Cabinet delegates authority to the Director of Resources to tender for and select a specialist marketing agency to source and generate advertising and sponsorship opportunities for the council, in line with the terms set out in the amended Advertising & Sponsorship policy. 4. Cabinet notes the comments on the corporate and community plan implications and environmental implications and requests that they be taken into account and addressed, as far as possible, within the procurement process.
Financial implications	<p>The council currently budgets to receive £17.5k from advertising and sponsorship arrangements already in place. There is scope to increase this revenue stream by working with an external agency. The contract is likely to involve an income sharing arrangement with an external agency but will not incur any additional cost to the council.</p> <p>Contact officer: Nina Philippidis, Accountant nina.philippidis@cheltenham.gov.uk, 01242 264121</p>

Legal implications	<p>Any advertising will need to comply with the Advertising Standards Agency and the Code Of Recommended Practice On Local Authority Publicity and the Council's Advertising and Sponsorship policy. Revenue generated will be used to offset the cost of related services. The Council will need to comply with the council's contract rule when procuring a suitable advertising supplier.</p> <p>Contact officer: Sarah Halliwell, Senior Legal Assistant Sarah.Halliwell@teWKesbury.gov.uk, 01684 272692</p>
HR implications (including learning and organisational development)	<p>No direct HR implications as a result of the content of this report</p> <p>Contact officer: Julie McCarthy HR Manager, GO Shared Services julie.mccarthy@cheltenham.gov.uk, 01242 264355</p>
Key risks	<p>The council is at risk from not having an explicit clause in its corporate advertising and sponsorship policy, prohibiting relationships with organisations or content of sexual nature. This allows for inconsistencies in the understanding of the policy and the potential for arrangements to be made by an agency that are not corporately acceptable.</p>
Corporate and community plan Implications	<p>Additional advertising and sponsorship opportunities will help towards the cost of maintaining the council's assets.</p> <p>Installation of lamp post banners is currently undertaken by a local company; this is positive for the local economy and also supports a clean and well-maintained environment as proximity enables maintenance and repair issues to be quickly remedied.</p> <p>The impact of advertising and sponsorship on the built environment will also need to be monitored to ensure that any relaxation of the criteria does not have a negative impact on the aesthetics of the town.</p> <p>The tendering process will need to be managed to ensure engaging a marketing agency does not have a negative effect on the council's stated objectives.</p>
Environmental and climate change implications	<p>Installation of lamp post banners is currently undertaken by a local company, which delivers a direct benefit in terms of reducing emissions from business travel. The company itself also has a strong green policy and has implemented measures such as switching to greener materials supplies, using recycled packaging materials and eco-solvent biodegradable inks, recycling printer cartridges, plastics, wood, paper and cardboard, donating waste vinyl and acrylic to local schools and investing in efficient plant and machinery and low energy IT equipment.</p> <p>The tendering process will need to be managed to ensure these existing environmental benefits are not compromised or lost in the process of engaging a marketing agency.</p> <p>Contact officer: Gill.Morris@cheltenham.gov.uk, 01242 264229</p>
Property/Asset Implications	<p>There is potential to use CBC assets to generate additional income, however the terms will need to be flexible to ensure that it does not fetter other more important strategic and more profitable uses.</p> <p>Contact officer: David.Roberts @cheltenham.gov.uk, 01242 264151</p>

Background

In July 2012 Cabinet agreed to four Corporate Advertising & Sponsorship recommendations that covered;

- The approval of the introduction of the Advertising & Sponsorship policy and procedures.
- Management of revenue from advertising and sponsorship
- The Cabinet Member Development and Safety approval of the list of council assets appropriate for advertising and sponsorship opportunities, developed by the Advertising & Sponsorship Task Group.
- Delegated authority to the Director of Resources to tender for and select a specialist marketing agency to source and generate opportunities for the council.

In the intervening period the task group have been focused on developing the most appropriate, detailed and lucrative proposition.

1. Recent activity

- 1.1 Market testing with a number of marketing agencies and feedback from CBC planning, conservation and enforcement officers, other local authorities and Gloucestershire Highways Department, has been considered, to help develop the proposition and list of assets.
- 1.2 The market testing feedback has aided development of the requirements of a meaningful contract with a marketing agency that will be financially beneficial to all involved. (Appendix A)
- 1.3 CBC has put together a group of key performance indicators against which we will be able to instigate contract break options, if necessary. (Appendix B)
- 1.4 The asset list has been split into two phases, phase 1 assets being deemed the most straightforward, which allows CBC to bed in the process, with an agency initially. The contract will allow for additional assets to be included as appropriate. (Appendix C)
- 1.5 The creation of the Cheltenham Trust has impacted a number of assets which has enabled officers to review the management of the banner sites presenting an opportunity to potentially simplify and increase revenue, utilising local knowledge and ability to respond quickly and efficiently. (Appendix D)
- 1.6 The proposition has been presented to the Cabinet Member Development and Safety. He is happy with the proposal and has approved the list of assets to be included but requested we amend the policy to protect CBC from agreements with organisations whose business and/or advertising content is of a sexual nature. (Appendix E)
- 1.7 An expression of interest advert being developed and published by Procurement officers.

2. Next steps

- 2.1 Produce documents to send out to tenderers
- 2.2 Assess tenders
- 2.3 Award contract

Report author	Contact officer: Jane Stovell jane.stovell@cheltenham.gov.uk, 01242 264367
Appendices	A. Market Testing Feedback B. Key Performance Indicators C. Phase 1 Asset List D. Banner Proposal E. Corporate Advertising & Sponsorship policy and procedure detailing additional information under clause 5.1

Market testing feedback

Key messages for approach to contract are –

- Revenue model to be mix of guaranteed sum + % of profit after costs
- Contract duration to be long enough to recoup initial costs (4-5 years with option to extend)
- Initial proposition should include the most lucrative and straightforward assets, with the option to add assets to contract, as relationship develops, see below.
- Contract to include performance measures and option to terminate if not met
- Risks to successful contract –
 - Lack of stakeholder engagement
 - Planning conditions not concluded
 - Availability of asset information
 - Unrealistic expectation regarding revenue levels

Appendix B

Key performance indicators for contract with an agency

1. Level of advertising (percentage) secured across portfolio of sites
2. Revenue generated against estimate
3. Timeliness of installation and removal
4. Response time for unplanned maintenance and repairs
5. Response time for sales/customer queries
6. Number of complaints
7. *Percentage of repeat sponsors/advertisers and who they are – For information only*
8. *Banners: percentage of advertising secured against capacity (within recognised constraints, eg no of days per year of permitted advertising, type of advertising allowed) – For information only*
9. *Occupancy rate by site – For information only*

Note: customer satisfaction is not included as a specific KPI because the combination of KPIs 3-6 should give a good indication. The council will contact a number of advertisers periodically for feedback on their experience.

Information provided by points 7-9 will be used for analysis rather than performance measurement.

Actual targets to be measured against will be included in tender documents

List of Assets (phase 1)

Asset	Location
Open space & gardens	Benhall Open Space
	Cox's Meadow Open Space
	Glenfall Way Highway Verge
	Centrepiece
	Honeybourne Way/Chelt Walk
	<i>Gloucester Road Open Space</i>
	<i>Honeybourne Line Open Space</i>
	<i>Windyridge Road Open Space</i>
	Roundabouts
Montpellier Walk Roundabout	
Shurdington Road / Up Hatherley Way Roundabout	
Pittville Circus	
Up Hatherley Way / Cold Pool Lane Roundabout	
Race course / Evesham Road Roundabout	
Grovefield Way / Park & Ride Roundabout	
Coronation Square	
Gordon Lamp Island / Lansdown Road	
Cirencester Road / Cudnall Street	
Tewkesbury Road / Princess Elizabeth Way / Kingsditch Lane	
Benhall Road / Gloucester Road / Princess Elizabeth Way	
Arle Court / A40 Gloucester Road / Fiddlers Green Lane	
Cirencester Road / Bradley Road Junction	
Prestbury Rd/Wellington Rd/Albert Rd	
The Reddings/Grovefield Rd	
Honeybourne Way/Waitrose	
Montpellier St/Parabola Rd	
Manor Rd/Rutherford Way	
Car Parks	
	Sherbourne Place Car Park
	High Street Car Park
	Bath Terrace Car Park
	Chelt Walk Car Park
	Commercial Street Car Park
	Coronation Square
	West End
Street light banner sites	c200 across CBC

Boundary signs	Golden Valley Bypass A40
	Tewkesbury Road
	Evesham Road A39
	London Road A40
	Cirencester Road A417
	Leckhampton Road
	Shurdington Road A46

Appendix D

Lamp Post Banner Advertising Content Proposal

Background

From feedback received as part of our market testing, and discussion with other Authorities, banner advertising has been identified as one of the most lucrative marketing opportunities. We currently underutilise this advertising space.

In the past there has been the understanding by both Gloucestershire Highways Department & Cheltenham Borough Council that banner advertising content should be restricted to public interest events only, i.e. Cheltenham Festivals, and no commercial advertising will be accepted (Street Advertising discussions c2001). Since then we have relaxed the criteria to include some commercial content, but only if related to local events, i.e. Racing Post advertising during Race Week.

Proposal

As part of the Advertising project, we have the opportunity to expand on both the extent of banner advertising and content criteria, with the aim of increasing the level of revenue generated.

Having spoken to the interested groups – GCC Highways Dept, CBC Planning & Enforcement teams – and consulting the CBC Corporate Advertising & Sponsorship Policy, there is no legislation or agreements in place to prevent us from expanding on the current content criteria. However we still want to ensure Cheltenham maintains a level of ‘good taste’.

We propose that we relax the criteria, to allow commercial advertising, in line with the Advertising Standards Authority, CBC Advertising & Sponsorship Policy and Planning Requirements, on a number of our banner sites, whilst maintaining an exclusion zone within the central area, within which we will continue with current arrangements.

The relaxation of content criteria would extend for the period of the agency advertising contract, after which time we can review feedback and revenue generated, in order to determine our long term strategy.



Corporate Advertising & Sponsorship Policy

1. Introduction

- 1.1 The purpose of the policy is to set out the terms upon which advertising and sponsorship may be sought and accepted by Cheltenham Borough Council (the “council”).
- 1.2 The council is committed to developing appropriate advertising and sponsorship opportunities, to support its core activities either directly or indirectly. It will encourage commercial relationships which do not conflict with the delivery of its strategic goals.
- 1.3 The policy aims to provide a clear steer as to appropriate advertisers and sponsors, and forms of advertising that are acceptable to the council, without being overly prescriptive.
- 1.4 The policy relates to advertising and sponsorship opportunities connected to the council's physical sites (e.g. buildings/gardens/roundabouts etc), publications, website, services, events and other activities for which is it formally responsible.

2. Definition

- 2.1 For the purposes of the policy, advertising is defined as:

“An agreement between the council and the advertiser, whereby the council receives money from an organisation or individual in consideration for which the advertiser gains publicity in the form of an advertisement on council controlled physical sites, publications, website, services, appropriate events, campaigns or initiatives.”

- 2.2 Sponsorship is defined as:

“An agreement between the council and the sponsor, where by the council receives either money or a benefit in kind for a physical site, publication, event, campaign or initiative from an organisation or individual in consideration of which the sponsor gains publicity or other benefits.”

3. Objectives

- To ensure the council maximises opportunities to obtain commercial sponsorship and advertising for its physical sites, publications, website, services, appropriate events, campaigns or initiatives.
- To ensure the council's position and reputation are adequately protected in sponsorship/advertising agreements.
- To ensure the council adopts a consistent and professional approach towards sponsorship and advertising.
- To ensure best value is obtained and provided in sponsorship and advertising arrangements.

- To protect members and officers from allegations of inappropriate dealings or relationships with sponsors and advertisers.

4. General Principles

- 4.1 The council will actively seek opportunities to work with both local and national organisations by identifying sponsorship and advertising opportunities of mutual benefit which are in keeping with its strategic priorities and core values.
- 4.2 The council will not put itself in a position where it might be said that a sponsor or advertiser has, or might be thought to:
- have influenced the council or its officers in carrying out its statutory functions.
 - be in order to gain favourable terms from the council in any business or other agreement.
 - align the council with any organisation which conducted itself in a manner which conflicts with the council's values.
- 4.3 The policy is not designed to be an exhaustive list of rules regarding advertising behaviour, the starting point is that all advertising falls within the guidelines laid out by the Advertising Standards Authority (ASA) www.asa.org.uk and the Code of Recommended Practice on Local Authority Publicity www.communities.gov.uk/publications/localgovernment/coderecommended
- 4.4 In line with the codes referred to above, advertisements should be:
- Legal, decent, honest and truthful.
 - Created with a sense of responsibility to consumers and society.
 - In line with the principles of fair competition generally accepted in business.
- 4.5 The council does not take a 'white listing' approach (which is when specific permitted advertising is defined), but rather follows a 'black listing' approach which is when the basic assumption is that advertising is permitted unless it falls into a number of prohibited categories, as defined below.
- 4.6 The basic approach taken by the council is to maximise the number of advertisements and advertisers which are permitted and encouraged to advertise using the council's assets and minimise the number that are prevented from doing so by any policy controls or restrictions.
- 4.7 Although there are some specific categories of products and services which may not be promoted using council assets, as defined below, most products and services may be promoted.
- 4.8 The council reserves the right to remove advertising without reference to the advertiser.
- 4.9 The council will agree with the sponsor/advertiser the nature and content of the publicity and will retain the right to approve all advertising material.
- 4.10 The council reserves the right develop a partnership working arrangement for the delivery of advertisement and sponsorship opportunities. It must comply with the council's procurement policy should it wish to proceed down this route.

5. Prohibited advertisers/sponsors

- 5.1 The council will not enter into agreements for sponsorship or advertisements from:

- Organisations not complying with the council's Advertising policy or the Advertising Standards Authority Code of Practice
 - Organisations in financial or legal conflict with the council
 - Organisations with a political purpose, including pressure groups and trade unions
 - Organisations involved in the production and sale of weaponry including firearms
 - Organisations involved in the production of tobacco and cigarettes
 - **Organisations involved in business of a sexual nature**
 - **Organisations whose advertising content is of a sexual nature**
 - **Organisations whose business and/or advertising content could be deemed to cause upset or embarrassment to the council, its Members or members of the public**
 - Organisations involved in discrimination, victimisation, harassment or other unlawful conduct that is prohibited under the Equality Act 2010 against people on the grounds of age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex, sexual orientation, marriage and civil partnership.
- 5.2 The above list is not exhaustive, and the council retains the absolute right to decline sponsorship and/or advertising from any organisation, group or individual or in respect of particular products which the council in its sole discretion considers inappropriate.

6. Procedures

- 6.1 Before seeking advertising or sponsorship, officers must consider the council's Corporate Advertising and Sponsorship policy and consult with the officer responsible for advertising and sponsorship within the Resources Division.
- 6.2 Sponsorship bids above £30,000 must be approved by the Director of Resources in association with the appropriate Cabinet Member, and all bids must comply at all times with the council's procurement policy, which may require the advertising of a sponsorship opportunity to potential sponsors.
- 6.3 All advertising and sponsorship opportunities will be progressed in accordance with the Development Control team and relevant planning legislation.
- 6.4 The council will maintain a central advertising and sponsorship register. The register will be controlled and maintained by the Commissioning Division. It will be the responsibility of the Corporate Governance, Risk & Compliance Officer to enter advertising and sponsorship opportunities and completed agreements on this register.
- 6.5 Sponsorship agreements must be referred to One Legal for review, prior to signing.

7. Approvals

- 7.1 Advertising and sponsorship valued at £1,000 or under (and relating to only one financial year or event) can be agreed by the relevant cost centre manager (unless there are any special circumstances which make a second authorisation desirable e.g. if the issue might be politically sensitive, or the sponsor has requested unusual conditions).
- 7.2 Advertising and sponsorship agreements for deals valued between £1,001 and £30,000 (or covering more than one financial year with an aggregate total of between £1,001 and

£30,000) must be agreed and countersigned by the relevant service Director. The relevant Cabinet Member should also be informed of all deals valued between £10,000 and £30,000.

- 7.3 Deals valued at over £30,000 should not be agreed without consultation with the relevant Cabinet member and should be signed by the relevant Director.

8. Disclaimer

- 8.1 Acceptance of advertising or sponsorship does not imply endorsement of products and services by Cheltenham Borough Council. In order to make this clear all publications, or other media, with advertising or sponsorship should carry the following disclaimer:

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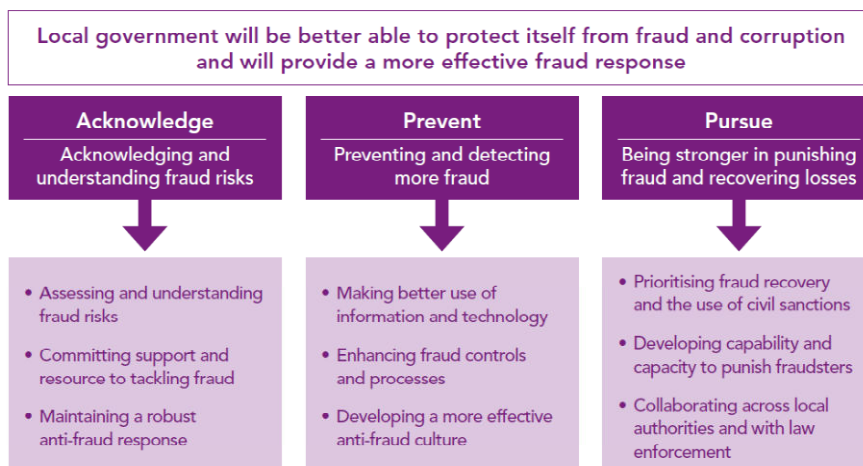
**Cheltenham Borough Council
Cabinet – 10th February 2015
Counter Fraud Unit – An Evolutionary Approach**

Accountable member	Cllr Jon Walklett
Accountable officer	Mark Sheldon – Director of Resources
Ward(s) affected	All
Key Decision	No
Executive summary	<p>In April 2012 the Government outlined the Fighting Fraud Locally Strategy and with it came the Local Government Fraud Strategy, which recognised that fraud cost the UK in the region of £73 billion per year. The strategy outlined that Local Government needed to “Acknowledge, Prevent and Pursue” fraud which in itself accounted for £2.2 billion.</p> <p>Since then the Government has established other initiatives to combat fraud. These included the Department of Work and Pensions (DWP) Single Fraud Investigation Service (SFIS) which would take on the benefit fraud investigation work that was originally done by Local Government.</p> <p>This report looks at the impact of SFIS and the possible requirements for changes to Cheltenham Borough Council’s structure to continue “Acknowledging, Preventing and Pursuing” fraud in all its guises post SIFS in April.</p>
Recommendations	<p>a) That Cabinet approves an evolutionary approach for the establishment of a Counter Fraud Unit to be managed by the internal audit provider Audit Cotswolds, as outlined in this report, which includes the creation of the new Counter Fraud Officer post as part of Phase 1</p> <p>b) That Cabinet authorises to the Director of Resources to enter into such documentation as is necessary (including an agreement with Cotswold District Council as host authority for Audit Cotswolds) to enable the establishment of the Counter Fraud Unit</p>

Financial implications	<p>The 1 FTE will be funded by contributions from Cheltenham Borough Homes Ltd and some of the residual benefits administration grant. The post is therefore only fully funded for 2015/16. This will therefore require review during 2015/16 for any subsequent extension.</p> <p>Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
Legal implications	<p>The governance arrangements for the new Counter Fraud Unit will be carefully considered as the initiative evolves through each Phase described in the report and legal documentation will be produced as necessary. For Phase I, employment issues relating to the appointment of the new 1 FTE post will be addressed and it is likely that the management of this new post by Audit Cotswolds will be in accordance with s113 of the Local Government Act 1972.</p> <p>Contact officer: peter.lewis@teWKesbury.gov.uk, 01684 272012</p>
HR implications (including learning and organisational development)	<p>GOSS HR team will work with the Council to advise on recruitment process including the drafting of any secondment agreement.</p> <p>Contact officer: Julie McCarthy , julie.mccarthy@cheltenham.gov.uk, 01242 264355</p>
Key risks	<p>That the authority becomes vulnerable to fraud and the inevitable consequences e.g. reputational damage, loss of income,</p>
Corporate and community plan Implications	<p>This links to all aspects of the authority's objectives where a fraudster could adversely impact on the delivery of that objective e.g. housing is adversely impacted by tenancy fraud.</p>
Environmental and climate change implications	<p>N/A</p>
Property/Asset Implications	<p>Contact officer: David Roberts@cheltenham.gov.uk</p>

1. Background

- 1.1 The requirement for a dedicated Counter Fraud Unit has come about through various key drivers:
- 1.1.1 Recognition from Central Government – Fighting Fraud Locally Strategy (see table 1 below), the National Fraud Initiative (NFI), CIPFA and Audit Commission that there is a risk of various types of fraud to impact on a Local Authority
- 1.1.2 Changes to the Benefit Fraud Investigation requirements – Department of Work and Pensions (DWP) Single Fraud Investigation Service (SFIS). The officers currently providing a benefit fraud function have well-honed skills in PACE interviewing and investigations for criminal level prosecution – level of evidence is to: “Beyond reasonable doubt”. However, DWP are looking to reduce benefit administration grant in 2015/16 by circa £17k, and in 2016/17 by an additional £54k. This in effect removes all revenue funding for existing benefit fraud staff who are due to TUPE to DWP on 1st April 2015.
- 1.1.3 There remains an expectation from DWP SFIS that Local Authorities will provide information to them to aid their investigations. This information is beyond a simple administrative role.
- 1.1.4 Existing Internal Audit functions do not currently have all the capacity, tools or skills to deliver a Counter Fraud function that safeguards the organisations against all external fraud risk, for example, Council Tax fraud (single person discount). They do have the skills to tackle corporate fraud and other internal probity matters, which are normally dealt with through disciplinary procedures with a lower level of evidence required “Balance of Probability”. The risk of the current circumstances is that there will be a demand for internal audit to tackle all counter fraud issues. This risks delivery of internal audit planned activity. However, the Head of Internal Audit is still required to report on all fraud matters as directed through both the CIPFA Annual Governance Statement requirements and the Audit code of practice.
- 1.1.5 New legislation Prevention of Social Housing Fraud Act 2013 and that only Local Authorities have these powers and still have powers under Council Tax Reduction Schemes and other legislation.
- 1.1.6 Direction from DCLG, DWP and other key bodies to the investigation of non-benefit fraud areas.
- 1.1.7 The new Transparency Code October 2014 requires reporting on Counter Fraud activity as does the annual letter from the Chair of the Audit Committee to the external auditors regarding the measures in place to counter fraud.
- 1.1.8 There is also a new code of practice from CIPFA
- 1.1.9 Table 1 ~ Fighting Fraud Locally



2. Reasons for recommendations

2.1 Innovation, Partnership Working and Sustainability

2.1.1 New innovative tools and processes can be introduced to the CFU partners. This enables effective intelligence led investigations into non-benefit fraud to be delivered through data matching across all systems in the authority and other partners.

2.1.2 The use of existing partnerships and formation of new partnerships will enable the service to counter fraud and maximise revenue across Gloucestershire and Oxfordshire.

2.1.3 The CFU has been modelled on an award winning self-financing counter fraud unit.

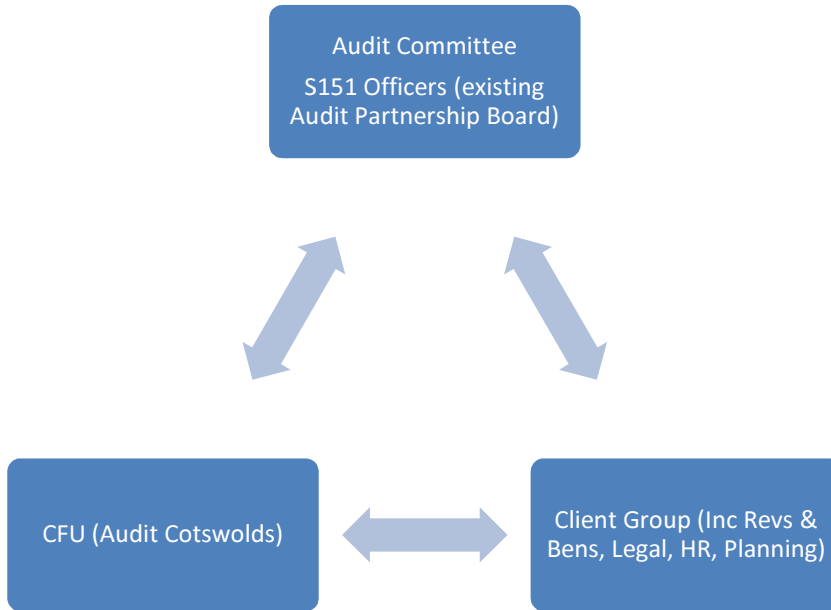
2.2 Counter Fraud Unit – An Evolutionary Approach

2.2.1 To ensure that the new service has minimal transitional impact, recognises existing change programmes and demands on partners, but still has opportunity to be successful in meeting expectation – the service should be introduced in a phased approach, starting with the existing Audit Cotswolds partners as set out below:

2.2.2 Phase 1 – secure the initial team – 2014/15 by March 2015

- Use Audit Cotswolds framework of reporting (S151s and Audit Committees) across partners and clients (see chart 1 below)
- Build the team (4 officers including a manager across the Audit Cotswolds partnership)
- For CBC - Create, evaluate and recruit staff to investigator positions x 1 and make available for Audit Cotswolds
- Set criteria for success for year 1, 2 and 3 and growth rate with partners and clients
- Seek funding/support from County regarding areas where greater benefit is received by County compared to Districts
- Seek funding from DCLG – initial bid submitted 5th September 2014 (decision now expected end of January 2015)
- Seek appropriate approvals from Boards / Cabinets, etc
- Set initial investment levels – linked to expectations – for CBC this is 1FTE for 2015/16. This is derived by revenue from the HRA account via Cheltenham Borough Homes Ltd to investigate tenancy fraud related matters (circa £16.5k) and some of the residual benefit administration grant. The funding for 2016/17 will need to bridge the gap cause by the removal of the remaining administration grant by DWP.
- Apply appropriate governance agreements e.g. secondments, Memorandum of Understanding, S101 agreements / amendments etc and seek appropriate authority for these agreements as necessary.

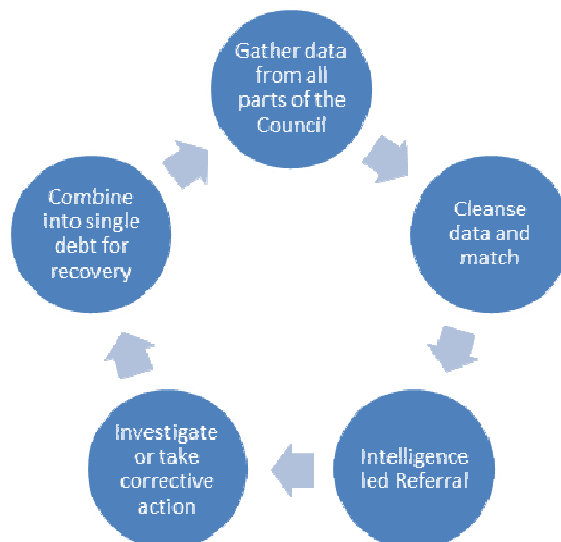
Chart 1 ~ reporting framework



2.2.3 Phase 2 – develop the tools – 2015/16– subject to business case / funding

- Create, evaluate and recruit a data analyst
- Procure and develop the data warehouse/matching software – estimated £2k per partner/client for a license (see chart 2 below)
- Engage with heads of service to secure data sets
- Engage with ICT – develop project
- Introduce a Project manager and framework

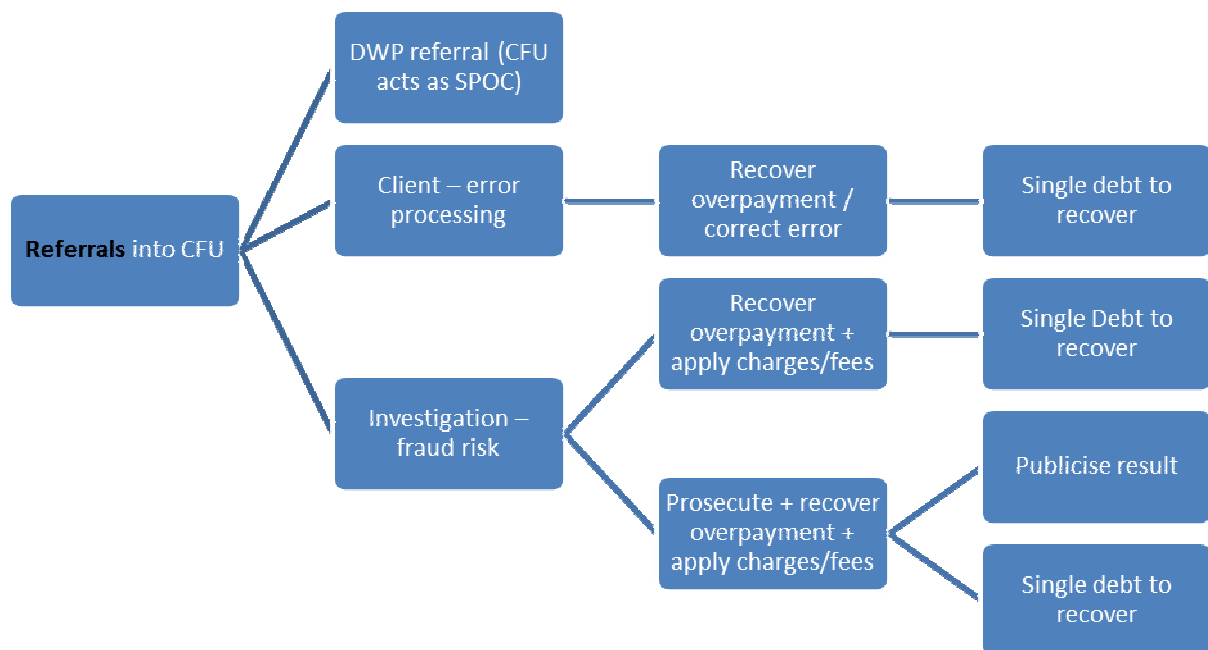
Chart 2 ~ Data Warehouse/Matching



2.2.4 Phase 3 – full CFU service – 2016/17

- Potential TUPE in all staff to a new formal governance framework – may be a hosted arrangement
- S101 or suitable longer term governance
- Full data matching service in operation including referral management (see chart 3 below)
- Intelligence led investigations
- Introduce apprentice/trainee post
- Introduce new partners/clients – workloads permitting

Chart 3 ~ Referral Management



2.2.5 Phase 4 – Full Hub service – 2017/18

- Engage all partners in Gloucestershire – the Hub is live
- Develop link to Oxfordshire hub.

2.3 Costs of service

2.3.1 Each phase of the process provides an opportunity for the S151 to determine the level of resource they are prepared to commit to Counter Fraud Unit activity in line with the three principles set out in table 1. This is a local decision. For phase 1 the commitment is the 1 FTE and the use of Audit Cotswolds management.

2.4 Summary

2.4.1 The CFU service would be generating year on year savings through the prevention, detection and

investigations of non-benefit fraud for an annual investment. These annual savings can be reinvested to move through each CFU phase. It will use data matching, partnership working and case study based processes to deliver a service to; initially provide counter fraud awareness and investigations, then to progress to full data matching and more proactive operations. Therefore the risks are minimised in terms of initial investment.

3. Alternative options considered

3.1 The alternatives to the development of a Counter Fraud Unit are:

- 3.1.1 Do nothing – allow benefit fraud staff to transfer to DWP and accept the reduction in counter fraud resources. The risk of this option is twofold; 1) the risk of fraud increases as less resources in place to prevent; 2) the risk of cost to the authority through fraud increasing as the resources to pursue reduce.
- 3.1.2 By in resource when necessary – when a fraud is identified the authority ‘buys-in’ the resource to investigate. The risk of this option is twofold: 1) through the benefit fraud team there is a route to report all fraud known as the referral process. Without the CFU to pick this work stream up the authority will lose the ability to acknowledge fraud; 2) there would be no clear means to prevent fraud as the authority would only react to the frauds as they arise.

4. Consultation and feedback

4.1 The Audit Committee is the primary consultee for the Counter Fraud Unit as this is the committee with responsibility to sign off the Cheltenham Borough Council’s letter to the external auditor regarding the counter fraud measures in place, thus helping to mitigate the chance of material misstatement in the final accounts due to fraud. On the 14th January 2015 the Audit Committee supported the creation of a CFU and the reporting framework as set out in this report.

5. Performance management –monitoring and review

- 5.1 The Audit Committee already receives an annual counter fraud report from the Head of Internal Audit. It is anticipated that this mechanism will be enhanced to help this committee monitor the work of the CFU.
- 5.2 As outlined above, the S151 Officer (Director of Resources) as a member of the Audit Partnership Board will monitor the work of the CFU delivered by Audit Cotswolds.

Report author	Contact officer: Robert Milford Head of Audit Cotswolds, robert.milford@cheltenham.gov.uk, 01242 775058
Appendices	1. Risk Assessment 2.
Background information	1. http://www.audit-commission.gov.uk/2014/10/protecting-the-public-purse-2014/ Hard copy available for Members 2.

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	The authority suffers material losses due to fraud	MS	11/12/14	4	4	16	Reduce	Introduce a Counter Fraud Unit to reduce the likelihood of the risk materialising and also to help recover losses, thus reducing the impact.	31 st March 2015	MS	

Explanatory notes

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)

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)

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