



CHEL TENHAM

BOROUGH COUNCIL

Notice of a meeting of Council

Friday, 13 February 2015

2.30 pm

Council Chamber, Municipal Offices

Membership	
Councillors:	Simon Wheeler (Chair), Duncan Smith (Vice-Chair), Matt Babbage, Flo Clucas, Adam Lillywhite, Chris Mason, Dan Murch, Chris Nelson, John Payne, Max Wilkinson, Wendy Flynn, Andrew Chard, Paul Baker, Garth Barnes, Nigel Britter, Chris Coleman, Bernard Fisher, Jacky Fletcher, Colin Hay, Tim Harman, Rowena Hay, Sandra Holliday, Peter Jeffries, Steve Jordan, Andrew Lansley, Helena McCloskey, Andrew McKinlay, David Prince, John Rawson, Anne Regan, Rob Reid, Chris Ryder, Diggory Seacome, Malcolm Stennett, Klara Sudbury, Pat Thornton, Jon Walklett, Andrew Wall, Roger Whyborn and Suzanne Williams

Agenda

1.	APOLOGIES	
2.	DECLARATIONS OF INTEREST	
3.	MINUTES OF THE LAST MEETING Minutes of the Extraordinary meeting held on 26 January 2015	(Pages 1 - 44)
4.	COMMUNICATIONS BY THE MAYOR	
5.	COMMUNICATIONS BY THE LEADER OF THE COUNCIL	
6.	PUBLIC QUESTIONS These must be received no later than 12 noon on the fourth working day before the date of the meeting	
7.	MEMBER QUESTIONS	
8.	FINAL GENERAL FUND BUDGET PROPOSALS 2015/16 (INCLUDING SECTION 25 REPORT) Report of the Cabinet Member Finance	(Pages 45 - 108)
9.	FINAL HOUSING REVENUE ACCOUNT REVENUE BUDGET 2015/16 Report of the Cabinet Member Finance	(Pages 109 - 124)

10.	TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY 2015/16 Report of the Cabinet Member Finance	(Pages 125 - 152)
11.	APPOINTMENT OF MAYOR AND DEPUTY MAYOR Report of the Chief Executive	(Pages 153 - 158)
12.	NOTICES OF MOTION	
13.	TO RECEIVE PETITIONS	
14.	ANY OTHER ITEM THE MAYOR DETERMINES AS URGENT AND WHICH REQUIRES A DECISION	

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Andrew North
Chief Executive

Council

**Monday, 26th January, 2015
6.00 - 10.35 pm**

Attendees	
Councillors:	Simon Wheeler (Chair), Duncan Smith (Vice-Chair), Matt Babbage, Flo Clucas, Adam Lillywhite, Chris Mason, Dan Murch, Chris Nelson, John Payne, Max Wilkinson, Wendy Flynn, Andrew Chard, Paul Baker, Garth Barnes, Nigel Britter, Chris Coleman, Bernard Fisher, Jacky Fletcher, Colin Hay, Tim Harman, Rowena Hay, Sandra Holliday, Peter Jeffries, Steve Jordan, Andrew Lansley, Andrew McKinlay, David Prince, John Rawson, Anne Regan, Rob Reid, Chris Ryder, Diggory Seacome, Malcolm Stennett, Klara Sudbury, Pat Thornton, Jon Walklett, Roger Whyborn and Suzanne Williams

Minutes

1. APOLOGIES

Apologies were received from Councillor Helena McCloskey.

2. DECLARATIONS OF INTEREST

Councillor Prince declared an interest as a member of the county council TRO committee but advised that he had given his apologies to the meeting of 15 January 2015 so that he could take part in this debate at Council today.

3. MINUTES OF THE LAST MEETING

Upon a vote it was unanimously

RESOLVED that the minutes of the meeting held on 15 December 2014 be agreed and signed as an accurate record.

4. COMMUNICATIONS BY THE MAYOR

The Mayor expressed his sadness at the recent passing away of Honorary Aldermen Daphne Pennell and Terry Ruck. The former had been a borough councillor for 12 years during the late 1980s and 90s and had been Mayor in the 2000/2001 Municipal Year. Similarly Honorary Alderman Terry Ruck had been a councillor for many years. He asked members to stand for a minutes silence in their remembrance.

5. COMMUNICATIONS BY THE LEADER OF THE COUNCIL

The Leader advised members that following the debate at the last Council meeting regarding the rail utilisation strategy he had submitted a letter as the Council's response to the Western Route Study Consultation. He thanked members of the cross party scrutiny task group for their work on this.

He had been requested to give a statement on North Place. He advised that Auger Buchler, the lead developer for North Place, had agreed a contract with Morrisons supermarket. Morrisons had given notice to cancel the contract on 16 December 2014 and consequently discussions were under way between Morrisons and Auger Buchler. As CBC were not involved in the contract he could give no more information at this stage.

6. PUBLIC QUESTIONS

There were 35 public questions and these are set out in the Appendix.

7. MEMBER QUESTIONS

There were 15 member questions and these are set out in the Appendix.

At the conclusion of this item at 7.25 pm, the Mayor adjourned the meeting for a short break and it reconvened at 7:45 p.m.

8. CONSIDERATION OF THE RECOMMENDATIONS OF THE GCC TRAFFIC REGULATION ORDER COMMITTEE

The Cabinet Member Councillor Andrew McKinlay introduced the report which has been circulated with the agenda. The report explained that in November 2013, Cheltenham Borough Council (CBC) committed to further consider the Cheltenham Transport Plan (CTP) once the recommendations of Gloucestershire County Council's (GCC's) Traffic Regulation Order (TRO) Committee had been received. The TRO Committee met on 15 January 2015.

The Cabinet Member reminded members that they were here to debate the Council's response to the TRO committee decision of the 15 January and not to re-examine every aspect of the proposals again. He wanted to put on record his thanks to the TRO committee for their time and diligence in considering the Cheltenham Transport Plan. Council's role today was to advise GCC of their view on how the Cheltenham Transport Plan should proceed in light of the TRO committee decision. He referred members to the minutes of the TRO committee which had been circulated to all Members. These confirmed that the TRO had approved all aspects of the Traffic Regulation Orders it considered as permanent schemes with the exception of the closure of Boots Corner to traffic which the committee made temporary for 18 months, with a review after 10 months.

He reminded members that the debate about the Cheltenham Transport Structure had been going on for over 70 years. The current one-way system solution was adopted in the 1960s and had never been satisfactory. In reality a 1960s traffic solution had been grafted onto a Regency Road Network and as a result, consultation had found little support for continuing with the status quo. There had been a long public debate and consultation on how best to address the issues and the current process had started in 2000. GCC believes that the Cheltenham Transport Plan can assist in delivering a long-term sustainable future for the town. He acknowledged that some people were sceptical about the impact of the plan on neighbourhoods and had questioned the accuracy of some of the evidence used. In a scheme of this complexity it was inevitable that some adjustments would be required and these would be addressed by the county council as they were identified. In the case of the Boots Corner TRO there would be a specific review after 10 months.

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The Cabinet Member went on to address a number of specific concerns which had been raised:

Equality Impact Assessment - this document had been prepared by GCC in partnership with this council and relevant groups had been consulted.

Risk Assessment – to date the risks considered by CBC have been high-level since no decision have been taken to implement the scheme. Detailed risks would emerge from finalised designs and would be subject to safety audits by the GCC Highways Team.

Bath Road - a safety trial is currently underway following two fatal accidents with the aim of reducing speeds and increasing safety.

Reversal costs - these were covered in the letter from Scott Tompkins, Lead Commissioner Highway Authority, GCC, to the Leader. For clarity the costs of reversing the scheme at Boots Corner were low as major works would not begin until the TRO is made permanent.

Boots Corner experiment - this was no impediment to progress as it was always intended that there would be a review prior to making the scheme permanent.

In conclusion he encouraged members to consider the debate today to be about the town's future as a whole including the economy, its attractiveness of visitors, businesses and investors and for its citizens. It was a once-in-a-lifetime opportunity and he warned that if Council did not support it they could be condemning Cheltenham to decades of increasing traffic chaos with a transport system that was widely acknowledged as not being fit for purpose.

He therefore moved the resolution

"This council supports the recommendations of the Gloucestershire County Council Transport Regulation Order Committee of 15 January 2015 and asks the Chief Executive to convey this support to Gloucestershire County Council and request that they progress the delivery of the Cheltenham Transport Plan."

Councillor Tim Harman reminded members that he now spoke as the new Group Leader of the Conservative party and he thanked Councillor Duncan Smith for his excellent work in this role.

Councillor Harman proposed the following amendment which was seconded by Councillor Babbage.

1. *That all changes under the Cheltenham Transport Plan TRO should be experimental, not just Boots Corner*
2. *That the county council is requested to provide clear, quantifiable success/failure criteria set out in advance, including regard to:*
 - *safety, number of accidents*
 - *pollution levels generally, AQMA areas*
 - *journey times on certain routes in particular*
 - *number of vehicles on a range of roads*
3. *That the county council is requested to provide bi-monthly updates on progress and assessments of the scheme*

4. *that mitigation funding is increased to £300,000.*

In proposing the amendment, Councillor Harman felt the meeting so far had posed more questions than answers. Although he welcomed the TRO committee's decision to make the Boots Corner TRO experimental he felt that all TROs in the scheme should be experimental. They had already been advised that under current plans if the rest of the scheme didn't work it couldn't be reversed and if this was the case they would be failing in their duty to residents. He reminded members that the mitigation funding had been increased by Council at a previous meeting in response to an amendment from former Councillor Rob Garnham. This increase was to be funded from the New Homes Bonus and how to pay for a further increase would be something that needed to be discussed with the county council. However he pointed out that the council had received a large capital receipt for North Place which could be used to make some contribution.

In seconding the amendment, Councillor Babbage, had fundamental concerns about the transport plan that was being proposed for Cheltenham and he could only support it if all the TROs were experimental. He raised concerns about particular streets which would suffer increased traffic flow and named Sanford Street, Trafalgar Street and Hales Road. He was also concerned that the flow of traffic from Rodney Road into Winchcombe Street would become the new Boots Corner.

A Member raised a point of order and asked for clarification on the information that they had been given earlier in the meeting that any attempt by this council to amend any of the TRO recommendations would be likely to result in the recommendation to the GCC Cabinet being negated.

ST advised that as a GCC officer he could only speak in terms of the advice that he would give to his Cabinet Member in this situation and could not comment on the legal/constitutional issues. He advised members that experimental traffic schemes were expensive to implement and could cause anger and confusion with drivers and would be unlikely to provide members with the type of trial they were looking for. He emphasised that the changes to the inner ring-road were not irreversible and needed to be given time to bed in and he reassured members that if any safety concerns were identified they would be addressed. The cost of a two-week trial at St Margaret's Road had been in the order of £30,000 as the equipment had to be hired and checked daily. Thus the costs of making the whole scheme temporary would be very high and he would recommend that if that level of funding was available it would be better placed being put into mitigation measures.

The Cabinet Member Finance, Councillor Rawson, suggested that amendment 2 would be welcomed and was not controversial and county council officers had already offered to provide a quarterly update as requested in 3. He was concerned about the arbitrary doubling of the mitigation funding and felt that the council was already committed to working with the county council to find the necessary funds to make the new system work. The council should not risk the scheme being pulled by agreeing the amendment. The traffic measures being proposed were sensible and would make the roads in Cheltenham safer and increase traffic capacity.

Another member was concerned that the implications of the amendment were uncosted and the likely reaction of the county council was unknown.

Another member speaking against the amendment, highlighted the risk of doing nothing and if there was no plan B returning to a blank sheet of paper. Doing nothing would result in Cheltenham becoming more gridlocked as traffic increases and risk damaging the economy of the town and its attractiveness as a shopping centre.

Several members described the amendment as a 'wrecking' amendment which would result in no scheme happening. They considered the benefits of the scheme had already been set out in great detail and issues had been addressed in the risk assessment. They reminded members that Council had the opportunity to express their views at the meeting in November 2013 and there had been cross-party support for the recommendations at that stage. The consultation showed that most of the residents of Cheltenham supported the scheme for its economic and environmental benefits and its support for businesses. The Chamber of Commerce and businesses also supported the scheme. The Council's decision today should be a straight yes or no to the scheme.

Another member whilst wholeheartedly supporting the closure of Boots Corner could not support the amendment as they felt the whole scheme of trying to get more traffic on fewer roads would not work.

A member felt that an experimental scheme would not be an accurate provider of traffic data. Another member agreed that the whole traffic scheme would probably be too big and too complicated to trial so that could be a reason to vote against the amendment. A member reminded Council that an experimental option for Boots Corner had been put forward following concerns raised and it may be that if the council passed this amendment other feasible options for trials could appear. They also highlighted that 94% of people who expressed an opinion on the proposals were against so this was not a mandate for change.

In responding to the debate, the proposer assured members that this was not a wrecking motion. He understood that there were financial implications but he asked Council to consider the costs of getting the whole scheme wrong.

Before the vote, Councillor McKinlay indicated that he was happy to accept points 2. and .3 of the amendment into the substantive motion. Having heard the response from GCC officers he could not support 1. and he felt the fixing of a figure in 4. was premature, particularly as the Cabinet Member Finance had already assured Council that mitigation funding would be found where necessary to make the scheme work.

A vote on each part of the amendment requested and the voting was as followed:

- 1) Voting For 14, Against 22, Abstentions 2
- 2) Voting For 35, Against 2, Abstentions 1
- 3) Voting For 35, Against 2, Abstentions 1
- 4) Voting For 11, Against 23, Abstentions 4

Parts 2 and 3 were incorporated in the original resolution proposed by Councillor McKinlay and this became the substantive motion as follows.

- 1. This Council supports the recommendations of the Gloucestershire County Council Transport Regulation Order Committee of the 15 January 2015**
- 2. Requests the Chief Executive of the Council to convey this support to Gloucestershire County Council and request that they progress the delivery of the Cheltenham Transport Plan subject to the following being provided by the County Council**
 - i) clear, quantifiable success/failure criteria set out in advance, including**
 - **Safety, number of accidents**
 - **Pollution levels generally, Air Quality Management Areas**
 - **Journey times on certain routes in particular**
 - **Number of vehicles on a range of roads**
 - ii) Quarterly updates on progress and assessment of the scheme**

Speaking against the motion, members made the following comments:

- The scheme as presented was simply moving the traffic from one inner ring road to another and with fewer roads and increasing levels of traffic it would create a series of bottlenecks and possibly a new boy racer route. The correct solution was to look at developments and mitigations which would substantially reduce the volume of traffic coming into the town centre.
- The North West distributor road should be revisited as an option.
- The plans for the pedestrian scheme at Boots Corner was flawed by the inclusion of access for taxis, buses and cyclists. There was scepticism over whether the idyllic pictures of Boots Corner would actually be delivered in reality. The trial of Boots Corner was not a proper trial unless it included bus traffic as well. One member estimated that there could be as many as 60 to 70 buses per hour passing through this area. Boots Corner could not be compared to the shared area in the lower High Street where there was much more delineation between the road and the pavement.
- There were still concerns that the scheme at Boots Corner permitted Hackney Carriages but not private hire vehicles and this was seen as discriminatory to many people, including the elderly, who would have to pay higher fares for the longer routes that private hire vehicles would have to travel.
- There were concerns and sympathy for residents in St Lukes, College Road and the Sandford Park area who may suffer serious traffic problems as a result of the scheme.

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- A member was personally committed to making the town a better place to live in and even though it had taken a very long time to get to this stage that was not a good reason for implementing a solution which would not work for Cheltenham residents.
- Previously the council had encouraged people to live in the town centre but the scheme would positively discourage people by pushing cars down residential streets causing a denigration of their standard of living with increased traffic and fumes.
- Concerns were expressed about the lack of work that had been done to quantify the risks both social, economic, safety and environmental that remained in the scheme.
- There has been a failure to respond to the public and member questions which had not been answered satisfactorily at this meeting. It was important to spend more time getting the scheme right and address concerns.
- Many cities were looking to reverse pedestrianisation
- Other routes such as Princess Elizabeth Way had not been included in the modelling but would be adversely impacted.
- To date many members and the public did not have confidence in the scheme as there were still too many imponderables. Members were disappointed by the lack of clarity in this debate and answers to questions.
- The consultation appeared to show that only corporate bodies were in favour of the scheme and the council must listen to the views of the people of Cheltenham. The silent majority may not have responded to the consultation if they felt their view wouldn't be listened to. There was no mandate for the scheme from residents of the town and most people in the town were probably unaware of it.
- Councillor Mason wished to put on record his request to the Cabinet Member for measurable outcomes to be made fully available to the public within the next three days.
- The current traffic trial in Bath Road did not seem to be a success and it had already raised a safety issue for pedestrians crossing by the Playhouse. A more simple way of improving safety was to put in a speed camera.
- There had been an emphasis on modal shift but there was nothing in the plan to evidence that and cycling had not been featured much in the debate.
- There were concerns that the £150K would provide insufficient funds for the mitigation necessary and the impact on schools also needs to be included.

Speaking in support of the substantive motion, Members made the following comments.

- The scheme as presented was a good first step in getting traffic out of the town centre.
- The suggestion of a North West bypass was an odd solution from members who favoured protecting the green belt
- Similar schemes adopted in other towns such as Oxford and Cardiff worked well.
- Cheltenham had a series of wide one-way routes which could easily accommodate two-way traffic.
- Cheltenham is currently famous for its traffic problems and the scheme set out to address that. There had already been extensive informal consultation on the scheme and the council must not lose this once-in-a-lifetime opportunity to address a long-standing problem. If nothing was done then there would be gridlock before 2026 hence doing nothing was not an option.
- The transport improvements to Cheltenham were a key domino which would kick off further improvements, for example reducing traffic adjacent to Royal Well would allow improvements to that area. Increased footfall could be attracted to areas of the town like St Mary's churchyard and the Brewery 2 development which were important to the town's economy and to the town's communities in terms of generating jobs. The only alternative was a plan B. which would need to knock down buildings and change the very nature of the town.
- The scheme would also encourage and enable people to use more sustainable transport such as cycling and walking which would benefit their health and well-being. They noted that the new scheme created at least 12 new routes for cyclists.
- Concerns had been expressed that buses would be allowed through Boots Corner. Buses must be able to access the town centre and if not at Boots Corner it would be somewhere else in the town centre.
- The shared scheme in the lower High Street seemed to work well with no problems.
- Members expressed confidence in the officers to deliver the scheme and their ability to implement the necessary mitigation measures.
- Traffic flow and air quality must be monitored during the implementation
- Change is always challenging for some people and there would probably have been similar reactions when pedestrianising the Promenade for example. There was regret if some people suffered as a result of the scheme but mitigations would be put in place.

In summing up, Councillor McKinlay was disappointed that members in the chamber had focussed on finding reasons for not making a decision. In his view the scheme was the culmination of 13 years of work and lots of information had been provided during that time. If the scheme is adopted there was major benefits to the economy and the environment but he acknowledged that it needed bravery to take such a decision. He regretted that there was no magical alternative and therefore he urged members to support the recommendations of the TRO committee.

Upon 7 Members standing in their seats, a recorded vote was requested and agreed.

Upon a vote the motion was CARRIED.

For; 21 – Councillors Baker, Britter, Clucas, Coleman, Fisher, Flynn , Colin Hay, Rowena Hay, Holliday, Jeffries, Jordan, McKinlay, Murch, Reid, Rawson, Thornton, Walklett, Wheeler, Whyborn, Wilkinson and Williams.

Against; 17;- Councillors Babbage, Barnes, Chard, Fletcher, Harman, Lansley, Lillywhite, Mason, Nelson, Payne, Prince, Regan, Ryder, Seacome, Smith, Stennett, and Sudbury.

Abstentions; 0

9. NOTICES OF MOTION

None.

10. TO RECEIVE PETITIONS

None received.

11. ANY OTHER ITEM THE MAYOR DETERMINES AS URGENT AND WHICH REQUIRES A DECISION

None.

Simon Wheeler
Chair

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Extraordinary Council

26 January 2015

Public Questions (35)

1.	Question from Jayne Lillywhite to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	<p>Who will be responsible for the cost of the complete reversal of the scheme if it becomes evident that for political reasons it is imperative that reversal is required, and CBC and GCC officers are instructed by Council to undertake a reversal?</p> <p>It is essential that this information is on the public record as to whether it will be GCC or CBC who will pay for complete reversal before the final decision to implement the CTP is taken at either CBC Full Council or by any subsequent decision by Nigel Riglar or GCC Council.</p>
	Response from Cabinet Member
	<p>The decision by the Traffic Regulation Order (TRO) committee was to implement the TRO's as advertised with the exception of Boots' Corner which will be undertaken on an experimental basis. Elements such as Bath Road which are being implemented for safety reasons are not expected to be reversed, so the only element which would be subject to reversal is Boots Corner.</p> <p>The costs of implementing Boots' Corner on an experimental basis are low as no major construction works are required by GCC. The CBC £2m public realm enhancement will only occur after the TRO committee have met and approved the permanent implementation of the Boots' Corner TRO.</p> <p>Thus, any reinstatement works, to return Boots' Corner to its previous state will be met by GCC as the highways authority.</p> <p>In a supplementary question Jayne Lillywhite stated that many towns across the country were going through depedestrianisation due to the damaging impact such schemes were having on their commercial core and highlighted the significant cost associated with this. She asked whether the Cabinet Member could provide assurance that CBC could fund a reversal of the TRO relating to Boots Corner perhaps by reserving some of the funds surplus from the sale of North Place.</p> <p>In response the Cabinet Member referred to the letter submitted by the County Council explaining the responsibilities of both councils relating to the implementation of the TRO. He stated that the County Council was responsible for implementing the scheme and any changes necessary to it, including reversal. However, he highlighted that the cost of reversing the experimental scheme would be relatively small compared to those following the implementation of major works.</p>

2.	Question from Jayne Lillywhite to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	Can you please explain why when going through the risk register that none of the risks are sufficiently severe to cause the revocation of the scheme, even though the TROC stated that the Boots Corner Element would be a trial. Can you outline what level of failure would be required to back out the scheme.
	Response from Cabinet Member
	<p>The TRO committee supported the wider scheme as they share a commonly held perception that the current Cheltenham road network is deficient and holds various safety concerns. On this basis, we do not anticipate a revocation of the whole scheme. The Boots' Corner experiment aligns with previous commitments to a "bedding-in" period, thus the risk register identifies opportunities for revocation of that component.</p> <p>The risk register identifies both the assessed impact and likelihood of individual risks.</p> <p>Jayne Lillywhite repeated her question as she felt it had not been sufficiently answered. In response the Cabinet Member said that this was a matter to be considered by the transport authority having looked at the experimental scheme. He explained that the risks were not yet in the register as no detailed scheme had been drawn up yet but they would feature once a detailed plan was in place. In terms of the risk register for the general scheme none of the risks identified had scored more than 16 which represented the trigger point and risks were scored as severity times likelihood.</p>
3.	Question from Peter Sayers to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	Concerning the temporary closure of Boots' Corner, what 'before and after' metrics, including traffic volumes and NO2 monitoring, will be utilised to judge the success or otherwise of this trial? And where exactly will these be collected and how public will the resulting data be?
	Response from Cabinet Member
	<p>All traffic monitoring will be carried out by the highways authority, which has the skills, resources and responsibility for such tasks. CBC will work in partnership with GCC regarding air quality monitoring, as they currently do, in order to deliver the action plan associated with the Cheltenham Air Quality Management Area (AQMA). This data will be made public as the TRO committee has asked to reconvene to consider same, prior to any final implementation decision relating to Boots' Corner.</p> <p>The questioner felt that his question had not been answered sufficiently. In response the Cabinet Member invited Scott Tompkins, Lead Commissioner, Highway Authority for the detail of the TRO process. Scott Tompkins explained that greater details of the scheme were not yet available. The intention would be to progress the inner ring road portions of the scheme to the final design</p>

	<p>stage which would include stage 2 safety audits. Officers were also looking at what traffic data would need to be collected in order to assess the trial experiment at Boots Corner.</p> <p>In a supplementary question Peter Sayers stated that according to the map circulated at a previous meeting traffic the indicators were that traffic would double on the south side of Clarence Square. He requested that an N02 monitoring station be placed at the top of Monson Avenue where it meets Clarence Square in order that real data can be collected at least 2 months before the trial and 2 months after the trial.</p> <p>In response the Cabinet Member stated that whilst an answer could not be provided now he assured him that the county officers would have noted his point and added that similar representations had been made which would be taken on board as part of the process.</p>
<p>4.</p>	<p>Question from Peter Sayers to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>At the public meeting on 15-1-15 I requested the details of structural surveys and risk assessments to the residential buildings on both sides of the south side of Clarence Square be made available. The proposed temporary closure of Boots Corner will result in a large traffic increase and vibration impinging on these Regency residential properties with scant 600mm foundations built on sand. This would indicate that a formal risk assessment be a responsible action by those proposing such a scheme: it has not yet been made available. Please can this be made available before a final decision on the trial is agreed. In addition, please let me know how much money has been set aside to compensate if damage from the increased vibration is proven to have occurred.</p>
	<p>Response from Cabinet Member</p>
	<p>At the meeting referred to, the Highways Authority advised that no such surveys had been undertaken and they had not been alerted to any evidence of structural damage to property associated with the existing road network. CBC is not the Highways Authority so unable to provide any further advice. The assumption that the Cheltenham Transport Plan (CTP) will result in large traffic increases is not correct. Overall, the CTP encourages modal shift and reduces the amount of traffic growth that is anticipated without any scheme in place. On those roads where there is an anticipated increase in traffic, the growth is not substantially higher than the anticipated growth from development in Cheltenham going forward and therefore, there is not seen to be any greater risk of damage to properties from traffic-generated vibration.</p> <p>In a supplementary question Peter Sayers how any structural damage would be paid for. How would that be measured, who would measure it and what risk assessment would be undertaken. This was one of the finest squares in England and he believed it was being put at risk.</p>

	<p>In response the Lead Commissioner, Highways Authority explained that if there was damage to property then the Highways Authority would take responsibility for any claims if the link was proved between increased traffic and increased vibrations on property foundations. He highlighted that key to the Cheltenham Transport Plan was controlling the growth of traffic in the future. The doubling of traffic referred to included taking account of any new housing in Cheltenham. The Plan assisted by influencing modal shift in terms of adopting different forms of transportation.</p>
5.	Question from John Firth to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	<p>What is the cost of altering the three junctions along Oriol Road (i.e. all the works from Bath Road to the Promenade), and what proportion thereof comes from LSTF ?</p>
	Response from Cabinet Member
	<p>Funding is a combination of Highways safety monies and Local Sustainable Transport Fund (LSTF) monies.. The specifics would need to be advised by GCC.</p> <p>£600k of funding has been set aside by GCC from the LSTF programme to fund the physical changes to the Inner Ring Road.</p> <p>In a supplementary question John Firth asked whether, in the case where the scheme failed, would there be funds available to the order of £600k for a reversal.</p> <p>In response the Cabinet Member stated that the costs of any reversal would fall upon the County Council but reiterated that at this stage the cost of reversal would not be that great as it was not being proposed to change many facets on a permanent basis. Scott Tompkins clarified that the inner ring road changes would be physical changes to the road network and it was not being anticipated that these would need to be reversed. In terms of the experiment at Boots Corner this was a temporary 10 month scheme using temporary materials and therefore no major physical changes to the road network would be made. Therefore if there was a reversal of this experimental scheme this would be low cost.</p>
6.	Question from John Firth to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	<p>What is the cost of altering the junctions along Albion Street (i.e. all the works from Pittville Street to St. James' Street)?</p>
	Response from Cabinet Member
	<p>GCC as Highways Authority would need to advise on the detail of this.</p> <p>£600k of funding has been set aside by GCC from the LSTF programme to</p>

	fund the physical changes to the Inner Ring Road.
7.	Question from Nic Pehkonen to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	In the CTP strategic risk assessment, a 20 mph zone is proposed for St Paul's. A 20 mph limit makes streets more attractive to cyclists and pedestrians. Why isn't Cheltenham following the example of most towns and cities and making 20mph the speed limit for all residential streets?
	Response from Cabinet Member
	<p>There is conflicting evidence over whether 'whole town' 20mph zones work, whilst positive results exist for localised areas within towns, especially where the local community has not only supported implementation, but also actively assists in demonstrating positive behaviours; the Netherlands has invested heavily in this approach.</p> <p>I am not aware that a whole town 20mph has ever been seriously proposed for Cheltenham, but I will gladly ask GCC for its formal view regarding this.</p> <p>My current understanding is that GCC has had a very mixed result with 20mph zones, with compliance in most zones being difficult to achieve without significant traffic calming features being introduced. Nationally, the case for large scale 20mph zones has not been successfully made and where they have been implemented, they have not shown the improvements in safety or accident reduction that were anticipated.</p>
8.	Question from Nic Pehkonen to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	In St Paul's we have been discussing and asking for traffic calming measures on St Paul's Road for several years now. As well as the 20 mph limit, our wish list includes: pavement widening, pinch points with traffic prioritization and place making at entrance points, and built out pavement/ parking bays. Is the £30,000 mitigation cost quoted in the Strategic Risk Assessment enough to cover all these necessary measures, as proposed to us by GCC Highways officers?
	Response from Cabinet Member
	The mitigation cost estimates have been provided by GCC as highways authority. £100k of mitigation funding has been set aside by GCC from the LSTF in order to address safety issues. CBC has offered to provide up to an additional £50k to deal with any additional issues arising as a direct result of the CTP works, this is not expected to mitigate all pre-existing traffic management issues. Once the scheme is in place, all of the roads affected will be carefully monitored and measures introduced on a prioritised and evidence based approach. GCC as Highways Authority ultimately holds responsibility for safety on the network and would need to introduce measures or changes to schemes where required.

9.	Question from Helen Bailey to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	In view of the scale of the impact of the 'Strategic Risks' just published (CTP 1 to CTP19), should not most of these risks be returned to the Corporate Risk Register, rather than their progress be 'hidden' from public scrutiny in the Task Force's "divisional" Risk Register ?
	Response from Cabinet Member
	The Corporate Risk register is not designed to pick up the level of detail identified, hence they are managed more locally by relevant teams. In this instance the risks are shared between GCC and CBC, but responsibility for monitoring and mitigation may rest with either or both organisations (i.e. the identified risk owner(s)). CBC risks are not generally escalated for inclusion on the Council's corporate risk register unless they are at a score of 16 or above.
10.	Question from Helen Bailey to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	Aside from your eagerness not to miss the deadline for the LSTF handout, (if there really is a definite deadline beyond March 2015), would you not like to have had the confidence of receiving an independent assessor's report into the credibility of the CTP Modelling? (I ask this in light of the fact that everything depends upon this Modelling projection, yet objectors and TR Committee members found many aspects unbelievable or difficult to accept)?
	Response from Cabinet Member
	There has been a huge array of modelling over the years, undertaken by highly respected traffic industry experts e.g. Colin Buchanan & Associates. The <i>Paramics</i> traffic model is the Department for Transport's (DfT's) accepted modelling tool for this type of situation and was prepared by Atkins and subsequently checked by Amey as the Highways Authority's term contractors. Whilst the subject matter is complex, there has been no credible suggestion that the outputs are deficient. A comprehensive model validation report was produced by Atkins and has been made available on the CTP area of the GCC website. There is no deadline for the LSTF funding, as GCC has already secured this.
11.	Question from Carl Friessner-Day to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	Having reviewed the modelling figures, the TRO Committee expressed some concern over the displaced vehicles into residential areas, and therefore asked the Traffic Manager a simple question " Can the Boots Corner closure be done independently of the other TRO's, and if so can it therefore be trialled?" The answer was YES. We (Cheltenham Residents Forum) have requested and have in recording our requests for a trial closure of Boots Corner, but on numerous occasions been told by this CBC that this was not possible. Can the Council actively blocked what is a common sense tactic of trialling, or did not ask the question of GCC Highways which as a result has now lead to further meetings and further waste of tax payers monies?

	<p>Response from Cabinet Member</p>
	<p>The question of trialling was raised on numerous occasions. You will be aware that CBC and the Task Force working with GCC did exactly that at the Monson Avenue junction, so clearly, CBC has not been opposed to trialling. However, CBC was given to understand that the complexities of the Cheltenham network would make a full scale trial unworkable and as a result, agreed with GCC as Highways Authority that a better solution would be to ensure that there was a full public consultation, so that all aspects could be debated prior to any works being implemented.</p> <p>A result of the consultation recommended that a “bedding-in” period be enacted, so in reality, we have all arrived at a similar conclusion.</p> <p>The difference in approach is that CBC & GCC have gone to considerable lengths to engage the public, rather than simply relying on highways powers to implement a trial and consult on the outcomes later.</p> <p>Effectively, this is the price of democracy.</p> <p>In a supplementary question Carl Friessner –Day asked the Cabinet Member to provide dates, times and meetings and names of attendees of meetings held between CBC and the County with regard to Boots Corner.</p> <p>In response the Cabinet Member undertook to provide that information to the questioner.</p>
<p>12.</p>	<p>Question from Carl Friessner-Day to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>The risk register of 09/01/2012 shows that the Council officers were well aware that Brewery 2 could go ahead without the ‘closure of Boots Corner’ stating that if the Department of Transport are unable to support the traffic proposals (Outlined in the LSTF Bid)certain schemes such as North Place and Brewery phase 2 could go ahead. The threat of the economic impact of not closing Boots Corner has been held over the town for some time and has been underpinned by the Council including letters by Andrew North to the department of transport and others. Were Cllrs wittingly involved in misleading the public or just naive allowing themselves to be swayed by the PR machine, will Cllrs now do the honourable thing and support an investigation?</p>
	<p>Response from Cabinet Member</p>
	<p>At the TRO committee meeting, the Brewery was represented and made it clear that they believed that the closure of Boots’ Corner was beneficial to both their scheme and the wider performance of the town centre.</p> <p>At the time of the LSTF bid, various schemes were being promoted both in Cheltenham and Gloucester. Cheltenham has managed to enable the Brewery Phase II scheme, whilst comparable schemes in Gloucester have yet to start. Developments on this scale do not always enjoy an easy passage, but the final decision to proceed in the absence of Boots’ Corner, but with a very clear desire to see it implemented, reflected a growing confidence of investors in the town.</p>

	<p>That confidence, as demonstrated by a significant number of representatives at the TRO committee, has largely been as a result of the Task Force and its CEO, so Cabinet will not be asking the CEO to step down.</p> <p>Carl Friessner Day wished to highlight that the latter part of the Cabinet Member's response was no longer relevant as his original question had been amended.</p> <p>In a supplementary question Mr Friessner Day highlighted that the risk register from 9 January 2012 stated that Brewery Phase 2 was feasible without the closure of Boots Corner but a letter from CBC on 21 February 2012 stated that the final decision with regard to Brewery 2 rested on the implementation of the Boots Corner scheme. He asked the council to investigate why misleading information was shared with the Department of Transport, Councillors and the public.</p> <p>In response the Cabinet Member undertook to look into the issue further. He acknowledged that there appeared to be a change in between the two dates of the letters referred to but officers would investigate the facts.</p>
<p>13.</p>	<p>Question from Mary Nelson to the Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>There was a serious failure of due process at the 18th November 2013 Council CTP Decision meeting, as the reports put before councillors failed to include the CTP Equality Impact Assessment (of July 2013), and also the Boots Corner plan which had been shown to the Disability Working Group, and failed to make any mention of the need for PSDR to be taken into account in the councillors' decision, as required by the Equality Act 2010, which states that PSDR must be taken into account at the time a decision is taken, NOT AFTER it has been made.</p> <p>This Equality failure has been brought to the attention of GC in a formal complaint, but they claim it is not their responsibility and should be addressed by CBC. As this procedural error has never been rectified, any further CBC CTP decision or agreement now made, is based upon the previous legally unsound 13th November decision and would provide grounds for a judicial review by any group or individual, should they choose to challenge it.</p> <p>As Leader, are you not sufficiently concerned about this situation to request that another CTP Decision meeting is held at which a full set of papers regarding PSDR are put before councillors, together with a detailed layout plan for Boots Corner, showing the new bus lane that has now BEEN PERMITTED, so that councillors can see exactly what they are approving and what the impacts upon the Equality Groups are likely to be? Otherwise, any subsequent serious injury or fatality arising from the CTP could result in expensive litigation costs for this Council.</p>
	<p>Response from the Cabinet Member Development and Safety</p>
	<p>GCC has the responsibility for ensuring that the CTP scheme is equality</p>

compliant and originally drafted the July 2013 document, this has been updated as part of partnership working and will be kept under review. GCC has in place a due regard statement to ensure that the equality aspects have been kept and will be kept under review. Also, CBC/GCC with the Task Force, organised meetings with representatives of various disability groups to establish what works and does not work for them in the town centre now, as the scale of works being proposed create an opportunity to rectify any previous failings.

When the Council decision was made on 18/11/13 we were confident that appropriate steps were being taken to hear the views of the various groups, but equally recognised that any work could only be a broad based discussion to identify concerns as the whole process would be subject to the TRO process. The Disability Working Group continues to be consulted and meet to discuss and provide input into actual rather than theoretical design issues. Recently advice has been sought on the High Street scheme associated with Brewery II and responses will be taken into account in final design work, to be implemented this Spring.

Physical changes to Boots Corner will not occur until the TRO committee have considered the outcomes of the trial, but in the interim we are confident that this representative group will be heard and their concerns fully taken on-board should a public realm upgrade be implemented.

Equally, all schemes involving the highway require an independent audit to ensure compliance with safety and the proposals for the High Street, Boots Corner and any other elements of the Cheltenham Transport Plan will be assessed by GCC in this manner.

Taking the above in to account, I am confident that equality issues have been and will continue to be taken on board in progressing the CTP and that there is sufficient assurance for CBC to take a decision on the TRO Committee recommendations at this stage.

In a supplementary question Mary Nelson made reference to the confidence expressed that appropriate steps had been taken to hear the views of various groups during the consultation. However, there was no mention of this in the officer report for the November 2013 Council meeting nor did any member during the recent TRO hearing refer to the Council's due regard statement. She referred to the Equalities Act 2010 which required that all existing policy related information should be before Councillors before a decision is taken. She asked whether the Cabinet Member felt that his confidence that these requirements had been met was misplaced and that this needed addressing before a decision was taken at this meeting. In addition there was no mention of this issue in the officer report presented for this meeting.

In response the Cabinet Member disagreed with the questioner and confirmed that he was confident that all relevant parties had been consulted including those with disabilities. He gave the example of the consultation which had been undertaken for the Brewery phase 2. He reiterated that the council did consult with relevant parties including the disabled and was therefore confident that it complied with relevant legislation.

14.	<p>Question from Mary Nelson to Cabinet Member Development and Safety Andrew McKinlay</p>
	<p>The recommendation to “trial” the Boots Corner element of the CTP requires a full and detailed explanation by the Traffic Regulation Committee. As the Cabinet member responsible, what is your understanding of their recommendation - did they mean a trial of just the removal of general traffic through Boots Corner, or did they mean a trial of the new bus lane past Boots, which necessarily means the removal of the pedestrian crossing?</p>
	<p>Response from Cabinet Member</p>
	<p>The trial means a removal of general traffic from Boots’ Corner, as the first round of consultation resulted in the proposed retention of the pedestrian crossing at Boots Corner. Buses will continue to use Imperial Circus during the trial period.</p> <p>In a supplementary question Mary Nelson made reference to the consultation leaflet which showed that the reduction in the number of vehicles at Boots Corner would create an attractive public space and this was a major selling point for public support of the proposals. However, she said that a new public space could not be created without the implementation of a new bus lane in front of Boots shop. This would require the removal of a pedestrian crossing which was used by 16 000 pedestrians each day. She asked whether the Cabinet Member agreed that it was imperative that the new bus lane was trialled and that if it proved to give rise to too many safety issues then the new public square would not be deliverable meaning that the major benefit of the scheme would be outweighed by the many disbenefits.</p> <p>In response the Cabinet Member confirmed that the experimental TRO did not have the bus route in front of Boots corner. This was a longer term aspiration.</p> <p>Scott Tompkins, Lead Commissioner, Highways Authority reiterated that before a final design scheme is drawn up there would be a stage 2 safety audit. Officers had advised him that there were some concerns with regard to the actual turning movement for buses and these issues would be looked at before that was implemented. During the experiment buses would continue to go through Pittville Street. There had to be confidence that safety issues were addressed with regard to these bus movements. He highlighted that there was no change to the order but the line of the curve stops buses doing this at the moment and there was no intention to change that during the experiment. Scott Tompkins undertook to engage further on that particular issue.</p>
15.	<p>Question from James Molloy to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>The risk register produced post TRO available online for this meeting shows values assigned for mitigation, the sum currently stands at £110,000. At the TRO Committee a couple of schools were mentioned including St Gregory’s of</p>

	<p>which the TRO Committee sought reassurance that mitigation could be offered. Although these funds are only proposed spend, with only £150,000 available and pedestrian crossings costing circa £30,000, where is the additional monies likely to come from to support the many other streets requiring assistance or will this Council just adopt an approach to pacify the TRO Committee and forget about the rest of the town?</p>
	<p>Response from Cabinet Member</p>
	<p>At this stage such allocations are notional, until traffic data identifies any actual issues. As a consequence it is not possible to answer this question in detail. However, GCC has advised that a zebra crossing, if required, is a lot less than the £30k quoted, whilst a puffin crossing could cost more than this. GCC, as Highways Authority, would have responsibility for funding such works.</p> <p>As an aside, the number of private vehicle movements (claimed by the Head teacher) associated with St Gregory's would suggest that an active travel plan should be considered. It is important to remember that the LSTF is not just about changing roads, but also about changing habits and I will encourage GCC to see what support can be given to this school to assist more children attending via means other than private cars, which significantly contribute to the surge of vehicles at peak times.</p> <p>In a supplementary question James Molloy noted that the smarter choices had been factored into the model. Given that these had only been partially implemented this would limit the effects on numbers. He referred to the 4/5 specific risk areas which had been identified for which monies were assumed to be sufficient but asked what would happen if additional problems were identified and where the additional monies would come from to address these.</p> <p>In response the Cabinet Member acknowledged that it was unknown what would be found until the implementation of the scheme. There was adequate funding available to undertake any necessary identified works. Scott Tompkins added that inherent in the County Council making the bid to the LSTP was the County Council accepting liability for any changes. The Highway Authority had enough confidence that the scheme would work but if small changes were necessary then these would come at a cost to the County Council.</p>
<p>16.</p>	<p>Question from James Molloy to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>The TRO Committee concluded that excluding smarter choices, the closure of Boots Corner at best has a steady state effect on Nitrogen Dioxide by decreasing the NO₂ in two locations and increasing it in two locations. However the trial road changes on Bath Road in the words of GCC will not only addresses safety, but will address the pollution issues here. If this is therefore taken into account, then infact closing Boots Corner will only account for reduced NO₂ levels in one location, Gloucester Road junction. Will the Council therefore openly and honestly, in line with the comments made at the TRO, state for the first time on public record and to the public, that the closure of BC</p>

	has more of a detrimental effect on NO2?
	Response from Cabinet Member
	<p>GCC as the Highways Authority has responsibility for this scheme. The scheme was originally designed to work with the CTP, including the proposed Boots' Corner closure. The Bath Road changes were only modelled with the Boots' Corner closure. The current trial is to see if the scheme would work and deliver benefits without Boots' Corner being closed. The CTP is not just about the closure of Boots' Corner, but includes a whole package of measures designed to encourage modal shift and reduce traffic growth over the whole network, which should in turn help with air quality issues.</p> <p>In a supplementary question James Molloy said that the closure of Boots Corner had been on the agenda for some 25 years. All the documents relating to the closure only illustrated the positive effects on pollution. The benefits of smarter choices and other alternatives to the closure at Boots Corner had in his view never been set out in a transparent manner for the public to see that there are other ways to achieve pollution reduction. He believed that by refusing to answer his question fully the Cabinet Member now accepted this fact.</p> <p>In response the Cabinet Member said that this was not the case. He said that the Boots Corner scheme was viewed as "the cherry on the cake" but it did not mean that the other traffic changes were completely dependent on it. The other changes in the transport plan would be beneficial in their own right. With regard to the current trial at Bath Road he said that things took time to bed in and more information would be available about the trial in a few weeks time.</p>
17.	Question from Andrew Riley to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	Who are the members of the Task Force ' Risks & Accountability Group ', and are their deliberations and decisions subject to the same levels of audit and scrutiny as is the Council's Corporate Risk Register, in view of the recent 'black mark' of a PIR (Public Interest Report) issued against CBC following the Christine Laird Prosecution fiasco, primarily based on failure of risk management ?
	Response from Cabinet Member
	<p>The risk & accountability group consists of Andrew North (CBC), Simon Excell (GCC), David Oldham (Task Force member), Jeff Brinley (Task Force member), Jeremy Williamson (Task Force) and has in attendance staff from internal audit.</p> <p>That risk register is also regularly considered by the Senior Leadership Team of CBC and is subject to the same level of audit and scrutiny as all other Council activities.</p>
18.	Question from Andrew Riley to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	Isn't the Utopian promise of a 'public space', with trees or fountains based on

	<p>artists' dreams, far too flakey to risk the viability of the town's <u>traffic network</u> on, particularly when it has been allied hitherto with an absolute refusal to consider that risk ?</p>
	<p>Response from Cabinet Member</p>
	<p>The Boots' Corner space amounts to approximately 1000m² through which passages have to be defined for bus routes of approximately 3.5m width. There would appear to be ample space for people, a public space and certain vehicles. However, no such 'Utopian dreams' will be implemented until the risks have been considered further by the GCC TRO committee.</p>
19.	<p>Question from Gaynor Riley to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>If further mitigation money is required (which is very likely, given the scale of impact which will cover a widespread geographical area of the town) who will be responsible for providing it - will it be CBC or GCC? This vital information must be decided and recorded in public now, so that there is no future wrangling between GCC and CBC as to who is going to pay.</p>
	<p>Response from Cabinet Member</p>
	<p>The modelling work does not suggest that the impact will be widespread or significant as the questioner suggests. GCC as the Highway Authority is responsible for providing any mitigation, changes to, or reversal of the scheme. To this end, funding from the LSTF has been set aside. Should further funding be required beyond that already identified, then GCC would be responsible for this too. This risk was acknowledged by GCC in its Cabinet approval to take the Traffic Regulation Orders forward.</p>
20.	<p>Question from Gaynor Riley to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>Do you agree that the only part of the CTP that can be trialled is the actual closure of the inner ring road through Boots Corner to general traffic, and that this claimed trial does not, and cannot, test the desired 'Shared Space' at Boots Corner, because it is only possible to trial the public space if the existing bus route around Imperial Circus is closed and the buses are re-routed past Boots shop and this new bus route requires the removal of the pedestrian crossing?</p>
	<p>Response from Cabinet Member</p>
	<p>My understanding of the trial is exactly as you describe. However, we have been trialling 'space-sharing' between buses and people on the High Street between Primark & Tesco for the last 7 years. When the TRO committee further considers the experiment, they will no doubt consider whether further changes need to be implemented permanently, or alternatively could decide to abandon the scheme.</p>
21.	<p>Question from Daud McDonald to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>

	<p>I would like to ask the council what mitigation they are considering re the increased volume of traffic on St Paul's Road and the extra pollution this will bring?</p> <p>As a resident of St Pauls Road I have experienced the volume of traffic that will pass through St Paul's on a daily basis. When the sewer works were done on St Margaret's Road in 2014, traffic was gridlocked and the pollution could be tasted!</p> <p>Mr Jordan, leader of the council, said "No one wants gridlock" and a person called Alex from highways said " this scheme will reduce pollution" neither of these statements reflects the truth of what St Paul's will suffer without mitigation to make sure we are not victims of this scheme</p> <p>I do not believe that an unenforceable 20 mile an hour speed limit is sufficient. Having spoken to many of my neighbours I think that pinch points at either end of St Paul's Road or blocking the road to through traffic are the only solutions we would find acceptable at the moment.</p>
	<p>Response from Cabinet Member</p>
	<p>GCC, as Highways Authority, will be monitoring the impact of the changes. Any mitigation measures proposed will be subject to public scrutiny prior to implementation. My understanding is that certain measures currently proposed, such as a 20mph zone, have been the result of active public engagement with the community, including both CBC Councillors and GCC representatives. I am hopeful that this will continue and also that this wider scheme helps to address some existing concerns too, rather than just exacerbating the situation.</p>
<p>22.</p>	<p>Question from Liz Rolls to the Cabinet Member Development and Safety, Cllr Andrew McKinlay</p>
	<p>Now that Morrison's has withdrawn from the North Place site, what access routes from the south of Cheltenham (where 70% of residents live) will the Council be suggesting to potential replacement businesses and their customers once easy access via Boots Corner into St. Margaret's Road is no longer an option - the St. James' Square, Ambrose Street, St. George's Street into St. Margaret's Road route? The Rodney Road, High Street, Winchcombe St, Albion Street, St John's Avenue into St. Margaret's Road route? Or the College Road via St Lukes Rd, High Street, Street, James Street, St John's Avenue into St. Margaret's Road route? Will the increase in traffic through all of the above mentioned routes as a result of this site development and the closure of Boots corner be managed or will traffic be allowed to 'disperse' and find its own way as has been suggested to date? Will poor access for customers as well as businesses not make this site commercially unattractive, leading to years of planning 're-negotiation', i.e. the opposite of "regeneration" for Cheltenham?</p>
	<p>Response from Cabinet Member</p>
	<p>The situation regarding Morrisons is unclear; as a result, it is far too early to speculate what may happen to that site and as a consequence, what traffic demand it will generate. Certainly, if Morrisons does not proceed, it is unlikely</p>

	<p>that another supermarket will take its place in the current circumstances. However, one also assumes that changing consumer behaviour in relation to on-line shopping would suggest that foodstores will no longer be the trip generators they previously were. Any future proposal will have to be considered upon its merits, with traffic generation projections tested according.</p> <p>In a supplementary question Liz Rolls said that given that so much environmental monitoring and risk data and plans for routes through Cheltenham is unforthcoming in relation to closure Boots Corner, changes to traffic flow and to the major development including Morrisons on North Place how can residents, visitors, businesses and councillors be confident that these proposals were in the best interest of the town.</p> <p>In response the Cabinet Member said that work on these issues had been ongoing for 14 years and had been following a structured plan which from modelling showed that it would work. He acknowledged that things had changed over time and whilst Morrisons were no longer going to occupy North Place it did not mean that North Place would not be developed in the future.</p> <p>Scott Tompkins, Lead Commissioner, said that the model used for assessment was a Paramix model based on the Saturn data as well as validated traffic data. It represented the industry standard for developing these types of changes. The modelling work looked at traffic flow across the whole network, peak flows of traffic, worse case scenarios and the year 2026 which included all growth in Cheltenham. He was confident that the data had been correctly validated and there was a comprehensive validation report. He highlighted that two separate professional consultants had been involved and he had confidence in their work. He noted that the model used was the same model used for planning applications across the County.</p>
<p>23.</p>	<p>Question from Liz Rolls to Cabinet Member Finance, Councillor John Rawson</p>
	<p>Part of the justification for the changes proposed by the Cheltenham Transport Plan is to increase access to town car parks. Will the closure of the Boots Corner route adversely affect Cheltenham's chance of getting the permitted number of public car parking spaces on the North Place site (to continue to serve the town centre), or has that number been 'guaranteed' by an Agreement when the site was sold to 'Augur Buchler Cheltenham Limited'?</p>
	<p>Response from Cabinet Member, Cllr John Rawson</p>
	<p>No, the number of car spaces is linked to an agreement and equates to a net reduction in previous provision. The car parks that will be better served by the Cheltenham Transport Plan are Regents Arcade and those along Albion Street.</p> <p>In a supplementary question Liz Rolls asked what assurance could be given by the Council to town centre residents such as those in Clarence Square, Wellington Street, College Road, St Lukes and Montpellier that the net reduction in previous car parking spaces alluded to in the Cabinet member's</p>

	<p>answer would not jeopardise residential parking in these areas.</p> <p>In response the Cabinet Member Finance explained that when the assessment was carried out there was a calculation made that there was a need for car parking in that part of town. The view was taken that car parking capacity was unduly located in the north of the town. If more parking capacity was located in the south then there may well be a reduction in north to south traffic movements. The council was confident that the capacity provided at North Place combined with other car parks would sufficiently meet the need, particularly if parking capacity was made elsewhere in the town. He gave the example of a potential public car park on the former Shopfitters site in St George's Walk.</p>
<p>24.</p>	<p>Question from Ken Pollock to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>When the trial of closing the inner ring road through Boots Corner commences, will it be controlled from the START by automatic number plate recognition (APNR) and will it be CBC or GCC who will be responsible for funding each of the following expenditure items:</p> <ol style="list-style-type: none"> 1. Cost of installation of the cameras. 2. Cost of administration of the APNR scheme e.g. the additional staff, who are likely to receive a huge amount of challenges to fines issued, as happened in both York – where 53,000 fines were issued in a 6 month trial inner ring closure, and where a successful legal challenge meant all fines issued had to be refunded with a huge cost to the taxpayers, and Bath, where 9,000 fines were issued in the first month of a trial, all of which also had to be refunded costing Bath's taxpayers over £270,000. (Trials in York and Bath were both abandoned due to public/political pressure.) 3. Cost of court cases for fine challenges.
	<p>Response from Cabinet Member</p>
	<p>GCC, as Highways Authority, will have responsibility for implementing the trial scheme, details of which have yet to be determined. It is likely that during the trial period, GCC would use temporary cameras, ensuring that the cameras and related signage meet or exceed all statutory requirements, in order to allow fair and successful enforcement. GCC would be responsible for managing this and any subsequent challenges to enforcement.</p> <p>In a supplementary question Mr Pollock stated that in listening to the answers to the questions posed the Cheltenham Transport Plan now appeared to be split into 5 disconnected schemes which were to be implemented separately if necessary and per se. These were the Boots Corner closure, public square. changes to Oriel Road/ Imperial Square, the Bath Road safety scheme and the Albion Street contraflow. He said that the public was being informed that all these schemes were wanted on their own merits. He asked whether it was credible that the important east to west flow at Oriel Road/Imperial Square to get to St Georges road was going to be a net benefit without any further investigation.</p>

	<p>In response the Cabinet Member said there were a number of TROs dealing with different parts of the overall plan and some could be done on their own merits but this did not mean that there was not a plan into which they were all integrated. He stated that these TROs would be implemented in a sequential order to ensure that the traffic flow would continue in a sensible manner.</p> <p>Scott Tompkins, Lead Commissioner stated that in terms of a plan for the roll out of changes to the inner ring road these would be done one at a time with media support so that members of the public, including residents and commuters, understood the changes as they were made. This should reduce the “bedding in” period. In addition the changes would be reviewed periodically and changes would be made if required.</p>
<p>25.</p>	<p>Question from Ken Pollock to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>As the Full Council decision on CTP on 26th January is stated to affect not just the required "two" Wards but 'All Wards', and as the overall cost of CTP is very "significant", should not this be marked as a 'Key' Decision, as also should the subsequent Decision by the Leader ?</p> <p>(This correction is especially necessary because <u>Full Council's</u> previous decision on "CTP", in November 2013, was also incorrectly handled as 'Non-Key', and was therefore invalid. See: https://democracy.cheltenham.gov.uk/mglIssueHistoryHome.aspx?Ild=7616&Opt=0)</p> <p>(Only after the November 2013 meeting was the Leader's December 5th decision on "CTP" switched to 'Key'.)</p>
	<p>Response from Cabinet Member</p>
	<p>Key decisions are executive decisions taken by Cabinet, the Leader, Lead Members or Officers and do not apply to reports considered by Council. Non-executive decisions (such as Council decisions) which are likely to have a significant effect on people in two or more wards in the Borough are marked, as in the report in this case, as being a 'significant decision'. This is in accordance with our Constitution and does not invalidate the decision made by Council in November 2013.</p> <p>In a supplementary question Mr Pollock said that the answer provided implied that it would be executive decisions, not full Council decisions which were key as opposed to non-key. He gave the example of the potential CPO on the brewery site which was a full Council key decision. He asked whether the decision to be taken tonight should be a full Council key decision not a non-key decision as listed and asked what a significant decision was.</p> <p>In response, the Head of Legal Services, One Legal, said that this was a significant decision for Council as stated in the report. He explained that the Council's Constitution referred to both significant and key decisions and that</p>

	<p>the definitions of significant and key decisions in the Constitution were the same. Key decisions related to Executive matters only. He read out the definition of significant decision, i.e. one that was likely to be significant in terms of its effects on communities living and working in two or more wards in the borough, and said that the Council was being asked to consider the matter on that basis.</p>
26.	<p>Question from Anne Brookes to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>In view of the CTP being focused on and driven by the closure of Boots corner, and the promise of a public realm 'shared space', and in view of concerns raised by the GCC Traffic Regulation Committee in their recommendation to trial the closure, how can the council justify the irreversible junction and network changes (albeit LSTF funded) and the risk of non delivery of the primary objective, should the experimental TROs for Boots corner not be made permanent?</p>
	<p>Response from Cabinet Member</p>
	<p>There was never a single or primary objective of the Cheltenham Transport Plan. It has always consisted of various elements, such as breaking the stranglehold of the one-way system; dealing with various safety issues, particularly vehicle speed and improving access to car parks. The removal of traffic from Boots' Corner was always seen as the final element, only deliverable after the others and contributing to the long term economic performance of the town.</p> <p>Some of these other elements can be delivered independently of Boots' Corner e.g. the safety scheme on Bath Road, and if shown to be delivering the desired safety improvement, are very unlikely to be reversed.</p> <p>In a supplementary question Anne Brookes felt that if what was being said was true, it was a mockery that the public consultation focused on Boots Corner which claimed a mandate of public support. The consultation did not seek views on the ring road being broken up. She asked that this be clarified and the Council consult again.</p> <p>In response the Cabinet Member acknowledged that there was a section in the consultation regarding Boots Corner but emphasised that there was also a great deal of consultation on junction works and other transport works. To that end he was confident that there had been a fair consultation.</p>
27.	<p>Question from Anne Brookes to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>While the world moves on, CBC sticks doggedly to what's left of the ill-conceived and outdated Civic Pride scheme, (overseen by the non-elected and unaccountable Task Force), and squanders opportunities by ill-timed land disposal, for the irrational and now doomed development for North Place. Now there is a possibility that the Boots corner plans may not happen, and the junction and ring road changes were not sought or desired on their own, is it</p>

	<p>not now time for the council to start again, to re-think, to take control, and demand a new and better vision for Cheltenham in these changing and challenging times?</p>
	<p>Response from Cabinet Member</p>
	<p>The Task Force was formed with the objective of delivering a host of stalled schemes. I would cite Midwinters, Honeybourne Gate, Brewery Phase II and Albion Street as evidence of their successes, along with the securing of significant government funds, such as LSTF, with our partners.</p> <p>Whilst North Place is frustrating and I think in fairness, subject to factors well beyond the remit of CBC or the Task Force, CBC has benefited from the capital receipts generated by these disposals and is seeking to reinvest significant sums back into the town.</p> <p>I am not sure what you have in mind for a new vision, given that we have been effectively tackling moribund sites, creating job opportunities and releasing capital for reinvestment in those elements that make Cheltenham special.</p> <p>In a supplementary question Anne Brookes made reference to the support for the Cheltenham Development Task Force but believed that the LST funds had been obtained through lies and lobbying. In her view releasing capital by allowing unwanted and inappropriate development was in her view nothing to be proud of. She questioned how this approach could protect or enhance the special character of the town.</p> <p>In response the Cabinet Member disagreed with the thoughts expressed. He said that Cheltenham Borough Council was very successful at facilitating new developments and improvements for the town centre at a time of economic uncertainty.</p>
<p>28.</p>	<p>Question from Christine Saunders to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>What is the cost of reversing each set of junction changes, (i.e. the Oriel Road set and the Albion Street set), and are there any ways of making the junction changes initially in a temporary or part-finished manner which could make them appreciably cheaper to reverse in the short term?</p>
	<p>Response from Cabinet Member</p>
	<p>GCC, as Highways Authority, has responsibility for the implementation of the inner-ring road changes. The TRO Committee has now recommended the adoption of these changes. If the scheme goes ahead, GCC will progress the inner-ring road changes through a final design stage, including a Stage Two safety audit. It is not anticipated that any of these changes would be reversed, as they are designed to improve traffic flow and safety, with or without the Boots' Corner closure in place. It is more likely that after a bedding-in period changes or mitigation measures may be introduced to these schemes, rather than complete reversal.</p>

29.	Question from Christine Saunders to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	What is the total LSTF amount available to Cheltenham for infrastructure works on the Inner Ring highway including pavements, and what is the LSTF remainder for non-infrastructure items (e. g. encouraging 'Personal Travel Plans')?
	Response from Cabinet Member
	<p>£600k of funding has been set aside by GCC from the LSTF programme to fund the physical changes to the Inner Ring Road.</p> <p>Gloucestershire has been allocated a further grant of £920k for 2015/16 from the LSTF programme for a countywide package of measures to promote a wider range of travel choices. Part of this additional budget has been allocated to carry out a 'Station Travel Plan' in relation to Cheltenham Spa railway station.</p>
30.	Question from David Saunders to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	Considering that the <u>two</u> -waying of Oriel Road is intended to 'mitigate' for cutting Cheltenham's one-way Ring Road, is it wise (or just) to destroy <u>permanently</u> the major east-to-west flow capacity along Oriel Road <u>before</u> the viability of closing Boots Corner has completed its Trial ?
	Response from Cabinet Member
	The changes proposed to Oriel Road/Imperial Square are seen to have positive affects for improved traffic flow, rather than being an attempt to mitigate the closure of Boots' Corner. Aside from traffic flow improvements, alterations to Oriel Road/Imperial Square are intended to have other benefits such as; improved access to Regent Street car park, removal of rat-running traffic attempting to bypass the one way system on Vittoria Walk, eased cycle penetration and the possibility of a revised no. 10 bus route that could serve the whole of Bath Road rather than, or in addition to, the route through Park Place. GCC, as Highways Authority, will be progressing the design work on these changes including Stage Two safety audits before moving to implementation.
31.	Question from David Saunders to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	<p>Has Dft</p> <p>(1) been informed of the impending <u>Trial</u> for the key CTP element (namely the cutting of the Inner Ring at Boots Corner), and</p> <p>(2) been asked to <u>delay</u> disbursement of the LSTF funds for the expensive Oriel Road and Albion Street works, which once begun would necessarily be permanent due to the clearly unaffordable cost of reversal.</p>
	Response from Cabinet Member
	GCC as Highways Authority has responsibility for implementing the changes to the inner-ring road. GCC is not required to inform DfT. The LSTF funding has

	<p>been distributed to GCC and this funding will be available going forwards for LSTF works, including the physical changes to Oriel Road and Albion Street. GCC will progress these schemes to final design stages including Stage Two safety audits before construction. It is not anticipated that any of these changes would be reversed, as they are designed to improve traffic flow and safety, with or without the Boots' Corner closure in place. It is more likely that after a bedding-in period, changes or mitigation measures may be introduced to these schemes, rather than complete reversal.</p>
32.	<p>Question from Hanna Andersen-Zarei to Cabinet Member Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>Clarence Square is the only intact Regency Square in Cheltenham. Many buildings are grade 2 listed and nearly 200 years old with shallow foundations.</p> <p>If a trial period does go ahead is it possible to have traffic monitors at Evesham Rd and Monson Avenue 2 weeks prior to trial and two weeks into trial and have these figures made officially available?</p>
	<p>Response from Cabinet Member</p>
	<p>GCC has committed to a comprehensive 'before and after' traffic study being produced, to assist the TRO Committee in assessing the success of the experimental order restricting traffic at Boots' Corner. This study will require significant traffic-flow data to be collected across the inner and outer ring roads, as well as other roads which may be affected by the trial closure.</p>
33.	<p>Question from Hanna Andersen-Zarei to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>My second question relates to the vibrations caused by extra traffic volume. In Clarence Square kerbside to frontage of houses is 8m. In Evesham Rd for example it is 11m....nearly half the extra width before traffic.</p> <p>To access the structural implications of extra traffic volume, is it possible in the same period to monitor vibrations and have these figures made officially available as well?</p>
	<p>Response from Cabinet Member</p>
	<p>The assumption that the Cheltenham Transport Plan will result in extra traffic volumes is not correct. Overall, the CTP encourages modal shift and reduces the amount of traffic growth that is anticipated without any scheme in place. On those roads where there is an anticipated increase in traffic, the growth is not substantially higher than the anticipated growth from development in Cheltenham going forward. As such, there is not considered to be any greater risk of damage to properties from traffic-generated vibration. Although a comprehensive before/after traffic study is anticipated, GCC is not planning to carry out any measurement of vibrations and is not aware of having ever done this on any scheme.</p>
34.	<p>Question from David Rogers to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>

	<p>The closure of Boots Corner will result in a large increase in traffic travelling up Rodney Road, crossing the High Street and continuing up Winchcombe Street, this being the next available south to north route east of the inner ring road at Boots Corner.</p> <p>Would you not agree that there will be a serious safety issue for pedestrians using the High Street at the Rodney Road junction, especially for those in the tEquality Groups including the elderly, which has not been addressed by the tEquality Groups including the elderly, which has not been addressed by the Due Regard Statement for the CTP, and that the claimed problem of “severance” to pedestrians at Boots Corner will simply be moved further up the High Street and replicated at the Rodney Road junction, with the possible requirement of another two pedestrian crossings, one new Rodney Road and one near Winchcombe Street?</p>
	<p>Response from Cabinet Member</p>
	<p>My understanding is that this situation is not predicted by the model, however, it has been raised by members of the public and GCC will be monitoring the impact along with all the other changes.</p> <p>This issue is an example of why a mitigation budget has been identified and indeed, why the TRO Committee has recommended a trial at Boots’ corner.</p>
<p>35.</p>	<p>Question from David Rogers to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>I live in Vernon Place (just off the Strand part of the High Street), and I suffer from asthma. Narrowing the Bath Road down to one lane will cause almost constant queuing of traffic along this section of the High Street stretching up to Berkeley Street junction and beyond to the College Road lights.</p> <p>Do you not agree that this will not only exacerbate air pollution in this area, which is not good for asthma sufferers, but also cause many drivers to make sudden decisions to divert up St James Street, causing unexpected and fast vehicle movements which can be confusing and dangerous for non-wary pedestrians.</p>
	<p>Response from Cabinet Member</p>
	<p>I do not agree, as the objective of the proposed changes to Bath Road is to improve safety and in so doing and in conjunction with the wider aims of the scheme, to reduce pollution. GCC, as Highways Authority, is currently operating a trial on this stretch of road and we should await the results of their analysis and how this relates to the wider scheme proposed.</p> <p>In a supplementary question David Rogers said that he agreed that the proposed changes at Bath Road were designed to improve road safety but highlighted that the traffic backed up in the Strand, Hewlett Road, College Road and London Road and had even been reported as far back as Charlton Kings. He asked whether the Cabinet Member agreed that this would increase</p>

air pollution levels in the area, particularly on hot, dry summer days when there were more tourists coming to the town.

In response the Cabinet Member said that he hoped that this would not be the case but explained that this was the purpose of the trial, to gain more information.

Scott Tompkins, Lead Commissioner, explained that the trial would conclude on 6 February. Traffic counters were in place to collect data on site. A site meeting was scheduled the following day to examine journey times and queue lengths. All comments would be taken on board.

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Extraordinary Council

26 January 2015

Member Questions (15)

1.	Question from Councillor Chris Nelson to the Leader, Councillor Steve Jordan
	<p>At the Traffic Regulation Committee on 15 Jan, you stated that the Cheltenham Transport Plan project was broadly supported by two thirds of Cheltenham. I understand that this opinion was gained from the consultation in 2013? How do you reconcile your statement of wide support with the results from the latest consultations in 2014, conducted by GCC, proving that “....levels of individual objection generally out-weigh support, and therefore there is no clear mandate for a scheme to be introduced”, as quoted on page 6 of the Executive Summary of the TRO Committee Report?</p>
	Response from Leader
	<p>My comment was based upon a historical perspective with similar results across 3 consultations carried out between 2007 and 2013. Those consultations elicited much higher response numbers than those for the TRO consultations. For instance. 1496 people responded to the 2013 consultation compared to 167 for the 2nd TRO consultation in 2014. This generally reflects the fact that the 2013 consultation was designed to establish general opinions about the proposals, while the TRO process is intended to generate specific concerns and objections.</p> <p>In a supplementary question Councillor Nelson asked the Leader whether he was saying the Executive Summary was wrong?</p> <p>The Leader advised that he was not responsible for the information in the report to the TRO Committee and in his response he was referring to the consultation that had taken place in Cheltenham over the years. In terms of the scale of responses clearly there was far more responses in 2013 than to the 2nd TRO consultation and that was the point he was making.</p>
2.	Question from Councillor Chris Nelson to the Leader, Councillor Steve Jordan
	<p>At the Traffic Regulation Committee on 15 Jan, you stated that the JCS house increases had been factored into the traffic modelling. Yet the TRO Committee Report at page 28, para 17.11 clearly states that only new developments with existing planning permission have been included. Although it also states that some generic growth factor assumptions have actually been included for the period up to 2026, that is not quite the same thing as taking on board all the specific and large housing proposals in the JCS, which actually goes up to 2031. Can you please explain the apparent contradiction in your statement to the TRO Committee?</p>

	<p>Response from Leader</p>
	<p>What I actually said at the TRO committee was that the TRO traffic modelling had assumed the town centre developments currently underway; that the JCS traffic modelling had assumed the implementation of the Cheltenham Transport Plan; and that traffic issues in areas such as Princess Elizabeth Way, resulting from any North-West Cheltenham urban extension, are considered in the JCS traffic modelling.</p> <p>In a supplementary question Councillor Nelson said that he was not convinced that everything up to 2031 was included in the modelling work. Even if it was, the JCS used the Saturn model which was originally used for the Boots Corner modelling but was then rejected because it was inappropriate and lacked detail. An alternative model was then used which only uses peak day time traffic and so what about the surge traffic that takes place during the course of the year on a regular basis. Has this been taken into account in the traffic modelling?</p> <p>The Leader was not an expert on traffic modelling and it was not the council's responsibility so was not able to answer the question but invited the officer Scott Tompkins to comment.</p> <p>The officer advised that his understanding was that the model used took into account all the housing, employment and retail developments with existing planning permissions as well as those committed or allocated developments in the Cheltenham Local Plan 3. It didn't account for everything in the JCS because this has been further developed since the point the modelling was done but his understanding was that it accounts for almost all of that anticipated growth.</p>
<p>3.</p>	<p>Question from Councillor Chris Nelson to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>I am pleased that officers have finally taken on board the requirement to develop a Strategic Risk Assessment for the Cheltenham Transport Plan, although this should have been drafted well before the Council's decision on the Boots Corner Plan, in Nov 2013. I am sure this Risk Register will be fully debated in Council on 26 Jan. However, to assist that debate, I would be grateful to receive more information on the Risk register 'potential mitigation budget spend' column. In particular, what are the funding implications of Risk CTP10 (total, not just the mitigation £40K assumed); and Risks CTP 16, 17 and 18, which appear to be hiding some of the potential costs of this project within other budgets, which may not have formally planned for these risks. I am sure Council would appreciate having sight of the total potential mitigation costs of the Cheltenham Transport Plan, so that any decision to progress this Plan is informed by a full awareness of the financial implications.</p>
	<p>Response from Cabinet member</p>

	<p>GCC currently estimates the cost of implementing the Cheltenham Transport Plan TROs at approximately £600k, but has not yet provided a scheme by scheme breakdown of costs to this authority.</p> <p>At this stage, there are no detailed scheme costs relating to mitigation measures and these are impossible to assess and prioritise in detail at this stage beyond the estimates set out and in advance of the reality of scheme implementation. However, the Highways Authority is confident that the total budget identified for mitigation measures is likely to be sufficient to manage identified risks down to an acceptable level.</p> <p>Whilst the Council has made available an additional £50,000 to assist with additional mitigation costs should these prove necessary, it is GCC as Highways Authority that has the primary responsibility for the safety and integrity of the road network (as confirmed by the GCC letter of 22nd Jan 2015 to the Leader).</p> <p>Other costs are identified that are either actual or agreed responsibilities of CBC e.g. off-street car parks directional signage and public realm improvements beyond the GCC standard.</p> <p>It is worth bearing in mind that there are existing issues relating to the capacity and operation of the highway network, so we are certainly not starting from a perfect situation.</p> <p>In a supplementary question Councillor Nelson commented that all the TROs were being implemented relatively cheaply at a cost of only £600K and if that was so why could all the TROs not be made experimental?</p> <p>The Cabinet Member advised that the £600K related to the cost directly relating to the implementation of TROs themselves but there was a further budget of £2M for the civic works around the Boots Corner square.</p> <p>The officer added the reason that the TRO committee did not recommend that the whole scheme be experimental was that the changes to the inner ring road required physical changes to be made which will cost up to £600K and they would not look to reverse those as the cost of reversal would be in the same order. This recommendation had gone through the statutory consultation process and he did not think that the TRO committee's recommendation could be reversed.</p>
<p>4.</p>	<p>Question from Councillor Chris Nelson to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>I understand that on an internal CBC 'wish list' of budget enhancements, there is mention of a £300k Vehicle Management System that could be used to help traffic find available car park spaces and perhaps also offer help choosing the least congested routes through Town. In the Strategic</p>

	<p>Risk Assessment at CTP 9, it is suggested that CBC has identified funding for this enhancement, yet I assume it is not yet in the budget for next year? Is that correct? If it is yet to be budgeted for, does he not have sympathy for the argument that such a system is an essential component of the Boots Corner plan and if not, why not?</p>
	<p>Response from Cabinet Member</p>
	<p>Had such an item been in the budget for next year, no doubt I would have been accused of presumption given that the TRO committee had not yet sat to consider their decision. It has been an aspiration for several years, but not a commitment given the key factors that would impinge upon it, including not only the Cheltenham Transport Plan, but also major developments such as North Place. It would be profligate to install such a system knowing that major strategic changes were being considered.</p> <p>In a supplementary question, Councillor Nelson asked if the Cabinet Member considered £300K was sufficient funding for the system and if the aim of the Boots Corner Plan was to improve access to car parks why do we not have a car parking strategy?</p> <p>The Cabinet Member believed that it would be sufficient but he could not say definitely until they had tested the market. The car parking strategy is complex as the council owns a lot of car parks in the centre of town and the strategy is work in progress. Many car parks such as Town Centre East and Regent Arcade are still going to remain as car parks so the fact that the car parking strategy is still a year away from being finalised is not a show stopper for the scheme being considered today.</p>
<p>5.</p>	<p>Question from Councillor Chris Nelson to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>What would be the financial implications of making all the Cheltenham Traffic Plan TROs experimental, rather than just the Boots Corner component? Please show the costs of each TRO separately?</p>
	<p>Response from Cabinet Member</p>
	<p>This question is more appropriately directed to the Highways Authority, but in many senses is academic, as the TRO committee has delivered its recommendation.</p> <p>GCC currently estimates the cost of implementing the Cheltenham Transport Plan TROs at approximately £600k, but has not yet provided a scheme by scheme breakdown of costs to this authority.</p> <p>In a supplementary question Councillor Nelson asked if there was any point in the Council debating the issue today and would the county council listen to what Members had to say?</p> <p>In response the Cabinet Member replied yes and no. The TRO committee</p>

	<p>had made their recommendation so that was not going to change but there was still a chance for Cheltenham to say whether they supported the scheme or rejected it. If Council tonight rejected the scheme presumably the county council would not progress the scheme. However it was a yes or no to the scheme and there was no opportunity to amend it.</p> <p>The officer confirmed that the commissioning director specifically asked for the issue to come back to this Council to reaffirm their commitment or otherwise to the scheme and that would be taken into account when the county Cabinet made their final decision. If Council decided to amend the scheme the likely outcome would be that the county council would drop the scheme as they would have to re-advertise and re-consult.</p>
6.	Question from Councillor Chris Mason to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	With regard to the "mixed space" what safeguards will be in place to prevent pedestrians and cyclists colliding?
	Response from Cabinet Member
	<p>A point made by the police at the TRO committee was that there are a significant number of cyclists already in a non-cycling zone on the High Street. No safeguards exist today other than police presence to enforce, but as the police advised, incidents are extremely rare. Impacts are invariably low, because risks are much lower with non-motorised transport. The formalising of an existing situation does not suggest that additional measures, such as segregation of cyclists and pedestrians, are warranted.</p>
7.	Question from Councillor Chris Mason to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	How are pedestrians going to safely walk from the High St to the lower High Street when buses and taxis are crossing it?
	Response from Cabinet Member
	<p>Initially the pelican crossing will remain. It is however, worth noting that pedestrians comfortably walk across a bus lane when traversing across the High Street, say from the Nationwide Building Society to Patisserie Valerie, without the aid of a formalised crossing. The fundamental difference is the reduction in the volume of traffic and critically, the average speed of it.</p> <p>In a supplementary question Councillor Mason asked why the proposal to run buses through this route was not included in the trial.</p> <p>The Cabinet Member referred the question to the officer. He responded that ideally they would like to trial it but this would require physical changes which would require a lot more investment. A number of people had raised concerns that the Boots Corner scheme would cause an increase in traffic in other areas of the town and the purpose of the trail was to assess this.</p>

8.	Question from Councillor Diggory Seacome to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	Can we please know how any impact on residents affected by the change in traffic flows has been calculated, and what consultation took place to achieve these findings.
	Response from Cabinet Member
	<p>GCC has provided the outputs of their detailed modelling in its consultations across the town, on its website and in various meetings over the last 2 years.</p> <p>Outputs were shown as traffic flows in 2010, traffic flows projected to 2026 with no intervention and traffic flows projected to 2026 with the changes proposed.</p> <p>In a supplementary question Councillor Seacome asked whether the Cabinet Member felt that information on the website and in various meetings was sufficiently accessible.</p> <p>The Cabinet Member felt that given the sheer volume of information it had been made available in the best way and members and the public had had sufficient opportunities to access it.</p>
9.	Question from Councillor Matt Babbage to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	Is the £150k fund put aside for mitigation measures from the Cheltenham Transport Plan still considered to be adequate, and if not what amount would be appropriate? What risks have been considered that could affect this figure?
	Response from Cabinet Member
	<p>In the absence of any advice to the contrary from colleagues at GCC highways, we are confident that the identified sum is likely to be sufficient. The risks considered are listed in the risk register associated with the papers for this meeting. Please also refer to GCC letter to the Leader dated 22nd January, 2015.</p> <p>In a supplementary question Councillor Babbage said there had been a suggestion from officers at CBC and GCC that an increase in the mitigation funds would be sensible. Would the Cabinet Member support this and by how much?</p> <p>The Cabinet Member thought this was a question for the County Council but it was his understanding that they would fund whatever is required and he didn't believe they had set a limit on that. If the situation did arise he thought this council would seriously consider their position as they work in partnership with the county council.</p>
10.	Question from Councillor Adam Lillywhite to Cabinet Member Development and Safety, Councillor Andrew McKinlay

	<p>Please provide the following, a hard copy of the relevant versions and sections of the risk register or risk assessment that were used by CBC when making the two decisions to forward this scheme to the TRO Committee in November/December 2013.</p> <p>These decisions are the 'Non Key' decision of Full Council of 18/11/2013 and the "key" decision made by the leader, 5th December.</p> <p>The published notice of intent and documentation for this a "key" decision, which should be 28 days was cut to just three, please include the documentation of how this risk was considered and recorded for the 5th December.</p> <p>In a supplementary question Councillor Lillywhite said he had not received the information he had requested so asked where were the risks from November 2013? What was the point of having a risk register when its fundamental requirement to list risks was repeatedly ignored.</p> <p>The Cabinet Member said he would ask officers to provide this information. The risk register would not have a great deal in it from the CBC point of view because the risks sit with the County Level and are high level risks. A more detailed risk register would be provided as the scheme progresses into the design stage.</p>
	<p>Response from Cabinet Member</p>
	<p>The risk assessment at that time was CBC-specific and made available on the Council's website at the end of the associated reports. This has since developed into the much fuller shared risk assessment with GCC associated with the latest report to Council. This risk assessment identifies the risk owner(s) for each identified risk.</p> <p>The Leader decision on 5 December 2013 was an urgent decision, in order to inform the GCC lead Cabinet member on 9 December 2013 and, therefore, the 28 notice period did not apply.</p> <p>Council now has a further opportunity to consider the Cheltenham Transport Plan, including the shared risk assessment and to decide whether or not to support the recommendations of the TRO committee.</p>
<p>11.</p>	<p>Question from Councillor Adam Lillywhite to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>Please confirm that any roads which may lose their on-street parking and/or be made one way to facilitate the greater volume of demand from traffic, as suggested by the mitigation team, will have the works performed during the trial, so that a true assessment can be made of all impacts before the trial is completed or any conclusions are drawn.</p>
	<p>Response from Cabinet Member</p>
	<p>This is for determination by GCC as Highways Authority in the light of any</p>

	<p>outputs from traffic monitoring, but it seems a sensible approach which I suggest, we, as ward Councillors jointly propose to GCC.</p> <p>In a supplementary question Councillor Lillywhite asked for conformation that a true trial would occur as a trail was pointless if the most controversial and dangerous element was removed.</p> <p>The Cabinet Member did not agree with this statement and the officer had already explained the process for testing this part of the plan.</p>
<p>12.</p>	<p>Question from Councillor Chris Ryder to Cabinet Member Development and Safety, Councillor Andrew McKinlay</p>
	<p>Has sufficient work been carried out with the Disability Working Group, and other organisations of the town who have a voice on behalf of people with disabilities, who will use 'Boots corner Space' along with cyclists, taxis, buses and coaches, who have equal rights, on ensuring their safety when using this area of proposed significant change?</p>
	<p>Response from Cabinet Member</p>
	<p>GCC, which has the responsibility for equality proofing the scheme proposals, has undertaken consultation with various groups including the Disability Working Group. Also, as you note, CBC with the Task Force organised meetings with representatives of various disability groups to establish what works and does not work for them in the town centre now, as the scale of works being proposed create an opportunity to rectify existing failings.</p> <p>When the Council decision was made on 18/11/13, we were confident that appropriate steps were being taken to hear the views of the various groups, but equally recognised that any work could only be a broad based discussion to identify concerns as the whole process would be subject to the TRO process.</p> <p>That group continues to be consulted and meet to discuss and provide input into actual rather than theoretical design issues. Recently, advice has been sought on the High Street scheme associated with Brewery Phase II and responses will be taken into account in final design work, to be implemented this Spring.</p> <p>Physical changes to Boots Corner will not occur until the TRO committee has considered the outcomes of the trial, but in the interim we are confident that this representative group will be heard and their concerns fully taken on-board should a public realm upgrade be implemented.</p> <p>Equally, all schemes involving the highway require an independent audit to ensure compliance with safety and the proposals for the High Street, Boots' Corner and any other elements of the Cheltenham Transport Plan will be assessed in this manner.</p> <p>In a supplementary question Councillor Ryder asked for assurance that designated drop off and pick up points in and around the town centre for vehicles transporting disabled people would be identified and that this</p>

	<p>would be discussed with appropriate disability groups.</p> <p>The Cabinet Member was sure that it would be and there would be consultation with all relevant parties but he could not be more specific on locations at this stage.</p>
13	Question from Councillor Andrew Lansley to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	<p>Like other residential areas close to the town centre, the residents of St Paul's are seeking reassurance around the mitigation of the CTP and wish for there to be a further consultation process within the community to determine that appropriate measures are in place. Will the opinions of our residents be taken into account in providing effective, measurable mitigation as part of this trial period?</p>
	Response from Cabinet Member
	<p>GCC, as Highways Authority, will be monitoring the impact of the changes. Any mitigation measures proposed will be subject to public scrutiny, prior to implementation. My understanding is that certain measures currently proposed such as a 20mph zone have been the result of active public engagement of the community with both CBC Councillors and GCC representatives. I am hopeful that this will continue and also that this wider scheme will help to address some existing concerns, in addition to those arising from the scheme itself.</p>
14.	Question from Councillor Andrew Lansley to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	<p>As St Paul's Road was not included in the original traffic data that was provided, can we have reassurances that it will be this time? Monitoring at key points in the area would help provide a more accurate picture of the impact of these proposed changes. Residents have suggested the Eastern entrance to St Paul's Road, around the regenerated CBH areas on Folly Lane and outside Gardner's Lane school as appropriate places – could these be included as part of the monitoring process?</p>
	Response from Cabinet Member
	<p>This seems a reasonable request and I suggest that CBC Councillors ask colleagues at GCC whether this is feasible.</p>
15.	Question from Councillor Andrew Lansley to Cabinet Member Development and Safety, Councillor Andrew McKinlay
	<p>With the recent capitulation and uncertainty over North Place, it is unclear as to the impact (and timescale) of this development on the expected traffic volume change. When combined with the parking review and other developments in the north of Cheltenham I believe there should be a clear overview of the cumulative impact of multiple projects occurring across our town. What does this council intend to do with respect to a cohesive approach to the future planning of this town when it is evident there is none?</p>

	Response from Cabinet Member
	<p>Your observation regarding North Place is correct and until there is clarity from the two parties involved, it would be premature to speculate upon the way forward.</p> <p>It is an unfortunate fact that not all developments progress, but despite the setback at North Place, we do have Honeybourne Gate, Brewery Phase II and Albion Street all on site presently. The recommendation by the TRO committee provides another step towards the longer term goal of delivering sustainable development, so in reality we have many of the building blocks and also a comprehensive traffic-modelling tool against which new developments can be tested. This allows GCC as Highways Authority to establish potential impacts and require developments to mitigate as necessary and appropriate.</p> <p>In a supplementary question Councillor Lansley asked if the south part of Clarence Square would be monitored.</p> <p>The Cabinet Member indicated that officers had received this request and would be taken on board.</p>

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).

<p>Financial implications</p>	<p>As contained in the report and appendices.</p> <p>Contact officer: Sarah Didcote.</p> <p>E-mail: sarah.didcote@cheltenham.gov.uk</p> <p>Tel no: 01242 264125</p>
<p>Legal implications</p>	<p>The budget setting process must follow the Council's Budget and Policy Framework Rules.</p> <p>The Local Government Act 2012 introduced a radical change to the local government finance system. The key changes introduced by the Act were:</p> <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. <p>All of the above changes came into effect for the 2013/14 financial year.</p> <p>Section 38 of the Localism Act 2011 requires local authorities to produce Pay Policy Statements.</p> <p>The Localism Act 2011 also contains requirements for local authorities to hold a referendum where council tax is proposed above a specific 2% increase.</p> <p>Section 25 of the 2003 Local Government Act requires the authority's Section 151 Officer to comment on the robustness of the estimates and the adequacy of reserves.</p> <p>Contact officer: Peter Lewis</p> <p>E-mail: peter.lewis@tewkesbury.gov.uk</p> <p>Tel no: 01684 272012</p>

<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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PROPOSALS FOR GROWTH

APPENDIX 4

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	-

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 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.

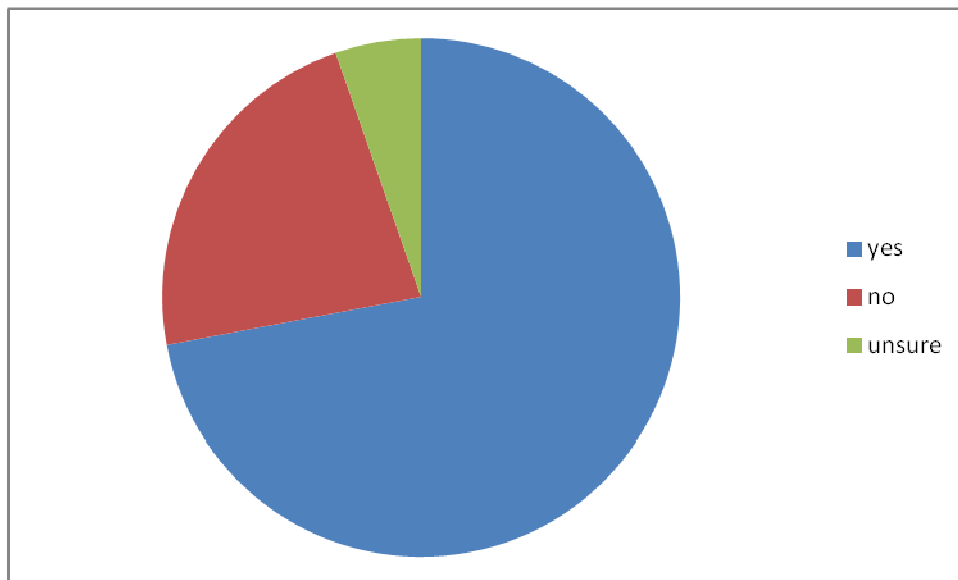
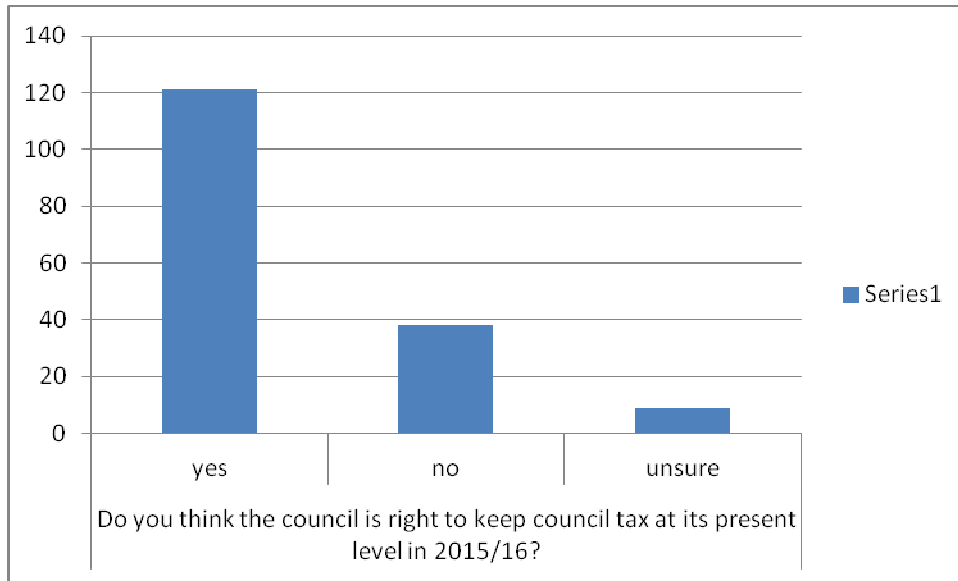
The answers given on the future capital programme will be considered as the programme develops. Consideration will be given to schemes not on the original list which are suggested by residents, as well as those that are on the original list.

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.

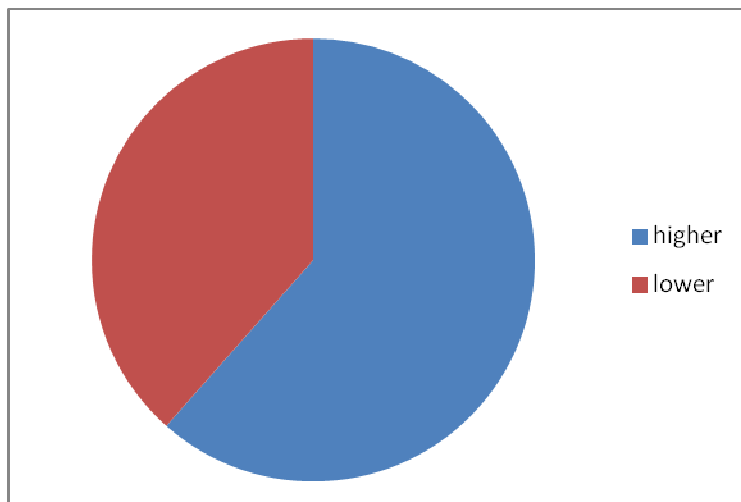
1) Do you think the council is right to keep council tax at its present level in 2015/16?

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



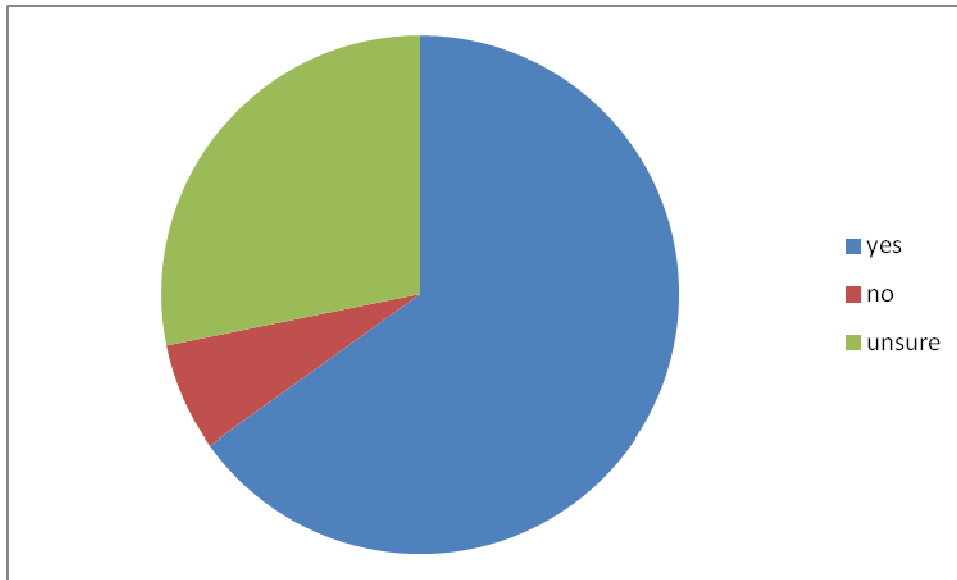
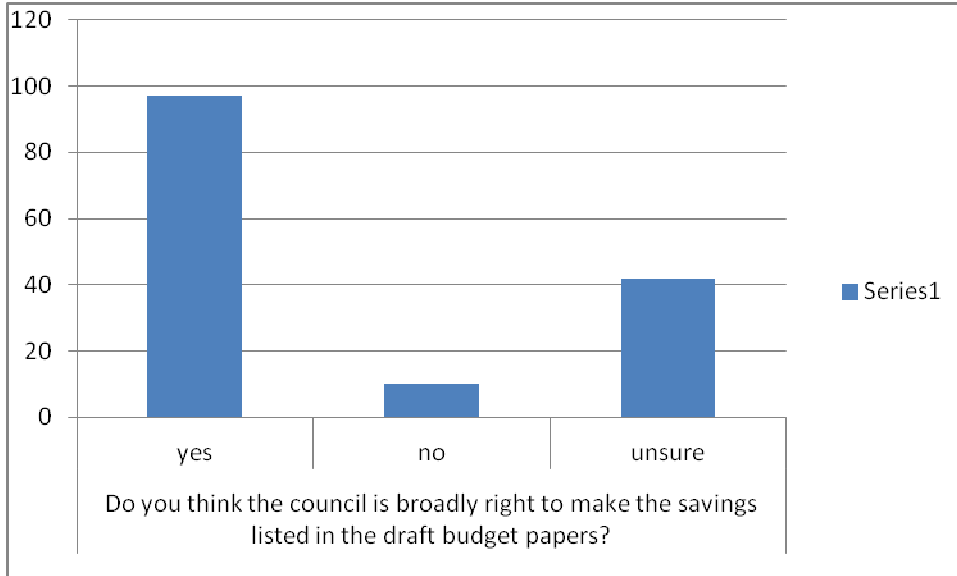
2) If your answer to question one was no, do you think council tax should be:

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?

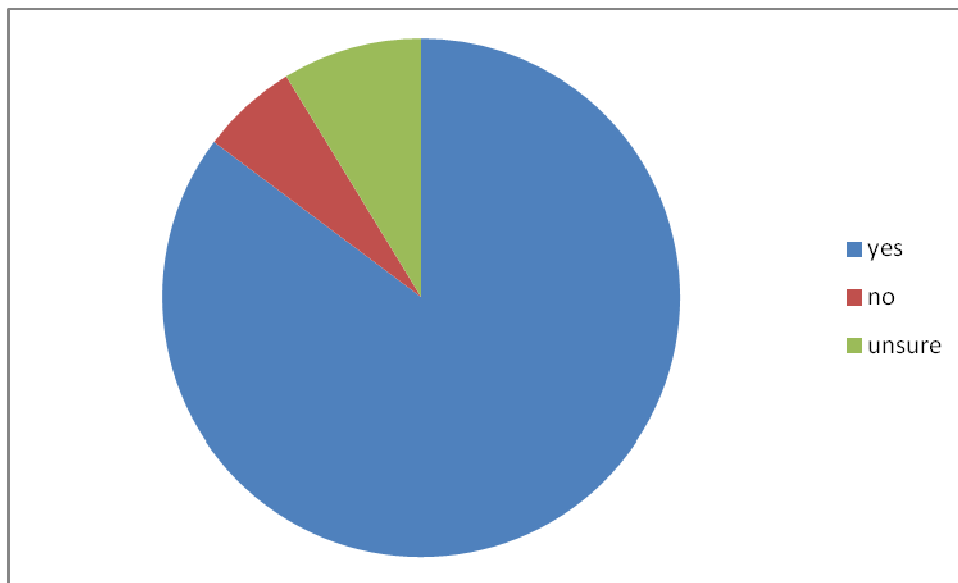
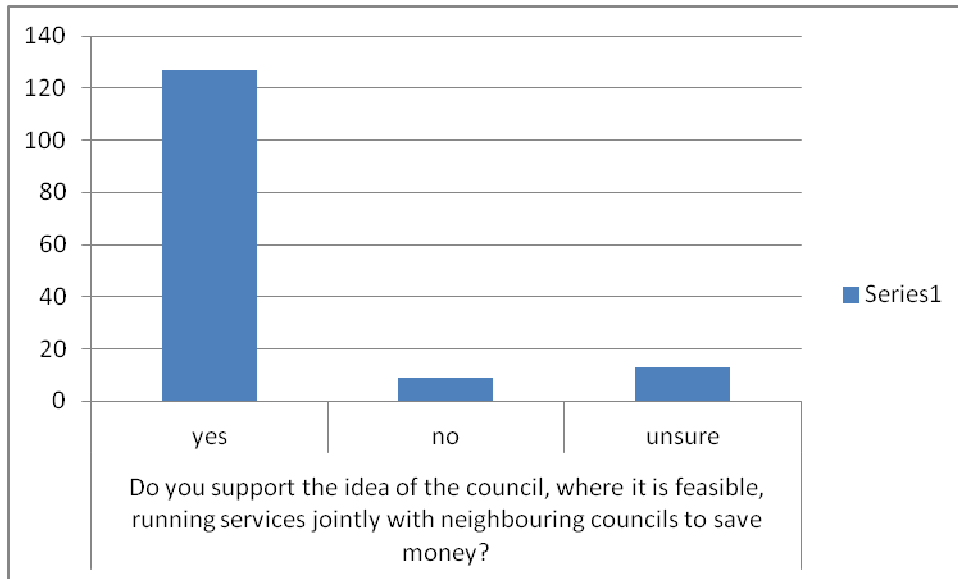
Out of the 85 responses to this question, 17 (20%) related to the maintenance and upkeep of pavements and roads, 12 (14%) related to waste and recycling services, 10 (11%) related to the cleansing of pavements and pedestrianized areas and 9 to car parking (11%).

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.

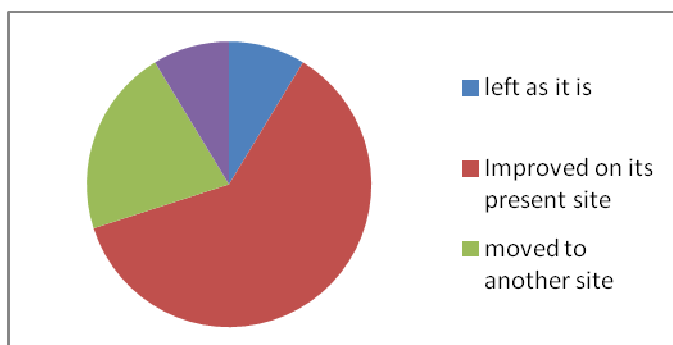
6) Do you support the idea of the council, where it is feasible, running services jointly with neighbouring councils to save money?

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>

<p>HR implications (including learning and organisational development)</p>	<p>No direct HR implications arising from this report.</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.</p>
<p>Environmental and climate change implications</p>	<p>The budget contains proposals for improving the local environment particularly in addressing the issue of energy reduction in Council owned dwellings</p>

1 Background

1.1 The 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 £	
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 Budget £	2016/17 2017/18 Projections £	
	Original £	Revised £		£	£
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 Budget £	2016/17 2017/18 Projections £	
	Original £	Revised £		£	£
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

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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
Council – 13 February 2015**

Appointment of Mayor and Deputy Mayor 2015-16

Accountable member	Leader, Councillor Steve Jordan
Accountable officer	Chief Executive, Andrew North
Accountable scrutiny committee	n/a
Ward(s) affected	None directly
Significant Decision	No
Executive summary	<p>Councillor Duncan Smith has served as Deputy Mayor since last year's Annual Council Meeting and Members will be asked to elect him as Mayor at this year's Annual Meeting.</p> <p>The Members shown as 1 – 3 at the head of the Order of Precedence in Appendix 2 have been approached to ascertain if they are willing and able to have their name put forward for appointment as Deputy Mayor for 2015-2016. Councillor Chris Ryder indicated a willingness to put her name forward as Deputy Mayor subject to no other eligible councillor wishing to do so.</p>
Recommendations	Council note the Order of Precedence in Appendix 2 and that Councillor Duncan Smith and Councillor Chris Ryder will be put to the Annual Council Meeting for election as Mayor and Deputy Mayor respectively for the municipal year 2015 - 2016.

Financial implications	<p>The allowances for Mayor and Deputy Mayor have been included in the budget proposals for 2015/16.</p> <p>Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
Legal implications	<p>Whilst the Council operates the Rules Relating To Order Of Precedence Of Members as a local convention, the Council has final discretion as to which members it appoints as its Mayor and Deputy Mayor (Council chairman and vice-chairman).</p> <p>Contact officer: Peter Lewis, peter.lewis@tewkesbury.gov.uk, 01684 272012</p>
HR implications (including learning and organisational development)	<p>None</p> <p>Contact officer: Julie McCarthay julie.mccarthy@cheltenham.gcsx.gov.uk, 01242 264355</p>
Key risks	None

Corporate and community plan Implications	The Mayor and Deputy Mayor promote the corporate and community objectives in carrying out their role as civic heads.
Environmental and climate change implications	None

1. Background

- 1.1 The rules relating to order of precedence of Members were amended by Council on 17 March 2008 and are attached as Appendix 1 and are set out in Appendix J in the Council’s Constitution.
- 1.2 As part of that change it was agreed that once a councillor has achieved the office of Mayor they should remain at the bottom of the Order of Precedence in date order and should not be eligible to hold the office again unless all those above them on the Order of Precedence have chosen not to accept the honour or do not qualify for selection.
- 1.3 In addition it was agreed that a member would not be eligible for consideration as Mayor unless they had a minimum of four years service prior to taking up office and a minimum of 3 years service prior to becoming Deputy Mayor.

2. Reasons for recommendations

- 2.1 The Council’s Constitution provides that the Mayor and Deputy Mayor shall be elected at the Annual Council Meeting.
- 2.2 The Constitution also provides that in order to assist the Council the Chief Executive will maintain a list of members (called the “Order of Precedence”) showing members’ total service on the authority and, if appropriate their period of service since they served the Borough as its Mayor. This list is attached as Appendix 2.
- 2.3 Whilst the Council must formally make these appointments at the Annual Council Meeting, in accordance with the Constitution, the Order of Precedence is presented to the first Council meeting in the calendar year.

3. Alternative options considered

- 3.1 All the councillors with more service than Councillor Smith formally declined to have their names put forward for the position of Deputy Mayor.

4. Consultation and feedback

- 4.1 Not applicable

Report author	Contact officer: Rosalind Reeves, Democratic Services Manager Rosalind.reeves@cheltenham.gov.uk, 01242 774937
Appendices	1. Rules relating to order of Precedence of Members 2. Order of Precedence
Background information	Council 14 April 2003 and 17 March 2008

THE RULES RELATING TO THE ORDER OF PRECEDENCE OF MEMBERS

1. The Head of Paid Service (or the Monitoring Officer on his or her behalf) will maintain a list of all members showing their precedence in terms of:

- their service on Cheltenham Borough Council,

and this list will be referred to as “The Order of Precedence”. It is only of relevance in the determination of the succession of the posts of Mayor and Deputy Mayor.

2. To be eligible for consideration as Mayor a member must have had a minimum of four years service prior to taking up office.
3. To be eligible for consideration as Deputy Mayor a member must have had a minimum of three years service prior to taking up office.
4. The Deputy Mayor appointed to serve as such in a particular municipal year will be elected Mayor for the following municipal year provided he or she is willing, and remains eligible, to accept that office.
5. If the Deputy Mayor is unwilling or ineligible to accept nomination as Mayor, the nomination will be offered by the Head of Paid Service, following consultation with the Monitoring Officer, to members in accordance with The Order of Precedence until a member is able to accept the nomination.
6. Not later than 31st December in any year the Head of Paid Service (or the Monitoring Officer on his or her behalf) will approach the member at the head of The Order of Precedence (other than the Deputy Mayor) to ascertain if he or she is willing to accept nomination as Deputy Mayor for the next municipal year.
7. If the member approached by, or on behalf of, the Head of Paid Service is unwilling or unable to accept the nomination, the Head of Paid Service (or the Monitoring Officer on his or her behalf) will approach members in accordance with The Order of Precedence until a member is able to accept the nomination.

The Head of Paid Service will inform the Council of the member’s willingness to accept nomination at its first ordinary meeting in the new calendar year.

8. The fact that a member approached by, or on behalf of, the Head of Paid Service is unwilling or unable to accept nomination as Deputy Mayor for a particular municipal year, shall not prevent that member being approached again in accordance with The Order of Precedence.
9. Where members have equal periods of service, a member with unbroken service on Cheltenham Borough Council will take precedence over a member with broken service.
10. Members who have served the borough as Mayor will be moved to the bottom of the Order of Precedence and will only be considered for selection if no other member is interested in taking on the position of Deputy Mayor/Mayor or is eligible to do so.

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11. The precedence between members who notwithstanding paragraph 9 have equal periods of service on Cheltenham Borough Council shall be decided by lot conducted prior to the first ordinary meeting of the Council following municipal elections.
12. Any questions arising as to the application of these rules shall be determined by the Head of Paid Service, following consultation with the Monitoring Officer, and in consultation with the Group Leaders.

Councillor	Political party	Next up for election	Date of election/period of service	Eligible service for Mayor 2015	Previous Mayor
McKinlay, Andrew	Lib Dem	2014	1991	24	0
Jordan, Steve A	Lib Dem	2016	1986-1992, 1994, 1995-1999, 2002	24	0
Holliday, Sandra J	Lib Dem	2014	1996	19	0
Smith, Duncan J *	Conservative	2016	1998	17	0
Prince, David J *	PAB	2016	1994- 2007, 2012	17	0
Seacome, Diggory C	Conservative	2016	2000	15	0
Stennett, Malcolm	PAB	2016	2000	15	0
Britter, Nigel C	Lib Dem	2014	2002	13	0
Ryder, Chris	Conservative	2014	1999-2002, Jan 2004- 2010, 2013	12	0
Wall, Andrew S	Conservative	2016	2004	11	0
Hay, Rowena	Lib Dem	2016	2002-2008, 2010	11	0
Coleman, Chris	Lib Dem	2016	2002-2008, October 2010	10	0
Baker, Paul	Lib Dem	2018	1982-1993	10	0
Sudbury, Klara *	Lib Dem	2016	2008	7	0
Whyborn, Roger *	Lib Dem	2016	2008	7	0
Fisher, Bernard *	Lib Dem	2016	2008	7	0
Walklett, Jon *	Lib Dem	2014	2010	5	0
McCloskey, Helena *	Lib Dem	2014	2010	5	0
Jeffries, Peter *	Lib Dem	2014	2010	5	0
Williams, Suzanne *	Lib Dem	2016	2012	3	0
Chard, Andrew *	Conservative	2016	2012	3	0
Harman, Tim *	Conservative	2016	2012	3	0
Reid, Rob *	Lib Dem	2016	2012	3	0
Lansley, Andrew *	Independent	2016	2012	3	0
Babbage, Matt	Conservative	2018	2014 -	1	0
Clucas, Flo	Lib Dem	2018	2014 -	1	0
Lillywhite, Adam L K	PAB	2018	2014 -	1	0
Mason, Chris	Conservative	2018	2014 -	1	0
Murch, Dan	Lib Dem	2018	2014 -	1	0
Nelson, Chris	Conservative	2018	2014 -	1	0
Payne, John	PAB	2018	2014 -	1	0
Wilkinson, Max	Lib Dem	2018	2014 -	1	0
Thornton, Pat M	Lib Dem	2014	1986 -	17	1996/97
Barnes, Garth W	Lib Dem	2014	1976-1983, 1990-1998, 2002	11	2003/4
Fletcher, Jacky	Conservative	2016	1987-1991,1992-1996,1999-2002,2004	8	2006/07
Rawson, John O	Lib Dem	2016	1980-1987, 2004	7	2007/08
Regan, Anne	Conservative	2016	1994-1996, 2000	4	2010/11
Hay, Colin P	Lib Dem	2014	1991-1995, 2006	2	2012/13
Flynn, Wendy L	Lib Dem	2016	2002	1	2013/14
Wheeler, Simon	Lib Dem	2014	2002	0	2014/15

* indicates order set by ballot where equal service

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