

Cabinet

Tuesday, 9th February, 2016
7.30 - 8.55 pm

Attendees	
Councillors:	Steve Jordan (Leader of the Council), John Rawson (Cabinet Member Finance), Rowena Hay (Cabinet Member Healthy Lifestyles), Peter Jeffries (Cabinet Member Housing), Andrew McKinlay (Cabinet Member Development and Safety), Jon Walklett (Cabinet Member Corporate Services) and Chris Coleman (Cabinet Member Clean and Green Environment)
Also in attendance:	Councillor Tim Harman and Councillor Max Wilkinson

Minutes

- 1. APOLOGIES**
None.
- 2. DECLARATIONS OF INTEREST**
None
- 3. MINUTES OF THE LAST MEETING**
The minutes of the last meeting were approved and signed as a correct record.
- 4. PUBLIC AND MEMBER QUESTIONS AND PETITIONS**
There were none.
- 5. GENERAL FUND REVENUE AND CAPITAL - REVISED BUDGET 2015/16, AND FINAL BUDGET PROPOSALS 2016/17**
The Cabinet Member Finance introduced the report which summarised the revised budget for 2015/16 and the Cabinet's final budget proposals and pay policy statement for 2016/17.

He reported that when the draft budget was published in December 2015 there were three key methods of dealing with the customary large gap between what was needed to maintain services and what money would be available next year. Firstly a council tax increase of just under two percent, secondly £738 000 of efficiency savings and thirdly the restrained use of reserves to overcome the short term problems such as the drop in business rates income. This whole package assumed a drop in revenue support grant of £331 000 based on the Department of Communities and Local Government modelling provided in the autumn.

He then explained however that the Government's funding settlement announced on December 18 was a cut of £839 000 or 40% cut in 2016/17 followed by a similarly large cut the following year and in all the Government

indicated that it would cut three quarters of revenue support grant in the next two years and phase it out completely by 2020.

The Cabinet Member reported that the settlement was much worse for Cheltenham than for the average district council. He said that whilst letting councils maintain a share of business rates had its merits the proposals for redistributing business rates were unlikely to be published for some time. He reminded Members that he had written to the Secretary of State before Christmas to urge that the cut in the revenue support grant should be applied more gently over a four year period so the council did not face such a precipitous drop in the first two years. This was followed up in the New Year by a long and detailed submission to the Government by finance officers explaining the reason why the settlement was unfair and based on unrealistic assumptions.

In the interim officers had worked hard to consider a way forward in these difficult circumstances. Additional income had been found, particularly identifying additional business rates income that was likely to come through business rates pooling. Savings in the current financial year were also sought and found in order to strengthen the budget strategic support reserve and cushion services against cuts in government grant. More savings and additional income was also added to the Medium Term Financial Strategy, not just for 2016/17 but for 2017/18 and the following years.

The Cabinet Member Finance emphasised that a clear strategy, focused on economic growth, was vital for the future of the town. The council would continue its support for the Business Improvement District and the emerging tourism strategy to ensure that Cheltenham played to its strengths as a visitor destination.

He also highlighted the following proposals :

- Car parking charges to be abolished after 6pm
- £36 000 to be allocated to fund an intensive clean-up of the town centre, a project which could be extended to other key areas of the town
- The council would be working with voluntary groups to clean up litter and mess across the town as part of the nationwide Clean for The Queen initiative to mark The Queen's 90th birthday.

The Cabinet Member then reported that on Monday (8 February) Government made a significant concession in response to the council's representations and in order to compensate for the sharp reduction in RSG. This comprised a transitional grant of £74 000 a year over two years and allowing shire districts like Cheltenham to raise council tax by £5 a year on band D properties. He believed that Cheltenham should take advantage of this new flexibility that Government was allowing on council tax. This additional £51 000 of council tax income, together with the transitional grant next year, would strengthen the council's finances very substantially and reduce dependence on reserves. This would directly benefit Cheltenham residents by reducing the budget gap in future years and thereby protect services from cuts. The Cabinet was therefore proposing a £5 increase in Council tax compared with the £3.72 that was originally proposed.

The Cabinet Member Finance invited the S151 Officer, Paul Jones, to address Cabinet. He explained that in October work had been done on the MTFS in terms of a risk based approach with regard to Government funding in future years but at this stage there was a balanced MTFS. He reported that when the frontloaded cuts were announced immediately before Christmas officers had to take stock and revisit the MTFS. He believed that Cheltenham was unique in that it had the potential to grow as an economy and reserves could be boosted. Further to representations by Cheltenham and other councils and the Local Government Association a significantly improved financial settlement had been announced.

In discussing the proposals Cabinet Members welcomed the specific proposals to intensively clean the town centre and cut car parking charges after 6 pm. This was set against the council continuing to run all existing projects such as the cemetery and crematorium projects, the war memorial, new build and the Pittville Park play area. This proved the council's ongoing commitment to the town.

The Leader of the Council wished to put on record his thanks to the Cabinet Member Finance and to the finance officers who had to deal with particularly challenging circumstances this year. It was encouraging that Government had taken into account representations received but concern remained with regard to how and in what form changes to the redistribution of business rates would take place. He believed that given the current financial circumstances it was right to take advantage of the new flexibility provided to shire districts in terms of increasing council tax, particularly after a 5 year council tax freeze. Finally he highlighted the positive budget which had economic development at its core.

RESOLVED THAT it be recommended to Council that :

- 1. the revised budget for 2015/16 be noted and the recommendation of the Section 151 Officer to transfer the identified saving of £307,900 to the budget strategy (support) reserve as detailed in Section 3.1 be approved.**
- 2. Having considered the budget assessment by the Section 151 Officer at Appendix 2 the following recommendations be approved :**
- 3. the final budget proposals including a proposed council tax for the services provided by Cheltenham Borough Council of £192.12 for the year 2016/17 (an increase of 2.67% or £5.00 a year for a Band D property) be approved.**
- 4. the growth proposals, including one off initiatives at Appendix 4, be approved.**
- 5. the savings / additional income totalling £780,700 and the budget strategy at Appendix 5 be approved.**
- 6. the use of reserves and general balances be approved and the projected level of reserves, as detailed at Appendix 6 be noted.**

7. the proposal to abolish charges in council car parks after 6pm as detailed in Section 8 be approved.
8. a 1% increase in all Member allowances, in line with the proposed increase in staff pay, as detailed in Section 9 be approved.
9. the local council tax support scheme for 2016/17 as outlined in Section 11, which remains unchanged from 2015/16 other than the annual uprating for non-dependant deductions, be approved.
10. the proposed capital programme at Appendix 7, as outlined in Section 13 be approved.
11. the Pay Policy Statement for 2016/17, including the continued payment of a living wage supplement at Appendix 9, be approved.
12. a level of supplementary estimate of £100,000 for 2016/17 as outlined in Section 18 be approved.
13. it be noted that the Council will remain in the Gloucestershire business rates pool for 2016/17 (para 4.15).
14. it be noted that the award of Transition Grant in 2016/17 of £74,460, which when added to the additional £51,557 raised through council tax, results in a reduction in the contribution required from the budget support (strategy) earmarked reserve of £126,018.

6. HOUSING REVENUE ACCOUNT - REVISED FORECAST 2015/16 AND BUDGET PROPOSALS 2016/17

The Cabinet Member Finance introduced the report which summarised the Housing Revenue Account (HRA) revised forecast for 2015/16 and the Cabinet's budget for 2016/17.

The Cabinet Member explained that in July 2015 the Chancellor had announced that rents in social housing would be reduced abruptly by 1% a year for four years (as opposed to a 1% rise each year for 10 years). Whilst this represented good news for tenants it invoked a great deal of uncertainty for CBH and the Council with an estimated loss of £6.7m to the HRA budget up until March 2020. CBH had subsequently worked closely with CBC officers to revise its budget and plans to ensure spending could be contained within the limits which were now necessary. He was pleased to report that as a result of this work the proposed budget was positive and would contain sufficient resources to maintain the decent homes standard, existing services, the long term viability of HRA reserves, delivery of the windows and doors improvement programme, delivery of the existing new build programme (schemes currently being progressed) and service improvements for vulnerable groups. He reported that the savings targets which had been identified included management costs savings and the reduced need for the management revenue contribution to fund the capital programme. In 2016/17 the overall cost of repairs and maintenance had reduced to £4.1m; £7.7 would be invested in

property improvements and major works..., £400 k would be invested in disabled adaptation and £4m would be invested in new build. Whilst there remained uncertainty with regard to Government policy post 2020 the Cabinet Member explained that positive action had been taken whilst maintaining a high level of financial prudence. The Cabinet Member Finance thanked officers and CBH colleagues for their efforts in bringing forward this positive budget in difficult circumstances.

The Cabinet Member Housing implored Government to consult organisations on proposed changes rather than producing them out of the blue. The proposed budget was however a positive one which included investment in stock and new build.

The Leader also wished to put on record his thanks to officers who had produced this positive budget.

RESOLVED THAT it be recommended to Council that

- 1. the revised HRA forecast for 2015/16 be noted.**
- 2. HRA budget proposals for 2016/17 (Appendix 2) including a proposed rent decrease of 1% and changes to other rents and charges as detailed at Appendix 5 be approved.**
- 3. the proposed HRA capital programme for 2016/17 as shown at Appendix 3 be approved.**

7. TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY

The Cabinet Member Finance introduced the report which complied with the CIPFA Code of Practice on Treasury Management as it set out the Council's Treasury Management Strategy Statement for borrowing and prepared an Annual Investment Strategy for council approval prior to the start of a new financial year.

The Cabinet Member highlighted recommendation 1 which was crucial to the strategy, i.e. that the Council should invest prudently the surplus funds held on behalf of the community giving priority to security and liquidity in investments. He then made the following points :

- the council had stayed within the Prudential Indicators
- the Capital Financing Requirement guideline had been complied with and no difficulties were envisaged in the future
- the council was currently maintaining an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement) had not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow had been used as a temporary measure. This was a prudent strategy as investment returns were low and counterparty risk was relatively high.
- in terms of investment policy the Cabinet Member highlighted that the aim was to act cautiously due to the uncertain economic situation both nationally and internationally. He emphasised that the council would not solely rely on credit ratings but would collect a range of intelligence.

Officers were constantly looking at the performance of investments with the counterparties. There was currently a strong bias towards investing at the short-end of the market with investments only made abroad where they have a minimum rating of AA- and only for a period of 1 year.

The Cabinet Member wished to put on record his thanks to those officers responsible for treasury management matters as well as the Treasury Management Panel and its Chair Councillor Harman. They played an important role in monitoring, scrutinising and approving the report.

RESOLVED THAT it be recommended to Council that the Treasury Management Strategy Statement and Annual Investment Strategy for 2016/17 at Appendix 2 be approved including :

- 1. The general policy objective ‘that Council should invest prudently the surplus funds held on behalf of the community giving priority to security and liquidity’.**
- 2. That the Prudential Indicators for 2016/17 including the authorised limit as the statutory affordable borrowing limit determined under Section 3 (1) Local Government Act 2003 be approved.**
- 3. 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.**
- 4. For 2016/17 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.**

8. BUDGET MONITORING REPORT 2015/16 - POSITION AS AT DECEMBER 2015

The Cabinet Member Finance introduced the report which updated Members on the Council’s current financial position for 2015/16 based on the monitoring exercise at the end of December 2015. The report covered the Council’s revenue, capital and treasury management position. The report also identified any known significant variations (minimum 350,000) to the 2015/16 original budget and areas with volatile income trends.

The Cabinet Member Finance made the following points :

- income levels from recycling continued to be lower than anticipated. This was due partly to significant fluctuations in the prices received for recyclates because of global events such as the drop in the price of crude oil and the slowdown in the Chinese economy.

- the Joint Core Strategy examination process has become more lengthy and more expensive which has resulted in further budgetary provision being made available in the final budget for 2016/17.
- Off street car parking income was healthy. The Car Parking Equalisation Reserve remained intact and would provide a cushion for future fluctuations in car parking revenue.
- The net effect on the general fund of the variances reported was a net underspend against the budget of £307,900 for 2015/16. It was proposed that a contribution of £307,900 be made to the Budget Strategy (Support) Reserve, based on the position at the end of December 2015 and Cabinet make this formal request for Council approval as part of the budget setting process for 2016/17 at its meeting on 12th February 2016.

Finally, the Cabinet Member Finance expressed his thanks to officers across the organisation for their hard work. There was a positive projection for budget outturn this financial year for which he was most grateful.

RESOLVED THAT

- 1. the contents of this report including the key projected variances to the 2015/16 budget and the expected delivery of services within budget be noted.**
- 2. the budget virements to the 2015/16 budget, as detailed in Appendix 6 be noted.**

9. 2020 VISION - BUSINESS CASE FOR SHARING CUSTOMER AND SUPPORT SERVICES

The Cabinet Member Finance introduced the report and explained that at the Council meeting held on 19 October 2015 a commitment had been made by the Leader to ensure that back-bench members would be given the opportunity to be involved in discussions regarding the business cases for sharing services under the 2020 shared services partnership structure. This took the form of a Cabinet Member Working Group (CMWG) Customer and Support Services which met 3 times to consider 'What, How and Why' the council should consider sharing Customer Services including the consideration of other sharing options. Members of the CMWG considered the options in the business case and supported the recommended option for sharing with 2020 vision partners.

The Cabinet Member Finance highlighted what members of the CMWG thought were the most important outcomes for the council and for its customers and communities as laid down in paragraph 2.4 of the report. He also highlighted the benefits that linking IT and customer services would bring to the customer, particularly given the specific funding of £1.5 m for ICT to finance the necessary step change in technology required to support the development of customer services.

Councillor Wilkinson, as member of the CMWG, was invited to address Cabinet. He reported that it had been a positive process and that it was important that it was scrutinised and that the thinking behind it was understood. The group believed that there was significant scope for improvement as whilst the current customer services did a good job a more rounded, more responsive service which provided answers to the public in a quicker and more satisfactory way and with enhanced online technology, whilst maintaining face to face and telephone support, would improve the service greatly.

The Cabinet Member proposed that the wording to recommendation 2 be amended to read (changes in italics) : “the Director of Resources in consultation with the Cabinet Member Finance be authorised to undertake all necessary actions and processes to implement the matters set out in this report *including authority to make minor amendments to the delegation lists*”.

RESOLVED THAT

- 1. those functions for Customer Services listed at Appendix 3 be delegated to the 2020 Vision Joint Committee subject to delegation principles in section 6.**
- 2. the Director of Resources in consultation with the Cabinet Member Finance be authorised to undertake all necessary actions and processes to implement the matters set out in this report including authority to make minor amendments to the delegation lists**

10. 2020 VISION - BUSINESS CASE FOR SHARING REVENUES AND BENEFITS SERVICES

The Cabinet Member Finance introduced the report and explained that as with the previous report on the business case for sharing customer and support services a Cabinet Member Working Group had been set up to consider the business case for sharing Revenues and Benefits Services under the 2020 partnership structure.

The Cabinet Member Finance went on to explain that whilst revenues and benefits were mandatory in nature there were discretionary opportunities to enhance service provision. The Cabinet Member highlighted what members of the CMWG thought were the most important outcomes for the Council and for customers and communities as laid down in paragraph 2.4 of the report. He also explained how the group had looked at alternative options, e.g. outsourcing but the conclusion was that the 2020 Vision sharing offered the potential to move to a teckal company with stakeholder pensions which were more affordable.

Cllr Tim Harman, as member of the CMWG, was invited to address Cabinet. He believed that the potential to improve the service via the 2020 shared services partnership structure was very exciting. In response to his question on collection rates the Cabinet Member Finance said that Cheltenham had slightly higher collection rates mainly due to the fact that rural areas had less turnover in population.

The Cabinet Member proposed that the wording to recommendation 2 be amended to read (changes in italics) : “the Director of Resources in consultation with the Cabinet Member Finance be authorised to undertake all necessary actions and processes to implement the matters set out in this report *including authority to make minor amendments to the delegation lists*”.

The Cabinet Member Finance thanked officers and all of the CMWG working parties, Members, the Director Resources, the Policy and Partnerships Manager, the Deputy Chief Executive, the Cabinet Member Corporate Services and the Managing Director 2020 Partnership.

The Leader concluded that Members should be assured that services under the 2020 Vision partnership structure would change for the better. He was impressed how quickly the CMWGs had undertaken their work and thanked all those who had been involved.

RESOLVED THAT

- 1. those functions for Revenues and Benefits Services listed at Appendix 3 be delegated to the 2020 Vision Joint Committee subject to delegation principles in section 6.**
- 2. the Director of Resources in consultation with the Cabinet Member Finance be authorised to undertake all necessary actions and processes to implement the matters set out in this report including authority to make minor amendments to the delegation lists.**

11. 2020 VISION-RESIDUAL CORPORATE SERVICES MATTERS

The Cabinet Member Corporate Services introduced the report and explained that further to the two reports recommending the delegation of Customer Services, Revenues and Benefits functions to the Joint Committee, work on the legal agreements, finalisation of the management structure and work on the performance monitoring framework had led to a number of residual issues being identified which were now being reported to Cabinet for approval and information as appropriate.

RESOLVED THAT

- 1. those functions outlined in the Internal Audit Services document attached at Appendix 2 be delegated to the 2020 Vision Joint Committee in accordance with the delegation principles in section 7.**
- 2. those functions outlined in the Counter Fraud Services document attached at Appendix 3 be delegated to the 2020 Vision Joint Committee in accordance with the delegation principles in section 7.**
- 3. the revision to the delegation to the 2020 Vision Joint Committee**

for ICT services as outlined at paragraph 5.4 and attached at Appendix 4 be agreed in accordance with the delegation principles in section 7.

4. it be agreed that West Oxfordshire District Council be appointed as the Contracting Body to enter into any contracts required on behalf of the 2020 Vision Joint Committee with regard to the provision of ICT services to Cheltenham Borough Council.
5. the Deputy Chief Executive, in consultation with the Leader and Cabinet Member Corporate Services, be authorised to agree whether and to what extent web and digital services (subject to a business case) should be delegated to the Joint Committee in accordance with the delegation principles in section 7.
6. the Deputy Chief Executive be authorised to undertake all necessary processes and actions and the Borough Solicitor to complete appropriate legal documentation in order to facilitate and implement the matters contained in this report including authority to make minor amendments to the delegation lists (in consultation with the Cabinet Member corporate services)

12. APPROVAL OF ENERGY RE-PROCUREMENT PROCESS/OUTCOME

The Cabinet Member Clean and Green Environment introduced the report and explained that the Council had at present a short term agreement with UX Energy Services to act as a broker for CBC to procure energy. The contracts procured by UX Energy with the energy suppliers expired in April 2016 and required replacement. To facilitate this a new energy procurement exercise had been undertaken working in partnership with 2020 partners from West Oxfordshire District Council, Cotswold District Council and Forest of Dean District Council. This would ensure that the Council had gas and electricity supplies for the next 4 years along with our 2020 partners. The Cabinet Member explained that the report detailed the background and considered alternative options of which the option of using a Public Buying Organisation was felt to be the most appropriate approach. Section 3 of the report outlined the reasons for the recommendations.

On behalf of the Cabinet the Cabinet Member wished to thank all officers for their work in the process.

RESOLVED THAT

West Mercia Energy (WME) be appointed as CBC energy supplier under their framework.

13. DRAFT LOCAL TRANSPORT PLAN (LTP) CONSULTATION

The Leader introduced the report which presented Cheltenham Borough Council's draft response to the Gloucestershire Local Transport Plan (2015-2031) Consultation Document. He highlighted that the period of the plan overlapped with the duration of the JCS and it was important that the LTP reflected the transport infrastructure required to deliver growth in the Joint Core

Strategy that was identified through the Joint Core Strategy Transport Modelling evidence.

He emphasised the following points :

- There were still areas in the LTP which could show further improvements with regards to walking and cycling as highlighted in the findings of the Walking and Cycling Scrutiny Task Group
- It was disappointing to note that the reference to Parking Boards in a previous draft had now disappeared. As part of the devolution discussions CBC was keen that there should be a forum where not only parking matters but more general highways issues relating to Cheltenham could be discussed
- There was concern that whilst the commitment to M5 Junction 10 was supported the timeframe identified in the document did not fit with the strategic economic plan
- There was a lack of clarity regarding proposed improvements in the Lower High Street and that engagement was sought by CBC with relevant stakeholders to ensure agreed outcomes were achieved.
- there was a lack of analysis with regard to sustainable transport and concern that Park and Ride would only exist if commercially viable

The Cabinet Member Development and Safety supported the comments raised and highlighted the following :

- devolution would be a vital mechanism to have more influence on local transport
- Junction 10 M5-would unlock development potential in and around junction 10 and would ensure growth for the future of the town and its financial viability as well as enhancing the wellbeing of the town and its residents.
- A cycling and walking strategy was an important initiative which the county should support the borough in achieving.

RESOLVED THAT

Cheltenham Borough Council's representations to Gloucestershire's Draft Local Transport Plan (2015 – 2031) be agreed.

14. BRIEFING FROM CABINET MEMBERS

The Cabinet Member Clean and Green Environment wished to put on record his thanks to the Friends of Pittville for their enthusiasm for the Pittville Park Play Area project. He reported that CBC had allocated £400k to the project and £140k was required to finish off the scheme. The Friends of Pittville had launched various campaigns, including crowdfunding and grant applications to raise the additional funding. He thanked all involved and encouraged everyone to support the project.

The Cabinet Member Clean and Green Environment announced that Cheltenham Borough Council had registered the dates of Saturday 19 March to Monday 21 March for Cheltenham's schools and community groups to take part in Clean for the Queen, a country wide clean up launched by Keep Britain Tidy, ahead of the Queen's 90th birthday in April. This was specifically timed to take place after Gold Cup Week.

The Cabinet Member Development and Safety reported that in anticipation of the Queen's official 90th birthday on 11 June the Council had decided that applications for licences to celebrate the event would be dealt with free of charge.

The Cabinet Member Development and Safety reported that a £40k grant had been received from DCLG for the purposes of neighbourhood planning and local planning. It was a pilot project which was part of the ongoing planning process.

The Leader of the Council reported that the launch of the Business Improvement District business plan had taken place prior to Cabinet that evening and had been well supported. This was a business led scheme and Cheltenham Borough Council had an important role to play. Ballot papers would be issued to businesses on 31 March with ballot day being 28 April for all businesses including CBC.

15. CABINET MEMBER DECISIONS TAKEN SINCE THE LAST MEETING

The Cabinet Member Finance reported that he had taken a decision on 25 January 2016 to accept the Tender from the successful contractor for the provision of Surface Repairs to PoW Stadium Overspill Car Park.

Chairman