



CHELTENHAM

BOROUGH COUNCIL

Notice of a meeting of Council

Friday, 12 February 2016
2.30 pm
Council Chamber - Municipal Offices

Membership	
Councillors:	Duncan Smith (Chairman), Chris Ryder (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, Louis Savage, Diggory Seacome, Malcolm Stennett, Klara Sudbury, Pat Thornton, Jon Walklett, Simon Wheeler, Roger Whyborn and Suzanne Williams

Agenda

1.	APOLOGIES	
2.	DECLARATIONS OF INTEREST	
3.	MINUTES OF THE LAST MEETING Minutes of the meeting held on 14 December 2015	(Pages 3 - 28)
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.	GAMBLING ACT 2005 STATEMENT OF PRINCIPLES Report of the Cabinet Member Development and Safety	(Pages 29 - 78)
9.	REVISED STREET TRADING POLICY Report of the Cabinet Member Development and Safety	(Pages 79 - 118)

10.	APPOINTMENT OF MAYOR ELECT AND DEPUTY MAYOR ELECT 2016-17 Report of the Chief Executive	(Pages 119 - 126)
11.	GENERAL FUND REVENUE AND CAPITAL - REVISED BUDGET 2015/16, AND FINAL BUDGET PROPOSALS 2016/17 Report of the Cabinet Member Finance	(Pages 127 - 190)
12.	HOUSING REVENUE ACCOUNT - REVISED FORECAST 2015/16 AND BUDGET PROPOSALS 2016/17 Report of the Cabinet Member Finance	(Pages 191 - 206)
13.	TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY 2016/17 Report of the Cabinet Member Finance	(Pages 207 - 234)
14.	NOTICES OF MOTION	
15.	TO RECEIVE PETITIONS	
16.	ANY OTHER ITEM THE MAYOR DETERMINES AS URGENT AND WHICH REQUIRES A DECISION	
17.	<p>LOCAL GOVERNMENT ACT 1972 -EXEMPT INFORMATION The Council is recommended to approve the following resolution:-</p> <p>“That in accordance with Section 100A(4) Local Government Act 1972 the public be excluded from the meeting for the remaining agenda items as it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public are present there will be disclosed to them exempt information as defined in paragraph 3, Part (1) Schedule (12A) Local Government Act 1972, namely:</p> <p>Paragraph 3; Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p>	
18.	EXEMPT MINUTES Exempt Minutes of the meeting held on 14 December 2015	(Pages 235 - 238)

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

Email: democratic.services@cheltenham.gov.uk

Andrew North
Chief Executive

Council

Monday, 14th December, 2015

3.00 - 7.40 pm

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

Minutes

1. APOLOGIES

Apologies were received from Councillor Paul Baker and Councillor Chris Mason.

2. DECLARATIONS OF INTEREST

Councillor Smith declared an interest in Agenda item 12 as a Director of Cheltenham Borough Homes.

Councillors Fletcher and Jordan declared an interest in Agenda item 17 and Councillor Jordan announced his intention to leave the meeting for that item.

3. MINUTES OF THE LAST MEETING

The minutes of the last meeting held on 19 October 2015 were approved and signed as a correct record.

4. COMMUNICATIONS BY THE MAYOR

The Mayor invited all Members to partake of refreshments in the Mayor's Parlour when Council adjourned for tea. He indicated that the Book of Condolence for the tragedy in Paris would be available in the parlour for any Member who still wished to sign it. He also encouraged Members to buy a 2016 Calendar being sold in aid of the Mayor's charities.

5. COMMUNICATIONS BY THE LEADER OF THE COUNCIL

The Leader thanked all the staff and volunteers who had worked hard to collect donations of clothes to be sent to support the Syrian Refugees. He was also pleased to announce that Cheltenham would be welcoming two refugee families this week as a result of the council and Cheltenham Borough Homes working in partnership with the county council and the government.

The Leader updated Members on the progress made in strengthening the Gloucestershire Airport Board by recruiting two additional non-Executive Directors. Their appointment would be confirmed at the AGM on 16 December.

Regarding Devolution, the Leader updated Members on the challenge session with Greg Clark, the Secretary of State, held on 11 November 2015. Governance and Housing had been highlighted as two areas where the Minister would like Gloucestershire to be more challenging and do further work on their bid. Further work was ongoing and Leadership Gloucestershire had considered any revisions to the bid at their meeting earlier that week. It was then proposed that councils provisionally approve the deal in principle in February, public consultation in May/June, final sign off from partners in July with submission to government in September and shadow arrangements starting October 2016. He would issue a Member briefing later in the week.

6. PUBLIC QUESTIONS

There were no public questions.

7. MEMBER QUESTIONS

1.	Question from Councillor Andrew Chard to Cabinet Member Corporate Services, Councillor Jon Walklett
	<p>Would the Cabinet Member responsible for IT care to comment on the response which I have just received to an email sent to one of his colleagues, the reply to which was (and I quote) "I am currently unable to respond to emails, I have a limited inbox that quickly exceeds my allowance so your email may not be received at all".</p>
	Response from the Cabinet Member
	<p>I would like to thank Councillor Chard for bringing this to our attention.</p> <p>Members who were elected in 2014 did not have a size restriction placed on their mailbox but Councillors who have been Members for a number of years had the standard restrictions on mailboxes. Changes to the size of these restrictions have been made over the years as systems and accounts have been upgraded.</p> <p>The ICT shared service has reviewed and removed any limits that may have restricted the sending of email although there will still be a prompt to say that the mailbox is reaching capacity but this is only a warning - to encourage regular "housekeeping" -and does not prevent the sending or receiving of email.</p> <p>The individual 'out of office' message is controlled by individual users rather than ICT. A note will be issued to Members informing them of the position.</p> <p>In a supplementary question, Councillor Chard asked if the Cabinet Member was arranging suitable training for his colleagues on the use of the out of office message.</p>

	<p>The Cabinet Member responded that he had chosen not to make any specific recommendations but if Members felt a list of options would be useful he would be happy to supply this.</p>
2.	Question from Councillor Jacky Fletcher to Leader, Councillor Steve Jordan
	<p>A petition signed by over 6,700 residents and people who regularly use this road opposing the proposed A40 Bus Lane was presented to a recent meeting of the County Council. I understand that at that time the position of Cheltenham's Liberal Democrat Cabinet on the proposal was unclear. Can the Leader confirm today whether or not his Cabinet support it or oppose the proposal?</p>
	Response from the Cabinet Member
	<p>This proposal has been promoted jointly by Gloucestershire County Council and Stagecoach and Cheltenham Borough Council were not formally approached to provide a position. We had already stated our support for Cheltenham Spa station improvements which we were actively promoting with the Task Force and the rail industry.</p> <p>We are however extremely pleased to understand that the ecological issue that appeared to be the cause of major concern has been addressed by the promoters. We have yet to see the business case which will form part of the final decision making process so it would seem premature to make any judgement, until we have had sight of this key document. However we do generally support GCC's aim to provide an improved public transport corridor along the A40.</p> <p>In a supplementary question, Councillor Fletcher asked the Leader to 'come off the fence and say yes or no to the dreaded bus lane?'</p> <p>The Leader replied that this was not a CBC responsibility and he would only be prepared to comment once the GCC had come up with a business plan and issued it for consultation. His understanding was that GCC had decided to delay this process until after the elections when updated traffic information should be available. He added that the final decision for the merged scheme would pass to the Local Enterprise Partnership as the Gloucestershire Local Transport Board ceases to exist from the end of March 2016.</p>
3.	Question from Councillor Tim Harman to Cabinet Member Clean and Green Environment, Councillor Chris Coleman
	<p>Does the Cabinet Member think that we have sufficient litter bins in Cheltenham to cope with demand?</p>
	Response from the Cabinet Member
	<p>Litter and dog bins are located across Cheltenham in locations where they are considered to be needed. It is Council policy that new and replacement litter and dog waste bins are provided on request, subject to confirmation of need and within budget.</p> <p>There are currently 8 requests outstanding for litter bins at various</p>

	<p>locations throughout the Borough. These should be installed in the next 6 weeks.</p> <p>Officers are also carrying out a review of current bin locations following recent new developments and road changes around the town. If any member believes there is a need for additional litter bins in their ward then they should contact Customer Services and their request will be passed to the appropriate Officer for consideration.</p>
<p>4.</p>	<p>Question from Councillor Flo Clucas to Cabinet Member Finance, Councillor John Rawson</p>
	<p>What will the impact be on the Council's finances of the Chancellor's comprehensive spending review announcement on November 25th? What will the effect be on the Borough Council's services? How many Cheltenham families, older residents and young people would be affected by the government's changes?</p>
	<p>Response from the Cabinet Member</p>
	<p>Over the Spending Review's four-year period, central government's core funding of local government (made up of revenue support grant and business rates income) will fall by 24 per cent in real terms. We are still awaiting precise details of the grant settlement for next year, but the Council's draft budget, published last week, assumes a cut of £227,000 in the coming financial year. If this happens it will mean that core Government funding has halved between 2009/10 and 2016/17.</p> <p>The Government is also consulting on major changes in New Homes Bonus, including means of 'sharpening' the incentive to reward communities for additional homes and reducing the length of payments from six years to four years. This latter proposal could reduce the NHB payable in 2016/17 by £583,500, although the Government has said it will consider introducing a 'floor' to ensure that no authority loses out disproportionately.</p> <p>The Council's draft budget aims to ensure that, as far as humanly possible, these cuts do not affect local front-line services or the wellbeing of the local population. Our draft budget for 2016/17 identifies £738,000 of efficiency savings in the coming year and there are plans to save a further £657,000 a year over the following three years by sharing more of its services with neighbouring councils. However local government's capacity to absorb cuts is coming close to its limits, not just in Cheltenham but around the country, as the Local Government Association has made clear.</p> <p>In a supplementary question Councillor Clucas asked whether this limit was likely to be reached in the next 2-3 years?</p> <p>The Cabinet Member advised that the Medium Term Financial Strategy published last week as part of the draft budget set out a strategy for bridging the financial gap over the next 4 years. With increased uncertainty over NHB and Business Rates, any further cuts could result in the council reaching its limits of ingenuity and ability to find further savings.</p>

5.	Question from Councillor Flo Clucas to Cabinet Member Finance, Councillor John Rawson
	<p>The Government has recently announced significant changes to Housing Benefit, including the elimination of the family premium from the Housing Benefit calculation for new clients. Will these changes affect the local council tax support scheme, the Council's own scheme which provides financial assistance to some of the poorest members of our community?</p>
	Response from the Cabinet Member
	<p>By way of background, council tax support is the scheme by which people on very low incomes receive help in paying in their council tax. From April 2013 the Government cut its funding for council tax support and allowed councils to operate their own local council tax support scheme for working age claimants instead of being bound by a national scheme as previously. Pensioners continued to have their council tax support decided by nationally-set rules.</p> <p>The Council could have decided that it would reduce benefits to working age claimants to claw back the reduction in Government funding, as many councils decided to do. Instead it decided to protect claimants – who include some of the poorest people in the community - and instead find other ways of offsetting the Government funding cut.</p> <p>Last month, the Government announced two significant changes in Housing Benefit from April 2016, which we could choose to incorporate into our local council tax support scheme for working age customers.</p> <p>The first change is to reduce the time limit for backdating a working age claim from six months to one month where ‘continuous good cause’ has been shown for not contacting us at the correct time. The time limit for pensioners in the housing benefit and council tax support scheme is three months.</p> <p>The second change is to remove the "family premium" from 1st May 2016 for new working and pension age claimants with children; or for existing claimants who become responsible for a child for the first time.</p> <p>There are strong administrative arguments for importing these Housing Benefit changes into the local council tax support scheme, as it would make it easier to manage the claims of people of working age who are applying for both benefits.</p> <p>However, the family premium is £17.45 per week. If this were removed from the local council tax support scheme, new customers might have to pay up to an extra £3.49 per week if their total income is above the new maximum award for their family circumstances.</p> <p>My recommendation at tomorrow’s Cabinet meeting will be that we should continue with our current local council tax support scheme for people of working age, unchanged apart from annual uprating.</p> <p>Three years ago we were proud to be among those councils who</p>

	<p>protected council tax support against funding cuts. It seems mean spirited and vindictive to reduce the council tax support now for some very poor people in order to gain a relatively small amount of money. For people who are very hard-pressed financially £3.49 a week is a serious sum of money and the change could cause real hardship.</p> <p>However the changes to the family premium will affect people of pension age, as their council tax support scheme is laid down by the Government and we have no discretion to alter it. Also, the Government has indicated that it will be making further changes next year and we may have to review our local council tax support scheme in a year's time in the light of those changes.</p> <p>In a supplementary question Councillor Clucas asked how many families might be affected and how grandparents looking after grandchildren might be affected by the removal of the family premium?</p> <p>The Cabinet Member estimated that 50 families might be affected by the changes to housing benefit. Clearly there would be some pensioners who might be affected by the family premium reductions but this would be less than those of working age.</p>
6.	<p>Question from Councillor Matt Babbage to Cabinet Member Finance, Councillor John Rawson</p>
	<p>Can the Cabinet Members for Finance/Healthy Lifestyles give an update on the investigation into the Wilson Art Gallery & Museum gas and electricity bill overspend, and progress on rectifying the problem?</p>
	<p>Response from the Cabinet Member</p>
	<p>Part of the reason for the relatively high utilities costs at The Wilson since it reopened is that the building is larger than it was before and more of it is being used for longer periods than previously. This is, in a sense, a measure of the Wilson's success.</p> <p>However, as I reported to Council in July, the highly sophisticated controlled environment equipment – needed to protect and preserve the collections – seems to be unbalanced and to be using too much energy. This has led our property team to question whether the installations have been correctly commissioned. This is currently subject to a contractual disagreement and which ultimately may require a legal remedy.</p> <p>An independent report has been commissioned to review the specification and installation of the system so as to identify and offer solutions to our concerns about the installation. This in turn should help resolve the contractual dispute.</p> <p>The review will also look at occupancy patterns; usage of the building together with current energy management practice; and analysis of the heating and cooling data. All of this information will help us reduce energy costs without putting the collections at risk.</p> <p>Training of staff has already taken place to ensure that they use the controlled environment equipment correctly. Further training is likely to be</p>

	<p>needed in the light of the report's recommendations.</p> <p>In the meantime, officers are looking at what further steps can be taken to improve energy efficiency at The Wilson. An allocation of £10,000 has been included in the proposed planned maintenance budget for 2016/17 to assist in this work.</p> <p>In a supplementary question, Councillor Babbage asked for more explanation on the 'unbalanced' nature referred to and what costs would have been incurred whilst the problem is being addressed?</p> <p>The Cabinet Member advised that it was necessary to maintain a carefully controlled environment to protect the exhibits which required both air-conditioning and heating and it was not advisable to cut energy costs in a crude way. The council was in the process of exploring the potential options for some financial compensation by establishing some financial liability with the contractors. He would be happy to keep Members or members of the Asset Management Working Group updated.</p>
<p>7.</p>	<p>Question from Councillor Matt Babbage to Cabinet Member Development & Safety, Councillor Andrew McKinlay</p>
	<p>Can the Cabinet Member give an update on the situation around the Banksy mural in Fairview?</p>
	<p>Response from the Cabinet Member</p>
	<p>The primary role of the council in relation to the property 159 Fairview Road (which has the Banksy mural on its side wall) is to enforce against any breach of listed building requirements. To this end, a notice was served in September 2015 which was not appealed and therefore took effect on 19th October, 2015. This requires action to be taken to reinstate walls, a chimney breast and wooden floors apparently damaged in the abortive attempt to remove the Banksy. The notice also requires the upgrading to a proper standard of five windows which are not appropriate to this listed building and whose installation was not authorised. Action is required to comply with the notice within 6 months – i.e. by mid-April 2016.</p> <p>An 'urgent works' letter has also been served on the owner of the property, requiring repairs to the side wall render which has the Banksy artwork on it.</p> <p>No action has so far been taken by the owner in response to this letter and the Council does now have the option of carrying out the work itself and seeking to claim the cost of the work from the owner.</p> <p>Beyond (and without prejudice to) this statutory position, the Council has been involved in trying to broker the transfer of ownership of the property into 'safe' hands. If this proves possible, the Council will more easily be able to ensure the effective reinstatement of the property itself, together with the restoration and longer term protection of the Banksy. It is not proposed, nor does it appear necessary, for this transfer to be at the Council's cost, but the first task is to achieve a value for the transfer which can be agreed by all parties. The Council is currently supporting the process of trying to achieve a reliable and realistic valuation.</p>

	As a result of the on-going negotiations, the Council has postponed taking further enforcement action, but this option will be resumed in the event that current negotiations fail to achieve a satisfactory outcome.
8.	Question from Councillor Matt Babbage to Cabinet Member Corporate Services, Councillor Jon Walklett
	Can the Cabinet Member comment on reports that some councillors' emails have been appearing to recipients as if they have been sent from other email addresses, and to confirm the extent of the problem?
	Response from the Cabinet Member
	I am personally aware of three or four members having experienced this problem and the issue was originally logged with ICT shared service helpdesk by Councillor Rawson. Despite this necessarily being currently investigated in conjunction with Apple/iCloud there is no threat to our ICT security.
9.	Question from Councillor Adam Lillywhite to the Leader, Councillor Steve Jordan
	At the last full Council meeting I asked the Leader to explain, "how traffic that would have used Boots Corner would now reach the new store (John Lewis) from the South of town, specifying road names" His response was "On the assumption that the Boots Corner trial progresses then traffic will choose to disperse around the town centre in either an easterly or westerly direction thus accessing Albion Street via London Road and St James's Street or from North Street." Respectfully, he has not answered the question, Firstly, North Street would only be accessible through Boots Corner, therefore the traffic would not have 'dispersed' and it would not have closed. Secondly, the route including St James street, accounts for traffic from the East, not how it gets there from the South. Can he please specify the roads to be used by the traffic travelling from the South of the town?
	Response from the Cabinet Member
	I beg to differ. North Street is currently accessible by vehicular traffic both northwards and southwards. My understanding is that traffic will continue to access in a southerly direction and thereby connect to Albion Street and that buses and service traffic will still be able to use the street northwards. Traffic from the South of the town can use various routes including Princess Elizabeth Way, Gloucester Road, Bath Road, Old Bath Road etc. as currently; it really depends upon where a journey begins and the target destination. In a supplementary question Councillor Lillywhite asked what information had been passed to John Lewis with regard to the performance of this Plan, the 500 'unfulfilled' journeys a day, or the out of town shoppers and tourists who have attempted the journey once, or twice, and decided not to try again, the fundamental principle of this traffic modeling? The Leader replied that it was his understanding that John Lewis had

	<p>been given all the information and were supportive of the Local Transport Plan and in particular he planned changes to Albion Street.</p>
10.	<p>Question from Councillor Adam Lillywhite to Cabinet Member Development & Safety, Councillor Andrew McKinlay</p>
	<p>The CTP consultation did not include any traffic modelling data for All Saints Rd yet for the adjacent Fairview Rd there is an average increase of over 200%, When figures were finally released after many requests, All Saints Rd showed just a 6% increase, can he please explain how these figures have been 'capped', and how this has been explained to the residents when no such understanding could be gained from the 'consultation'?</p>
	<p>Response from the Cabinet Member</p>
	<p>As my fellow Councillor knows Cheltenham Borough Council is not the Highways Authority and so I would suggest that this question is posed to Gloucestershire County Council. However I am not aware of any data capping or manipulation as I believed that GCC had provided comprehensive data sets during the consultation process.</p> <p>In a supplementary question Councillor Lillywhite commented that the modelling he had received this week for All Saints Road, showed little if any increase in Traffic for the recent 'Open' three day racing festival in November. How can the Cabinet Member believe that such modeling is sufficient to base the future of our town on, as by not explaining 'capping' you clearly claim not to understand the model, and the JCS inspector has so little faith in other modelling from this team that she has requested it to be re-done?</p> <p>The Cabinet Member responded that they were obliged to work with the information that they had. It was primarily a GCC process who were working with a nationally recognised model.</p>
11.	<p>Question from Councillor Adam Lillywhite to Cabinet Member Development & Safety, Councillor Andrew McKinlay</p>
	<p>Night time traffic figures, Given that the aim of the CTP is to remove traffic from the town centre and disperse it through other, mainly residential streets of the town, Day and night, can you please explain the refusal of the Highways Authority to give any night time traffic figures despite incessant requests over the last four years?</p>
	<p>Response from the Cabinet Member</p>
	<p>Again this question is being posed to the wrong authority, however my understanding is that traffic models are based upon morning and evening peak models as the objective is to understand traffic behaviour at the peak rather than off peak periods.</p> <p>In supplementary question Councillor Lillywhite suggested that residents had not been given sufficient information to understand the impact on their lives and communities, at mitigation they were told that if they did not</p>

	<p>agree localized mitigation measures for their road, effectively diverting traffic into adjacent communities, then the means of increasing the traffic capacity could be to remove their parking and make it one way. Where is the integrity? The moral belief in the scheme, that year after year means we still do not get straight answers to honest questions?</p> <p>The Cabinet Member responded that the information had been given for the morning and evening peaks. He was not in a position to comment on what information GCC had given to residents.</p>
<p>12.</p>	<p>Question from Councillor Adam Lillywhite to Cabinet Member Development & Safety, Councillor Andrew McKinlay</p>
	<p>The OED definition of a Plan is, 'A method of achieving something that has been worked out in detail beforehand', Yet the 'CTP' fails to consider the LTP or the JCS, indeed the only plan is to reduce the northbound road capacity by 30%, how can this be reconciled with the planned increase of 20% of households and jobs in the town when there is already such limited highway capacity, so clearly demonstrated at peaks times by the lack of resilience.</p> <p>In transport terms, what is the CTP aiming to achieve?</p>
	<p>Response from the Cabinet Member</p>
	<p>I have the benefit of access to a full set of the full Oxford English Dictionary and can advise that volume VII N-Poy provides various definitions of the word plan including</p> <ol style="list-style-type: none"> 1. A diagram, table or program indicating the relations of some set of objects, or the times, places etc of some intended proceedings 2. A design according to which things or parts of a thing, are, or are to be, arranged; a scheme of arrangement <p>but I could not find the specific definition cited above.</p> <p>As the Cheltenham Transport Plan has been accompanied by both diagrams and a phased timetable by colleagues at GCC – it would appear to meet the definition of a plan.</p> <p>As you will be aware the plan was also supported by improvements and encouragement for non-personalised transport including walking, cycling and public transport. Has London ceased to grow because of the limitations of the road network? Or have people adapted to alternative modes of travel?</p> <p>Cheltenham has a unique historic fabric and the CTP recognised this very early on hence the option to simply increase capacity by repeating the mistakes of the 1960's when several key streets were irrevocably damaged is not being pursued. The scheme objectives are to assist in maintaining the economic vibrancy of the town, particularly the High Street, as demonstrated by the John Lewis announcement to which the traffic flow on Albion Street was a precursor. Equally it will help reduce the strangle hold of the one-way system.</p> <p>In a supplementary question Councillor Lillywhite commented that the principal of the CTP traffic modelling is that once a journey has been attempted and found to take too long, it will not be attempted again. He</p>

	<p>asked why resources are still being directed at this when the fundamental principal increases congestion and pollution in residential communities and impedes prosperity. This resource could be focused on the 4 waying of Junction 10 which could unlock the town and most likely enable the desired economic growth.</p> <p>The Cabinet Member responded that the money being spent on the CLTP could not be diverted to Junction 10 as had been suggested as this was a government responsibility and not one for the borough council. He acknowledged that the plan does rely on modal shift as people will find alternative routes and added that the plan does also include improvements to pedestrian access.</p>
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8. TREASURY MID-TERM REPORT 2015/16

The Cabinet Member Finance introduced the report which ensured that the authority had adopted the Code of Practice on Treasury Management 2009 and complied with its requirements. He highlighted the following :

- short term borrowing was low as the aim was to keep external borrowing low in the current economic climate.
- Long term loans comprised the additional £4.75m borrowed from the PWLB to finance the purchase of Delta Place
- Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its Treasury management Strategy for 2015/16 for 2015/16 and restricted new investments.
- the council anticipated an investment outturn of £123 200 against a budget of £60 000. He congratulated the Treasury Management team on this achievement.
- The council had also operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Policy Statement and Annual Treasury Strategy Statement.

RESOLVED (unanimously)

- 1. To note the contents of the summary report of the treasury management activity during the first six months of 2015/16.**

9. LICENSING ACT 2003 LICENSING POLICY STATEMENT

The Cabinet Member Development and Safety introduced the report and explained that Section 5 of the Licensing Act 2003 required the Council to review, determine and publish its Licensing Act Policy Statement every five years. He reminded members that the current Policy Statement was adopted by the Council on 10 February 2012. Whilst it was not technically necessary to review the adopted policy statement until 2016, it was deemed appropriate to undertake an early review to reflect various changes in law, good practice and changes to the local licensing landscape.

Consultation had been undertaken and this report was asking Council to consider the consultation feedback and adopt the revised policy. He explained the background to the Licensing Act 2003 which was the primary legislation that dealt with the licensing requirement relating to:

- a) The sale of retail alcohol
- b) The supply of alcohol by or on behalf of a club to, or to the order of a member of the club
- c) The provision of regulated entertainment
- d) The provision of late night refreshment

The Cabinet member said that these activities were authorised through the issue of:

- a) a premises license
- b) a club premises certificate
- c) a temporary events notice

the Council was obligated to promote the four licensing objectives when discharging its functions under the 2003 Act when setting policy. The licensing objectives are:

- a) The prevention of crime and disorder
- b) Public safety
- c) The prevention of public nuisance
- d) The protection of children from harm

The draft policy statement set out the principles the council would apply when determining applications under the 2003 Act for the next 5 years. It also provided guidance to licence holders and applicants on how to make an application and advised how the Council would determine applications.

The amended new policy statement set out a proposed policy vision to make Cheltenham a safe and clean town that offered a great diversity in the night time economy. That is less focused on alcohol and that protects the quality of life for residents. In order for the Council to achieve this vision it must become more proactive in shaping the licensing landscape of the town.

The revised policy statement has a number of proposed measures:

- 1) Designating the town centre as an 'area of concern' (allowing the Council to regulate the number of licensed premises)
- 2) Introducing core hours for licensable activities
- 3) Restricting latest admission times (1 hour before closing for clubs, half an hour for bars)
- 4) Restrict the sale of alcohol from take away food premises
- 5) Restrict the use of pavement cafes and external areas to before 23:00 hours
- 6) The adoption of a Code of Good Practice for drinks promotions
- 7) Formalising the Council's approach to the classification of films not classified by the British Board of Film Classification
- 8) The adoption of model conditions for licensing

The Cabinet Member reported that consultation on the revised policy had been undertaken for 12 weeks between April and July 2015 and four responses were received. He drew Council's attention to the comments of the Licensing Committee and the action taken by officers to address those comments.

The revised policy aimed to give additional guidance and structure to the licensing process to support the licensing objectives listed at 2.3 of the report.

The following responses were given to questions:

- Enforcement of not being able to drink 10 mins before closing-the Cabinet Member referred to the limits outlined in 6.4.1 10am-3am; he explained that most licensed establishments closed at midnight; this did not necessarily impinge on a person's ability to drink
- When asked whether the core hours were rules or guidelines the Cabinet Member explained that the core hours were laid down for ease but an establishment was entitled to apply outside hours but this would have to be considered by Licensing Committee
- There was no policy to undermine the legal right of licensing committee to make decisions

Members welcomed the new policy which would enhance the economy of the town. They felt that much had been achieved over the last 10-15 years and the proposed changes were important to Cheltenham as a place which was attractive to live in and visit.

The Chair of Licensing Committee commended the draft policy and supported the the fact that it addressed the regulation of alcohol consumption.

A member raised the issue of "preloading" among young people. In response the Cabinet Member highlighted that he was aware of the issues with preloading and discussions were taking place with off licences about this. The purpose of the policy was to enhance the late night economy with proper regulation and to ensure the rules were properly enforced and understood.

RESOLVED (unanimously) THAT

- 1. the consultation feedback and officer comments be noted.**
- 2. In accordance with paragraph 3.24, an amendment to Part 3C of the Council's constitution be approved to delegate authority to the Acting Managing Director Place and Economic Development to classify films up to a classification of 15 and higher classifications to the Licensing Committee; and**
- 3. the revised policy attached at Appendix 2 be approved.**

10. CONTRACT RULES

The Chair of the Constitution Working group, Councillor Colin Hay, introduced the report and explained that to ensure that the Council's Contract Rules reflected the latest statutory requirements GO Shared Services had designed a common Procurement and Contract Management Strategy for all of the partner councils. This would be supported by a new common set of Contract Rules prepared by One Legal which had been considered by the Constitution Working Group.

In response to a question it was confirmed that Cheltenham Borough Homes, Ubico and the Cheltenham Trust would also have to comply to the latest statutory requirements.

RESOLVED (unanimously) THAT

The contract rules be approved.

11. CHELTENHAM BOROUGH COUNCIL NEIGHBOURHOOD PLANNING PROTOCOL

The Leader introduced the report which was seeking approval from Council to approve and publish a protocol that would provide :

- a) A general overview and advice to parishes and interested local community groups on the neighbourhood planning process;
- b) Guidance on how the Council will support and process neighbourhood plans and orders; and
- c) A coordinated approach within the Council in relation to neighbourhood planning.

The Leader explained that in terms of funding there was no guarantee that it would be fully funded externally but at present a local authority may submit claims of up to £30 000 for each completed Neighbourhood Development Plan to support the process. In Cheltenham there was one Neighbourhood Plan in place and one was 'in the pipeline'. The protocol clearly laid down who takes which decision and at what point.

The Leader wished to take the opportunity to thank colleagues represented on the Planning and Liaison group who had considered this report.

RESOLVED (unanimously) THAT

The Cheltenham Borough Council Neighbourhood Planning Protocol be approved and published on the Council's website.

12. HOUSING REVENUE ACCOUNT NEW BUILD - SWINDON ROAD SITE

The Cabinet Member Housing introduced the report which sought approval from Council to enter into a JCT Design and Build Contract with J Harper and Sons

with Total Scheme Costs not to exceed £1,439,500. The scheme would deliver ten new homes.

The Cabinet Member highlighted that affordable housing was in high demand in town and should remain a priority. He explained that following the granting of planning permission for 10 units in July a procurement process was undertaken in August with 8 companies expressing an interest. The tender from J Harper and Sons was competitive in the current market and represented value for money for the size and scope of the works proposed. The proposed redevelopment of this site within the HRA was also a good use of Right to Buy receipts and this pipeline of developments should continue as it provided solutions to complex brownfield sites.

The Cabinet Member Housing wished to put on record his thanks to Cheltenham Borough Homes and CBC officers who had been involved.

In the debate that ensued Members welcomed the proposed scheme which brought much needed development of the site and affordable housing to the town.

RESOLVED (unanimously) THAT

- 1. the allocation of up to £1,439,500 for the construction of ten new dwellings be authorised.**
- 2. it be noted that the total scheme costs of £1,439,500 (broken down in further detail in exempt appendix 3) will be funded by circa £430k of RTB receipts with the balance funded by the most appropriate combination of the other funding streams noted within the report – this decision being delegated to the Section 151 Officer in accordance with Financial Rules B7 and B8.**
- 3. it be approved that loan finance be sourced of up to £1.0m from the Public Works Loan Board to be used for the construction of ten new dwellings.**

**13. NOTICES OF MOTION
MOTION A – 20 m.p.h. speed limits**

Proposed by Councillor Whyborn, seconded by Councillor Flynn

Cheltenham Borough Council notes that many councils across the country, of various party political control, have implemented or are now implementing 20mph speed limits over wide areas without traffic calming. Over 14 million people now live in areas, where 20 mph has become the default speed limit in residential and urban streets, except for arterial roads.

Council recognises that 20 mph limits have the potential to promote increased road safety, particularly for young and elderly pedestrians and cyclists, as well as to enable active and sustainable travel. Nationally Public health and other bodies such as NICE, Public Health England, the LGA and the WHO all support such a policy. It is described as the most cost-effective way to improve health equality by tackling inactivity, obesity and isolation, whilst also being child, disability, elderly and dementia friendly.

Council notes that the report of the Cycling and Walking Scrutiny Group includes recommendations to "initiate a review to assess the appetite for a 20 mile speed limit across town from residents, businesses, and visitors", and also notes the County Council report "Draft Local Transport Plan Policy Document PD 2 (Cycle)" in which implementation of a 20 mph zones programme are described as an operational priority.

Council requests that Cabinet consider the recommendations of Overview and Scrutiny committee of 26th Oct 2015 regarding Cycling and Walking, and include provision for a consultation exercise in the 2016/17 corporate work plan to establish where there is appetite for 20 mile per hour limits in Cheltenham and that the Council use its best endeavours in conjunction with Gloucestershire County Council to work towards trials in suitable areas where public support exists.

In proposing the motion Councillor Whyborn made the following points about why a 20 mph limit was needed in residential streets:

- Residents frequently complained about speeding but what they really meant is they wanted lower and safer speeds than currently in force so that they can have safer streets for children and adults
- Research showed that impacts at 20 mph were rarely fatal whilst impacts at 40mph were nearly always fatal and 30 mph usually serious
- NICE, Public Health England, LGA and WHO all supported the health benefits through reduced car travel and better air quality
- The Cycling and Walking STG had asked for a public consultation on attitude to a 20 mph limit; the latest GCC Local transport Plan Policy made the point that implementation of 20 mph speed limits was an operational policy
- The UK has a worse record for deaths and accidents of children and the elderly than most of Europe where 19mph urban speed limits are common.
- 20mph speed limits have been successful in 40 areas

Councillor Whyborn emphasised the following points:

- it was not about physical traffic calming measures such as road humps, but rather about 20 mph over reasonably wide areas of urban streets hence implementation involving mainly signage.
- the benefits and idea is that of mutual respect of one community for another when driving.
- It was important to exclude arterial roads. It should be possible for everybody to be within 1/3rd miles driving to a 30mph road.
- There would be a very limited increase in journey time because so much urban driving was stopping and accelerating

He believed it was important to raise the profile of this issue and implement it over significant areas. It was important to follow on the work of the Scrutiny Task Group, who had identified 20mph as a key component in getting people out of their cars to more sustainable means of travel on urban journeys.

Cllr Whyborn highlighted that it was of paramount importance that there was community consultation and buy in. There was funding available now for SW Cheltenham from the ASDA S106 money and funding would also be available in St Pauls due to the Boots Corner scheme. Depending on the results of consultation other sources of funding would be sought.

Councillor Harman, as chair of the Overview and Scrutiny Committee, said the committee had endorsed the recommendations of the scrutiny task group but they had some concerns about a blanket 20 m.p.h speed limit across the borough. He considered it would be better to identify site-specific areas where there was an appetite from local residents. The other concern was whether there would be sufficient enforcement.

In the debate that followed several members referred to the consultation with local residents. A member said there must be a meaningful questionnaire and suggested that 50% of local residents should be in favour of it. Other members felt that a majority of respondents in a particular area should be in favour of implementing a 20 m.p.h. limit. It was important that consulting with local residents was seen as a consultation and it was not a referendum but clearly the council would not want to proceed without public support. To support the consultation, a member suggested that organisations and people in support of the scheme should help the council to promote the benefits by providing suitable information.

A Member who had experience of trying to get a 20 m.p.h speed limit introduced into two designated areas in Prestbury, highlighted the costs and problems raised by GCC in response to the request, even though it had been supported by local residents. This was six years ago and he questioned whether there would be any appetite from the county council in taking this forward.

Another member felt they should challenge the GCC as such a scheme should not be very costly to implement.

As well as support from local residents, members highlighted that support from local police and the Police and Crime Commissioner was also essential. Members also raised the issue of enforcement and felt the council would need to work closely with both the police and GCC to enforce the limits. Another

member suggested that in other authorities the police had given local residents cameras to help in monitoring any speed limits.

Other members suggested that the council should be aiming for behavioural change as well as regulatory change and any enforcement must be supported by education. There would always be those who exceed speed limits but the history of seat belts was a good example of where regulation had led to a change in attitude from the public. One member felt that such a speed limit was not a route for getting people out of their cars and it should not be viewed as such.

Members spoke about the improved safety in residential areas that would result from 20 m.p.h limit and there was clear evidence that survival rates for children in road traffic accidents were significantly higher when the limit was reduced from 30 to 20 m.p.h.

Many members felt a blanket speed limit across the borough would be counter-productive although it was acknowledged that a townwide scheme would be cheaper to implement. However there was consistent support for such a speed limit in smaller, designated areas where it was supported by local residents.

In seconding the motion, Councillor Flynn highlighted that Councillors received many complaints about speeding in residential areas but often this was a perception rather than fact with people fearing for their children's safety and also concerns about environmental issues. She was in favour of asking local residents what they want.

The advantages of reducing speed should be stressed to drivers. Air quality would be improved, they would have more time to react to any incident and a 20 m.p.h speed limit may make drivers think twice about taking a short cut through residential areas. The cost to the motorist may be just a few seconds added to their journey time.

In his summing up, Councillor Whyborn responded to some of the points that have been raised during debate. He acknowledged that police response had been mixed to date and there would be limited police resources for enforcement in residential areas. Following the introduction of any speed limit, drivers would be slowed down by those who were observing the speed limit. He thought that modal shift could result. Stagecoach were reporting that bus travel was up in Cheltenham and cycling was also increasing so there was evidence to suggest that people were moving away from their cars already.

In terms of the public consultation, a target of 50% in favour may be unlikely but it was important that the majority of residents were in support. He accepted that Members felt that the blanket speed limit was impractical but he counselled caution if the areas designated were too small. He was also of the view that a 20 m.p.h should not only apply in the vicinity of schools but also on the routes to schools.

Upon a vote the motion was carried.

Voting: For 35 with 1 abstention.

MOTION B – Mental Health Challenge

The following motion was proposed by Councillor Savage and seconded by Councillor Harman:

As a Council we have a responsibility to work to reduce inequalities in mental health, tackle discrimination on the ground of mental health and work to support positive mental health in our community.

This Council will work with local partners to support people with mental health needs, particularly in areas such as housing, community safety and employment.

This Council resolves to sign the Local Authorities' Mental Health Challenge run collaboratively by the Centre for Mental Health, Mental Health Foundation, Mental Health Providers Forum, Mind, Rethink Mental Illness, Young Minds and the Royal College of Psychiatrists.

Councillor Savage spoke as the proposer of the motion. He said that as local politicians they were all well aware of, and frequently discussed the many challenges at local and at national level. These include building a cohesive society with shared values and aspirations, growing the local economy and providing jobs for young people and meeting the challenge of providing affordable housing whilst protecting the environment: He felt that Mental Health, was one problem which politicians and the public have historically shyed away from discussing and it was historically at the very bottom of the political and health agenda. However it was an area which gave them as local politicians the opportunity to establish consensus and make a positive difference in peoples' lives.

Having worked as Health Care Assistant in a Psychiatric Hospital, and in his daily work as a doctor, he said mental health was a challenge which he was well aware of. Shocking statistics were plentiful; the Office for National Statistics recorded nearly 6000 suicides in the UK in 2012, a figure almost certain to be an underestimation. Suicide was the leading cause of death in men under 35 in the UK ahead of cancer, heart disease and trauma. 23% of the adult population, and 10% of children and adolescents, would experience some kind of mental health problem in the course of a year, with depression and anxiety accounting for up to 20% of GP consultations.

He advised that much progress has been made in recent years to change attitudes, both in government and in wider society. Indeed, the Coalition Government had significant achievements initiating both a change in attitudes and a change in policy, rightly setting out to reach parity of esteem between physical and mental wellbeing. Norman Lamb and Andrew Lansley's 2011 strategy "No Health without Mental Health" not only outlined a vision of how better outcomes could be achieved for people with mental health problems, but demonstrated an example of cross-party working on this issue which councillors here would do well to emulate.

The Local Government Mental Health Challenge had been set up by leading mental health charities, including Mind, Rethink Mental Illness, the Centre for Mental Health, the Mental Health Foundation, Young Minds, and was endorsed by the Royal College of Physicians and GPs.

The designation of an Officer with responsibility for mental health issues, and an elected member as Mental Health Champion, aims to help, guide, and advise local councillors on mental health issues. It aims to give councillors the support they need to ensure decisions they make and council services consider people with mental health problems.

It would also provide a link to expertise, training and development for councillors, aiding them in their day-to-day casework to be aware of mental health issues and to be in a position to play a positive role in the mental health of the community.

The motion was an opportunity for Members to signal their commitment to support those most in need in the community, and he commended it to the Council.

The Mayor referred to an amendment proposed by Councillor Coleman and seconded by Councillor R.Hay which had been circulated to all members and read as follows.

As a Council we have a responsibility to work to reduce inequalities in mental health, tackle discrimination on the ground of mental health and work to support positive mental health in our community.

(INSERT) This Council acknowledges the significant work that our Officers and partner organisations have done to meet this responsibility.

This Council will (INSERT) 'continue to' work with local partners to support people with mental health needs, particularly in areas such as housing and community safety.

(CHANGE PARAGRAPH)

This Council:

1, resolves to sign the Local Authorities' Mental Health Challenge run collaboratively by the Centre for Mental Health, Mental Health Foundation, Mental Health Providers Forum, Mind, Rethink Mental Illness, YoungMinds and the Royal College of Psychiatrists.

2, will, as suggested in the Mental Health Challenge, nominate a Member (Cllr Dan Murch) and an Officer (Tracy Brown) to be Mental Health Champions.

3, notes with dismay the reports that Gloucestershire County Council are proposing a cut of £250,000 from the Mental Health budget and asks the Leader of the Council to write to the County asking them to reverse this decision.

The proposer indicated that the amendment was not acceptable in its current form as he considered that all Members should have the opportunity to propose a Member Champion and could not accept the wording in 3. Therefore the Mayor adjourned the meeting at 5.40 pm to facilitate the Members concerned coming to some agreement on the wording.

The meeting reconvened at 5.55 p.m.

Councillor Coleman advised that the amendment now proposed the following.

As a Council we have a responsibility to work to reduce inequalities in mental health, tackle discrimination on the ground of mental health and work to support positive mental health in our community.

(INSERT) This Council acknowledges the significant work that our Officers and partner organisations have done to meet this responsibility.

This Council will (INSERT) 'continue to' work with local partners to support people with mental health needs, particularly in areas such as housing and community safety.

(CHANGE PARAGRAPH)

This Council:

1, resolves to sign the Local Authorities' Mental Health Challenge run collaboratively by the Centre for Mental Health, Mental Health Foundation, Mental Health Providers Forum, Mind, Rethink Mental Illness, YoungMinds and the Royal College of Psychiatrists.

2, will, as suggested in the Mental Health Challenge, nominate two Members (Cllr Dan Murch and Councillor Louis Savage) and an Officer (Tracy Brown) to be Mental Health Champions.

3, notes the proposed reduction of £290,000 in the Gloucestershire County Council budget and asks the Leader of the Council to make representations to the County Council as part of the budget consultation process.

This amendment was agreed by the proposer and therefore became the substantive motion.

In speaking for the motion, Councillor Coleman highlighted that one in four people now suffer from mental health at some point in their lives and one in ten children. This statistic of one in four was comparable with those for cancer. Although people were now happier to talk about cancer, mental health issues still remained a taboo subject although they could be just as life limiting. He also had experience of prisoners who had an even higher rate of mental health issues, closer to nine out of ten. He felt that there was a lot that the borough council could do to address some of these issues and he was delighted to have cross party representation as Mental Health Champions to support the skilled officers already in place. It was important to send a message to the county council regarding the need for their continuing financial support.

In the debate that followed all members showed their support for the motion. Many members spoke about their own personal experiences and with friends or family members who had suffered from mental health difficulties. They acknowledged that it was still sometimes difficult for people to talk about mental health issues particularly in the workplace. There was still prejudice and discrimination against people who had experienced mental health difficulties

and it was important to stress to employers that such people are still capable of taking on responsible and valuable roles. Employers should demonstrate the same flexibility with accommodating staff with mental problems as they would with physical problems such as a broken leg.

In the medical profession, social prescribing by doctors was now possible, but there were still too much emphasis on dealing with mental health problems through drugs. Talking therapies were also very important in helping people in their recovery but often there were long waiting lists in surgeries which meant that it was not available when needed. This was one area where partnership working could help and the council should also be seeking the backing of the Health and Well-being Board

A member suggested that the local authority could play a very valuable role and there were very skilled officers in the council's community engagement team who could support any initiatives. Members had heard a lot in the presentation earlier about the valuable work that was being done by the partnerships in this area. A member requested that "employment" was added to paragraph 3 and this was accepted by the proposer.

A Member suggested that the starting point should be in-house and the council should ensure that all its employees were properly supported. Another Member challenged the Members themselves to behave better towards each other and be aware that their comments could sometimes be quite hurtful and upsetting.

A Member highlighted that austerity cuts could cause people to struggle financially and this could have a real impact on people's mental health. Families could also be affected if children were not getting the support they needed for any mental health problems. For this reason it was important to send a strong message to the county council and to the government regarding the impact of policy decisions on the community. Another member deplored the funding cuts to day centres which served a vital role in the community.

A Member concluded the debate by outlining their 25 years' experience with the Samaritans organisation. Many of the people he had talked to had problems trying to find their place in the community and they often rang because they were not getting the support that they needed. Society as a whole needed to have more empathy with people with mental illness and fundamentally change our approach.

In his summing up Councillor Savage thanked members for their support for the motion and commented that it had been a very moving and worthwhile debate. He stressed that the original wording of his motion and his introduction were deliberately apolitical, and the wording of the motion was itself taken directly from Local Government Mental Health Challenge.

Upon a vote on motion was carried unanimously.

MOTION C - Right to buy and the forced sell off of Council housing

The following motion was proposed by Councillor Wilkinson, seconded by Councillor Jeffries:

This Council notes:

- *the Government's proposal to extend the Right to Buy to Housing Association tenants, to be paid for by a forced sell off of the most expensive Council Housing stock;*
- *with alarm the shortage of affordable rented homes in Cheltenham with 2,500 households on our council's housing waiting list and is very concerned that the Housing and Planning Bill risks making matters worse.*
- *the LGA "First 100 Days" campaign which highlighted there are 1.7 million households on waiting lists for affordable housing across England and that more than 3.4 million adults between 20 and 34 live with their parents.*

Council opposes the forced sell off of council housing to pay for this plan and is concerned that the Government also:

- *Fails to address the situation for many local authorities which no longer have any housing stock to sell as they have transferred theirs to housing associations;*
- *Fails to address the situation in areas of high housing demand, like Cheltenham, where there are often few suitable sites to build replacement social housing stock;*
- *Fails to recognise that this means housing associations will simply be trying to catch up with replacing homes rather than building affordable housing to give more people homes they need*

Council notes that even the Mayor of London has said he did not want to see councils "deprived at a rapid rate of their housing stock" if more homes were not being built to replace them.

Council also regrets the following decisions of the Government that will reduce the amount of good quality social housing for rent to local families:

- *The decision that the focus on building "affordable homes" is on homes to buy for £250,000, a price unaffordable for most families trying to get on the property ladder, rather than affordable homes to rent.*
- *That a tax will be imposed by the Government on the rents of council tenants to fund discounts for housing association tenants who are rich enough to buy their properties. Taxing families on the lowest incomes to fund discounts for people who may well be much better off.*
- *The cuts to section 106 payments from developers which will see fewer social housing properties offered to residents in the town from new builds.*

These actions will mean that there is less money for the provision of new social rented properties and less money available to provide services to tenants such as repairs, estate services, youth clubs or play centres that significantly improve the life of families.

Council resolves:

- *to work with other neighbouring authorities to oppose the current government proposals to force councils to sell off high value stock (or any equivalent charge based on estimates of high value stock);*
- *to write to Alex Chalk MP asking him to support the Council's position; to speak up in parliament for more social housing and to push for a genuine "one for one" replacement but not at the cost of losing more council housing.*

In introducing his motion Cllr Wilkinson said that having a secure place to live was one of the most important aspects of a person's life and it was crucial that the state took its housing role seriously. He explained that the primary form of tenancy now was rented accommodation, either private or social which was why it was vital that any new initiatives in this area were pursued with great caution as reckless decisions had the potential to cause a great deal of harm to some of the most vulnerable people in society. He believed that the Government's changes to right to buy, paid for from high value disposals of from council homes, would prove to be reckless and put the social housing sector at grave risk. He said the government would force councils to sell high value council housing which locally in Cheltenham amounted to around 120 properties and the government would extend the right to buy to all housing associations, partly funded by the sale of council properties. The government was shifting the new build affordable housing focus away from homes to rent and towards starter homes worth up to £250,000. What all this meant in practice was a huge decrease in the number of homes available for people in need of the social housing safety net.

Cllr Wilkinson said that Shelter estimated that by 2021 the UK would have lost out on around 180,000 homes. There were fewer socially rented properties for those in need and around 40% of these were being rented privately at anything up to seven times the level of social rents. He explained that locally there were 4,514 homes run by Cheltenham Borough Homes and it was estimated that a further 2,435 houses were owned by housing associations. Each one of these was fulfilling a vital function for a household in need. More than 2,500 people were on the housing waiting list and this would only increase.

The following points were raised by Members in the debate :

- Many Members were disgraced that the Right to Buy Scheme had led to the depletion of the Council's housing stock by nearly one half due to the fact that housing stock which had been sold had not systematically been replaced;
- replacing housing stock was vital to ensure that employment was supported in the town; a member referred to a recent Town and Country Planning Association report which highlighted that housing and jobs were essential to the community yet people were being 'priced out' of property, there was little new social housing, and the housing market could not keep pace with demand and against the backdrop of an increasing population;
- the transfer of social housing to private housing providers had led to increased rents funded by central government via housing benefit; housing associations should reduce rents

- it was crucial to work together to prevent the total abolition of social housing over time which would be the net effect of government policy if it continued in this way
- the risk of an unstoppable wave of homelessness existed as properties were not available for people to live in; homelessness and mental illness went hand in hand so this represented a great deal of insecurity for the community
- The council should redouble its efforts to provide additional affordable housing for people of the town and it was important that the MP voiced the concerns of the council in Parliament
- A member mentioned that if housing associations cut rents then they would have to reduce their offer to developers leading potentially to non-viable sites; the Government strategy had created more private rented housing and he gave the example of one quarter of properties in the St Pauls development being private rented accommodation; this represented a counterproductive approach
- Shorthold tenancies did not provide security for the tenant and this situation would worsen as government implemented its new mechanism regarding council housing which would see tenants subject to maximum five years a tenant
- One member explained that he could not support the wording of the motion because as drafted it criticised the council's policy to sell off its most expensive housing in order to fund council built houses for social rent. He gave the example of the sale of properties in Ledmore Road which was used to fund the redevelopment of St Pauls; he believed that certain aspects had not been covered in the motion but hoped that the council comes forward with a robust plan and strategy by taking a proactive stance in what we do

In summing up the debate Cllr Wilkinson said the council had a responsibility to provide social housing and it was currently unable to meet the affordable homes need in the town. This insecurity needed to be addressed as elsewhere in the country it was having an effect on employment.

Upon 7 members standing in their seats a recorded vote was requested and this was CARRIED

RESOLVED THAT the motion be approved.

Voting For 22: Councillors Barnes, Britter, Clucas, Coleman, Fisher, Flynn, C Hay, R Hay, Holliday, Jeffries, Jordan, McKinlay, Murch, Rawson, Reid, Stennett, Sudbury, Walklett, Wheeler, Whyborn, Wilkinson and Williams

Abstentions 10: Councillors Babbage, Chard, Fletcher, Harman, Nelson, Regan, Ryder, Savage, Seacome, Smith

14. TO RECEIVE PETITIONS

None received.

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

The Mayor had agreed that an urgent item should be added to the agenda and would be taken in exempt session.

16. LOCAL GOVERNMENT ACT 1972 - EXEMPT BUSINESS

The Council approved the following resolution:-

“That in accordance with Section 100A(4) Local Government Act 1972 the public be excluded from the meeting for the remaining agenda items as it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public are present there will be disclosed to them exempt information as defined in paragraphs 3, Part (1) Schedule (12A) Local Government Act 1972, namely:

Paragraph 3; Information relating to the financial or business affairs of any particular person (including the authority holding that information)

17. FACILITATION OF AFFORDABLE ACCOMMODATION

It had been agreed by the Mayor on 10 December 2015 that this item should be taken as an urgent item because the Homes and Communities Agency had proposed a two week window and if a decision by Council was not achieved within this they would withdraw their funding for the proposed affordable housing scheme which could then not proceed.

The Cabinet Member Finance introduced the exempt report which had been circulated to Members. In the debate that ensued Members considered the issues. They welcomed the scheme which made the best use of existing assets and created 31 units of new affordable homes within the town. They were assured by the Cabinet Member Finance that the concerns they expressed would be addressed by the ongoing work being undertaken by the S151 Officer and the Lead Commissioner, Housing Services.

RESOLVED

To approve the recommendations as laid out in the report.

Duncan Smith
Chairman

Cheltenham Borough Council Council – 12 February 2015 Gambling Act 2005 Statement of Principles

Accountable member	Councillor Andy McKinlay, Cabinet Member Development and Safety
Accountable officer	Mike Redman, Director of Environment and Regulatory Services
Ward(s) affected	All
Key/Significant Decision	No
Executive summary	<p>The Gambling Act 2005 requires that the council produce, consult on and publish a statement of the principles that they propose to apply when exercising their functions under the Act.</p> <p>The Act also requires that the Statement of Principles should be kept under review and must be re-published at least every three years.</p> <p>Cheltenham Borough Council published its existing Statement of Principles in October 2012.</p> <p>The Statement is now due to be reviewed and a new Statement of Principles will need to be published.</p>
Recommendations	<p>Council is recommended to:</p> <ol style="list-style-type: none"> 1. Note the proposed changes to the Statement of Principles; 2. Note the consultation feedback; and 3. Adopt the Statement of Principles.

Financial implications	<p>There are no financial implications arising from this report.</p> <p>Contact officer: Sarah Didcote, sarah.didcote@cheltenham.gov.uk, 01242 264125</p>
Legal implications	<p>As mentioned in the report.</p> <p>Contact officer: Vikki.fennell@tewkesbury.gov.uk, 01684 272015</p>
HR implications (including learning and organisational development)	<p>No specific HR implications as a result of this report.</p> <p>Contact officer: Richard Hall – HR Business Partner, Richard.hall@cheltenham.gov.uk, 01242 77 4972</p>
Key risks	As identified in Appendix 1

Corporate and community plan Implications	Cheltenham has a strong and sustainable economy Communities feel safe and are safe.
Environmental and climate change implications	None
Property/Asset Implications	None Contact officer: David Roberts@cheltenham.gov.uk

1. Background

- 1.1 Cheltenham Borough Council is required under section 349 of the Gambling Act 2005 to review and republish its Statement of Principles every three years.
- 1.2 The council must also ensure that they comply with the Gambling Act 2005 (Licensing Authority Policy Statement) (England and Wales) Regulations 2006 (S.I 636 of 2006). These regulations govern the form statements must take, the procedure to be followed in relation to the preparation, review or revision of statements and the publication of statements.
- 1.3 These regulations require that a Statement is published by being made available for a period of at least 4 weeks before the date on which it will come into effect:
 - on the Authority's website, and
 - for public inspection in one or more public libraries or other premises in the Borough such as the Council Offices.
- 1.4 The Commission has published guidance to licensing authorities and the council has a statutory obligation to have regard to this guidance.
- 1.5 The revised draft Statement of Principles attached at **Appendix 2** takes account of changes made to the Commission's guidance since the council's last Statement of Principles was published.

Proposed Changes

- 1.6 Proposed changes to the policy are (apart from a general reorganisation):
 - Reference to the revised "Probity in Licensing Guide" (page 5)
 - Inclusion of the new code provision of 10.1.2 under the revised Licence Condition Codes of Practice (page 13)
 - Updated list of consultees (Appendix A)
 - Removal of "Glossary of Terms". Due to regular legislative and guidance changes, technical terms change over the life of the statement or become redundant which has caused difficulty.
 - Inclusion of a list of organisation officer help and advice to problem gamblers (Appendix D)
 - Updated list of responsible authorities (Appendix B)
 - Updated table of "Maximum Stake and Maximum Prize by Category of Machine" (Appendix E)
- 1.7 Members will note that the changes that have been made are minimal mainly due to the fact that, locally, gambling premises and their regulation do not cause many issues (compared for example to other licensed premises) and the growth of gambling locally has been very slow.
- 1.8 Put into context, in 2009 there was 1 track licence, 2 licensed adult gaming centres, 1 licensed bingo hall and 16 licensed betting premises. In 2015, there is 1 track licence, 1 licensed adult gaming centre, no bingo halls and a slight increase in licensed betting premises to 18.

Publication Requirements

- 1.9 Due to the publication and advertising requirements, Council will need to approve and publish a revised Statement of Principles no later than December 2015 and therefore will need to agree the revised Statement of Principles at the Council meeting on 14th December 2015.
- 1.10 The council should carry out the consultation with regard to the Government's Code of Practice on Consultation which recommends that consultations should last at least 12 weeks. Therefore it is important that consultation on the revised Statement of Principles begins this summer to allow sufficient time for a full and effective exercise to be carried out.

2. Reasons for recommendations

- 2.1 To ensure Cheltenham Borough Council can effectively meet their obligations under the Gambling Act 2005 in relation to reviewing the Statement of Principles.

3. Alternative options considered

- 3.1 The council can readopt its existing policy without making any changes but this is not advisable due to the changes in law and practice since the Statement's last adoption.
- 3.2 The council can also resolve not to approve the policy for consultation. This too is not recommended due to the fact that the policy review was properly undertaken by officers and in doing so the council will miss the statutory deadline for publication.

4. Consultation and feedback

- 4.1 When reviewing its Statement of Principles, the council is required to consult with:
- the chief officer of police for the authority's area,
 - one or more persons who appear to the authority to represent the interests of persons carrying on gambling businesses in the authority's area, and
 - one or more persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority's functions under this Act.
- 4.2 Consultation has now been undertaken in accordance with the statutory requirements. Three responses were received from Coral, Ladbrokes and The Association of British Bookmakers. These are attached at **Appendix 3**. There was no policy changes required as a result of the consultation feedback.
- 4.3 In September Cabinet resolved to approve the draft policy for consultation and subject to no substantive amendments being made following consultation that Council be recommended to adopt the revised Statement of Principles.
- 4.4 The Council must advertise the publication of the reviewed Statement of Principles by publishing a notice on its website and in one or more of the following places:
- a local newspaper circulating in the area covered by the statement,
 - a local newsletter, circular, or similar document circulating in the area covered by the statement,
 - a public notice board in or near the principal office of the authority,

- a public notice board on the premises of public libraries in the area covered by the statement.

Report author	Contact officer: Louis Krog, louis.krog@cheltenham.gov.uk, 01242 26 4217
Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Draft Statement of Principles 3. Consultation responses
Background information	<ol style="list-style-type: none"> 1. Draft Statement of Principles – Adopted 2012 2. Gambling Act 2005 3. Gambling Act 2005 (Licensing Authority Policy Statement) (England and Wales) Regulations 2006 (S.I 636 of 2006) 4. Guidance to Licensing Authorities 4th Edition (October 2012)

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	Failure to publish a revised Statement of Principles within the required timescale would leave Cheltenham Borough Council in breach of its statutory obligations. This could lead to legal challenges, costs to the council and adversely affect the council's reputation.	Licensing Team Leader	Sept. 15	2	4	8	Accept	Approve statement for consultation.	Sept. 15		
<p>Explanatory notes</p> <p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											



CHELTENHAM

BOROUGH COUNCIL

STATEMENT OF PRINCIPLES GAMBLING ACT 2005



All enquiries should be directed to:

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Municipal Offices
Promenade
CHELLENHAM
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This Policy was approved on xx.

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PART A

1. The Licensing Objectives

In exercising most of their functions under the Act 2005 (“the Act”), licensing authorities must have regard to the licensing objectives as set out in Section 1 of the Act. The licensing objectives are:-

- Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime.
- Ensuring that gambling is conducted in a fair and open way.
- Protecting children and other vulnerable persons from being harmed or exploited by gambling.

It should be noted that the Commission (“Commission”) has stated: “The requirement in relation to children is explicitly to protect them from being harmed or exploited by gambling”.

Cheltenham Borough Council (“the council”) is aware that, as per Section 153, in making decisions about premises licences and temporary use notices it should aim to permit the use of premises for gambling in so far as it thinks it is:

- in accordance with any relevant code of practice issued by the Commission;
- in accordance with any relevant guidance issued by the Commission;
- reasonably consistent with the licensing objectives, and
- in accordance with the Authority’s Statement of Licensing Policy

2. Introduction

The council is required by the Act to publish a Statement of Principles (“Statement”) which they propose to apply when exercising their functions. This Statement must be published at least every three years. The Statement must also be reviewed from “time to time” and any amended parts re-consulted upon. The Statement must be then republished.

The council will consult widely upon this Statement before finalising and publishing. A list of those persons who will be consulted is provided in Appendix A. The Act requires that the following parties are consulted by licensing authorities:

- The Chief Officer of Police;
- One or more persons who appear to the Authority to represent the interests of persons carrying on gambling businesses in the Authority’s area;
- One or more persons who appear to the Authority to represent the interests of persons who are likely to be affected by the exercise of the Authority’s functions under the Act.

The council recognises that the best means of promoting the licensing objectives is through the co-operation and partnership of all the responsible authorities, local businesses and residents.

In developing a Statement that will deliver the licensing objectives locally, consultation has taken place in accordance with the revised Code of Practice and the Cabinet Office Guidance on consultations by the public sector.

Consultation took place between **X** and **X**.

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The Statement was considered for approval at a meeting of the Full Council on x and will be published via our website www.cheltenham.gov.uk/licensing on or by 1st January 2016. Copies will be placed in the public libraries of the area as well as being available in the Council Offices.

Should you have any comments as regards this Statement please send them via email or in writing to the Licensing Section:

Address: Licensing Section, Municipal Offices, Promenade, Cheltenham, GL50 9SA

Email: licensing@cheltenham.gov.uk

It should be noted that this Statement will not override the right of any person to make an application, make representations about an application, or apply for a review of a licence, as each will be considered on its own merits and according to the statutory requirements of the Act.

3. Area Profile

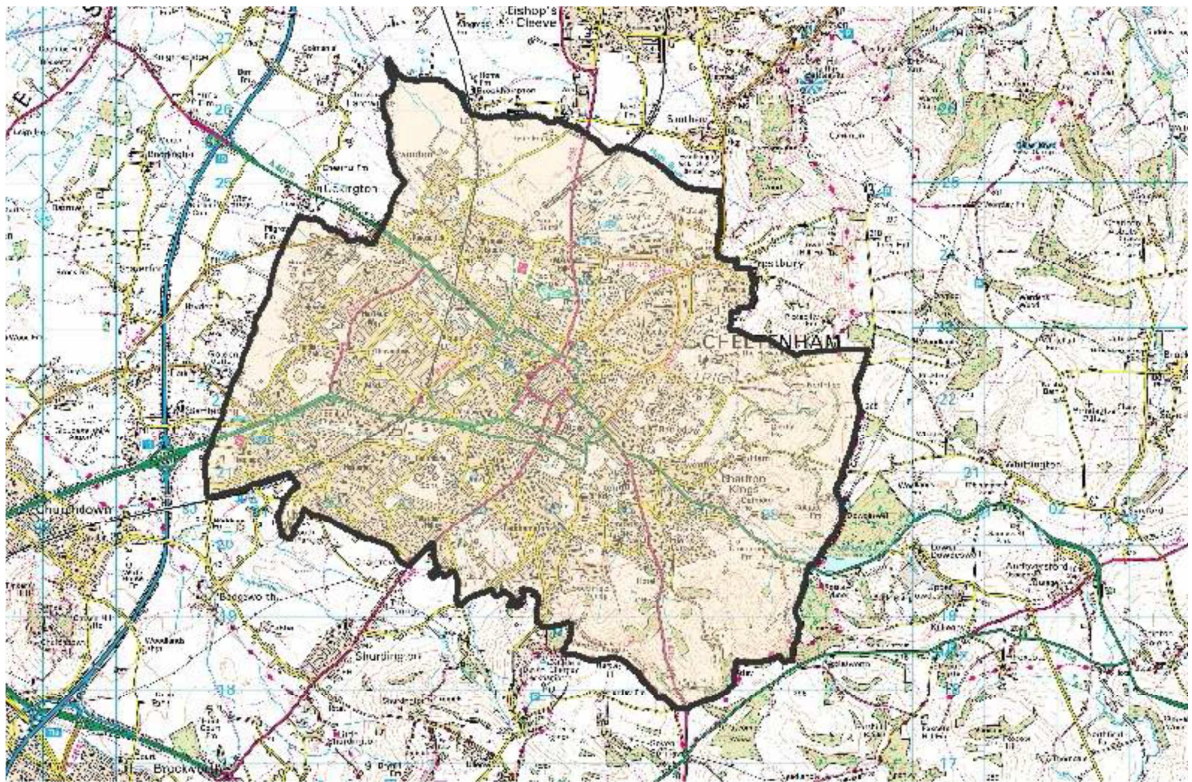
The Area

Until the late 1700s, Cheltenham was a small market town that became a fashionable resort after spa waters were discovered. Over the years it has attracted major employers and has gained a reputation for being an international festival town. This, together with its architectural heritage, educational facilities and quality environment, makes Cheltenham an attractive place to live, work and play.

The borough, which includes 5 parishes, has a population of approximately 114,000 who live in 20 wards. The borough is mainly urban with some areas of surrounding countryside. It covers an area of approximately 4,680 hectares of which 17 % is designated as green belt and 22 % as an area of outstanding natural beauty.

Demography

The population is approximately 114,000, and these figures will continue to rise over the next 20 years.



At the time of writing in 2015, the borough had 18 licensed betting premises, 1 track licence and 1 licensed Adult Gaming Centre.

4. Declaration

In producing this Statement, the council declares that it has had regard to the licensing objectives of the Act, the guidance issued by the Commission, and any responses from those consulted on the Statement.

5. Responsible Authorities

Responsible Authorities are public bodies that must be notified of applications and who are entitled to make representations to the council if they are relevant to the licensing objectives.

The council is required by regulations to state the principles it will apply in exercising its powers under Section 157(h) of the Act to designate, in writing, a body which is competent to advise it about the protection of children from harm. The principles are:

- the need for the body to be responsible for an area covering the whole of the council's area; and
- the need for the body to be answerable to democratically elected persons, rather than any particular vested interest group.

In accordance with the suggestion in the Commission's guidance for local authorities they designated the Gloucestershire Safeguarding Children Board for this purpose.

The contact details of all Responsible Authorities are attached as Appendix B.

6. Interested Parties

Interested parties can make representations about licence applications, or apply for a review of an existing licence. These parties are defined in the Act as follows:

"For the purposes of this Part a person is an interested party in relation to an application for or in respect of a premises licence if, in the opinion of the Council which issues the licence or to which the application is made, the person -

- (a) lives sufficiently close to the premises to be likely to be affected by the authorised activities;
- (b) has business interests that might be affected by the authorised activities; or
- (c) represents persons who satisfy paragraph (a) or (b)."

The council is required by regulations to state the principles it will apply in exercising its powers under the Act to determine whether a person is an interested party. The principles are:

Each case will be decided upon its merits. The council will not apply a rigid rule to its decision making. It will consider the examples of considerations provided in the Commission's guidance for local authorities.

It will also consider the Commission's guidance that "business interests" should be given the widest possible interpretation and include partnerships, charities, faith groups and medical practices.

Interested parties can be persons who are democratically elected such as councillors and MPs. No specific evidence of being asked to represent an interested person will be required as long as the councillor/MP represents the ward likely to be affected.

Likewise, parish councils likely to be affected, will be considered to be interested parties.

Other than these however, the council will generally require written evidence that a person/body (e.g. an advocate/relative) 'represents' someone who either lives sufficiently close to the premises to be likely to be affected by the authorised activities and/or has business interests that might be affected by the authorised activities. A letter from one of these persons, requesting the representation is sufficient.

If individuals wish to approach councillors to ask them to represent their views then care should be taken that the councillors are not part of the Licensing Committee dealing with the licence application. For more information, please refer to the adopted Licensing Committee's adopted "Probity in licensing".

7. Exchange of Information

Licensing authorities are required to include in their Statements the principles to be applied by the authority in exercising the functions under sections 29 and 30 of the Act with respect to the exchange of information between it and the Commission, and the functions under section 350 of the Act with respect to the exchange of information between it and the other persons listed in schedule 6 to the Act.

The principle that the council applies is that it will act in accordance with the provisions of the Act in its exchange of information which includes the provision that the Data Protection Act 1998 will not be contravened. The council will also have regard to any guidance issued by the Commission to local authorities on this matter when it is published, as well as any relevant regulations issued by the Secretary of State under the powers provided in the Act.

Should any protocols be established as regards information exchange with other bodies then they will be made available.

8. Enforcement

Licensing authorities are also required to state the principles to be applied by the authority in exercising the functions under Part 15 of the Act with respect to the inspection of premises; and the powers under section 346 of the Act to institute criminal proceedings in respect of the offences specified

This council's principles are that:

It will be guided by the Commission's guidance for local authorities and will endeavour to be:

Proportionate: regulators should only intervene when necessary: remedies should be appropriate to the risk posed, and costs identified and minimised;

Accountable: regulators must be able to justify decisions, and be subject to public scrutiny;

Consistent: rules and standards must be joined up and implemented fairly;

Transparent: regulators should be open and keep regulations simple and user friendly; and

Targeted: regulation should be focused on the problem, and minimise side effects.

As per the Commission's guidance for local authorities, the council will endeavour to avoid duplication with other regulatory regimes so far as possible.

The council has adopted and implemented an inspection programme based on:

- The Licensing Objectives
- Relevant Codes of Practice
- Guidance issued by the Commission, in particular at Part 36
- The principles set out in this Statement of Principles

The main enforcement and compliance role for the council in terms of the Act will be to ensure compliance with the premises licences and other permissions which it authorises. The Commission will be the enforcement body for operating and personal licences. It is also worth noting that concerns about manufacture, supply or repair of gaming machines will not be dealt with by the council but should be notified to the Commission.

Bearing in mind the principle of transparency, the council's enforcement/compliance protocols/written agreements are available upon request to the Licensing Section.

9. Council Functions

The council has a duty under the Act to licence premises where gambling is to take place and to licence certain other activities.

'Gambling' is defined in the Act as either gaming, betting or taking part in a lottery. In particular the council will be responsible for:

- The licensing of premises where Activities are to take place by issuing *Premises Licences*.
- Issue *Provisional Statements*.
- Regulate *Members' Clubs and Miners' Welfare Institutes* who wish to undertake certain gaming activities via issuing Club Gaming Permits and/or Club Machine Permits.
- Issue *Club Machine Permits to Commercial Clubs*.
- Grant permits for the use of certain lower stake gaming machines at *unlicensed Family Entertainment Centres*.
- Receive notifications from alcohol licensed premises (under the Licensing Act 2003) for the use of two or fewer gaming machines.
- Issue *Licensed Premises Gaming Machine Permits* for premises licensed to sell/supply alcohol for consumption on the licensed premises, under the Licensing Act 2003, where there are more than two machines.
- Register *small society lotteries* below prescribed thresholds.
- Issue *Prize Gaming Permits*.

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- Receive and endorse *Temporary Use Notices*.
- Receive *Occasional Use Notices*.
- Provide information to the Commission regarding details of licences issued (see section above on 'Information Exchange').
- Maintain registers of the permits and licences that are issued under these functions.

It should be noted that local licensing authorities will not be involved in licensing remote gambling at all. This will fall to the Commission via operating licences.

A table outlining how the council will delegate its functions under this Act is attached at Appendix C.

PART B

PREMISES LICENCES : CONSIDERATION OF APPLICATIONS

1. General Principles

Premises licences will be subject to the requirements set out in the Act and regulations, as well as specific mandatory and default conditions which will be detailed in regulations issued by the Secretary of State. Licensing authorities are able to exclude default conditions and also attach others, where it is believed to be appropriate.

The council is aware that in making decisions about premises licences it should aim to permit the use of premises for gambling in so far as it thinks it is:

- in accordance with any relevant code of practice issued by the Commission;
- in accordance with any relevant guidance issued by the Commission;
- reasonably consistent with the licensing objectives, and
- in accordance with the Authority's Statement of Licensing Policy

It is appreciated that as per the Commission's guidance "moral objections to gambling are not a valid reason to reject applications for premises licences" (except as regards any 'no casino resolution' - see section on Casinos below) and also that unmet demand is not a criterion.

Meaning of "premises" – In the Act, "premises" is defined as including "any place".

Section 152 therefore prevents more than one premises licence applying to any place. But a single building could be subject to more than one premises licence, provided they are for different parts of the building and the different parts of the building can be reasonably regarded as being different premises. This approach has been taken to allow large, multiple unit premises such as a pleasure park, pier, track or shopping mall to obtain discrete premises licences, where appropriate safeguards are in place.

The council will however pay particular attention if there are issues about sub-divisions of a single building or plot and will ensure that mandatory conditions relating to access between premises are observed.

The council takes particular note of the Commission's guidance which states that:

"Licensing authorities should take particular care in considering applications for multiple licences for a building and those relating to a discrete part of a building used for other (non-gambling) purposes. In particular they should be aware of the following:

- The third licensing objective seeks to protect children from being harmed by gambling. In practice that means not only preventing them from taking part in gambling, but also preventing them from being in close proximity to gambling. Therefore premises should be configured so that children are not invited to participate in, have accidental access to or closely observe gambling where they are prohibited from participating.
- Entrances to and exits from parts of a building covered by one or more premises licences should be separate and identifiable so that the separation of different premises is not compromised and people do not "drift" into a gambling area. In this context it should normally be possible to access the premises without going through another licensed premises or premises with a permit.

- Customers should be able to participate in the activity named on the premises licence.

The Commission's relevant access provisions for each premises type are reproduced below:

Casinos

- The principal access entrance to the premises must be from a 'street' (defined as including any bridge, road, lane, footway, subway, square, court, alley or passage whether a thoroughfare or not)
- No entrance to a casino must be from premises that are used wholly or mainly by children and/or young persons.
- No customer must be able to enter a casino directly from any other premises which hold a gambling premises licence.

Adult Gaming Centre

- No customer must be able to access the premises directly from any other licensed gambling premises.

Betting Shops

- Access must be from a street or from another premises with a betting premises licence.
- No direct access from a betting shop to another premises used for the retail sale of merchandise or services. In effect there cannot be an entrance to a betting shop from a shop of any kind and you could not have a betting shop at the back of a café – the whole area would have to be licensed.

Tracks

- No customer should be able to access the premises directly from:
 - a casino
 - an adult gaming centre

Bingo Premises

- No customer must be able to access the premises directly from:
 - a casino
 - an adult gaming centre
 - a betting premises, other than a track

Family Entertainment Centre

- No customer must be able to access the premises directly from:
 - a casino
 - an adult gaming centre
 - a betting premises, other than a track

Part 7 of the Commission's guidance contains further guidance on this issue, which this authority will also take into account in its decision-making.

Premises “ready for gambling” - The guidance states that a licence to use premises for gambling should only be issued in relation to premises that the council can be satisfied are going to be ready to be used for gambling in the reasonably near future, consistent with the scale of building or alterations required before the premises are brought into use.

If the construction of a premises is not yet complete, or if they need alteration, or if the applicant does not yet have a right to occupy them, an application for a provisional statement should be made instead.

In deciding whether a premises licence can be granted where there is outstanding construction or alteration works at a premises, the council will determine applications on their merits, applying a two stage consideration process:

- First, whether the premises ought to be permitted to be used for gambling.
- Second, whether appropriate conditions can be put in place to cater for the situation that the premises are not yet in the state in which they ought to be before gambling takes place.

Applicants should note that the council is entitled to decide that it is appropriate to grant a licence subject to conditions, but it is not obliged to grant such a licence.

Location – Demand related objections and issues cannot be considered with regard to the location of premises but that considerations in terms of the licensing objectives can.

As per the Commission’s guidance, the council will pay particular attention to the protection of children and vulnerable persons from being harmed or exploited by gambling, as well as issues of crime and disorder. Should any specific policy be decided upon as regards areas where gambling premises should not be located, this Statement will be updated. It should be noted that any such policy does not preclude any application being made and each application will be decided on its merits, with the onus upon the applicant showing how potential concerns can be overcome.

Planning – The council has a duty to only take into consideration relevant matters, i.e. those related to gambling and the licensing objectives. An example of an irrelevant matter would be the likelihood of the applicant obtaining planning permission or building regulations approval for their proposal.

It notes in particular from the Commission’s guidance:

When dealing with a premises licence application for finished buildings, the council should not take into account whether those buildings have or comply with the necessary planning or building consents. Those matters should be dealt with under relevant planning control and building regulation powers, and not form part of the consideration for the premises licence. Section 210 of the 2005 Act prevents licensing authorities taking into account the likelihood of the proposal by the applicant obtaining planning or building consent when considering a premises licence application. Equally the grant of a gambling premises licence does not prejudice or prevent any action that may be appropriate under the law relating to planning or building.

Duplication with other regulatory regimes – The council will seek to avoid any duplication with other statutory / regulatory systems where possible.

Licensing Objectives - Premises licences granted must be reasonably consistent with the licensing objectives. With regard to these objectives, the council has considered the Commission's guidance and some comments are made below:

Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime - The council is aware that the Commission will be taking a leading role in preventing gambling from being a source of crime. The Commission's guidance does however envisage that licensing authorities should pay attention to the proposed location of gambling premises in terms of this licensing objective. Thus, where an area has known high levels of organised crime the council will consider carefully whether gambling premises are suitable to be located there and whether conditions may be suitable such as the provision of door supervisors. The council is aware of the distinction between disorder and nuisance and will consider factors such as whether police assistance was required and how threatening the behaviour was to those who could see it, so as to make that distinction.

Ensuring that gambling is conducted in a fair and open way - The council has noted that the Commission has stated that it would generally not expect licensing authorities to become concerned with ensuring that gambling is conducted in a fair and open way as this will be addressed via operating and personal licences. There is however, more of a role with regards to tracks which is explained in more detail in the 'tracks' section below - page 15.

Protecting children and other vulnerable persons from being harmed or exploited by gambling - The council has noted the Commission's guidance that states this objective means preventing children from taking part in gambling (as well as restriction of advertising so that gambling products are not aimed at or are, particularly attractive to children). The council will therefore consider, as suggested in the guidance, whether specific measures are required at particular premises, with regard to this licensing objective. Appropriate measures may include supervision of entrance/machines, segregation of areas etc.

The council will also make itself aware of the Codes of Practice which the Commission issues as regards this licensing objective.

As regards the term "vulnerable persons" it is noted that the Commission is not seeking to offer a definition but states that "it will for regulatory purposes assume that this group includes people who gamble more than they want to; people who gamble beyond their means; and people who may not be able to make informed or balanced decisions about gambling due to a mental impairment, alcohol or drugs".

The council will consider this licensing objective on a case by case basis. A list of organisations set up to give help and advice about problem gambling is attached as Appendix D.

Conditions - Any conditions attached to licences will be proportionate and will be:

- relevant to the need to make the proposed building suitable as a gambling facility;
- directly related to the premises and the type of licence applied for;
- fairly and reasonably related to the scale and type of premises; and
- reasonable in all other respects.

Decisions upon individual conditions will be made on a case by case basis, although there will be a number of measures the council will consider utilising should there be a perceived need, such as the use of supervisors, appropriate signage for adult only areas etc. There are specific comments made in this regard under some of the licence

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types below. The council will also expect the licence applicant to offer his/her own suggestions as to the way in which the licensing objectives can be met effectively.

The council will consider specific measures which may be required for buildings which are subject to multiple premises licences. Such measures may include the supervision of entrances; segregation of gambling from non-gambling areas frequented by children; and the supervision of gaming machines in non-adult gambling specific premises in order to pursue the licensing objectives. These matters are in accordance with the Commission's guidance.

The council will also ensure that where category C or above machines are on offer in premises to which children are admitted:

- all such machines are located in an area of the premises which is separated from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- only adults are admitted to the area where these machines are located;
- access to the area where the machines are located is supervised;
- the area where these machines are located is arranged so that it can be observed by the staff of the licence holder; and
- at the entrance to and inside any such areas there are prominently displayed notices indicating that access to the area is prohibited to persons under 18.

These considerations will apply to premises including buildings where multiple premises licences are applicable.

The council is aware that tracks may be subject to one or more than one premises licence, provided each licence relates to a specified area of the track. As per the Commission's guidance, the council will consider the impact upon the third licensing objective and the need to ensure that entrances to each type of premises are distinct and that children are excluded from gambling areas where they are not permitted to enter.

It is noted that there are conditions which the council cannot attach to premises licences which are:

- any condition on the premises licence which makes it impossible to comply with an operating licence condition;
- conditions relating to gaming machine categories, numbers, or method of operation;
- conditions which provide that membership of a club or body be required (the Act specifically removes the membership requirement for casino and bingo clubs and this provision prevents it being reinstated); and
- conditions in relation to stakes, fees, winning or prizes.

Door Supervisors - The Commission advises in its guidance that if a council is concerned that a premises may attract disorder or be subject to attempts at unauthorised access (for example by children and young persons), it may require that

the entrances to the premises are controlled by a door supervisor, and is entitled to impose a premises licence condition to this effect.

Where it is decided that supervision of entrances/machines is appropriate for particular cases, a consideration of whether these need to be SIA licensed or not will be necessary. It will not be automatically assumed that they need to be licensed, as the statutory requirements for different types of premises vary.

Sharing local Risk Assessments

The new code provision of 10.1.2 under the revised Licence Condition Codes of Practice from the Commission will come into force in April 2016. Under this provision it states:

Licensees should share their risk assessment with licensing authorities when applying for a premises licence or applying for a variation to existing licenced premises, or otherwise on request.

In accordance with the new LCCP requirement, the council will expect licensees to submit their local risk assessment when making an application in accordance with the code of practice's requirements.

2. Adult Gaming Centres

The council will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the council that there will be sufficient measures to, for example, ensure that under 18 year olds do not have access to the premises.

The council may consider measures to meet the licensing objectives such as:

- Proof of age schemes
- CCTV
- Supervision of entrances/machine areas
- Physical separation of areas
- Location of entry
- Notices/signage
- Specific opening hours
- Self-exclusion schemes
- Provision of information leaflets/helpline numbers for organisations such as GamCare

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

3. (Licensed) Family Entertainment Centres

The council will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the council, for example, that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machine areas.

The council may consider measures to meet the licensing objectives such as:

- CCTV

- Supervision of entrances/machine areas
- Physical separation of areas
- Location of entry
- Notices/signage
- Specific opening hours
- Self-exclusion schemes
- Provision of information leaflets/helpline numbers for organisations such as GamCare
- Measures/training for staff on how to deal with suspected truant school children on the premises

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

The council will, as per the Commission's guidance, refer to the Commission's website to see any conditions that apply to operating licences covering the way in which the area containing the category C machines should be delineated.

4. Casinos

No Casinos resolution - The council has not passed a 'no casino' resolution under Section 166 of the Act 2005, but is aware that it has the power to do so. Should the council decide in the future to pass such a resolution, it will update this Statement with details of that resolution. Any such decision will be made by the Full Council.

5. Bingo Premises

The council notes that the Commission's guidance states:

"Licensing authorities will need to satisfy themselves that bingo can be played in any bingo premises for which they issue a premises licence. This will be a relevant consideration where the operator of an existing bingo premises applies to vary their licence to exclude an area of the existing premises from its ambit and then applies for a new premises licence, or multiple licences, for that or those excluded areas. "

A holder of a Bingo Premises Licence may make available for use, a number of Category B machines not exceeding 20% of the total number of gaming machines which are available for use.

Children and young people are allowed into bingo premises; however they are not permitted to participate in the bingo and if category B or C machines are made available for use these must be separated from areas where children and young people are allowed.

6. Betting Premises

Betting machines - The council will, in accordance with the Commission's guidance take into account the size of the premises, the number of counter positions available for person-to-person transactions, and the ability of staff to monitor the use of the machines by children and young persons (it is an offence for those under 18 to bet) or by vulnerable people when considering the number/nature/circumstances of betting machines an operator wants to offer.

7. Tracks

The council is aware that tracks may be subject to one or more than one premises licence, provided each licence relates to a specified area of the track. As per the Commission's guidance, the council will especially consider the impact upon the third licensing objective (i.e. the protection of children and vulnerable persons from being harmed or exploited by gambling) and the need to ensure that entrances to each type of premises are distinct and that children are excluded from gambling areas where they are not permitted to enter.

The council will therefore expect the premises licence applicant to demonstrate suitable measures to ensure that children do not have access to adult only gaming facilities. It is noted that children and young persons will be permitted to enter track areas where facilities for betting are provided on days when dog-racing and/or horse racing takes place, but that they are still prevented from entering areas where gaming machines (other than category D machines) are provided.

The council may consider measures to meet the licensing objectives such as:

- Proof of age schemes
- CCTV
- Supervision of entrances/machine areas
- Physical separation of areas
- Location of entry
- Notices/signage
- Specific opening hours
- Self-exclusion schemes
- Provision of information leaflets/helpline numbers for organisations such as GamCare

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

Gaming machines – Where the applicant holds a pool betting operating licence and is going to use the entitlement to four gaming machines, machines (other than category D machines) should be located in areas from which children are excluded.

Betting machines – The council will, take into account the size of the premises and the ability of staff to monitor the use of the machines by children and young persons (it is an offence for those under 18 to bet) or by vulnerable people, when considering the number/nature/circumstances of betting machines an operator proposes to offer.

Applications and plans

The Act requires applicants to submit plans of the premises with their application, in order to ensure that the council has the necessary information to make an informed judgement about whether the premises are fit for gambling. The plan will also be used for the council to plan future premises inspection activity.

Plans for tracks do not need to be in a particular scale, but should be drawn to scale and should be sufficiently detailed to include the information required by regulations.

Some tracks may be situated on agricultural land where the perimeter is not defined by virtue of an outer wall or fence, such as point-to-point racetracks. In such instances,

where an entry fee is levied, track premises licence holders may erect temporary structures to restrict access to premises.

In the rare cases where the outer perimeter cannot be defined, it is likely that the track in question will not be specifically designed for the frequent holding of sporting events or races. In such cases betting facilities may be better provided through occasional use notices where the boundary premises do not need to be defined.

This council appreciates that it is sometimes difficult to define the precise location of betting areas on tracks. The precise location of where betting facilities are provided is not required to be shown on track plans, both by virtue of the fact that betting is permitted anywhere on the premises and because of difficulties associated with pinpointing exact locations for some types of track. Applicants should provide sufficient information that this authority can satisfy itself that the plan indicates the main areas where betting might take place. For racecourses in particular, any betting areas subject to the "five times rule" (commonly known as betting rings) must be indicated on the plan.

8. Travelling Fairs

The council is responsible for deciding whether, where category D machines and/or equal chance prize gaming without a permit is to be made available for use at travelling fairs, the statutory requirement that the facilities for gambling amount to no more than an ancillary amusement at the fair is met.

This council will also consider whether the applicant falls within the statutory definition of a travelling fair.

It has been noted that the 27-day statutory maximum for the land being used as a fair, is per calendar year, and that it applies to the piece of land on which the fairs are held, regardless of whether it is the same or different travelling fairs occupying the land. The council will work with its neighbouring authorities to ensure that land which crosses our boundaries is monitored so that the statutory limits are not exceeded.

9. Provisional Statements

Developers may wish to apply to the council for provisional statements before entering into a contract to buy or lease property or land to judge whether a development is worth taking forward in light of the need to obtain a premises licence. There is no need for the applicant to hold an operating licence in order to apply for a provisional statement.

Section 204 of the Act provides for a person to make an application to the council for a provisional statement in respect of premises that they:

- expect to be constructed;
- expect to be altered; or
- expect to acquire a right to occupy.

The process for considering an application for a provisional statement is the same as that for a premises licence application. The applicant is obliged to give notice of the application in the same way as applying for a premises licence. Responsible authorities and interested parties may make representations and there are rights of appeal.

In contrast to the premises licence application, the applicant does not have to hold or have applied for an operating licence from the Commission (except in the case of a

track) and they do not have to have a right to occupy the premises in respect of which their provisional application is made.

The holder of a provisional statement may then apply for a premises licence once the premises are constructed, altered or acquired. The council will be constrained in the matters it can consider when determining the premises licence application, and in terms of representations about premises licence applications that follow the grant of a provisional statement, no further representations from relevant authorities or interested parties can be taken into account unless:

- they concern matters which could not have been addressed at the provisional statement stage, or
- they reflect a change in the applicant's circumstances.

In addition, the council may refuse the premises licence (or grant it on terms different to those attached to the provisional statement) only by reference to matters:

- which could not have been raised by objectors at the provisional statement stage;
- which in the authority's opinion reflect a change in the operator's circumstances; or
- where the premises has not been constructed in accordance with the plan submitted with the application. This must be a substantial change to the plan and this council notes that it can discuss any concerns it has with the applicant before making a decision.

10. Reviews

Requests for a review of a premises licence can be made by interested parties or responsible authorities, however, it is for the council to decide whether the review is to be carried out. This will be on the basis of whether the request for the review is relevant to the matters listed below:

- in accordance with any relevant Code of Practice issued by the Commission;
- in accordance with any relevant guidance issued by the Commission;
- reasonably consistent with the licensing objectives; and
- in accordance with the Authority's Statement of Principles.

The request for the review will also be subject to the consideration by the council as to whether the request is frivolous, vexatious, or whether it is substantially the same as previous representations or requests for review.

The council can also initiate a review of a particular premises licence, or a particular class of premises licence on the basis of any reason which it thinks is appropriate.

Once a valid application for a review has been received by the council, representations can be made by responsible authorities and interested parties during a 28 day period. This period begins 7 days after the application was received by the Council, who will publish notice of the application within 7 days of receipt.

The council must carry out the review as soon as possible after the 28 day period for making representations has passed.

The purpose of the review will be to determine whether the council should take any action in relation to the licence. If action is justified, the options available to the council are:

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- (a) add, remove or amend a licence condition imposed by the Council;
- (b) exclude a default condition imposed by the Secretary of State or Scottish Ministers (e.g. opening hours) or remove or amend such an exclusion;
- (c) suspend the premises licence for a period not exceeding three months; and
- (d) revoke the premises licence.

In determining what action, if any, should be taken following a review, the council must have regard to the principles set out in section 153 of the Act, as well as any relevant representations.

In particular the council may also initiate a review of a premises licence on the grounds that a premises licence holder has not provided facilities for gambling at the premises. This is to prevent people from applying for licences in a speculative manner without intending to use them.

Once the review has been completed, the council must, as soon as possible, notify its decision to:

- the licence holder;
- the applicant for review (if any);
- the Commission;
- any person who made representations;
- the chief officer of police or chief constable; and
- Her Majesty's Commissioners for Review and Customs.

PART C

PERMITS/TEMPORARY AND OCCASIONAL USE NOTICE

1. Unlicensed Family Entertainment Centre Gaming Machine Permits

Where a premises does not hold a premises licence but wishes to provide gaming machines, it may apply to the council for this permit. It should be noted that the applicant must show that the premises will be wholly or mainly used for making gaming machines available for use.

It should be noted that a council cannot attach conditions to this type of permit.

The council will expect the applicant to show that there are policies and procedures in place to protect children from harm.

Harm in this context is not limited to harm from gambling but includes wider child protection considerations. The efficiency of such policies and procedures will each be considered on their merits, however, they may include appropriate measures/training for staff as regards suspected truant school children on the premises, measures/training covering how staff would deal with unsupervised very young children being on the premises, or children causing perceived problems on/around the premises. The council will also expect, as per Commission guidance, that applicants demonstrate:

- a full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed FECs;
- that the applicant has no relevant convictions (those that are set out in Schedule 7 of the Act); and
- that staff are trained to have a full understanding of the maximum stakes and prizes.

2. (Alcohol) Licensed Premises Gaming Machine Permits (Schedule 13 paragraph 4(1))

Automatic entitlement: 2 machines

There is provision in the Act for premises licensed to sell alcohol for consumption on the premises, to automatically have 2 gaming machines, of categories C and/or D. The premises merely need to notify the council. The council can remove the automatic authorisation in respect of any particular premises if:

- provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;
- gaming has taken place on the premises that breaches a condition of Section 282 of the Act (i.e. that written notice has been provided to the council, that a fee has been provided and that any relevant code of practice issued by the Commission about the location and operation of the machine has been complied with);
- the premises are mainly used for gaming; or
- an offence under the Act has been committed on the premises.

Permit: 3 or more machines

If a premises wishes to have more than 2 machines, it needs to apply for a permit and the council must consider that application based upon the licensing objectives, any

guidance issued by the Commission issued under Section 25 of the Act 2005, and “such matters as they think relevant”.

The council considers that “such matters” will be decided on a case by case basis but generally there will be regard to the need to protect children and vulnerable persons from being harmed or being exploited by gambling and will expect the applicant to satisfy the council that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machines. Measures which will satisfy the council that there will be no access may include the adult machines being in sight of the bar, or in the sight of staff who will monitor that the machines are not being used by those under 18. Notices and signage may also be of help. As regards the protection of vulnerable persons applicants may wish to consider the provision of information leaflets/helpline numbers for organisations such as GamCare.

It is recognised that some alcohol licensed premises may apply for a premises licence for their non-alcohol licensed areas. Any such application would most likely need to be applied for, and dealt with as an Adult Gaming Centre premises licence.

It should be noted that the council can decide to grant the application with a smaller number of machines and/or a different category of machines than that applied for. Conditions (other than these) cannot be attached.

It should also be noted that the holder of a permit must comply with any Code of Practice issued by the Commission about the location and operation of the machine.

3. Prize Gaming Permits

The Act states that a council may “prepare a Statement of Principles that they propose to apply in exercising their functions under this Schedule” and “may, in particular, specify matters that the council propose to consider in determining the suitability of the applicant for a permit”.

This council expects that an applicant should set out the types of gaming that he or she is intending to offer and that the applicant should be able to demonstrate:

- that they understand the limits to stakes and prizes that are set out in Regulations;
- that the gaming offered is within the law;
- clear policies that outline the steps to be taken to protect children from harm.

In making its decision on an application for this permit the council does not need to have regard to the licensing objectives but must have regard to any Commission guidance.

It should be noted that there are conditions in the Act by which the permit holder must comply, but that the council cannot attach conditions. The conditions in the Act are:

- the limits on participation fees, as set out in regulations, must be complied with;
- all chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;
- the prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize); and
- participation in the gaming must not entitle the player to take part in any other gambling.

4. Club Gaming and Club Machines permits

Members Clubs and Miners' welfare institutes (but not Commercial Clubs) may apply for a Club Gaming Permit or a Club Gaming Machines Permit. The Club Gaming Permit will enable the premises to provide gaming machines (3 machines of categories B, C or D), equal chance gaming and games of chance as set out in forthcoming regulations. A Club Gaming Machine Permit will enable the premises to provide gaming machines (3 machines of categories B, C or D).

Commission guidance states: "Members clubs must have at least 25 members and be established and conducted "wholly or mainly" for purposes other than gaming, unless the gaming is permitted by separate regulations. It is anticipated that this will cover bridge and whist clubs, which will replicate the position under the Gaming Act 1968. A members' club must be permanent in nature, not established to make commercial profit, and controlled by its members equally. Examples include working men's clubs, branches of Royal British Legion and clubs with political affiliations".

The Commission guidance also notes that "licensing authorities may only refuse an application on the grounds that:

- (a) the applicant does not fulfil the requirements for a members' or commercial club or miners' welfare institute and therefore is not entitled to receive the type of permit for which it has applied;
- (b) the applicant's premises are used wholly or mainly by children and/or young persons;
- (c) an offence under the Act or a breach of a permit has been committed by the applicant while providing gaming facilities;
- (d) a permit held by the applicant has been cancelled in the previous ten years; or
- (e) an objection has been lodged by the Commission or the police.

There is also a 'fast-track' procedure available under the Act for premises which hold a Club Premises Certificate under the Licensing Act 2003 (Schedule 12 paragraph 10). As the Commission's guidance for local authorities states: "Under the fast-track procedure there is no opportunity for objections to be made by the Commission or the police, and the grounds upon which an authority can refuse a permit are reduced" and "The grounds on which an application under the process may be refused are:

- (a) that the club is established primarily for gaming, other than gaming prescribed under Schedule 12;
- (b) that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
- (c) that a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled."

There are statutory conditions on club gaming permits that no child uses a category B or C machine on the premises and that the holder complies with any relevant provision of a Code of Practice about the location and operation of gaming machines.

5. Temporary Use Notices

Temporary Use Notices ("TUN") allow the use of premises for gambling where there is no premises licence but where a gambling operator wishes to use the premises temporarily for providing facilities for gambling. Premises that might be suitable for a TUN, according to the Commission, would include hotels, conference centres and sporting venues.

The council can only grant a TUN to a person or company holding a relevant operating licence, i.e. a non-remote casino operating licence.

The Secretary of State has the power to determine what form of gambling can be authorised by TUN, and at the time of writing this Statement the relevant regulations (SI no.3157: The Act 2005 (Temporary Use Notices) Regulations 2007) state that TUNs can only be used to permit the provision of facilities or equal chance gaming, where the gaming is intended to produce a single winner, which in practice means poker tournaments.

There are a number of statutory limits as regards TUNs. The meaning of “premises” in Part 8 of the Act is discussed in Part 7 of the Commission guidance to Licensing Authorities. As with “premises”, the definition of “a set of premises” will be a question of fact in the particular circumstances of each notice that is given. In the Act “premises” is defined as including “any place”.

In considering whether a place falls within the definition of “a set of premises”, the council needs to look at, amongst other things, the ownership/occupation and control of the premises.

This council expects to object to notices where it appears that their effect would be to permit regular gambling in a place that could be described as one set of premises, as recommended in the Commission’s guidance.

6. Occasional Use Notices

The council has very little discretion as regards these notices aside from ensuring that the statutory limit of 8 days in a calendar year is not exceeded. The council will though consider the definition of a ‘track’ and whether the applicant is permitted to avail him/herself of the notice.

The council will notify the Commission of any notices made under this provision and share with them any relevant information.

CONSULTEES

Trade Organisations & Licence Holders

Current Licence Holders

Association of British Bookmakers Ltd (ABB)
British Amusement Catering Trade Association (BACTA)
The British Association of Leisure Parks, Piers & Attractions Limited (BALPA)
British Beer and Pub Association
British Casino Association (BCA)
Business in Sport and Leisure
Casino Operators' Association
The Bingo Association

Specialist Licensing Solicitors (National and Local)

Blake Laphorn
Bond Pearce
Gosschalks
Kuit Stewart Levy
Popleston Allen
Woods Whur

Other Consultees

Cheltenham Borough Council Members
Cheltenham Borough Council Licensing Committee
Parish Councils
Responsible Authorities
The People of Cheltenham
Cheltenham Business Partnership
Organisations offering help and advice to problem gambling

CONTACT DETAILS FOR RESPONSIBLE AUTHORITIES

COUNCIL LICENSING

Licensing Section
Cheltenham Borough Council
Promenade
Cheltenham
GL50 9SA

Telephone: 01242775200
Email: licensing@cheltenham.gov.uk

LOCAL PLANNING AUTHORITY

Planning Enforcement
Built Environment Division
Cheltenham Borough Council
Municipal Offices
Promenade
Cheltenham
GL50 1PP

Telephone: 01242 264138
Email: builtenvironment@cheltenham.gov.uk

THE COMMISSION

Victoria Square House
Victoria Square
BIRMINGHAM
B2 4BP

Telephone: 0121 230 6500
Fax: 0121 233 1096
Email: info@gamblingcommission.gov.uk

GLOUCESTERSHIRE CONSTABULARY

Licensing Unit
Community Engagement Dept.
Police HQ
No1 Waterwells
Quedgeley
Gloucester
GL2 2AN

Telephone: 01452 754482
Email: Licensing@Gloucestershire.pnn.police.uk

The main Police switchboard number is 0845 090 1234.

GLOUCESTERSHIRE FIRE AND RESCUE

Chief Fire Officer
Fire Service Headquarters
Waterwells Drive
Quedgeley
Gloucester
GL2 2AX

Telephone: 01452 753333
Fax: 01452 753304
Email: fire@glosfire.gov.uk

GLOUCESTERSHIRE ACPC

Gloucestershire Safeguarding Children Board
Room 128
1st Floor, Block 4
Gloucestershire County Council
Shire Hall
Westgate Street
Gloucester GL1 2TG

Email: mail@gscsb.org.uk

HM REVENUE & CUSTOMS

Betting and Gaming
National Registration Unit
Portcullis House
21 India Street
Glasgow
G2 4PZ

Telephone 0141 555 3339
Email nrubetting&gaming@hmrc.gsi.gov.uk

For relevant premises e.g. vessels, the following may also be Responsible Authorities:

SOUTH WALES AND BRITISH WATERWAYS

Canal & River Trust
The Dock Office
Commercial Road
Gloucester
GL1 2EB

E-mail enquiries.southwalessevern@canalrivertrust.org.uk

ENVIRONMENT AGENCY

Riversmeet House
Newtown Industrial Estate
Northway Lane
Tewkesbury
Gloucestershire
GL20 8JG

SECRETARY OF STATE
DCMS
2-4 Cockspur Street
London
SW1Y 5DH

(Note in practice, the Secretary of State for Transport who acts through the Maritime and Coastguard Agency)

Telephone: 020 7211 6200
email: enquiries@culture.gov.uk

TABLE OF DELEGATIONS OF LICENSING FUNCTIONS

MATTER TO BE DEALT WITH	FULL COUNCIL	SUB-COMMITTEE	OFFICERS
Three year licensing policy	X		
Policy not to permit casinos	X		
Fee Setting - when appropriate			X (to be approved by Executive Councillor)
Application for premises licences		Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Application for a variation to a licence		Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Application for a transfer of a licence		Where representations have been received from the Commission	Where no representations received from the Commission
Application for a provisional statement		Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Review of a premises licence		X	
Application for club gaming/club machine permits		Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Cancellation of club gaming/club machine permits		X	
Applications for other permits			X
Cancellation of licensed premises gaming machine permits			X
Consideration of temporary use notice			X
Decision to give a counter notice to a temporary use notice		X	

LIST OF ORGANISATIONS THAT GIVE HELP AND ADVICE ABOUT PROBLEM GAMBLING

The following organisations are working to tackle problem gambling and may be able to help individuals and/or organisations.

Responsibility in Gambling Trust (RIGT)

10 Brick Street

London

W1J 7HQ

Tel: 207 518 0023

Fax: 207 518 0174

Email: enquiries@rigt.org.uk

Citizens Advice

Gloucester and District Citizens Advice Bureau

75 - 81 Eastgate Street

Gloucester

GL1 1PN

Tel: 01452 527202

Gam Anon

PO Box 5382

London

W1A 6SA

National Help Line: 08700 50 88 80

Midlands 0121 233 1335

Gamblers Anonymous (UK)

Birmingham 0121 233 1335

Gam Care

2nd Floor

7-11 St John's Hill

London

SW11 1TR

Tel: 020 7801 7000

Fax: 020 7801 7033

Email: info@gamcare.org.uk

Gordon House Association

43-47 Maughan Street

Dudley

West Midlands

DY1 2BA

Tel: 01384 241 292

Email: help@gordonhouse.org.uk

NCH Children's Charity
85 Highbury Park
London
N5 1UD
Tel: 020 7704 9037
Fax: 020 7704 7134

NHC South West
Horner Court
637 Gloucester Road
Horfield
Bristol
BA7 0BJ
Tel: 01179 354 440
Fax: 01179 512 470

National Debt Line
Tel: 0808 808 4000

Machine category	Maximum stake (from January 2014)	Maximum prize (from January 2014)	Allowed premises
A	Unlimited	Unlimited	Regional Casino
B1	£5	£10,000 (with the option of a maximum £20,000 linked progressive jackpot on a premises basis only)	Large Casino, Small Casino, Pre-2005 Act casino and Regional Casinos
B2	£100	£500	Betting premises and tracks occupied by pool betting and all of the above
B3	£2	£500	Bingo premises, Adult gaming centre and all of the above
B3A	£2	£500	Members' club or Miners' welfare institute only
B4	£2	£400	Members' club or Miners' welfare club, commercial club and all of the above.
C	£1	£100	Family entertainment centre (with Commission operating licence), Qualifying alcohol licensed premises (without additional gaming machine permit), Qualifying alcohol licensed premises (with additional LA gaming machine permit) and all of the above.
D money prize	10p	£5	Travelling fairs, unlicensed (permit) Family entertainment centre and all of the above
D non-money prize (other than crane grab machine)	30p	£8	All of the above.
D non-money prize (crane grab machine)	£1	£50	All of the above.
D combined money and non-money prize (other than coin pusher or penny falls machines)	10p	£8 (of which no more than £5 may be a money prize)	All of the above.
D combined money and non-money prize (coin pusher or penny falls machine)	20p	£20 (of which no more than £10 may be a money prize)	All of the above.

Licensing Section
 'Gambling Policy Response'
 Cheltenham Borough Council
 Municipal Offices
 Promenade
 Cheltenham
 GL50 9SA

6th November 2015

Dear Sir,

Consultation on Cheltenham Borough Council's Statement of Principles – Gambling Act 2005

Coral Racing Limited is most grateful to be given the opportunity to respond to this consultation exercise. Coral was one of the first national bookmakers to be licensed under the Betting and Gaming Act of 1960, and so has been operating the length and breadth of the UK for over 50 years. Its premises comprise locations in the inner city, on the high street, in suburbs and in rural areas, and in areas of both high and low deprivation. It now operates 1850 betting offices across Great Britain, which comprise about 20% of all licensed betting offices. It is, therefore, a highly experienced operator.

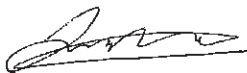
Coral Racing Limited are supportive of the document. It again notes that the Board when considering applications are still required to 'aim to permit gambling' where this is 'reasonably consistent with the licensing objectives'. Your Statement also correctly includes that the Council should not take into account any moral objections to gambling either.

Coral Racing Limited recognise the requirement to supply risk assessments with future applications and variations (requirement is from 6th April 2016) following the consultation completion and are pleased to see this information included.

Coral's experience is that through all it does, it achieves an exemplary degree of compliance already, and attracts negligible evidence of regulatory harm. Through the additional local risk assessment to be introduced, Coral believe that these should be a) to assess specific risks to the licensing objectives in the local area, and b) to assess whether control measures going beyond standard control measures are needed. A number of Council's have created long lists of locations which by inclusion are required to be risk assessed & often with strict templates to be completed. Coral are of the opinion that as there is no evidence that the proximity of such locations causes harm to the licensing objectives, it is best left to the operators to provide their own risk assessments. Naturally, if these do not meet the level desired by the Council, we would adjust to suit.

If we can provide any further information, we would be pleased to do so.

Yours faithfully,



John Liddle
 Director of Development – Coral Retail



Coral Racing Limited
 One Stratford Place, Montfichet Road, London E20 1EJ
 Registered Office: New Castle House, Castle Boulevard, Nottingham NG7 1FT
 Registered In England No. 541600
 Tel: 020 3288 7000 Fax: 020 3288 7050



1700+ shops



mobile



coral.co.uk



0800 242 232

a  company



GOSSCHALKS
SOLICITORS

Cheltenham Borough Council
Licensing Section
Municipal Offices
Promenade
Cheltenham
GL50 9SA
BY POST

Please ask for: Richard Taylor
Direct Tel: 01482 590216
Email: rjt@gosschalks.co.uk
Our ref: RJT / LHK / 097505.00004
#GS454980
Your ref:
Date: 03 November 2015

Dear Sir/Madam,

Re: Gambling Act 2005 Policy Statement Consultation

We act for the Association of British Bookmakers (ABB) and have received instructions to respond on behalf of our client to the current consultation on the Council's review of its gambling policy statement.

The ABB represents over 80% of the high street betting market. Its members include large national operators such as William Hill, Ladbrokes, Coral and Paddy Power, as well as almost 100 smaller independent bookmakers.

This response will explain the ABB approach to partnership working with local authorities, it will detail its views on the implementation of the new LCCP requirements, from April 2016, relating to operators' local area risk assessments and their impact on the licensing regime and will then make specific comment with regard to any statement(s) of concern/that are welcomed in your draft policy.

The ABB is concerned to ensure that any changes are not implemented in such a way as to fundamentally change the premises licence regime through undermining the "aim to permit" principle contained within s153 Gambling Act 2005.

The current regime already adequately offers key protections for communities and already provides a clear process (including putting the public on notice) for representations/objections to premises licence applications. The recent planning law changes effective since April 2015 have also already increased the ability of local authorities to consider applications for new premises, as all new betting shops must now apply for planning permission.

It is important that any consideration of the draft policy and its implementation at a local level is put into context. There has recently been press coverage suggesting that there has been a proliferation of betting offices and a rise in problem gambling rates. This is factually incorrect.

Over recent years betting shop numbers have been relatively stable at around 9,000 nationally, but more recently a trend of overall downwards decline can be seen. The latest Gambling Commission industry statistics show that numbers as at 31 Mar 2015 were 8,958 - a decline of 179 from the previous year, when there were 9,137 recorded as at 31 March 2014.

As far as problem gambling is concerned, successive prevalence surveys and health surveys reveal that problem gambling rates in the UK are stable (0.6%) and possibly falling.

Working in partnership with local authorities

The ABB is fully committed to ensuring constructive working relationships exist between betting operators and licensing authorities, and that where problems may arise that they can be dealt with in partnership. The exchange of clear information between councils and betting operators is a key part of this and we welcome the opportunity to respond to this consultation.

There are a number of examples of the ABB working closely and successfully in partnership with local authorities.

LGA – ABB Betting Partnership Framework

In January 2015 the ABB signed a partnership agreement with the Local Government Association (LGA). This was developed over a period of months by a specially formed Betting Commission consisting of councillors and betting shop firms and established a framework designed to encourage more joint working between councils and the industry.

Launching the document Cllr Tony Page, LGA Licensing spokesman, said it demonstrated the *"...desire on both sides to increase joint-working in order to try and use existing powers to tackle local concerns, whatever they might be."*

The framework built on earlier examples of joint working between councils and the industry, for example the Ealing Southall Betwatch scheme and Medway Responsible Gambling Partnership.

In Ealing, the Southall Betwatch was set up to address concerns about crime and disorder linked to betting shops in the borough. As a result, crime within gambling premises reduced by 50 per cent alongside falls in public order and criminal damage offences.

In December last year, the Medway Responsible Gambling Partnership was launched by Medway Council and the ABB. The first of its kind in Britain, the voluntary agreement allows anyone who is concerned they are developing a problem with their gambling to exclude themselves from all betting shops in the area.

The initiative also saw the industry working together with representatives of Kent Police and with the Medway Community Safety Partnership to develop a Reporting of Crime Protocol that is helpful in informing both the industry, police and other interested parties about levels of crime and the best way to deal with any crime in a way that is proportionate and effective.

Lessons learnt from the initial self-exclusion trial in Medway have been incorporated into a second trial in Glasgow city centre, launched in July this year with the support of Glasgow City Council, which it is hoped will form the basis of a national scheme to be rolled out in time for the LCCP deadline for such a scheme by April 2016.

Jane Chitty, Medway Council's Portfolio Holder for Planning, Economic Growth & Regulation, said: *"The Council has implemented measures that work at a local level but I am pleased to note that the joint work we are doing here in Medway is going to help the development of a national scheme."*

Describing the project, Glasgow's City Treasurer and Chairman of a cross-party Sounding Board on gambling, Cllr Paul Rooney said:

"This project breaks new ground in terms of the industry sharing information, both between operators and, crucially, with their regulator."

Primary Authority Partnerships in place between the ABB and local authorities

All major operators, and the ABB on behalf of independent members, have also established Primary Authority Partnerships with local authorities.

These Partnerships help provide a consistent approach to regulation by local authorities, within the areas covered by the Partnership; such as age-verification or health and safety. We believe this level of consistency is beneficial both for local authorities and for operators.

For instance, Primary Authority Partnerships between Milton Keynes Council and Reading Council and their respective partners, Ladbrokes and Paddy Power, led to the first Primary Authority inspection plans for gambling coming into effect in January 2015.

By creating largely uniform plans, and requiring enforcing officers to inform the relevant Primary Authority before conducting a proactive test-purchase, and provide feedback afterwards, the plans have been able to bring consistency to proactive test-purchasing whilst allowing the Primary Authorities to help the businesses prevent underage gambling on their premises.

Local area risk assessments

With effect from 6th April 2016, under new Gambling Commission LCCP provisions, operators are required to complete local area risk assessments identifying any risks posed to the licensing objectives and how these would be mitigated.

Licensees must take into account relevant matters identified in the licensing authority's statement of licensing policy and local area profile in their risk assessment, and these must be reviewed where there are significant local changes or changes to the premises, or when applying for a variation to or a new premises licence.

The ABB is concerned that overly onerous requirements on operators to review their local risk assessments with unnecessary frequency could be damaging. As set out in the LCCP a review should only be required in response to significant local or premises change. In the ABB's view this

should be where evidence can be provided to demonstrate that the change could impact the premises' ability to uphold the three licensing objectives.

Although ABB members will be implementing risk assessment at a local premises level, we do not believe that it is for the licensing authority to prescribe the form of that risk assessment. We believe that to do so would be against better regulation principles. Instead operators should be allowed to gear their risk assessments to their own operational processes informed by Statements of Principles and the local area profile.

The ABB supports the requirement as set out in the LCCP, as this will help sustain a transparent and open dialogue between operators and councils. The ABB is also committed to working pro-actively with local authorities to help drive the development of best practice in this area.

Local Area Profiles – Need for an evidence based approach

It is important that any risks identified in the local area profile are supported by substantive evidence. Where risks are unsubstantiated there is a danger that the regulatory burden will be disproportionate. This may be the case where local authorities include perceived rather than evidenced risks in their local area profiles.

This would distort the "aim to permit" principle set out in the Gambling Act 2005 by moving the burden of proof onto operators. Under the Act, it is incumbent on licensing authorities to provide evidence as to any risks to the licensing objectives, and not on the operator to provide evidence as to how they may mitigate any potential risk.

A reversal of this would represent a significant increase in the resource required for operators to be compliant whilst failing to offer a clear route by which improvements in protections against gambling related harm can be made.

We would also request that where a local area profile is produced by the licensing authority that this be made clearly available within the body of the licensing policy statement, where it will be easily accessible by the operator and also available for consultation whenever the policy statement is reviewed.

Concerns around increases in the regulatory burden on operators

Any increase in the regulatory burden would severely impact on our members at a time when overall shop numbers are in decline, and operators are continuing to respond to and absorb significant recent regulatory change. This includes the increase to 25% of MGD, changes to staking over £50 on gaming machines, and planning use class changes which require all new betting shops in England to apply for planning permission.

Moving away from an evidence based approach would lead to substantial variation between licensing authorities and increase regulatory compliance costs for our members. This is of particular concern for smaller operators, who do not have the same resources to be able to put

into monitoring differences across all licensing authorities and whose businesses are less able to absorb increases in costs, putting them at risk of closure.

Such variation would in our opinion also weaken the overall standard of regulation at a local level by preventing the easy development of standard or best practice across different local authorities.

Employing additional licence conditions

The ABB believes that additional conditions should only be imposed in exceptional circumstances where there are clear reasons for doing so - in light of the fact that there are already mandatory and default conditions attached to any premises licence. The ABB is concerned that the imposition of additional licensing conditions could become commonplace if there are no clear requirements in the revised licensing policy statements as to the need for evidence.

This would further increase variation across licensing authorities and create uncertainty amongst operators as to licensing requirements, over complicating the licensing process both for operators and local authorities.

Specific Policy Comments

The ABB welcomes the Authority's light touch approach to its statement of principles. The comments below are intended as suggestions for improvement, acknowledging that some of the paragraphs about which there are comments are repeated from earlier statements of principles.

Under the 'General Principles' heading at paragraph 1 of Part B, there is a statement that 'licensing authorities are able to exclude default conditions and also attach others, where it is believed to be appropriate'. The statement of principles should be clear throughout that conditions in addition to the mandatory and default conditions will only be imposed where there is evidence of a risk to the licencing objectives in the circumstances of a particular case.

The following paragraph indicates that moral objections and unmet demand are not criteria for a licencing authority when considering an application for a premises licence. It is respectfully submitted that this paragraph be expanded to state that issues of nuisance and the likelihood of the grant of planning permission or building regulation approval are not issues that can be taken into account when considering an application for a premises licence.

Location - The final two sentences of this paragraph cause the ABB significant concern. Any policy that a specific area is an area where gambling premises should not be located may be unlawful. This paragraph appears to implement a cumulative impact type policy as exists within the licencing regime under Licencing Act 2003. Such a policy is contrary to the overriding principles of 'aim to permit' contained within s153 of the Gambling Act 2005. Similarly, the reversal of the burden of proof in the final sentence that requires the applicant to demonstrate why an application should be granted is contrary to that principle. These two sentences should be removed and replaced with a simple statement that each case will be determined on its own merits.

Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime - This paragraph should be expanded to make it clear that issues of nuisance are not relevant considerations and that the Gambling Commission has defined disorder as intending to mean activity that is more serious and disruptive than mere nuisance.

Conditions - The statement of principles would be assisted by an indication that the starting point for consideration of any application is that it will be granted subject only to the mandatory and default conditions as these are usually sufficient to ensure operation that is reasonably consistent with the licencing objectives. The draft statement of principles should make it clear that additional conditions will only be imposed where there is clear evidence of a risk to the licencing objectives that requires that the mandatory and default conditions be supplemented. The statement of principles should be clear that conditions will only be imposed where there is evidence of a need to do so and not simply where there is 'perceived need' or there are 'concerns'.

Conclusion

The industry fully supports the development of proportionate and evidenced based regulation, and is committed to minimising the harmful effects of gambling. The ABB is continuing to work closely with the Gambling Commission and the government to further evaluate and build on the measures put in place under the ABB Code for Responsible Gambling, which is mandatory for all our members.

ABB and its members are committed to working closely with both the Gambling Commission and local authorities to continually drive up standards in regulatory compliance in support of the three licensing objectives: to keep crime out of gambling, ensure that gambling is conducted in a fair and open way, and to protect the vulnerable.

Indeed, as set out, we already do this successfully in partnership with local authorities now. This includes through the ABB Code for Responsible Gambling, which is mandatory for all our members, and the Safe Bet Alliance (SBA), which sets voluntary standards across the industry to make shops safer for customers and staff. We would encourage local authorities to engage with us as we continue to develop both these codes of practice which are in direct support of the licensing objectives.

Yours faithfully,



GOSSCHALKS

23rd September 2015

Ladbrokes consultation response – Local Council statement on Gambling Act Statement of Principles

Introduction

Ladbrokes is one of the world's largest betting operators, employing around 13,000 across 2,200 shops in the UK. As a responsible business we are committed to providing our customers with a safe, fair and fun leisure experience, whilst helping the small number of individuals who suffer from gambling related harm.

Betting offices are also valuable contributors to the vitality and viability of high streets throughout the UK, employing local people, building relationships with local customers and supporting local good causes in the community:

- They are an established high street use.
- They generate footfall at least comparable to that of retail facilities.
- They generate linked trips so supporting the retail vitality and viability of town centres.
- In physical character terms they generate at least as lively an exterior aspect as retail facilities.
- They are compatible in scale with retail facilities.

We welcome the opportunity to respond to this consultation. As a highly regulated industry, we also devote significant resources to regulatory compliance and fully support both the principle and practice of better working partnerships between local betting operators and local authorities. In our view the current regime already adequately offers key protections for communities and already provides a clear process (including putting the public on notice) for objections to premises licence applications. The recent planning law changes effective since April 2015 have also already increased the ability of licensing authorities to review applications for new premises, as all new betting shops must now apply for planning permission.

We hope that in responding to this consultation we can better support the implementation of an effective, consistent and clear local licensing regime which is mutually beneficial to operators and local authorities.

Local Partnerships

We welcome the focus on partnership working and that is one of the reasons we are a leading signatory to the 'ABB-LGA Framework for local partnerships on betting shops' which was published in January this year. We also have Primary Authority agreements with Liverpool Council and Milton Keynes Council which has resulted in greater clarity and consistency of regulation at a local level.

Local area risk assessments

From April 2016, under new Gambling Commission LCCP provisions, we are required to complete local area risk assessments identifying any risks posed to the licensing objectives and how these would be mitigated. As a responsible business, we must take into account relevant matters identified in the licensing authority's statement of licensing policy in their risk assessment, and review our policies where there are significant local changes.

Operators already take certain factors into consideration to ensure compliance with the licensing objectives, both in relation to new applications and existing licensed premises, and therefore it should be, as it is now, a matter for the local operator to decide how this is determined and what should be included. This being the case, only local risks that are evidence based, would be included in the risk assessment.

It is important to note that betting shops are often the victims of crime rather than a source of crime (burglaries, robberies etc). However, as a responsible business we would consider the existing levels of gambling and betting related crimes as well as the measures we can take to mitigate this risk before applying for a local licence.

Instead, each case should be considered on its own merits. Without any clear requirements in the revised licencing policy statements that additional licence conditions should be accompanied by robust evidence, this process could lead to unintended consequences and local shop closures and job losses.

We are also content that the existing licensing conditions are sufficient in determining whether applications for new or alerted premises should be permitted in the local area.

Existing responsible practices

Ladbrokes shops already operate strict age restrictions and we do not promote betting or gambling in our shop windows attractive to young children or vulnerable adults.

We accept the importance of the premises design to mitigate risk, which is one of the reasons we install CCTV cameras in specific places to monitor activity (for example at the entrance and exit of the shop) and it is our policy, unless physically impossible, to locate machines in line of sight of our cashiers. Where this is not possible, we implement alternative measures to ensure that shop team are in a position to monitor the activity in the machines area of the shop.

Security and health and safety risk assessments already detail control measures in this area which are effective in tackling these issues. Similarly, we do not accept the premise that the proximity of young people to betting shops should be regarded as an additional risk. We have strict policies and procedures in place to ensure that only those who are eligible to bet can do so. We have also invested in colleague training for the Challenge 21 policy, whereby any new customer who does not look old enough to bet is asked to provide identification. If official age verification is not provided, the customer will be asked to leave the premises. Ladbrokes also has a Primary Authority Partnership for age-restricted products.

Our policies regarding compliance with the licensing objectives are supported by thorough staff induction training programmes followed by annual refresher training in the higher risk areas such as the prevention of underage gambling (Think 21) and tested through internal audit processes and, in the case of Think 21, test purchasing conducted by a third party service provider and the fact that those results are and other associated information is shared with the Gambling Commission.

As a responsible business, we acknowledge that there are a small minority of those who suffer from gambling related harm and we have therefore implemented a number of policies to assist in this area. These include being one of the founding members of the independent Senet Group (which sets responsible gambling standards for the industry), tying executive remuneration to responsible gambling targets, devoting 20% of our window advertising to responsible messages and banning the promotion of machine play in the windows of our retail estate.

For further information please contact:

Grainne Hurst
Corporate Affairs Director, Ladbrokes
grainne.hurst@ladbrokes.co.uk

Cheltenham Borough Council Council – 12 February 2016 Revised Street Trading Policy

Accountable member	Councillor Andy McKinlay, Cabinet Member Development and Safety
Accountable officer	Mike Redman, Director of Environmental & Regulatory Services
Ward(s) affected	All
Key/Significant Decision	Yes
Executive summary	<p>The council's current street trading policy was approved by Full Council on 22 February 2013 and came into effect on 1 April 2013.</p> <p>Consultation on proposed changes to the policy has been undertaken and in November 2015 Cabinet approved the draft policy and made a recommendation for Council to adopt the revised policy.</p>
Recommendations	<p>Council is recommended to:</p> <ol style="list-style-type: none"> 1. Note the amendments to the current policy; 2. Note the consultation feedback and officer comments; 3. Adopt the revised policy.
Financial implications	<p>There are no financial implications arising from this report.</p> <p>Contact officer: Sarah Didcot, sarah.didcot@cheltenham.gov.uk, 01242 264125</p>
Legal implications	<p>As outlined in the report.</p> <p>Contact officer: Vikki Fennell, vikki.fennell@teWKesbury.gov.uk, 01684 272015</p>
HR implications (including learning and organisational development)	<p>There are no HR implications arising from this report.</p> <p>Contact officer: Richard Hall, richard.hall@cheltenham.gov.uk, 01242 77 4972</p>
Key risks	As Identified in Appendix 1

<p>Corporate and community plan Implications</p>	<p>Cheltenham has a clean and well-maintained environment.</p> <p>Cheltenham’s natural and built environment is enhanced and protected.</p> <p>Carbon emissions are reduced and Cheltenham is able to adapt to the impacts of climate change.</p> <p>Cheltenham has a strong and sustainable economy.</p>
<p>Environmental and climate change implications</p>	<p>Not applicable</p>
<p>Property/Asset Implications</p>	<p>None</p> <p>Contact officer: David.Roberts@cheltenham.gov.uk</p>

1. Background

- 1.1 The council's current street trading policy was approved by Full Council on 22 February 2013 and came into effect on 1 April 2013.
- 1.2 The current policy sets out a commitment to keep the policy under review and proposes revisions where they are deemed necessary, but in any event to review the policy at least every three years.
- 1.3 In accordance with the above, a review of the current policy was undertaken and Council is asked to consider the policy revisions and approve the draft amended policy for consultation.

2. Statutory Framework

- 2.1 The council has adopted schedule 4 of Local Government (Miscellaneous Provisions) Act 1982 ("the Act") to apply in the borough. Schedule 4 of the Act enables the council to control street trading in the borough.
- 2.2 As part of the adoption, the council has designated all streets in the borough as consent streets meaning that no street trading can take place anywhere in the borough without the council's consent.
- 2.3 There is no statutory responsibility on the council to adopt a policy but it is considered good practice because it clearly sets out the council's approach to local street trading regulation and provides guidance to licence holders, prospective licence holders and Members.

3. Policy Review

- 3.1 The council's current street trading policy was adopted and approved by Full Council on 22 February 2013 and came into effect on 1 April 2013.
- 3.2 The current policy approach is to deal with every application on its merits without being overly prescriptive.
- 3.3 A review of the current policy was undertaken by officers - from licensing, built environment, business partnership and the development task force – and it is proposed that the broad policy approach be changed to one that is much more prescriptive in nature, primarily to:
 - a) prevent the obstruction of the streets by street trading activities;
 - b) sustain established shopkeepers in the town;
 - c) maintain the quality of the townscape and add value to the town;
 - d) encourage inward investment;
 - e) promote quality markets; and
 - f) promote more consistent decision making.
- 3.4 Members will note that the new policy seeks to define appropriate locations for street trading mainly in the town centre. These locations are associated with a range of permitted goods that can be sold or offered for sale. The locations and permitted goods will be kept under regular review – in consultation with Urban Design, Conservation, business partnership and Development Task Force - to ensure that street trading activity does not conflict with the retail offer and investment but also to ensure it does not detract from the investment and improvement to the

town centre.

4. New Policy Proposal

4.1 The proposed new policy identifies a number of locations deemed suitable for different types of street trading in the town. These locations have been identified as suitable and appropriate for the reasons mentioned above but particularly to:

- a) prevent the obstruction of the streets by street trading activities;
- b) sustain established shopkeepers in the town;
- c) maintain the quality of the townscape and add value to the town.

4.2 A copy of the proposed policy is attached at **Appendix 2**.

5. Alternative options considered

5.1 Council can resolve not to approve the amended policy and stay with the existing policy. This is not a recommended course of action for the reasons set out in this report.

6. Consultation and feedback

6.1 Consultation was undertaken between July and September this year. Consultees were:

- a) Existing consent holders
- b) The Licensing Committee
- c) Parish Councils
- d) Director of Environmental & Regulatory Services
- e) Cheltenham Development Taskforce
- f) Gloucestershire Highways
- g) Head of Planning
- h) Head of Public Protection
- i) Urban Design Manager
- j) Conservation & Heritage Manager
- k) Cheltenham Chamber of Commerce
- l) Chief Officer of Police
- m) Cheltenham Borough Council - Environmental Health
- n) The residents of Cheltenham

6.2 A breakdown of consultation feedback and officer response is attached at **Appendix 3**.

Report author	Contact officer: Louis Krog, louis.krog@cheltenham.gov.uk, 01242 26 4217
Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Draft Amended Policy
Background information	<ol style="list-style-type: none"> 1. Schedule 4, Local Government (Miscellaneous Provisions) Act 1982 2. Policy on Measures to Control Street Scene Activities in Cheltenham (approved by Full Council on 22/02/2013)

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the draft policy is not adopted, the Council risks not being able to effectively discharge its licensing function to regulate street trading.	Licensing & Business Support Team Leader		2	4	8	Accept	Approve consultation		Licensing & Business Support Team Leader	
Explanatory notes											
<p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											

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CHELTENHAM

BOROUGH COUNCIL

Street Trading Licensing Policy



All enquiries should be directed to:

Licensing Section
Municipal Offices
Promenade
CHELTENHAM
GL50 9SA

Tel: 01242 775200

E-mail: licensing@cheltenham.gov.uk

Website: www.cheltenham.gov.uk/licensing

This Policy was approved on 

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1. Purpose of the Policy

This policy sets out Cheltenham Borough Council's ("the council") framework and approach for the management of street trading in the borough.

Through the street trading scheme the council aims to regulate:

1. the location of street traders;
2. the number of street traders; and
3. the types of goods to be sold or offered for sale.

The scheme also aims to:

1. prevent the obstruction of the streets by street trading activities;
2. sustain established shopkeepers in the town;
3. maintain the quality of the townscape and add value to the town;
4. encourage inward investment; and
5. promote quality markets.

In doing so, the council recognises the importance of licensed businesses to the local economy and the character of the area whilst trying to ensure that the activities do not cause public or statutory nuisance to the people in the area.

This policy will guide the council when it considers applications for street trading consents ("consent"). It will inform applicants of the criteria against which applications will be considered.

2. Review of the Policy

It is the intention that this policy will be reviewed every 3 years or more frequently should it be deemed necessary.

Notwithstanding the policy review cycle, the council will proactively review street trading in the consent streets to identify any new street trading opportunities.


3. Legislation & Designation of Streets

The council has resolved that Schedule 4 to the Local Government (Miscellaneous Provisions) Act 1982 ("Act") should apply in the borough. Under Schedule 4 of the Act the council can regulate street trading by designating streets as 'consent streets', 'licence streets' or 'prohibited streets'.

The council has designated the entire borough as consent streets. A consent street is a street in which street trading can only take place if the consent of the local authority has first been obtained.

It is a criminal offence to engage in street trading in a consent street without consent.

There are currently no licence streets or prohibited streets within the borough.



4. The Licensing and Determination Process

This part of the policy sets out how the council will deal with applications for consent in the borough.

Applications can be made for:

1. a “Fixed Pitch” (see “Permitted Locations” below);
2. a “Roaming Consent” (Borough wide consent when a schedule of stops/streets is included with the application i.e. ice cream vans etc.)
3. A “Market” (see “Markets” below)

4.1 Permitted Locations

Consents are limited to the sites identified in **Annex 1**.

Sites can remain with the same person for a number of years. In the event of the consent being revoked, surrendered or if it lapses without being renewed, the council will invite new applications for the vacant site on its website. This might be at any time of the year.

If more than one application is received for any new or vacant pitch, the applications will be referred to the council’s licensing committee to consider the applications. The applications will be assessed against the council’s “criteria for assessment” (see **x**).

4.2 Assessment Criteria

In considering applications for the grant or renewal of a consent the following factors will be considered:

- **Needs of the Area** - The retail offer of each individual pitch. The goods complement and do not conflict with the goods sold by other retailers (including other street traders) within vicinity. This criterion permits the council to undertake a qualitative assessment of the goods to be sold by each competing applicant against those on sale in the adjacent area. The council does however recognise that the surrounding retail offer is subject to change therefore it will apply this criterion to applications for new or renewal applications.
- **Public Nuisance** – Whether the street trading activity represents, or is likely to represent, a substantial risk of nuisance to the public or properties in the vicinity from noise, misbehaviour, emissions, smells etc.
- **Public Safety** – Whether the street trading activity represents, or is likely to represent, a substantial risk to the public from the point of view of obstruction, fire hazard, unhygienic conditions or danger that may occur when a trader is accessing the site.
- **Appearance of the Stall or Vehicle** – Trading units must enhance the visual appearance of the street rather than detract from it and be constructed in a suitable scale, style and of appropriate materials. It should also be designed to be fully accessible for all customers and advertising material must be

limited to the name of the stall, the type of product sold and a simple price list and be professionally designed and printed. The council will generally not permit trading units over 3 meters tall to avoid obstruction of sight.

- **Environmental Credentials** - The impact of the proposed operation on the local environment including street surfaces, tree pits & materials, power supply, carbon footprint, supply chain, packaging, waste minimisation, waste disposal and waste created by customers.

5. Renewals

Consents are issued for a period of up to one year.

Consent holders should re-submit their application if they wish to continue to trade at least one month before the expiry of their current consent. As a matter of convenience, the council will send renewal reminders to consent holders. However, the council is clear that it remains the consent holder's responsibility to ensure that their consent is renewed in time.

If, without reasonable excuse, a renewal application is not made before the expiry of the current consent it will expire and the pitch will become available. A new application must be submitted in accordance with the procedure set out above ("[Application for Consent – Permitted Locations](#)").

The council may consult further to determine if the street trader is a cause for concern or has been the subject of complaints.

Where a renewal application has been made and:

1. there have been no significant complaints or enforcement issues;
2. all fees have been paid on time; and
3. there has been no significant change to the retail environment in the vicinity of the trading location

the consent will normally be renewed.

6. Transfers

An issued consent cannot be transferred or sold to another person. The sub-letting of a pitch is prohibited.

7. Markets

There are a number of regular markets in the borough that are privately operated. The council recognises the value of markets in that they positively enhance the enjoyment of the town as a tourist and leisure destination and add value for local residents.

The council is therefore supportive of high quality markets in the borough and would be inclined to be supportive of market applications of this type. The council has deemed the following locations appropriate for regular markets:

- Pedestrianised Promenade outside the front of Cavendish House.
- Entire length of the Long Gardens facing the outer Promenade.

8. Special Events

The council recognises that there may be times when consent may be sought otherwise than in accordance with the policy for special one-off events.

These may include, for example, one-off charitable or promotional events.

Applications of this type will be determined on a case-to-case basis taking into account the assessment criteria set out above.

9. Conditions

Consents are issued subject to the council's standard conditions. See **Annex 2** for the council's standard conditions.

In addition, the council can impose additional conditions where it is deemed appropriate.

10. Enforcement

The council has a responsibility to regulate street trading in the borough and is therefore committed to enforcing the provisions contained within the relevant legislation and to work in partnership with all enforcement agencies.

All enforcement action will be undertaken in accordance with the council's adopted enforcement policy.



Annex 1 (Should be read in conjunction with the attached maps)

Location	Permitted Trading
High Street 1 (up to 6 m ²)	<ul style="list-style-type: none"> • Flowers/plants • Arts & crafts
High Street 2 (up to 3 m ²)	<ul style="list-style-type: none"> • Hot food/drink • Ice-cream
High Street 3 (up to 3 m ²)	<ul style="list-style-type: none"> • Hot food/drink • Ice-cream
High Street 4 (up to 3 m ²)	<ul style="list-style-type: none"> • Confectionary/cakes • Busking (when also selling merchandise) • Signup services
High Street 5* (up to 6 m ²)	<ul style="list-style-type: none"> • Signup Services • Busking (when also selling merchandise)
High Street 6* (up to 6 m ²)	<ul style="list-style-type: none"> • Signup Services • Busking (when also selling merchandise)
High Street 7 (up to 6 m ²)	<ul style="list-style-type: none"> • Flowers/plants • Arts & crafts • Ice-cream • Fruit & Veg
Promenade 1* (up to 6 m ²)	<ul style="list-style-type: none"> • Ice-cream • Signup services • Busking (when also selling merchandise) • Arts & crafts • Flowers/plants • Fruit & veg
Promenade 2* (up to 6 m ²)	<ul style="list-style-type: none"> • Ice-cream • Signup services • Busking (when also selling merchandise) • Arts & crafts • Flowers/plants • Fruit & veg
Promenade 3* (up to 6 m ²)	<ul style="list-style-type: none"> • Flowers • Arts & crafts
Promenade 4* (up to 6 m ²)	<ul style="list-style-type: none"> • Ice-cream • Busking (when also selling merchandise) • Confectionary/cakes • Signup Services
Promenade 5* (up to 6 m ²)	<ul style="list-style-type: none"> • Ice-cream • Busking (when also selling merchandise) • Hot drinks

- Signup Services

* Where the goods sold do not conflict with similar in the vicinity and in the case of Promenade 1 – 5 where no markets are operating in these locations.


Annex 2 – Standard Conditions

1. Definitions

- 1.1 Consent means this Street Trading Consent issued pursuant to Schedule 4 Local Government (Miscellaneous Provisions) Act 1982.
- 1.2 Consent Holder means the person named in this Consent and for the purpose of enforcing these conditions includes any other person engaged by them to assist in trading (including any Nominated Assistant(s) named in this Consent).
- 1.3 Council means Cheltenham Borough Council.
- 1.4 Site means the site identified in this Consent.
- 1.5 Unit means the unit described in this Consent.

2. Obligations on the Consent holder

- 2.1 Not to use the Site for any purpose other than that of the operation of the Unit.
- 2.2 Not to trade or operate the Unit in such a way as to cause obstruction of the street or danger or annoyance to persons using the street.
- 2.3 To adequately manage the street trading activity so as not to cause a statutory or public nuisance (from noise, fumes and odour, for example).
- 2.4 To ensure that the Unit is securely erected, is of such material and design, and so constructed and maintained that it is not liable to cause injury to any person present on the Site or otherwise.
- 2.5 To pay to the Council the cost of making good any damage which may be caused to the Site in consequence of the Consent Holder's operations thereon.
- 2.6 To keep the Site in a clean and tidy condition and to pay to the Council the cost of carrying out any works including cleansing of the highway that is required due to the Consent Holder's use of the Site.
- 2.7 The Consent Holder will be responsible for cleansing of the Site and ensuring that all refuse arising as a result of the activities of the Consent Holder shall be placed in suitable covered containers provided by the Consent Holder, unless otherwise provided by the Council, and shall be kept exclusively for that purpose. Such refuse containers shall be kept as clean as is reasonably possible and disposed of in an approved manner on a daily basis.

- 2.8 To observe all statutory and other provisions and regulations for the time being in force which relate to the Consent Holder's use of the Site.
 - 2.9 So far as is reasonable to ensure that patrons or customers of the Consent Holder conduct themselves in an orderly manner.
 - 2.10 To ensure that the use and storage of liquefied petroleum gas complies with any relevant codes of practice.
 - 2.11 The Consent Holder shall ensure that liquefied petroleum gas is not used without the express permission of the Council and any equipment using this gas shall have only flexible and approved armoured hoses complying with the relevant British Standard Specification or equivalent.
 - 2.12 The Consent Holder shall ensure that goods may not be of an inflammable, corrosive or otherwise dangerous nature.
 - 2.13 The Consent Holder shall ensure that no mobile generators shall be used without the express permission of the Council. Where permission is granted generators shall be so positioned that they do not present a danger to the public do not present a fire or similar hazard to the stall, goods displayed thereon or adjoining premises and do not cause any noise or fume nuisance.
 - 2.14 The Consent Holder shall ensure that a competent person installs all generators and documentation must be provided to show that the generators have been maintained in accordance with the manufacturer's instructions.
 - 2.15 The Consent Holder shall ensure that no combustible materials are to be stored in the vicinity of a generator and suitable first aid fire fighting appliance(s) must be immediately available.
 - 2.16 The Consent Holder shall ensure that any equipment, such as a generator, is in a safe working condition and suitably cordoned off to ensure that the general public do not have access to the equipment.
 - 2.17 All electric power supplied must be protected by residual current devices. Any appliance is to be separated from the supply outlet by a fuse of suitable rating.
 - 2.18 All electrical cables or flexes, which are suspended over the public footway or carriageway shall be adequately supported.
 - 2.19 All electrical cables or flexes, which run along the ground and are in a position where the public could come into contact with them, they must be fitted with rubber cable protecting mats.
 - 2.20 To ensure that the dimensions and appearance of the Unit at all times accord with the details agreed by the Council upon the issue of this Consent.
 - 2.21 To maintain the Unit in a clean and tidy condition.
- 

- 2.22 To indemnify the Council from all claims, damages and costs in respect of all accidents, damage and injuries arising during or in consequence of the use of the Site to any person or property caused by the Consent Holder's operations or caused by any act, neglect or default of the Consent Holder, his servants or agents (whether with or without the knowledge of the Consent Holder) to take out and on request produce to the Council a policy of public and product liability insurance covering no less than £5,000,000.
- 2.23 At all times while trading to display in a conspicuous position on the Unit the street trading permit issued by the Council.
- 2.24 To forthwith inform the Council in writing of the details of any change in the operation or staffing of the Unit (including changes in details of Nominated Assistants) or the sale or transfer of the Consent Holder's business to another party.
- 2.25 The Consent Holder(s) shall notify the Council's Licensing Section within 72 hours of any convictions or proceedings arising out of the use or enjoyment of the Consent.
- 2.26 The Council may revoke or suspend this Consent at any time in the event of:
- The breach by the Consent Holder, their servants or agents (included Nominated Assistants) of any of the conditions herein or any supplemental/additional conditions imposed by the Council; or
 - Work being carried out in, under or over the highway on which the Unit is located; or
 - A change in Council Policy which necessitates termination of this Consent; or
 - Circumstances outside the Council's control which necessitate termination of this Consent forthwith.
- 2.27 The trader shall not place on the street or in a public place any furniture or equipment other than as permitted by the Consent and he must maintain the same in a clean and tidy condition and not place them so as to obstruct the entrance or exit from any premises.



SPECIAL CONDITIONS FOR MOBILE ICE CREAM TRADERS

Trading prohibited in the following streets or parts of streets:

- a) High Street (from Sandford Park entrance to Townsend Street)
- b) Promenade (from High Street to Montpellier Walk)
- c) Clarence Street
- d) North Street
- e) Pittville Street
- f) Regent Street
- g) Rodney Road
- h) Winchcombe Street (from High Street to Warwick Place)
- i) Imperial Square
- j) Montpellier Walk
- k) Montpellier Street
- l) Warden Hill Road (within 100 metres of frontage to Bournside School), both sides of the road in any direction, during the period half an hour before school opening to 1 hour after closing during school terms).
- m) Loweswater Road (from the junction with Alma Road to the junction with Langdale Road during the above period and times).
- n) Evesham Road and roads adjacent to Pittville Park.

2. Trading prohibited within 75 metres of the gates of all schools, except Bournside School (see Special Condition 1) on both sides of the road in any direction during the period half an hour before school opening to one hour after closing during school terms.

3. The consent holder shall not, without the prior permission of the Council, trade in any particular location for more than 30 minutes at any one time and shall not return to that particular location, or any position in the immediate vicinity thereof (which expression shall be as interpreted by the Council), within 2 hours of leaving it.

4. The consent holder shall comply with all traffic regulations, rules, orders and directions which apply to the public highways on which he trades.

5. The consent holder is required to comply with the Code of Practice on Noise from Ice-Cream Van Chimes Etc. in England 2013 or any modification or re-enactment thereof.



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Appendix 3 - Consultation Feedback and Officer Response

Feedback	Officer Response
<p>Document in relation to the Councils review of Street Trading policies Dated 30th August 2015</p> <p>To Whom it may concern.</p> <p>This letter is regarding the prohibiting of ice cream vans from operating in or near Pittville park. For several years I have been asking the council to relax this law to allow me to operate my ice cream van on a road near the park, earlier this year I attended a committee meeting where this topic was discussed. It was agreed by the committee that I must remain unable to trade near Pittville park.</p> <p>I am willing to stick by the committees decision but what I am unhappy with is the policy surrounding private events. I'm not 100% sure why ice cream vans are not allowed to trade near the park but I can only imagine it has something to do with the councils interest in the cafe within the park who also sell ice creams. But what I am asking now is to simply allow my ice cream van to trade in the park when I am invited to attend a private event.</p> <p>Every year large, family orientated events are held in the park. There are no limits to the type of traders until it comes to ice cream vans. As a Cheltonian I attend all the events as a parent from the Nation Play Day to Paws In The Park, at these events you will find burger vans, coffee vendors, sweet sellers, doughnut sellers and many, many more. I just find it very hard to accept that all these traders (most of which are from outside of the county) are allowed to attend the event where I, who over the years have contributed tens of thousands of pounds to the town in licence fees is not allowed to be there due to some ancient policy. I also</p>	<p>The nature of the response is not relevant to the general policy review because it raises specific issues that have previously been dealt with by the licensing committee. In addition, officers have responded to the individual issues raised by the respondent.</p> <p>As a general policy point, officers have not proposed to vary the “Special Conditions for Mobile Ice Cream Traders” prohibiting trading by mobile ice cream traders in a number of locations including certain roads surrounding public parks.</p> <p>Reasons for this relates to problems associated with access, parking restrictions, public safety and obstruction.</p>

<p>find it difficult to accept this as we attend lots of events all over the county without any restrictions including events in Montpelier Park and Gloucester Park. If I am right in assuming ice cream vans are not permitted to operate in the park because the cafe sells ice creams then why are coffee vendors and hot snack sellers allowed in the park? Also these events are held near the Pump Rooms which is a 1KM round trip to the cafe which a long distance when you have small children and pushchairs. I am not writing this letter to reignite my attempt to trade in or near the park all summer long, all I am asking is that I am permitted to attend these events with the same rights as all the other food and non-food traders. I have been in contact with the organisers of these events and they have said they are happy for me to attend as we are a well known company who bring joy to all the people of Cheltenham.</p> <p>I would appreciate a reply to this letter and an explanation to why this policy exists, why are these coffee and snack sellers allowed to attend events in Pittville Park when I am not.</p>	
<p>Thank you for your letter 18 June 2015 Your Ref 15/STA/Policy. (Consultation on revised street trading policy)</p> <p>Could you please include this letter in the above Consultation.</p> <p>I respectfully ask that I am left in the same position outside M&S where I have traded at for the last 23 Years.</p> <p>The reasons are that the Seating Plan has changed in the High Street and there is a safe space outside the entrance to M&S by the lamppost where I trade. My age next year will be 66 and as I carry money around my waist I feel safe there as there is CCTV at this point on the wall of M&S and my cart can be viewed from three visual topographic points.</p>	<p>Officers agree and have included the additional location on the plans.</p>

<p>At this stage I am not sure how many more years I can trade but have much enjoyed my seasonal licence.</p>	
<p>Concerning the Draft document on Street trading ,speaking as a busker I think the description of 'Busking (when also selling merchandise)' a bit misleading ,at the risk of being pedantic I'd say 'selling merchandise when Busking' is more accurate because it's the selling you are trying to regulate.</p> <p>Sticking with the 'Busking (when also selling merchandise) it does imply the two are interconnected which is true with busking musicians selling CD's. This argument some Councils accept. Liverpool, York and soon Bath through 'good practice guide on busking' allow buskers to sell CD's as long they have a notice stating "In order to comply with Street Trading Legislation these CDs are not being offered for sale, any contribution you make is voluntary and your discretion, suggested contribution... £xx".</p> <p>Gloucester in its Busking Code of Conduct allows Buskers to sell CD's as long as it's a fairly small display. In the good practice guide the key point being that the merchandise is part of the act and by way of compromise the busker is taking the risk of people taking Cds for nothing.</p> <p>The Keep Streets Live which has support from the Musicians Union general advice to Busking Musicians is to have a sign saying "Cds available ,suggested donation £xx" wherever they play as opposed to having a blatant display of priced CDs.</p> <p>I apologise for the length of this email which hopefully gives some understanding from a busking point of view.</p> <p>The response was supplemented with a petition calling on the council to "Allow buskers to have a small display of CDs with a sign stating "CDs available suggested donation £x""</p>	<p>On the initial point of the phrasing of the policy, the policy seeks to make a distinction between the activity of busking (which does not require a licence per se) and the selling of merchandise (which does require a street trading consent). For this reasons officers are not suggesting a rewording.</p> <p>Regarding the point raised about a suggested donation as an alternative approach, officers are of the view that this will not contravene street trading licensing requirements and will be permissible.</p> <p>Officers will update the current buskers' code of practice to clarify to this effect.</p>

At the licensing committee on 4th September 2015 the Committee ratified their comments of the previous committee meeting (31st July 2015), shown below, as an accurate reflection of their response to the consultation, with the following additional comment: That the committee was concerned about the amount of prescription of the products to be sold in the various locations, whilst recognising the general need to avoid the sale of certain products where these locations were unsuitable.

4. Committee's Response

4.1 Permitted Locations (para 4.1)

Members of the Licensing Committee felt that the proposal to have a limited number of prescribed locations in the town centre where trading will be allowed, thereby prohibiting street trading in any other location in the town centre, is far too restrictive. Whilst the Committee did not disagree with the proposal for having a number of pre-approved locations (listed in Annex 1 of the draft policy), Members felt that the Committee should retain the ability to determine applications on a case-by-case basis where they are not in an approved location.

Members felt that this power should be explicitly expressed in the Policy so that when the Committee approves such an application they will not be doing so in contravention of the Policy. The Committee felt strongly that the proposal to have prescribed, limited locations in the town centre should be referred to as *guidelines* to which the Committee should have regard when making its decisions, without it being a prescribed policy position.

The policy cannot fetter the council's discretion and applications for street trading consent for locations not approved can still be made and must still be determined. In these cases, officers will refer applications to the committee in accordance with the scheme of delegation.

Officers do not consider this to be necessary as the relevant powers and delegation is already set out in the council's constitution.

The prescriptive nature of the policy is intentional to meet the policy's stated objectives. To lessen the nature of the policy to merely "guidelines" would in officer's view fundamentally undermine the policy and its intended objectives:

1. prevent the obstruction of the streets by street trading activities;
2. sustain established shopkeepers in the town;
3. maintain the quality of the townscape and add value to the town;

<p>In terms of the locations proposed in Annex 1 of the draft policy, Members felt that the sites shown are suitable but said that another location should be included, that being the site outside Marks and Spencer on the High Street (currently and in previous years occupied on a seasonal basis by a static ice cream trader).</p> <p>In terms of “security of tenure”, members proposed the adoption of a 3 year street trading consent (subject to the ability for the Committee to review where necessary), however it has been clarified that the law permits a maximum 12 months for the duration of a street trading consent.</p> <p>4.2 Special Conditions for Mobile Ice Cream Traders (Annex 2)</p> <p>The current and proposed policies both prohibit trading by mobile ice cream traders in the following locations:</p> <ol style="list-style-type: none"> 1. a) High Street (from Sandford Park entrance to Townsend Street) b) Promenade (from High Street to Montpellier Walk) c) Clarence Street d) North Street e) Pittville Street f) Regent Street g) Rodney Road h) Winchcombe Street (from High Street to Warwick Place) 	<ol style="list-style-type: none"> 4. encourage inward investment; and 5. promote quality markets. <p>Officer will commit to an annual review of the locations and will include representation from members of the licensing committee.</p> <p>See comments above. Additional site will be included.</p>
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<p>i) Imperial Square j) Montpellier Walk k) Montpellier Street l) Warden Hill Road (within 100 metres of frontage to Bournside School), both sides of the road in any direction, except in the lay- by opposite to number 89, during the period half an hour before school opening to 1 hour after closing during school terms). m) Loweswater Road (from the junction with Alma Road to the junction with Langdale Road during the above period and times). n) Evesham Road and roads adjacent to Pittville Park. 2. Trading prohibited within 75 metres of the gates of all schools, except Bournside School (see Special Condition 1) on both sides of the road in any direction during the period half an hour before school opening to one hour after closing during school terms.</p> <p>Members of the Licensing Committee expressed a desire for this list of prohibited locations to be reviewed to ensure that they are still appropriate.</p> <p>In terms of location (l), Warden Hill Road, Members felt that the section “except in the lay-by opposite to number 89” should be removed because trading is not appropriate in that location due to the heavy traffic and the proximity of the school.</p> <p>In terms of the prohibition of trading within 75 metres of gates of all schools, Members felt that consideration should be given to increasing this prohibition to 200 metres.</p>	<p>Officers consider the “Special Conditions for Mobile Ice Cream Traders” to still be fit for purpose but have committed to a more comprehensive review on 2016.</p> <p>Officers agree with this recommendation.</p> <p>Officers consider this to be too excessive and, in some areas, impractical.</p>
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Please find as follows Environmental Protection's comments on the proposed policy:

1. We remain supportive of the principles of the policy and welcome the consistency it gives
2. Section 1: purpose – reference to 'nuisance and annoyance' – recommend this wording is changed to 'public or statutory nuisance', unless licensing are able to regulate against 'annoyances'?
3. Section 4: the licensing and determination process – from a customer perspective, it may be useful to mention the role of consultees and what they would be commenting on or looking for in an application. 4.1 only states that the licensing committee will assess applications against the council's criteria for assessment. In systems thinking terms, we are more likely to get 'clean applications if we set out the requirements of each consultee as well as committee
4. Para 4.2, second bullet point 'Public Nuisance' – we would have worded this para differently if it only applied to EP assessment of public nuisance, but we understand this in relation to the licensing committee's assessment of it? For example – EP would deal with 'misbehaviour' as ASB not public nuisance. The other examples of emissions and smells are also more likely to give rise to statutory rather than public nuisance.
5. Para 4.2 Public nuisance – as an applicant or a complainant or Member, it would be useful to know what you mean by 'a substantial risk of nuisance' and how the cumulative impact of these applications will be assessed
6. There is no reference to statutory nuisance but this is covered in comment 3 above. Noise from a loudspeaker in a street is more likely to be a stat nuisance than a public nuisance for example.
7. Para 4.2 third bullet point – public safety – would be useful to

Agreed and policy amended accordingly.

The criteria for assessment are set out in the policy and will be reflected in amended guidance notes in an appropriate manner.

Noted.

The intention is that the likelihood of a "substantial risk of nuisance" will be assessed through consultation and be based on a case to case basis taking into account the individual merits of an application and drawing on the knowledge, assessment and experience of consultees.

See response above.

See comment to point 5 above.

<p>expand on what is meant by ‘substantial risk to the public’. If the ‘unhygienic conditions’ is supposed to relate to food safety, - please can you change the wording accordingly. It would be for useful to know how licensing assess this please, or maybe this is something we can work on together.</p> <p>8. Para 4.2 last bullet point – environmental credentials – great to see this in the policy as sustainability should be a key consideration of all commercial enterprises/operations – as long as such schemes do not have the potential to give rise to a nuisance. We understand the council does not have a sustainability officer at the moment so it would be good to know who has the expertise to assess against this criteria in the interim. If we can be of help in this respect, do let us know.</p> <p>9. Section 5, renewals – ‘the council may consult further to determine if the street trader is a cause for concern or has been the subject of complaints’ – for our information, please can you advise who else would be consulted and what, if any, impact this would have on an EP representation</p> <p>10. Also section 5 – ‘where a renewal application has bene made and: 1) there have been no significant complaints or enforcement issues’ – please expand or define what is meant by ‘significant’ for example do you mean a certain number of complaints or enforcement issues, or substantiated ones or ones that you or LC would consider to be the most serious?</p> <p>11. Section 7 markets – please be aware that although ‘the council...would be inclined to be supportive of market applications of this type’ – in the world of EP, the usual considerations re nuisance and pollution would still apply</p> <p>12. Annex 2 standard conditions – 2.3 – we would prefer this wording please ‘To adequately manage the street trading activity so as not to cause a statutory or public nuisance (from noise, fumes and odour, for example).</p> <p>13. Annex 2, para 2.13 – please advise who in the council gives this</p>	<p>Noted.</p> <p>This will be determined on a case to case basis taking into account the relevant matters and information.</p> <p>See comment above.</p> <p>Noted.</p> <p>Agreed and policy amended accordingly.</p> <p>This will form part of the application and therefore also the consultation.</p>
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<p>express permission for the use of generators? We note there is reference to fumes and noise in this clause, which indicates the 'permission giver' would need to liaise with EP.</p> <p>14. Special conditions for ice cream traders – the 1984 CoP was revised in 2013 so these conditions should match the revised CoP please and reference should be to the current version</p> <p>15. Food safety – where the application relates to a food vendor, the Licensing Officer or committee could use the national food hygiene ratings website to ensure a high standard of food hygiene through street trading consents, if this is appropriate. A rating of 3 or above means the business is broadly compliant with food safety and hygiene legislation.</p>	<p>Any issues identified will be considered as part of the consultation process and taken into account in the street trading determination.</p> <p>Agreed and policy amended accordingly.</p> <p>Noted.</p>
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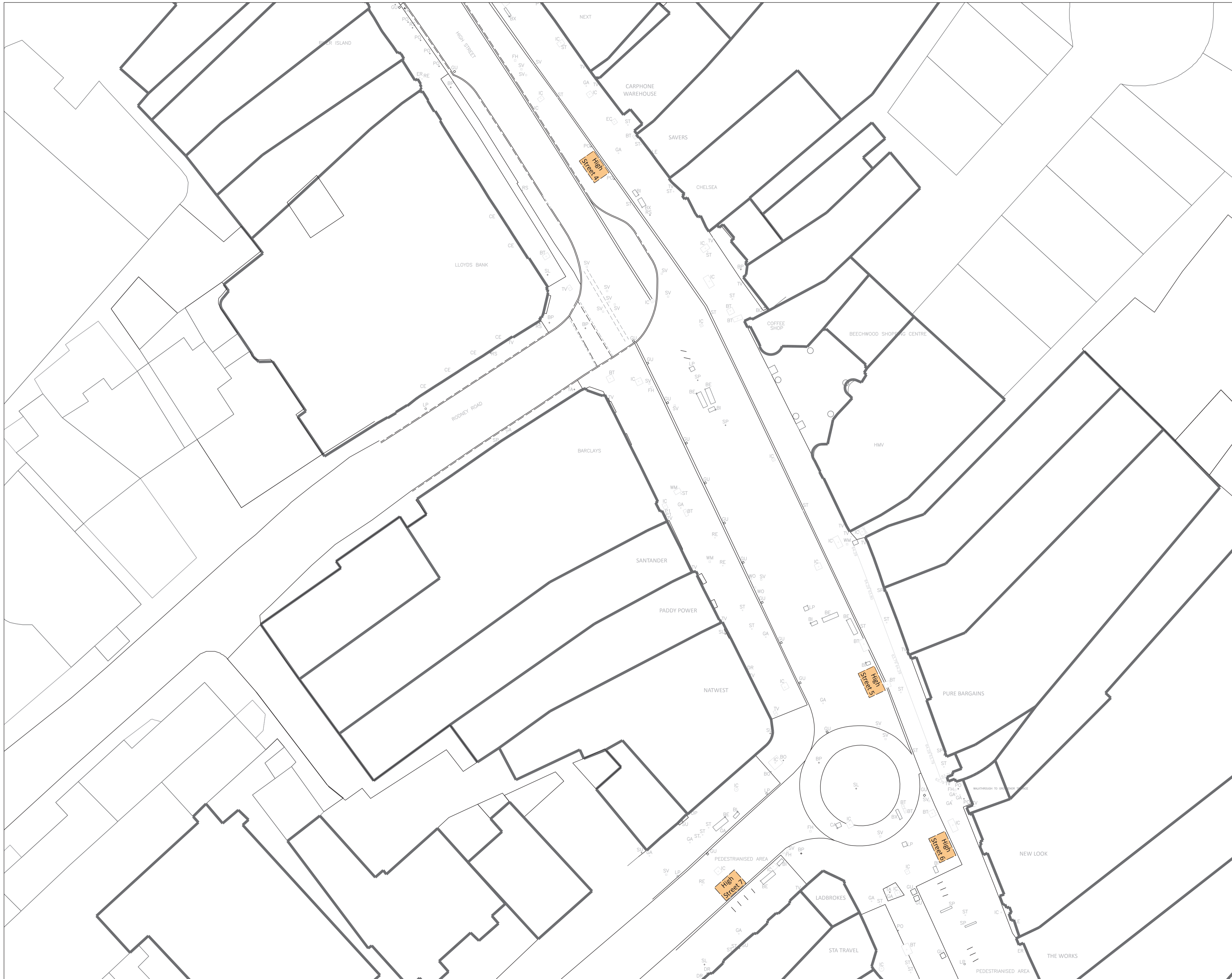
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PROJECT
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 Sheet 2 High Street
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 CBC Licensing

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PROJECT
 Street Trading Policy
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 Sheet 3 High Street
 CLIENT
 CBC Licensing

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PROJECT
 Street Trading Licenses
 TITLE
 Sheet 4 Promenade
 CLIENT
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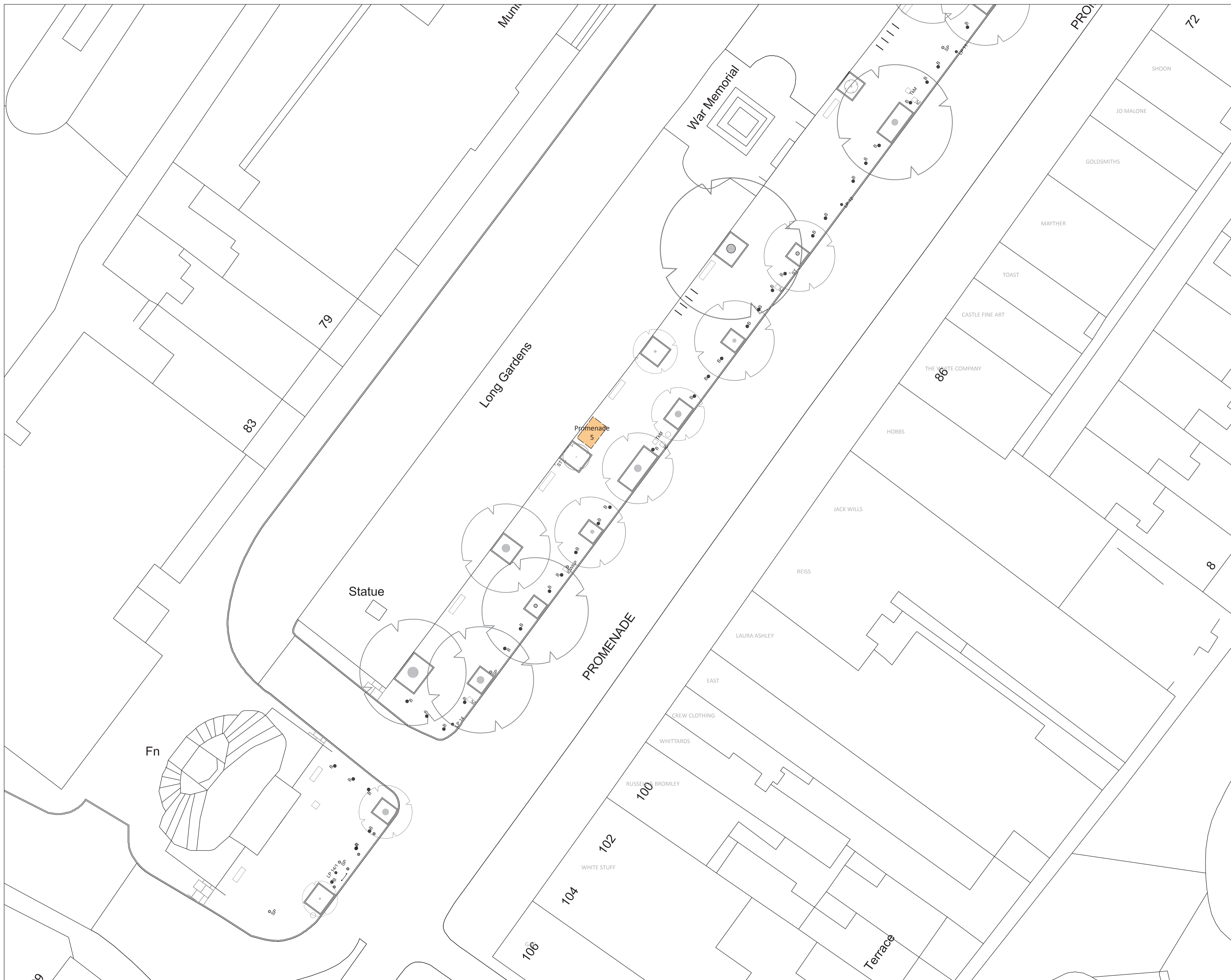


CHELTEMHAM
 BOROUGH COUNCIL
 Environment and Regulatory Services
 Municipal Offices
 Promenade, Cheltenham, Gloucestershire
 Tel: 01242 264328 Fax: 01242 264328

PROJECT
 Street Trading Policy
 TITLE
 Sheet 5 Promenade
 CLIENT
 CBC Licensing

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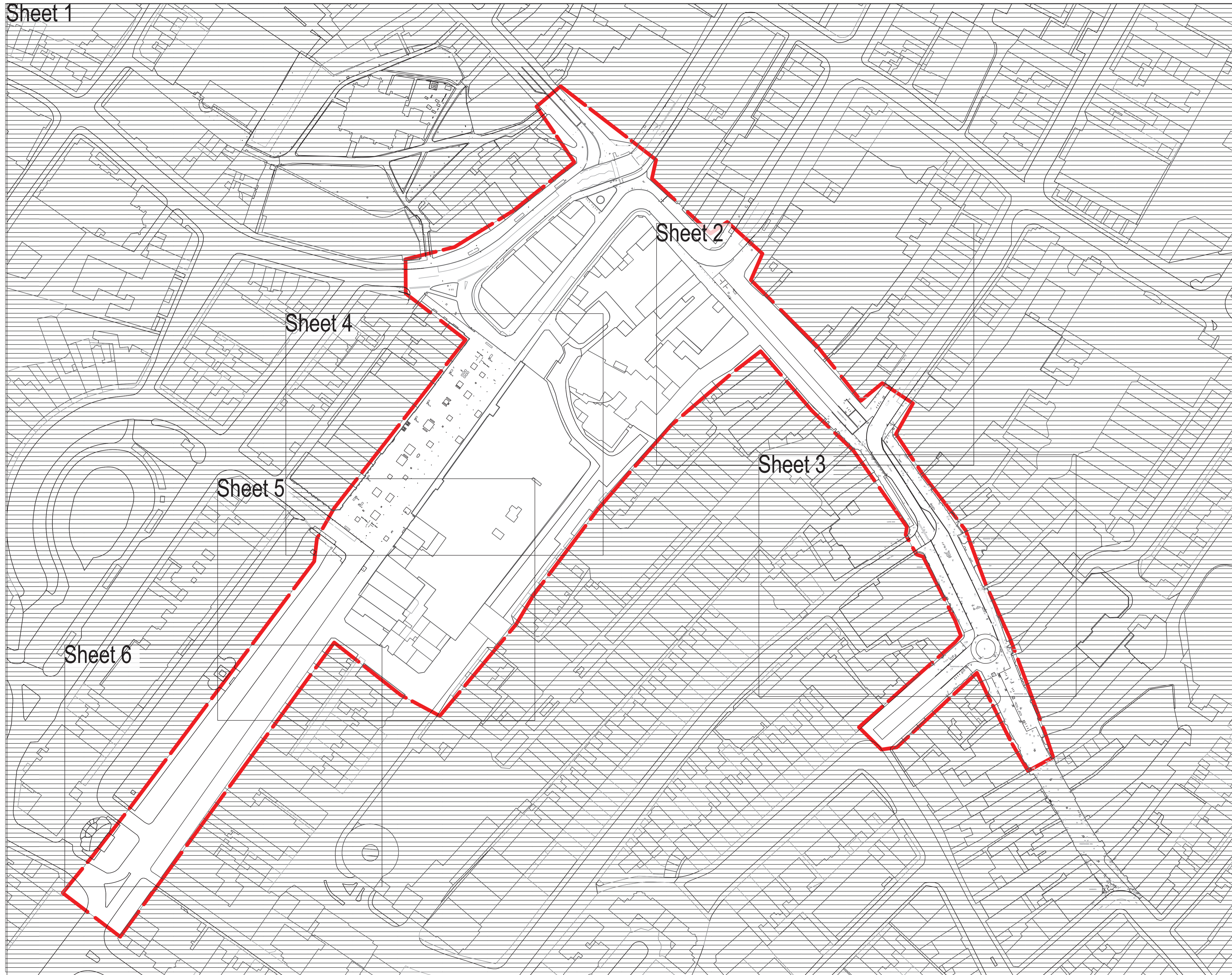
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 Sheet 6 Promenade
 CLIENT
 CBC Licensing

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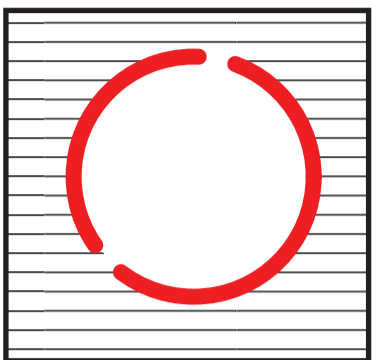
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Sheet 1



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zone of street trading policy control
 refer to individual sheets to see supported street trading pitches

rev.	date	description	by



PROJECT
 Street Trading Policy
 TITLE
 Sheet Key Plan
 CLIENT
 CBC Licensing

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Cheltenham Borough Council Council – 12 February 2016

Nominations for Mayor Elect and Deputy Mayor Elect 2016-17

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 Chris Ryder has served as Deputy Mayor since last year's Annual Council Meeting and Members will be asked to elect her as Mayor at this year's Annual Meeting.</p> <p>The Members shown towards 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. In the course of this process, some members have highlighted that their decision on whether to put themselves forward for the role may depend on the results of the Borough elections in May 2016. Therefore it has been proposed that no nomination is put forward for Deputy Mayor elect at this stage and the nomination for Deputy Mayor is put to Annual Council in May following the elections.</p>
Recommendations	<p>Council note</p> <ul style="list-style-type: none"> i) The Order of Precedence in Appendix 2 ii) That Councillor Chris Ryder will be put to the Annual Council Meeting for election as Mayor for the Municipal year 2016 - 2017. iii) That the nomination for Deputy Mayor for the Municipal year 2016 – 2017 will be put to the Annual Council Meeting
Financial implications	<p>The allowances for Mayor and Deputy Mayor have been included in the budget proposals for 2016/17.</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)	None Contact officer: Julie McCarthay julie.mccarthy@cheltenham.gcsx.gov.uk, 01242 264355
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 The alternative is for this Council meeting to note a nomination for Deputy Mayor Elect as it has done in previous years.

4. Consultation and feedback

- 4.1 Group Leaders were consulted at their meeting on 2 February 2016 and were happy that the deferral of the nomination for Deputy Mayor Elect was a sensible approach in view of the elections.

Report author	Contact officer: Rosalind Reeves, Democratic Services Manager Rosalind.reeves@cheltenham.gov.uk, 01242 774937
Appendices	<ol style="list-style-type: none">1. Rules relating to order of Precedence of Members2. 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.

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.

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Councillor	Ward	Political party	Next up for election	Date of election/period of service	Eligible service for Mayor 2016	Previous Mayor
McKinlay, Andrew	Up Hatherley	Lib Dem	2018	1991	25	0
Jordan, Steve A	All Saints	Lib Dem	2016	1986-1992, 1994, 1995-1999, 2002	25	0
Holliday, Sandra J	St. Mark's	Lib Dem	2018	1996	20	0
Prince, David J *	Pittville	PAB	2016	1994- 2008, 2012	18	0
Seacome, Diggory C	Lansdown	Conservative	2016	2000	16	0
Stennett, Malcolm	Prestbury	PAB	2016	2000	16	0
Britter, Nigel C	Benhall & The Reddings	Lib Dem	2018	2002	14	0
Ryder, Chris	Warden Hill	Conservative	2018	1999-2002, Jan 2004- 2010, 2013	13	0
Coleman, Chris	St. Mark's	Lib Dem	2016	2002-2008, October 2010	11	0
Hay, Rowena	Oakley	Lib Dem	2016	2002-2006, 2010	10	0
Baker, Paul	Charlton Park	Lib Dem	2018	1983-1992, July 2014	10	0
Sudbury, Klara *	College	Lib Dem	2016	2008	8	0
Whyborn, Roger *	Up Hatherley	Lib Dem	2016	2008	8	0
Fisher, Bernard *	Swindon Village	Lib Dem	2016	2008	8	0
Walklett, Jon *	St. Paul's	Lib Dem	2018	2010	6	0
McCloskey, Helena *	Charlton Kings	Lib Dem	2018	2010	6	0
Jeffries, Peter *	Springbank	Lib Dem	2018	2010	6	0
Williams, Suzanne *	Springbank	Lib Dem	2016	2012	4	0
Chard, Andrew *	Leckhampton	Conservative	2016	2012	4	0
Harman, Tim *	Park	Conservative	2016	2012	4	0
Reid, Rob *	Charlton Kings	Lib Dem	2016	2012	4	0
Lansley, Andrew *	St. Paul's	Independent	2016	2012	4	0
Babbage, Matt	Battledown	Conservative	2018	2014 -	2	0
Clucas, Flo	Swindon Village	Lib Dem	2018	2014 -	2	0
Lillywhite, Adam L K	Pittville	PAB	2018	2014 -	2	0
Mason, Chris	Lansdown	Conservative	2018	2014 -	2	0
Murch, Dan	All Saints	Lib Dem	2018	2014 -	2	0
Nelson, Chris	Leckhampton	Conservative	2018	2014 -	2	0
Payne, John	Prestbury	PAB	2018	2014 -	2	0
Wilkinson, Max	Park	Lib Dem	2018	2014 -	2	0
Savage, Louis	Battledown	Conservative	2016	May 2015 -	1	0
Thomton, Pat M	St. Peter's	Lib Dem	2018	1986 -	18	1996/97
Barnes, Garth W	College	Lib Dem	2018	1976-1983, 1990-1998, 2002	12	2003/04
Fletcher, Jacky	Benhall & The Reddings	Conservative	2016	1987-1991,1992-1996,1999-2002,2004	9	2006/07
Rawson, John O	St. Peter's	Lib Dem	2016	1980-1987, 2004	8	2007/08
Regan, Anne	Warden Hill	Conservative	2016	1994-1996, 2000	5	2010/11
Hay, Colin P	Oakley	Lib Dem	2018	1991-1995, 2006	3	2012/13
Flynn, Wendy L	Hesters Way	Lib Dem	2016	2002	2	2013/14
Wheeler, Simon	Hesters Way	Lib Dem	2018	2002	1	2014/15
Smith, Duncan J *	Charlton Park	Conservative	2016	1998	0	2015/16
* indicates order set by ballot where equal service						

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Cheltenham Borough Council

Cabinet – 9th February 2016

Council – 12th February 2016

**General Fund Revenue and Capital – Revised Budget 2015/16, and
Final Budget Proposals 2016/17**

Accountable member	Cabinet Member for Finance, Councillor John Rawson
Accountable officer	Section 151 Officer, Paul Jones
Accountable scrutiny committee	Overview and Scrutiny Committee
Ward(s) affected	All
Key Decision	Yes
Executive summary	This report summarises the revised budget for 2015/16 and the Cabinet’s final budget proposals and pay policy statement for 2016/17.
Recommendations	<p style="text-align: center;">Cabinet / Council</p> <ol style="list-style-type: none"> 1. Note the revised budget for 2015/16 and approve 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. 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 £190.84 for the year 2016/17 (an increase of 1.99% or £3.72 a year for a Band D property). 4. Approve the growth proposals, including one off initiatives at Appendix 4. 5. Approve the savings / additional income totalling £780,700 and the budget strategy at Appendix 5. 6. Approve the use of reserves and general balances and note the projected level of reserves, as detailed at Appendix 6. 7. Approve the proposal to abolish charges in council car parks after 6pm as detailed in Section 8. 8. Approve a 1% increase in all Member allowances, in line with the proposed increase in staff pay, as detailed in Section 9. 9. Approve 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.

10. Approve the proposed capital programme at Appendix 7, as outlined in Section 13.
11. Approve the Pay Policy Statement for 2016/17, including the continued payment of a living wage supplement at Appendix 9.
12. Approve a level of supplementary estimate of £100,000 for 2016/17 as outlined in Section 18.
13. Note that the Council will remain in the Gloucestershire business rates pool for 2016/17 (para 4.15).

<p>Financial implications</p>	<p>As contained in the report and appendices.</p> <p>Contact officer: Paul Jones.</p> <p>E-mail: paul.jones@cheltenham.gov.uk</p> <p>Tel no: 01242 775154</p>
<p>Legal implications</p>	<p>The budget setting process must follow the Council's Budget and Policy Framework Rules.</p> <p>Section 38 of the Localism Act 2011 requires local authorities to produce Pay Policy Statements. The Act also contains requirements for local authorities to hold a referendum where council tax is proposed above a specific level - which is 2% for district councils in 2016/17.</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>

HR implications (including learning and organisational development)	<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 17th December 2015. 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>
Key risks	As outlined in Appendix 1
Corporate and community plan Implications	The aim of the budget proposals is to direct resources towards the key priorities identified in the Council's Corporate Business Plan whilst recognising the reduction in Government funding.
Environmental and climate change implications	The final budget contains a number of proposals for improving the local environment, as set out in this report.

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 Chief Finance 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. Equality impact assessments will also be carried out for each service that is proposed to be shared with the 2020 partnership as part of the business cases being considered by Cabinet.
Savings from the reducing management fee paid to the Cheltenham Trust	The equality and community impacts of the work to establish the Cheltenham Trust were set out in report to cabinet on 12 December 2012; the report identified that the agreed outcomes recognise the groups where participation is potentially lowest. This is being monitored through quarterly review meetings.
Savings from changing the way we manage waste	None identified
Savings from rationalising our property portfolio	Any more detailed proposals for changing the way we manage our property assets will be subject to specific equality impact

	assessments
Savings from the way we lease vehicles	None identified
Additional income from advertising and sponsorship	None identified
Additional income from the purchase of Delta Place	None identified at this stage. The plans to move the council's operations into Delta Place will be subject to detailed consultation with a range of customer groups to ensure that the building is accessible as possible.
Proposed changes to the funding of the Countywide Home Improvement Agency	Reduced funding could impact discretionary services (Support For Choice) provided by the County Council to elderly residents in Cheltenham, but there is little evidence to show how past funding by CBC has contributed to outcomes in this area and any impact would therefore be minimal. Applicants for Disabled Facilities Grants forming part of this group have always been advised in this respect by CBC officers as part of the grant process. The council remains committed to giving advice to elderly, vulnerable and disabled persons who contact the Council for housing related support.

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 2016. The consultation took place between the period 16th December 2015 to 20th January 2016 and this report sets out the final proposals for 2016/17.
- 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, in 2016/17 more than 67% of the Council's overall core Government funding (referred to as the Settlement Funding Assessment), comes directly from Business Rates and, as a consequence, has the potential to vary either upwards or downwards during the year. By 2019/20 this will rise to 100% as the Government proposes to completely phase out the Revenue Support Grant (RSG). 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 Spending Review 2015 confirmed that by the end of this Parliament, local government will retain 100 per cent of business rate revenues to fund local services although the system of top-ups and tariffs which redistributes revenues between local authorities will be retained. In return, local government will be required to take on additional responsibilities which may include the funding of public health and the administration of Housing Benefit for pensioners. The Government propose to consult on these and other additional responsibilities in 2016.
- 1.4** 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 2016/17 has been based on sound assumptions and that the Council has adequate reserves to fund operations in 2016/17. The full assessment is attached at Appendix 2.

3. 2015/16 Budget Monitoring to December 2015

- 3.1 The budget monitoring report to the end of December 2015, also considered by Cabinet on 9th February 2016, identified a net underspend against the budget of £307,900 to the end of December 2015. It is therefore the recommendation of the Section 151 Officer that this saving is transferred to the budget strategy (support) reserve to help support the 2016/17 and future year's budget proposals in accordance with the Medium Term Financial Strategy.

4. Settlement Funding Assessment

- 4.1 On 17th December 2015, the Secretary of State for Communities and Local Government announced the provisional local government settlement for 2016/17. The announcement included the following significant proposals to be delivered over the life of the Spending Review Period:
- Movement to 100% business rate retention;
 - Permission to spend 100% of capital receipts from asset sales, to fund cost-saving reforms;
 - Introduction of a social care Council Tax precept of 2% a year for those authorities with social care responsibilities;
 - Flexibility for the lowest cost district councils to increase council tax by £5 a year;
 - Increased support through the Rural Services Delivery Grant for the most sparsely populated rural areas;
 - Retention of New Homes Bonus **but** with proposed changes, savings from the changes to be re-invested in authorities with social care responsibilities;
 - The offer of a guaranteed 4 year budget to every council, which desires one, and which can demonstrate efficiency savings.
- 4.2 In addition to the detailed proposals for 2016/17, illustrative figures have also been provided for each financial year up to 2019/20. The illustrative figures need to be treated cautiously as they do not include the full implications of proposed changes to the New Homes Bonus or implications of the move to 100% business rate retention. In the case of changes to the New Homes Bonus, the illustrative figures showed a reduction in New Homes Bonus in 2018/19, whereas the consultation document indicated that reductions may come into effect in 2017/18.
- 4.3 The principles of the settlement allow authorities to spend locally what is raised locally, whilst recognising the savings already made by local government. Most noticeably, there has been a shift away from freezing council tax to using council tax to generate additional funding. Reserves are noted as being one element of an efficiency plan through a voluntary drawdown of reserves as the price for greater certainty for future settlements.
- 4.4 The provisional local government settlement for 2016/17 equates to a further grant reduction in

cash terms of £0.816 million or 17.4%. The final settlement for 2016/17 is due to be announced on the week commencing 8th February 2016 and will be tabled as part of the 2016/17 final budget proposals.

- 4.5** This means that since 2009/10, the Council’s core funding from the Government has been cut by some £5.7 million, from £8.8 million to £3.1 million (this excludes council tax support funding which transferred into the settlement funding assessment in 2013/14).
- 4.6** Given the above it appears that this Council has been adversely affected by this settlement as greater weighting is placed on the council tax base. In addition, as a wholly urban authority with tightly drawn boundaries, Cheltenham has much less capacity for increasing the number of homes, and therefore benefitting from New Homes Bonus (NHB), compared to rural areas.
- 4.7** Allocations have been determined by equal percentage cuts in “settlement core funding” which is the sum of Revenue Support Grant (RSG), business rates targets and for the first time council tax. Therefore, as Cheltenham funds a higher proportion of its net budget requirement from council tax, it is set to receive a higher reduction in government funding.
- 4.8** Cheltenham will see its government funded spending power per head of population reduce from £54.37 in 2015/16 to £31.79 in 2019/20, a 41.5% reduction. The average government funded spending power per head of population for shire district urban authorities in 2019/20 is projected to be £39.76, a significant difference of nearly £8 per head of population. If Cheltenham were to receive the average amount for a shire district urban authority, this would equate to an additional £940,000 in government funding in 2019/20.
- 4.9** The proposal to include council tax in the settlement core funding assessment would appear unjust as council tax has always been assessed as the source of funding used for meeting the difference between the amount a local authority wishes to spend and the amount it receives from other sources such as government grants. The council tax charge for Cheltenham residents has been the subject of debate for more than three decades and has been determined by successive Councils based on the need to fund the services its residents need and wish to enjoy.
- 4.10** 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 17.4% in 2016/17.

	2014/15	2015/16	2016/17
	£ 000	£ 000	£ 000
Revenue Support Grant	2,921	2,110	1,273
Baseline Funding (Cheltenham’s target level of retained business rates)	2,530	2,579	2,600
Settlement Funding Assessment	5,451	4,689	3,873
Actual cash (decrease) over previous year		(0.762)	(0.816)
% reduction in funding		14.0%	17.4%

Business Rate Retention and Pooling

- 4.11** The Gloucestershire Business Rates Pool was set up in 2013/14 to maximise the business rate income retained within the County and to support economic growth within the area of the Local Enterprise Partnership. In the first year of operation the Pool reported a surplus of £774,862.
- 4.12** In 2014/15, the pool suffered a significant loss due to the impact of backdated appeals on rateable values and, in particular, the successful backdated appeal by Virgin Media, the largest valued business in Tewkesbury. The final pool position for 2014/15 published a deficit of £2.3m following a safety net payment to Tewkesbury of £3.9m.
- 4.13** The on-going issue with Virgin Media relates to their request for a single listing. They are currently listed with 68 different councils. Following meetings with the DCLG and the LGA, it was made clear that this will not be resolved quickly. Further information is needed from Virgin Media in order for the Valuation Office to consider the matter and due to the size, complexity and potential impact for many councils and the DCLG, it is unlikely to be resolved this financial year. However, there is a small risk that the Virgin Media issue may be fast tracked and resolved this financial year which would have a serious impact on the Gloucestershire business rates pool.
- 4.14** The Chief Finance Officers agreed to look at the composition of the pool and determine whether the amount of business rates retained in Gloucestershire could be maximised by having fewer members in the pool and lowering the levy rate. Modelling of the potential business rates income in 2016/17 indicates that the Council is still above the baseline funding target (Cheltenham's target level of retained Business Rates) which will result in the Council still being liable to a 'levy'.
- 4.15** Taking the above into account, it was agreed that this Council would benefit from remaining in the pool in 2016/17 as it will result in a reduction in the levy payment due to Government, which will be distributed in accordance with the governance arrangements. For 2016/17, the Gloucestershire pool has been reconstituted to include Gloucestershire County Council and all of the District/Borough Councils with the exception of Tewkesbury Borough Council.
- 4.16** 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 2016 and the budget is based on the figures in 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 £769,153. However, due to temporary retail closures arising from town centre redevelopments, the Virgin Media issue and the large reductions made by the Valuation Office (VO) in the rateable values of purpose-built doctors' surgeries and health/medical centres (which are backdated several years), deficit adjustments need to be made from previous years to the value of £1,029,503.
- 4.17** It is therefore appropriate and necessary to support the 2016/17 budget proposals with a contribution from the BRR reserve which has been built up over the last two financial years to deal with these issues.

	2016/17 £
Estimate of retained business rates per NNDR1	22,335,990
Tariff to government	(19,238,881)
Grant to compensate for government decisions (e.g. Small business rate relief and Localism Act reliefs)	530,574

Estimated levy payable to government after pool adjustment	(258,640)
Net retained business rates	3,369,043
Less Baseline Funding (Cheltenham BC Target level of retained business rates)	(2,599,890)
Net surplus on business rates in 2016/17 against baseline funding	769,153
Deficit adjustment in respect of 2014/15 (one-off)	(220,026)
Deficit adjustment in respect of 2015/16 (one-off estimated)	(809,477)
Additional one-off adjustments in respect of previous years surpluses from retained business rates	(1,029,503)
Net retained business rates (after one-off deficit adjustments)	2,339,540

- 4.18** The move to local business rates retention would appear 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 three years since business rates retention was introduced and the rules are still changing.
- 4.19** 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. Large appeals and RV reductions from other public sector organisations are undermining local government's ability to make business rates retention a success.

New Homes Bonus (NHB)

- 4.20** 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 £1,484 for each new property for six years (based on national average for band D property – i.e. £8,900 per dwelling over six years), plus a bonus of £350 for each affordable home (worth £2,100 over six years).
- 4.21** 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 has been reduced significantly to compensate for the NHB payments.
- 4.22** The Government has announced the allocation of NHB Grant for 2016/17. For this Council, NHB Grant will increase by £546,476 from £1,605,685 to £2,152,161. The grant recognises net growth in the Council Tax base of 444 properties between October 2014 and October 2015 and the development of 40 affordable housing units
- 4.23** The Government is proposing to make changes to the New Homes Bonus and has published a consultation document "New Homes Bonus: Sharpening the Incentive". The Consultation document has been prepared in the context of the outcome of the 2015 Spending Review. This confirmed the intention to move to full retention of business rates by 2020 and a preferred option for savings of at least £800 million in New Homes Bonus, to be used to fund social care. The consultation seeks views on the options to change two aspects of the New Homes Bonus.
- Reducing costs by moving payment of the bonus from 6 years to 4 years;
 - Reform of the bonus to reflect local authorities' performance on housing growth, linking payment of grant to production of the Local Plan, reducing payments for housing built on appeal and/or only making payments for delivery above a baseline.

- 4.24** The deadline for responses is 10th March 2016 and Officers are preparing a response in consultation with the Leader of the Council.

Parish Council Support Grant

- 4.25** 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.

For 2013/14 through to 2015/16, 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 2016/17.

Council Tax

- 4.26** The Localism Act 2011 introduced a power for 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 has to hold a referendum, the result of which will be binding. The proposed limit for 2016/17 has been announced at 2%.
- 4.27** For the past five years the Council has frozen its council tax precept at £187.12 a year for a Band D taxpayer, which was first set in 2010. In freezing its share of council tax for this unprecedented length of time, the Cabinet has borne in mind the difficult economic and financial climate that many of our residents face. However, during the period of the freeze our own financial position as a Council has deteriorated sharply. Our core Government funding has been cut by more than 65%, with further large cuts to come. In addition, inflation and pension deficits have continued to affect many areas of the Council's costs.
- 4.28** Since the borough share of council tax was last increased, CPI inflation has been of the order of 13%. We are currently going through a period of extremely low inflation, with CPI inflation being 0.0% in September 2015, well below the Monetary Policy Committee's (MPC) 2% target. However, this is likely to be relatively short-lived, with inflation projected to rise as past falls in energy prices begin to drop out of the annual comparison. The MPC judges that it is currently appropriate to set policy based on a likelihood that inflation will return to the 2% target within two years.
- 4.29** However, consumer price inflation is not a particularly useful guide to what is happening to the Council's costs. The most significant cost to this Council is in respect of its employee related costs – and in this area of expenditure, some very considerable cost increases are on the way. Pay awards are assumed to be in the region of 1% per annum, employer pension contributions are increasing by £406k cumulatively per annum, and employer national insurance contributions will increase by 3.4% as a result of the creation of the single tier state pension and the end of contracting out of the second state pension.

- 4.30** With this in mind, the Cabinet has had to consider whether a further freeze in council tax is sustainable, or whether it will act against the interests of local residents by creating an increased risk of service cuts and/or larger tax increases in the future.
- 4.31** The uncertainty surrounding the future of New Homes Bonus, which represents a significant proportion of our income, and the actual final local government settlement which is not likely to be announced until February 2016, could place a number of our discretionary services at risk.
- 4.32** Therefore, the Cabinet is proposing a 1.99% increase in council tax in 2016/17; an increase of £3.72 for the year for a Band D property.

Collection Fund

- 4.33** 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 2015/16 is £163,800 which will be credited to the General Fund in 2016/17. 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). The next valuation is due to take place in March 2016 and will set the contribution rates for the period 2017/18 – 2019/20.
- 5.2** The creation of the single tier state pension, and the end of contracting out of the second state pension, will negatively impact on employers providing defined benefit pension schemes (such as the Local Government Pensions Scheme). Currently, provided that such Pension Schemes meet statutory requirements, employers pay a reduced National Insurance (NI) contribution - the reduction is 3.4%. The introduction of the single tier pension will have the effect of increasing an employer's NI contributions by the amount the current reduction - 3.4%. Provision for increased employer NI contributions with effect from 2016/17 has been included within the budget proposals at a cost of £217,400.
- 5.3** Since 2013, the grant received from central government to fund the administration costs of the Housing Benefit and Local Council Tax Support services has been reduced by £235,000 of which £89,500 is proposed in 2016/17. £58,000 of this cut related to the introduction of the Single Fraud Investigation Service which saw responsibility for the investigation of housing benefit fraud pass from local government to the Department for Works and Pensions (DWP). Other reductions have been a result of the DWP passing on its departmental savings targets to local government.

6. The Cabinet's general approach to the 2016/17 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 whilst also protecting frontline services.
- 6.2** The Cabinet's budget strategy for 2016/17, approved at a meeting on 13th October 2015, included an estimate of £1.825m for the 2016/17 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 5.9% cut in government support. These assumptions were used to support the interim budget proposals, and based on the detailed budget preparation undertaken in

November 2015, assumed a revised budget gap of £1.833m.

6.3 The final assessment of the budget gap for 2016/17, based on the detailed budget preparation and the assumed financial settlement is £1.881m which takes into account the following variations:

- Additional cut in RSG of £506k which represents a 17.4% reduction in its Settlement Funding Assessment
- Business rates adjustments including planned use of BRR reserve £203K
- Additional income raised through an increased collection fund surplus £14k
- Additional off-street car parking income £40k
- Use of car parking equalisation reserve £200k

6.4 The key aims in developing the approach to the budget were to:

- Do everything possible to protect frontline services with a modest increase in council tax
- Identify savings that can be achieved through reorganisation of service delivery or raising additional income rather than through service cuts.

Following the provisional grant settlement in December 2015 the search for efficiency savings and additional income was intensified and the 2015/16 budget was scrutinised to identify savings and additional income that could be used to strengthen the Council's reserves.

6.5 In preparing the 2016/17 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% for 2016/17.
- Budgeted for an increase in Members allowances of 1% for 2016/17 as detailed in Section 9.
- Increased income budgets assuming an average increase in fees and charges of 2.0%, with some exceptions. The Cabinet proposes to freeze car park charges for the sixth year running and (see section 8 below) also to leave green waste charges unchanged.
- 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 throughout the year. The Cabinet has worked with officers to develop a longer term strategy for closing the funding gap and this is monitored regularly through the Bridging the Gap (BtG) programme. The Cabinet's final budget proposals for closing the budget gap in 2016/17, which are the result of this work, are detailed in Appendix 5.

6.7 The Bridging the Gap programme and the commissioning process have helped the Council to move towards a robust five-year strategy for closing the funding gap. The work done on leisure and culture services, shared services with our 2020 partner councils, management restructuring and the 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 to support the revenue budget. However, in view of current uncertainties we have limited the amount of New Homes Bonus income being directly taken into the revenue budget to a total of £1.750m, which is 81% of the total expected income in 2016/17 of £2.152m. It is proposed that the remainder should be earmarked for one off or time-limited spending, kept in reserve or put towards this Council's contribution to the 2020 Vision Programme as agreed in February 2015.
- 6.9** The proposed one-off uses of New Homes Bonus income include: £30k to support the well-liked and very effective Community Pride grant scheme.
- 6.10** In determining the budget strategy in October 2015, the Section 151 Officer recommended the creation of a specific earmarked reserve: a 'budget strategy (support) reserve', to provide greater resilience. The new reserve will also secure the Council against the challenges which we know we will encounter in the coming year.
- 6.11** Some of the challenges the Council faces are essentially short-term. One of these is a one-off drop in business rates income estimated at £285k in 2016/17 due to redevelopment, with income levels recovering as development goes 'live' in 2017/18 and 2018/19. Another is the delay in securing car park income of £350k a year from the North Place development, which we expect to be resolved by the end of 2016. These short-term challenges require a short-term response and it is therefore the Cabinet's intention to meet the projected shortfall in 2016/17 from the budget strategy (support) reserve rather than by cuts in services or increases in charges which would have a long-term impact.
- 6.12** In addition, the unexpectedly large reduction in revenue support grant announced in December 2015 creates a challenge for the Council which it will take time to resolve. For this reason, the final budget follows a strategy of building up reserves in order to cushion the impact of the grant reduction in 2016/17 and 2017/18, allowing time to find sustainable savings with the least possible impact on services.
- 6.13** In all it is proposed that £399,937 should be deployed from the budget strategy (support) reserve to support the 2016/17 revenue budget. The projected level of this reserve at 31st March 2016 is £0.737m and this will give the Council time to deliver its strategy for delivering substantial savings over the next 4 year period.

7. Longer Term Strategy

- 7.1** The Government's policy of phasing out revenue support grant and in due course allowing councils to benefit from a higher share of business rates creates a need for this Council to develop a long-term strategy which is significantly different from that followed in past years. Since 2013 the Council has had a direct financial interest in economic and business growth in the town, and will have a larger stake in it under the Government's proposals for reforming business rates.
- 7.2** In responding to this emerging reality, the Cabinet has given a high priority to spending that will support the local economy. That is why this budget proposes to reaffirm this Council's financial support for the Business Improvement District; to allocate funding to develop and start to implement the emerging Tourism Strategy; and to provide additional funding so that the Joint Core Strategy process can be completed and a framework developed for the Community Infrastructure Levy. Attention has also been paid to the need for the town to be as welcoming and attractive as we can make it; and a sum of £50,000 has been allocated to carry out an intensive clean of the town centre and a number of key out-of-centre locations.
- 7.3** The sharp reduction in Government funding which is clearly going to take place in the coming years also places more onus on the Council to generate more of its own income through its property portfolio. The acquisition of Delta Place is already delivering £100,000 a year over and

above the costs of purchase. The Shopfitters site, together with the neighbouring Synagogue Lane and Chelt Walk sites, constitute a town centre site with considerable development potential in the medium and long term. The Council needs to be vigilant for other opportunities to generate property income, both by making the best use of its existing portfolio and by looking for other strategic acquisitions.

8. Car parking charges

- 8.1 The very healthy level of car park income in the current financial year has given the Cabinet greater confidence in approaching the subject of car park charges. Despite the increased pressure on the Council's finances since the draft budget was published, the Cabinet is therefore proposing to stick to its previous proposal to freeze car parking charges at their 2010 level for a further year.
- 8.2 Members will be aware that a cabinet member working group is reviewing car parking as a whole in the town. However, the Cabinet is of the view that abolishing car park charges in council car parks after 6pm at night would be a considerable benefit to the local economy and environment and would be affordable even in the current straitened financial circumstances. It could be implemented as a stand-alone proposal without prejudicing the review as a whole. This proposal is therefore incorporated in the final budget proposals.

9. Members' Allowances

- 9.1 The Independent Remuneration Panel (IRP) carried out a 4 yearly full review of Members Allowances in 2014 as required under the regulations. At its meeting in December 2014, Council accepted the IRP recommendation to increase the Basic Allowance by 1% from April 2015. They decided that this should not be applied to SRAs which remained at their 2014/15 levels. Under the terms of the Members' Allowance scheme the chair of the IRP will be consulted each year to review the need for the panel to meet. If there are no significant issues to review, the recommendations from the IRP to Council should by default be that "all allowances should be increased by the % increase in the median gross weekly earnings for the South West published in the Annual Survey of Hours and Earnings in November".
- 9.2 The chair of the Panel confirmed by email on 13 November that as there were no significant issues for the panel to review there was no need for a meeting. Therefore by default the IRP recommendation is that the basic allowance and all SRAs should be increased by 1.5%.
- 9.3 If Council wished to apply the 1.5% to all basic allowances and SRAs as recommended by the IRP then the proposed allowances are detailed in the following table. Council will need to confirm whether they also want this percentage increase to be applied to the Mayoral allowances which do not form a part of the Members Allowances Scheme but are reviewed by the IRP on a regular basis. The table below includes a fourth column which details the allowances if Council wished to continue to freeze SRAs and apply the increase to the basic allowance only.

ROLE	ALLOWANCES		
	Current Allowance	Proposed 1.5% increase from April 2016	Proposed 1.5% increase from April 2016 in Basic allowance only
Basic Allowances(*40)	208,680	211,810	211,810
SRAS	106,636	108,236	106,636
Civic Allowances	7,932	8,651	7,932
Total Allowances	323,248	328,697	326,378
Total increase in allowances for 2016/17		5,449	3,130

9.4 If Council wished to apply the same 1% increase that is budgeted for staff the figures would be as follows.

ROLE	ALLOWANCES		
	Current Allowance	Proposed 1% increase from April 2016	Proposed 1% increase from April 2016 in Basic allowance only
Basic Allowances (*40)	208,680	210,767	210,767
SRAS	106,636	107,702	106,636
Civic Allowances	7,932	8,611	7,932
Total Allowances	323,248	327,080	325,335
Total increase in 2016/17		3,832	2,087

9.5 Cabinet propose that all allowances are increased by 1% in line with what is proposed for staff.

10. Treasury Management

10.1 Appendix 3 summarises the budget estimates for interest and investment income activity. Security of capital remains the Council's main investment objective.

10.2 The latest forecast from our Treasury Advisors includes a first increase in the Bank Rate in quarter 2 or 3 of 2016 although it is recognised that events outside our control could result in a delay in any Bank Rate increase. With this in mind, the budget has been framed on the assumption that the interest received in 2016/17 will be broadly consistent with that now projected for 2015/16.

11. Local Council Tax Support scheme for 2016/17

11.1 On 13th October 2014, the Council decided to keep the local scheme for working age customers unchanged for 2015/16 and 2016/17, other than the annual uprating of premiums, allowances, non-dependent deductions and any changes to the national pension scheme that need to be reflected in the local working age scheme.

11.2 For 2016/17 there are two changes outside of uprating which need to be considered for inclusion in the 2016/17 local scheme for working age customers, one of which is also a change in the national pension scheme for council tax support.

11.3 The first change is to reduce the time limit for backdating a claim from six months to one month where 'continuous good cause' has been shown for not contacting us at the correct time. This change would be to fall in line with the Housing Benefit scheme which is paid at the same time as council tax support, if someone also needs help with their rent. Between April and October this year, we had 10 council tax support cases which were backdated over one month.

11.4 The second change is the removal of the "family premium" from 1st May 2016 for new working age customers with children claiming council tax support; or for existing customers who become responsible for a child for the first time. Again this change would be to fall in line with the Housing Benefit scheme and the national pensioner scheme for Council Tax Support.

11.5 The family premium is one of a number of premiums, which are added together to make up a

family's maximum award in council tax support and if their income is above this figure, they have to make a contribution to their council tax on a sliding scale. If it were to be removed from the council tax support scheme, we would still award premiums for each child, personal allowances for the customer being a lone parent or couple, and disability premiums for those who are disabled. In addition, customers on Universal Credit, Income Support, income related Employment & Support Allowance or Income based Job Seekers Allowance would still receive maximum support.

- 11.6** However, the family premium is £17.45 per week and if this were removed from the local council tax support scheme, new customers might have to pay up to an extra £3.49 per week if their total income is above the new maximum award for their family circumstances.
- 11.7** There are conflicting considerations in deciding whether to incorporate the changes into council tax support. Up to now, the Council has prided itself on protecting the council tax support scheme from Government cuts. Clearly the removal of family premium would impact on some of the poorest people in the community. On the other hand it will complicate the administration of benefits and involve additional software costs if the removal of the family premium is not adopted, as it will result in us having to treat council tax support and Housing Benefit differently when a family makes a joint claim for both benefits.
- 11.8** On careful consideration, the Cabinet has decided not to recommend to Council that the Housing Benefit changes in respect of backdating and family premium are incorporated into the local council tax support scheme. However the council tax support scheme may need to be reviewed in a year's time when it is expected that the Government will announce further changes

12. Reserves

- 12.1** 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".
- 12.2** As detailed in paragraph 1.2 above, under the new regime, around 67% 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. The budget monitoring report to December 2015 details the volatility in this area surrounding appeals and rate reductions. As a consequence the Council has been able to substantially increase the BRR reserve in 2015/16 which will be used to support the budget proposals in 2016/17 to help offset the appeals provision and one-off drop in business rates in 2016/17.
- 12.3** As detailed in the budget monitoring report to December 2015, the Council had intended to fund £337,800 of car parking income in 2015/16 from its Car Parking Equalisation Reserve which was set up to cover the shortfall in car parking income arising from the delay between North Place Car Park closing for redevelopment and the developers, Augur Buchler, returning a 300 space public car park to the Council. However, based on the current forecasts this will be reduced to allow £330k to remain in the Car Parking Equalisation Reserve which will provide a cushion for future fluctuations in car parking revenue. It is intended to use £200,000 from this reserve to support the 2016/17 budget proposals – a prudent measure to safeguard the Council's finances in the event that the increased car parking income achieved in 2015/16 is not sustained in the coming year.
- 12.4** A projection of the level of reserves to be held at 31st March 2016 and 31st March 2017 respectively is detailed in Appendix 6.

13. Capital Programme

- 13.1** The proposed capital programme for the period 2015/16 to 2019/20 is at Appendix 7.

13.2 The strategy for the use of its capital resources is led by our corporate priorities. The existing programme includes sums for infrastructure investment to be funded from the Civic Pride reserve and capital receipts and the construction of new homes through Cheltenham Borough Homes. It also includes the allocations agreed by the Council in April 2015 to facilitate the redevelopment to the Town Hall and the Crematorium, the purchase of Delta Place and the Shopfitters site, a new play facility at Pittville Park and an earmarked contribution to public realm works at Boots Corner.

14. Property Maintenance Programmes

14.1 The budget proposals include a revenue contribution of £600k to planned maintenance, which will be enough to fund a substantial programme. The programme has been reviewed by the Asset Management Working Group and is detailed at Appendix 8.

15. Pay Policy Statement

15.1 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.

15.2 The Pay Policy attached at Appendix 9 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.

16. Reasons for recommendations

16.1 As outlined in the report.

17. Consultation and feedback

17.1 The formal budget consultation on the detailed interim budget proposals took place over the period 16th December 2015 to 20th January 2016. 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.

17.2 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 5th January 2016 and comments have been fed back to the Cabinet.

17.3 The Cabinet has used the budget consultation to engage the residents of Cheltenham and the results of this consultation are contained in Appendix 10.

17.4 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 10. A copy of the detailed responses is

available in the Members' room.

18. Supplementary Estimates

- 18.1** 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 2016/17 to be met from the General Reserve, the same level as in 2015/16.

19. Alternative budget proposals

- 19.1** It is important that any political group wishing to make alternative budget proposals should discuss them, in confidence, with the Section 151 Officer (preferably channelled through one Group representative) to ensure that the purpose, output and source of funding of any proposed changes are properly captured.
- 19.2** 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.

20. Final budget proposals and Council approval

- 20.1** 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.
- 20.2** 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.
- 20.3** 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.
- 20.4** 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.

21. Performance management – monitoring and review

- 21.1** 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.

21.2 The delivery of the savings workstreams included in the interim budget proposals, if approved by full Council, will be monitored by the BtG group.

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Appendices	<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. Programmed Maintenance programme 9. Pay Policy Statement 10. Summary of budget consultation and Cabinet response
Background information	<ol style="list-style-type: none"> 1. Budget strategy and process report 2016/17 and MTFs 2015/16 to 2019/20 (Cabinet 13th October 2015) 2. Budget Monitoring Report 2015/16 position as at December 2015 (Cabinet 9^h February 2016)

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
CR3	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.	Cabinet	15 December 2010	5	3	15	R	The budget strategy projection includes 'targets' for work streams to close the funding gap which now includes the 2020 Vision savings and a target for the new MD of Place & Economic Development. In addition there is a further target from the Accommodation Strategy. This is monitored monthly by the Senior Leadership Team.	Ongoing	Chief Finance Officer	26 January 2011
1.01	If the Budget Deficit (Support) Reserve is not suitably resourced insufficient reserves will be available to cover anticipated future deficits resulting in the use of General Balances which will consequently fall below the minimum required level as recommended by the Chief Finance Officer in the Council's Medium Term Financial Strategy.	Cabinet	October 2015	3	3	9	Reduce	In preparing the budget for 2016/17 and in ongoing budget monitoring, consideration will be given to the use of fortuitous windfalls and potential future under spends with a view of strengthening reserves whenever possible.	June 2016	Chief Finance Officer	

1.02	If income streams from the introduction of the business rates retention scheme in April 2013 are impacted by the loss of major business and the constrained ability to grow the business rates in the town then the budget gap may increase.	Chief Finance Officer	14 th September 2012	4	2	8	Accept & Monitor	<p>The Council joined the Gloucestershire pool to share the risk of fluctuations in business rates revenues retained by the Council.</p> <p>The Gloucestershire S151 Officers continue to monitor business rates income projections and the performance and membership of the pool.</p> <p>Work with members and Gloucestershire LEP to ensure Cheltenham grows its business rate base.</p> <p>The MD of Place & Economic Development is tasked with delivering against a £500k target through economic growth by 2019/20.</p>	Ongoing Ongoing Ongoing	Paul Jones	
1.03	If the robustness of the income proposals is not sound then there is a risk that the income identified within the budget will not materialise during the course of the year.	Chief Finance Officer	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. A	Ongoing	Paul Jones	

								reserve is in place to manage to potential impact of the temporary closure of North Place car park.			
1.04	If when developing a longer term strategy to meet the MTFS, the Council does not make the public aware of its financial position and clearly articulates why it is making changes to service delivery then there may be confusion as to what services are being provided and customer satisfaction may decrease.	Director of Resources	15 December 2010	3	3	9	R	As part of the delivery of the BtG / commissioning programmes a clear communication strategy is in place. In adopting a commissioning culture the council is basing decisions on customer outcomes which should address satisfaction levels.	Ongoing	Communications team to support the BTG programme	
1.05	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.	Deputy Chief Executive	15 December 2010	3	3	9	R	All shared services initiatives adopt sound project management guidelines with clear business case and risk logs to be developed. Savings / Benefit realisation plans are reviewed.	Ongoing	Paul Jones	
1.06	If the Council does not carefully manage the commissioning of services then it may not have the flexibility to make additional savings in the MTFS and a greater burden of savings may fall on the retained organisation	Deputy Chief Executive	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	Paul Jones	

1.07	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.	Chief Finance Officer	13 December 2012	4	3	12	R	Work with GOSS and county wide CFO's to monitor changes to local government financing regime including post 2015 election changes and adjust future budgets for any significant variances.	Ongoing	Paul Jones	
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**STATEMENT OF THE SECTION 151 OFFICER UNDER THE REQUIREMENTS OF
SECTION 25 OF THE LOCAL GOVERNMENT ACT 2003**

ROBUSTNESS OF BUDGET ESTIMATES AND ADEQUACY OF RESERVES 2016/2017

1. INTRODUCTION

The Local Government Act 2003 Section 25 includes a specific duty on the Chief Financial Officer (Section 151 Officer) to make a report to the authority when it is considering its annual budget and council tax levels. The report must deal with the robustness of the estimates and the adequacy of the reserves included within the budget. (For the purpose of the Act 'reserves' includes 'general fund balances'.) The Act requires the Council to have regard to the report in making its decisions at the Council's budget and council tax setting meeting in respect of 2016/17.

In making this report I have considered the risks arising from it, outlined below, and the Council's 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.
- The approach to budgeting for income is prudent.
- The approach taken to using the New Homes Bonus to support the base revenue budget is prudent.
- The proposal to increase council tax is required to ensure the viability of this Council in future years without having to make significant cuts to front-line services.
- The medium term financial planning assumptions, including future cuts in government support, are prudent and the continued development and revision of the budget strategy for bridging the projected budget gap is providing a planned and measured approach to meeting future financial challenges.
- The approach to financing maintenance is acceptable. Looking ahead, the need to model and prioritise future investment aspirations will become critical if the Council is to meet some of the targets within the Medium Term Financial Strategy (MTFS).
- The level of reserves, including General Balances, is satisfactory.

2. ROBUSTNESS OF ESTIMATES

Budget estimates are assessments of spending and income made at a point in time, based on service needs and known expenditure patterns. The statement about the robustness of estimates cannot give a guaranteed assurance about the budget, but

gives members reasonable assurances that the budget has been based on the best available information and assumptions.

In order to meet the requirement of assessing the robustness of estimates the Section 151 Officer will consider and rely upon the key processes that have been put in place:

- the issuing of clear guidance to Service Managers on preparing budgets through the annual budget strategy report;
- peer review by GO Shared Services finance staff involved in preparing the standstill base-budget, i.e. the existing budget plus contractual inflation;
- the use of in-year budget monitoring to re-align budgets in line with projected changes for 2016/2017;
- a medium term planning process that highlights priority services;
- a review of the corporate risk register;
- a service review by the Cabinet, Senior Leadership Team and Service Managers of detailed budget and proposed savings and their achievability; and
- GO Shared Services finance staff providing advice throughout the process on robustness, including vacancy factors, increments, current demand, and income levels.

Notwithstanding these arrangements that are designed to test the budget throughout its various stages of development, considerable reliance is placed on Service Managers having proper arrangements in place to identify issues, project demand data, to consider value for money and efficiency and record key risks within their operational risk register.

The table below identifies assumptions made during the budget process and comments upon the risks and decisions taken when preparing the budget.

Budget Assumption	Financial Standing and Management
1. The treatment of demand led pressures.	Service Managers will be expected to manage changes within their budgets by re-prioritising or by taking steps to reduce expenditure where income streams decrease significantly. Where this is not possible it will be necessary to use the working balance or earmarked reserves on the understanding that they may need to be restored in future years.

Budget Assumption	Financial Standing and Management
<p>2. The treatment of inflation and interest rates.</p>	<p>The following assumptions have been made in the preparation of the Medium Term Finance Plan in respect of inflationary pressures:</p> <ul style="list-style-type: none"> • Pay awards are modelled at 1% per annum from 2016/17. • Employer's Superannuation contributions – agreed until 2017 but assumed to increase by £406k per annum through to 2019/20. Future uncertainty in the economy / fund performance and lack of clarity over the full impact of pension changes and local commissioning of services may increase pension fund deficits although budgeting assumptions follow actuarial advice. Additional work is being undertaken to model the impact of commissioning decisions on the pension fund and savings assumptions are being reviewed. The move towards budgeting for fixed annual contributions (as opposed to a % of pay) will mitigate the cash-flow position in the longer term. • Contract inflation has been allowed for at the appropriate contractual rate • In line with previous practice, general inflation has not been provided for unless the relevant professional officer has indicated that there are inflationary pressures. Whilst this creates natural efficiency savings it could lead to insufficient budget to maintain service levels. In-year increases will need to be managed. • The Council provides a number of demand led services e.g. green waste collection, car parking, building control charges, etc. The estimates for 2016/17 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. Income from fees and charges have generally been increased by 2.0% where legislation permits unless Service Managers can demonstrate that targets can be achieved through increased demand e.g. green waste collection. • On 8th July 2015 the Chancellor announced that rents in social housing would be reduced by 1% a year for four years. This will result in an estimated loss of rental income of £6.691m in the period to 31st March 2020. • Despite historic significant investment returns, the treasury management budgets are based on sustained low interest rates and no increase is factored into the MTFs. The Council adheres to the CIPFA Code of Practice for Treasury Management 2011 and updates its policy and strategy statements annually. The Investment Strategy is reviewed annually to ensure security of public money. Following the banking crisis, our treasury advisors continue to advise the Council and Treasury Management Panel on policy. <p>Risks around inflation and interest rate variations have been built into my assessment of the budget. In-year increases will need to be managed but may need to be funded from General Balances and subsequently be built into base budget in future years.</p> <p>The recommended minimum HRA revenue reserve to cover contingencies is £1.5m. The three year projections forecast a reserve balance of £3.243m at 31st March 2019 which is deemed sufficient to cover the impact of the changes in Housing and Welfare Policy over the medium term.</p>
<p>3. Estimates of the level and timing of capital receipts.</p>	<p>No major capital receipts are anticipated that would affect the planned capital expenditure in 2016/2017, or in later years of the MTFs.</p>
<p>4. The treatment of efficiency savings/ productivity gains.</p>	<p>The majority of savings proposals for 2016/2017 are already in progress and no identified slippage has been identified. This should not undermine our ability to keep expenditure within budget in 2016/17.</p>

Budget Assumption	Financial Standing and Management
<p>5. Government support.</p>	<p>The following assumptions have been made in the preparation of the Medium Term Financial projections in respect of Government support:</p> <ul style="list-style-type: none"> • The estimates for 2016/17 are based on the provisional financial settlement notified by the Department for Communities and Local Government (DCLG) in December 2015. The final settlement is expected to be announced in February 2016 and any significant differences will be reported to Full Council on 12th February 2016. • The medium term financial projections reflect the proposed reductions in Revenue Support Grant (RSG) as it is top-sliced to fund the growth in the New Homes Bonus (NHB). • The budget assumes an increased use of New Homes Bonus (NHB) to £1.750m to support the revenue budget in 2016/17. The potential growth of income from the NHB, and the fact that it is being top-sliced from the RSG, means that the Council has little alternative but to regard this money as an important part of its income stream and is therefore assumed to be base funding across the period of the MTFS. The value of NHB across the MTFS is capped at £2.1m to help mitigate the risk of a dramatic fall in the level of housing development across the district although this may need to be reconsidered once we are aware of the outcome of the Government consultation on the future of NHB. • The budget for 2016/17 includes assumptions for business rates based on estimates of collection rates, bad debts, appeals, reliefs (mandatory and discretionary) and assumed government share 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 this budget uses a reserve to help mitigate the risk of any future fluctuations from previous years' one-off deficits. <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 NHB receipts.</p>

Budget Assumption	Financial Standing and Management
<p>6. Proposed level of council tax.</p>	<p>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. Members also need to acknowledge that the Localism Act 2011 contains requirements for local authorities to hold a referendum where council tax is proposed above a specific increase (2% in 2016/17).</p> <p>For the past five years the Council has frozen its council tax precept at £187.12 a year for a Band D taxpayer. In proposing this course of action, the Council has borne in mind the difficult economic and financial climate that many of our residents face. However, during the period of the freeze our funding from Central Government has deteriorated sharply, and the Council needs to be aware of the difficulty of continuing the freeze beyond 2015/16. The MTFs projections assume a council tax increase of 1.99% per annum from 2016/17.</p> <p>Council tax is the main source of locally-raised income for this authority and has previously been referred to by DCLG as 'an important source of funding which is used to meet the difference between the amount a local authority wishes to spend and the amount it receives from other sources such as government grants.' Whilst I can endorse this statement from DCLG it is difficult to realise with a 2% referendum cap in place.</p> <p>In previous financial settlements the Government stated that the freeze grant will be rolled into the spending review baseline. This was interpreted as a commitment to the funding being available for future years to ensure councils continue to be fully compensated for not increasing council taxes in previous years. Although the previous years' council tax freeze grants are included within the settlement, these grants will then be effectively removed through the phasing out of RSG and significantly reduced NHB allocations in future years. Had the Council known these grants would be so reduced it is 'possible' it would have decided to forego them, instead increasing council tax and thereby guaranteeing that level of funding for future years. Had the Council increased council tax by 1% per annum for the last 5 years it would now benefit from circa £400k additional income within its base budget.</p> <p>There appears to be an important shift in the Government's principles, most noticeably, the shift away from freezing council tax to using council tax to generate additional funding. Given that this budget relies on the use of reserves to generate a balanced budget in 2016/17, I am of the opinion that council tax cannot be frozen for a sixth consecutive year for the reasons outlined above as it would carry significant risks in future years. I am therefore minded to support a council tax increase of 1.99% as this will avoid the requirement for a referendum (cost c£50k) for council tax increases over the government cap of 2%.</p>

Budget Assumption	Financial Standing and Management
<p>7. Medium Term Financial Strategy (MTFS) – the strategy for closing the projected funding gap.</p>	<p>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.</p> <p>The 2016/17 budget includes medium term financial projections of the projected funding gap over the next 3 years. The budget strategy and process report (reported to Cabinet 13th October 2015) outlines the strategy for closing the funding gap which includes savings targets rather than necessarily specific worked up projections of cost savings and includes further shared services; asset management reviews; future waste initiatives and savings targets for commissioning reviews.</p> <p>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 earmarked reserves.</p> <p>The Council's approach to 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 and is effectively scrutinised.</p>
<p>8. The authority's capacity to manage in-year budget pressures.</p>	<p>The authority has proven its ability to manage in-year budget pressures with no recorded overspends in recent years. Improvements to our Devolved Budgetary Control scheme have improved our management of cash limited budgets. During the last two financial years the Senior Leadership Team has taken in-year action to prevent potential overspends.</p>
<p>9. The strength of the financial information and reporting arrangements.</p>	<p>The Council has strong internal and external reporting standards. Quarterly management reports are made to the Cabinet and Senior Leadership Team. These procedures have allowed firm management of any projected overspends (see 8 above). These reports have been enhanced with detailed financial commentary and clear direction with regards to in-year virements which aids transparency and full scrutiny.</p>
<p>10. The authority's virement and end of year procedures in relation to budget under/overspends at authority and departmental level.</p>	<p>The Council's virement and carry forward rules are clear. The Council is operating management disciplines to ensure management and policy actions are considered in relation to overspending budgets. Generally virement is considered at a corporate level against corporate priorities, including the contribution towards the optimal level of general fund reserves. The Council's Devolved Budgetary Control scheme gives managers flexibility to manage budget variations within their services. Service overspends may be clawed back from future budgets.</p>
<p>11. The adequacy of the authority's insurance arrangements to cover major unforeseen risks.</p>	<p>The Council's insurance arrangements are considered adequate. The Council does self-insure and has reserves to meet any excesses relating to claims. No uninsured risks have been identified.</p>
<p>12. The approach to financing the maintenance programme.</p>	<p>The Council has £600k built into the base revenue budget to fund the annual maintenance budget of the property portfolio. The maintenance schedule of planned commitments has been established to 2018/19 and will be reviewed by the Asset Management Working Group on an annual basis.</p>

Given consideration of the above factors and the detailed scrutiny of the budgets that has been undertaken this year I can give positive assurance on the robustness of the budget estimates.

3. ADEQUACY OF RESERVES AND BALANCES

The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

Within the statutory and regulatory framework it is the responsibility of the Section 151 Officer to advise the authority on its level of reserves that should be held and to ensure that there are clear protocols for their establishment and use. 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.

Reserves should not be held without a clear purpose. Should it be considered that the level (or proposed levels of reserves) is inadequate then a report must be made to Council outlining how this has arisen and what action should be taken to prevent a reoccurrence in subsequent years.

As part of the annual budget setting process and in reviewing the MTFs, the Council needs to consider the establishment and maintenance of reserves. These can be held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
- a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
- a means of building up funds (earmarked reserves) to meet known or predicted requirements.

GENERAL (WORKING) BALANCES – CALCULATION OF OPTIMUM LEVEL

There are two approaches for deciding the optimum level of working balance. One approach is to apply a percentage range to the Net Budget Requirement, currently assessed as between 5% and 10% or a level between £0.7m and £1.4m. The alternative is a level based upon a risk assessment of the budget. In 2015/16 the Section 151 Officer has used a risk based approach to assess the appropriate level of general balances.

The framework for assessing the risks surrounding the budget needs to consider the following:

- Inflationary pressures.
- Pension Fund changes.
- Planned economy measures/service reductions.
- Interest rate variations.
- Volume variations on demand-led services such as planning charges, land charges.
- New services/initiatives.
- The risk of litigation.
- Emergency planning.
- Financial guarantees.
- Grant income.
- Future budget projections.

Area of Risk	Explanation
1. Inflationary Pressures	<p>Historically the cost of pay awards has caused major variations to budget estimates. As at December 2015 it appears likely that there will be pressure to pay more than a 1% pay award in 2016/2017. A provision of £82,000 (1%) is recommended within the working balance to offset this risk.</p> <p>Inflationary risks on other costs are a factor elsewhere. The Ubico contract is driven by fuel and pay increases and a provision of 1% on the 2015/16 contract value suggest a figure of £66,400 should be kept as a provision in the working balance.</p>
2. Pension Fund Changes	<p>The 2013 triennial review has brought a degree of certainty to future pension costs for 2014-2017. These should not impact adversely on the Council in the next 12 months so no specific provision is required at this point.</p>
3. Planned savings measures	<p>The Medium Term Financial Plan includes numerous work streams for ‘bridging’ the Council’s funding gap. Slippage can occur and the ‘Bridging the Gap’ Strategy uses a Red Amber Green (RAG) system for identifying those work streams at risk of slippage. Currently the strategy notes £200k of work streams considered ‘amber’ in terms of delivery and so these are accommodated within the working balance.</p> <p>The Council’s base budget includes an annual target of £350k to recognise staff vacancy management. A smaller workforce coupled with reducing opportunities in a depressed public sector could impact on this budget principle and therefore a 25% allowance, equivalent to £87.5k for this is included within the working balance.</p>
4. Interest rate variations	<p>The current very low level of investment rates suggest that there is little down-side risk at present and no specific provision is recommended for 2016/2017.</p>

	Area of Risk	Explanation
5.	Volume variations demand led	During the economic downturn the Council was vulnerable to drops in key income streams, e.g. planning fees, car parking income etc. Our budget projections reflect current levels of income but a 1% provision amounting to £103,200 to reflect the volatility is recognised in the working balance.
6.	New services/ initiatives	No new initiatives have been identified that require specific provision within the working balance.
7.	Risk of litigation contingency	During 2015/2016 the budget has come under pressure as a result of the cost of planning appeals and other judicial challenges. The costs are uncertain but in recognition of current intelligence a provision of £350,000 is recommended.
8.	Emergency planning	Whilst the government will step in to assist in the event of a major disaster there are thresholds at which assistance is given. This threshold is 0.2% of the net budget. Financial support is then given at 85% of costs above this level. Provision of £1m would cost this Council £170,000; the cash flow impact would need to be handled from invested capital resources.
9.	Financial guarantees/ contingent liabilities	Run-off of the old Municipal Mutual Insurance claims has begun but no provision is required at this stage. The Joint Core Strategy continues to require ongoing resource and a provision of £50k is included should the risk of additional costs arising be realised.
10.	Grant income	No new grant streams are anticipated in the 2016/2017 budget. No risks have been identified around existing grant flows that require specific provision in the working balance.
11.	Business rates retention	As part of the pooling arrangement, the Council could be required to contribute to large scale revaluations such as occurred with Virgin Media via Tewkesbury Borough Council. Provision for such occurrences should therefore be included within the working balance and as such £150,000 is estimated.

The assumptions above total £1,259,100 suggesting that we strive to maintain a working balance around this figure during 2016/17. The Council should not allow the working balance to fall below this figure. The current working balance is £1,408,591.

EARMARKED RESERVES

In order to assess the adequacy of earmarked reserves when setting the budget, the Chief Finance Officer should take account of the strategic, operational and financial risks facing the authority. Accepting that there are still some areas of uncertainty, the level of reserves appears adequate at this point in time and no other changes are currently recommended.

Whilst the majority of these reserves are held for specific purposes, there are three reserves which are available to help meet the cost of any changes as the Council meets the challenges of future funding reductions; these are:

	Balance projected at 31st March 2016 £
Budget Strategy (Support) Reserve	737,129
Pension Reserve	177,246
New Initiatives Reserve (2020 Vision)	400,000
	1,254,375

In determining the budget strategy in October 2015, the Section 151 Officer recommended the creation of a specific earmarked reserve: a 'budget strategy (support) reserve', to provide greater resilience. The new reserve may also secure the Council against short-term challenges which we know we will encounter in the coming year such as the one-off drop in business rates income in 2016/17 due to redevelopment, and the delay in securing car park income of £350k a year from the North Place development. The budget proposals rely on the drawdown of part of this reserve in 2016/17. The balance of £337,192 will give the Council time to work up its strategy for delivering substantial savings over the next 4 year period.

A significant level of risk to this authority remains due to the volume of outstanding business rates appeals which are being processed by the Valuation Office.

The projected balance within the Business Rates Retention (BRR) equalisation reserve at 31st March 2016 is £1,123,916, and the budget proposals utilises this reserve in 2016/17. I recommend to Council that this is a prudent use of the balance held in the BRR earmarked reserve as it is being used to cover deficits that have arisen in the current year mainly as a result of successful appeals for Doctors surgeries and is also being used to cover the one-off drop in business rates income outlined above.

I have reviewed the revenue reserves and propose the transfers as identified in Appendix 6. I also consider that the financial reserves and working balance as proposed in these papers are adequate to fund spending plans for 2016/2017 and give a firm basis for the years 2017-2020. However, given the proposed front-loaded cuts in RSG and the uncertainty surrounding NHB in the future, I recommend that any future underspends or fortuitous windfalls are earmarked for transfer to either general balances or the budget strategy (support) reserve.

4. OVERALL CONCLUSION

There is a legal requirement under the Local Government Act 1992, section 32 and 43 to set a balanced budget. 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.

I am, therefore, satisfied that the proposed budget is balanced and meets the legal requirement to set a balanced budget.

My overall view is that the budget is a sound response to continuing challenging financial circumstances, which maintains services, 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.

PAUL JONES
Section 151 Officer

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NET GENERAL FUND BUDGET 2016/17

GROUP	2015/16 ORIGINAL	2015/16 REVISED	2016/17 ORIGINAL
	£	£	£
Projected cost of 'standstill' level of service			
Strategic Directors	1,505,550	1,451,550	1,643,600
Environment & Regulatory Services	2,810,920	3,189,245	3,167,895
Deputy Chief Executives	4,286,170	4,178,120	4,273,370
Corporate Resources	6,536,845	5,844,960	4,865,045
Wellbeing & Culture	1,440,200	1,370,200	1,416,200
Programme Maintenance	0	0	600,000
Bad debt provision	40,000	26,790	25,000
	16,619,685	16,060,865	15,991,110
Capital Charges	(1,736,900)	(1,492,530)	(638,100)
Interest and Investment Income	322,300	378,700	407,500
Use of balances and reserves	(91,200)	752,858	(1,114,152)
Proposed Growth recurring - Appendix 4			85,000
Savings / Additional income identified - Appendix 5			(1,480,700)
Use of Budget Strategy Support reserve			(399,937)
NET BUDGET	15,113,885	15,699,893	12,850,721
Deduct:			
Revenue Support Grant	(2,110,549)	(2,110,549)	(1,272,960)
National Non-Domestic Rate	(2,507,443)	(2,243,109)	(2,838,470)
National Non-Domestic Rates - S31 Grants	(753,259)	(794,124)	(530,575)
National Non-Domestic Rate - 2013/14 surplus	(187,360)	(187,360)	0
National Non-Domestic Rate - 2014/15 surplus / deficit	(322,281)	(322,281)	220,026
National Non-Domestic Rate - 2015/16 surplus / deficit	0	(809,477)	809,477
New Homes Bonus	(1,605,500)	(1,605,500)	(1,375,500)
Specific Grant in lieu of council tax freeze 2015/16	(81,700)	(81,700)	0
Specific Grant in lieu of council tax freeze 2016/17			0
Less: Grant allocated to Parishes (council tax support)	10,269	10,269	10,269
Collection Fund Contribution	(111,100)	(111,100)	(163,800)
	(7,668,923)	(8,254,931)	(5,141,533)
NET SPEND FUNDED BY TAX	7,444,962	7,444,962	7,709,188
Council Tax income assuming increase of 1.99%	7,444,962	7,444,962	7,709,188
Band 'D' Tax	£187.12	£187.12	£190.84
Increase per annum			£3.72
Increase per week			£0.07
% Rise			2.0%
Gross Collectable Tax Base	40,290.74		40,906.60
Collection Rate %	98.75%		98.75%
Net tax base	39,787.10		40,395.30

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PROPOSALS FOR GROWTH

Ref	Division	Project Name	Description	Revenue Costs				Capital Costs
				2016/17	2017/18	2018/19	2019/20	2016/17
				£	£	£	£	£
SUPPORTED GROWTH								
1	Regulatory & Environmental Services	Joint Core Strategy	Additional one-off funding required to complete examination process and implement Community Infrastructure Levy (CIL), as recommended by Cabinet on 14th December 2015.	85,000	-	-	-	-
2	Regulatory & Environmental Services	Development Control & Planning Policy	One-off additional resource required in 2017/18 to fund staffing required to deliver planning resource requirements.	-	13,500	-	-	-
				85,000	13,500	-	-	-
SUPPORTED GROWTH (FUNDED FROM NEW HOMES BONUS)								
3	Regulatory & Environmental Services	Empty Homes Officer	Invest to Save Proposal: Additional funding to extend post to 31st March 2017.	10,000	-	-	-	-
4	Commissioning	Intensive cleaning	One-off intensive clean to include chewing gum removal in the Town Centre	36,000				
5	Commissioning	Community Pride	Community Pride 'bidding' budget for allocation in 2016/17	30,000				
				76,000	-	-	-	-
SUPPORTED ONE OFF GROWTH (FUNDED FROM GENERAL BALANCES)								
6	Regulatory & Environmental Services	Joint Core Strategy	Additional one-off contingency identified to complete examination process and implement Community Infrastructure Levy (CIL), as recommended by Cabinet on 14th December 2015.	50,000	-	-	-	-
				50,000	-	-	-	-
SUPPORTED GROWTH (FUNDED FROM EXTERNAL SOURCES)								
7	Regulatory & Environmental Services	Community Infrastructure Levy (CIL)	Potential funding for three-way share of post to implement Community Infrastructure Levy (CIL) - will look to source from alternative funding pots prior to drawing on this funding.	20,000	-	-	-	-
8	Regulatory & Environmental Services	Business Improvement District (BID)	Additional one-off funding required to complete establishment of BID.	9,900	-	-	-	-
				29,900	-	-	-	-

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BRIDGING THE GAP STRATEGY					
	2016/17	2017/18	2018/19	2019/20	Total
Total Current MTFS Funding Deficit	1,880,637	1,725,247	515,486	76,348	4,197,718
Service Reviews & 'Systems' Thinking					
REST target as per Council report dated 20 July 2015		157,500			157,500
Discontinuation of partnership contribution to 'Safe at Home' contract	32,000				32,000
Democratic Services Unit	10,900				10,900
Corporate Governance		15,000			15,000
Shared Services					
2020 Vision - Shared Services	150,900	224,100	124,000	82,000	581,000
2020 Vision - Teckal Company				227,000	227,000
Additional waste target from new joiners	29,000		40,000		69,000
Efficiency gain on procurement - GOSS re-tendering of banking arrangements	10,000				10,000
Commissioning					
L&C Review - trust savings	231,500	150,500	43,000		425,000
Central Depot Bulking Facility	46,000				46,000
Waste and Recycling Services				50,000	50,000
Income					
Additional income target through economic growth - role of MD Place and Economic Development				500,000	500,000
Business Rates additional target through pooling		200,000	100,000	100,000	400,000
North Place development income		350,000			350,000
Advertising & Sponsorship contract	63,100				63,100
Asset Management					
Rationalisation of asset portfolio & Review of Investment Property	10,000	20,000			30,000
Vehicle Operating Lease - reduction to base budget	97,300				97,300
Accommodation Strategy	100,000			100,000	200,000
Other					
Use of NHB to support Base Budget	700,000				700,000
B/Fwd deficit funded by Budget Strategy (Support)					
Reserve in previous year		(399,937)	(337,192)		(737,129)
Use of Budget Strategy (Support) Reserve	399,937	337,192			737,129
Total Identified Savings/Income	1,880,637	1,054,355	-30,192	1,059,000	3,963,800
Shortfall / (Surplus) against MTFS Funding Gap	0	670,892	545,678	(982,652)	233,918

NB: traffic lights denote risk associated with delivery

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	<u>Purpose of Reserve</u>	<u>31/3/15</u>	<u>2015/16</u>	<u>2015/16</u>	<u>2015/16</u>	<u>31/3/16</u>	<u>2016/17</u>	<u>Proposals</u>	<u>2015/16</u>	<u>31/3/17</u>
			<u>Movement</u>	<u>Reserve</u>	<u>Movement</u>		<u>Movement</u>	<u>to Support</u>	<u>Movement</u>	
		£	<u>Revenue</u>	<u>Re-alignment</u>	<u>Capital</u>	£	<u>Revenue</u>	<u>2016/17 Budget</u>	<u>Capital</u>	£
			£	£	£		£	£	£	£
<u>EARMARKED RESERVES</u>										
<u>Other</u>										
RES002	Pension Reserve	To fund future pension liability	-177,246			-177,246				-177,246
RES003	Economic Development & Tourism Reserve	To fund future economic and tourism studies	-4,200	-50,000		-54,200	50,000			-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	-121,525	-5,000	42,534	-83,991	-5,000			-88,991
RES026	Social Housing Marketing Assessment (SHMA) Reserve	To fund Social Housing Marketing Assessment WORK	0	1,500	-42,534	-41,034	-2,500			
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	-104,227	50,000		-54,227	50,000			-4,227
RES012	Pump Room Insurance Reserve	Insurance reserve for stolen jewellery / damaged collections	-13,735		13,735	0				0
RES013	TIC Shop Reserve	Accumulated profits held for TIC shop improvements	-29		29	0				0
		To fund risk management initiatives / excess / premium increases	-79,371	5,000	-13,735	-88,106				-88,106
RES014	GF Insurance Reserve	Purchase of vehicles and equipment	0			0				0
RES015	Vehicle Leasing Equalisation Reserve	To fund Joint Core Strategy	-68,780			-68,780				-68,780
RES016	Joint Core Strategy Reserve	To pump prime civic pride initiative / match funding	-492,137	105,100		-387,037	105,100			-281,937
RES018	Civic Pride Reserve	Cushion impact of fluctuating activity levels	0			0				0
RES019	Land Charges Reserve	Replacement fund	-170,000		100,000	-70,000				-70,000
RES020	Ubico Reserve									
RES021	Cheltenham Leisure & Culture Trust	To cover unforeseen deficits in operations within new trust	-270,000		70,000	-200,000				-200,000
RES022	Homelessness Reserve	To cover future homelessness prevention costs	-50,000	8,900		-41,100	8,900			-32,200
RES023	Transport Green Initiatives Reserve	To fund Transport Green Initiative Schemes	-34,600			-34,600				-34,600
RES024	New Initiatives reserve	To fund 2020 Vision transformation programme	0	-400,000		-400,000	-200,000			-600,000
RES025	Budget Strategy (Support) Reserve	To support budget strategy	0	-307,900	-429,229	-737,129	399,937			-337,192
			-1,613,117			-2,464,717				-2,014,746
<u>Repairs & Renewals Reserves</u>										
RES201	Commuted Maintenance Reserve	Developer contributions to fund maintenance	-107,629	39,000		-68,629	39,000			-29,629
RES202	Highways Insurance Reserve	County highways - insurance excesses	-15,000		15,000	0				0
RES203	Revs & Benefits IT Reserve	Replacement fund to cover software releases	-30,000		30,000	0				0
RES204	I.T. Repairs & Renewals Reserve	Replacement fund	-40,901	35,665		-5,236	5,236			0
RES205	Property Repairs & Renewals Reserve	20 year maintenance fund	-1,032,142	296,000		-676,442	0			-676,442
RES206	Delta Place Repairs & Renewals Reserve	Delta Place maintenance fund	0			0	-100,000			-100,000
			-1,225,673			-750,308				-806,072
<u>Equalisation Reserves</u>										
RES101	Rent Allowances Equalisation	Cushion impact of fluctuating activity levels	-77,900	77,900		0				0
RES102	Planning Appeals Equalisation	Funding for one off appeals cost in excess of revenue budget	-152,932	-40,000		-192,932				-192,932
RES103	Licensing Fees Equalisation	Past income surpluses to cushion impact of revised legislation	-11,155			-11,155				-11,155
		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
RES104	Interest Equalisation	Fund cyclical cost of local plan inquiry	-7,230	-100,000		-107,230				-107,230
RES105	Local Plan Equalisation	Fund cyclical cost of local elections	-92,100	-60,000		-152,100	60,000			-92,100
RES106	Elections Equalisation	To fund fluctuations in income from closure of car parks	-350,000	5,800	14,200	-330,000	200,000			-130,000
RES107	Car Parking Equalisation	To fund fluctuations in income from retained business rates	-140,608	-983,308		-1,123,916	1,123,916			0
RES108	Business Rates Retention Equalisation		-1,005,936			-2,091,344				-707,428

	<u>Purpose of Reserve</u>	<u>31/3/15</u>	<u>2015/16</u>	<u>2015/16</u>	<u>2015/16</u>	<u>31/3/16</u>	<u>2016/17</u>	<u>Proposals</u>	<u>2015/16</u>	<u>31/3/17</u>	
		£	<u>Movement</u>	<u>Reserve</u>	<u>Movement</u>	£	<u>Movement</u>	<u>to Support</u>	<u>Movement</u>	£	
			<u>Revenue</u>	<u>Re-alignment</u>	<u>Capital</u>		<u>Revenue</u>	<u>2016/17 Budget</u>	<u>Capital</u>		
		£	£	£	£	£	£	£	£	£	
<u>Reserves for commitments</u>											
RES301	Carry Forwards Reserve	Approved budget carry forwards	-674,848	577,850		-96,998				-96,998	
<u>CAPITAL</u>											
RES402	Capital Reserve - GF	To fund General Fund capital expenditure	-791,061	0	762,000	-29,061	-220,500		246,000	-3,561	
TOTAL EARMARKED RESERVES			-5,310,635			-5,432,428				-3,628,805	
<u>GENERAL FUND BALANCE</u>											
B8000 - B8240	General Balance - RR	General balance	-1,599,226	-9,365	200,000	-1,408,591		50,000		-1,358,591	
			-1,599,226			-1,408,591				-1,358,591	
TOTAL GENERAL FUND RESERVES AND BALANCES			-6,909,860.98	-752,858	0	821,700	-6,841,019	1,514,089	50,000	246,000	-4,987,396
B8700 - B8716	General Fund Capital Receipts		-11,422,603		6,464,791	-4,957,812			630,000	-4,327,812	

Code	Fund	Scheme	Scheme Description	Budget 2015/16	Revised Budget 2015/16	Budget 2016/17	Budget 2017/18
				£	£	£	£
		RESOURCES					
		Property Services					
CAP001	PPMR	Cremators	New cremators		59,700		
CAP401	GCR	Town Centre acquisitions	Acquisition of Shopfitters site		432,300		
CAP601-4	GCR	Crematorium Development Scheme	Construction of new crematory building, car parks, exit roads and replacement cremators.		500,000	6,984,500	
	GCR/PB	Town Centre acquisitions	Acquisition of Delta Place		13,750,000		
		Financial Services					
CAP010	GCR	GO ERP	Development of ERP system within the GO Partnership		14,700		
CAP012	GCR	Cash Receipting System	Capitalisation of 3 year contract extension		125,300		
		ICT					
CAP026	C	IT Infrastructure	5 year ICT infrastructure strategy	275,600	746,400		
CAP026	C	IT Infrastructure	Capitalisation of UNIFORM	104,000	0		
		WELLBEING & CULTURE					
		Parks & Gardens					
CAP101	S106	S.106 Play area refurbishment	Developer Contributions	50,000	65,900	50,000	50,000
CAP102	GCR	Play Area Enhancement	Ongoing programme of maintenance and refurbishment of play areas to ensure they improve and meet safety standards	80,000	95,100	80,000	80,000
CAP125	GCR	Pittville Park play area	Investment in the play area		300,000		
CAP501	GCR	Allotments	Allotment Enhancements - new toilets, path surfacing, fencing, signage, and other improvements to infra-structure.		591,400		
		Cultural Services					
CAP126	GCR	Town Hall redevelopment scheme	Preliminary work, subject to Council approving a detailed scheme and a business case		400,000		
CAP124	GCR	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		
		BUILT ENVIRONMENT					
		Integrated Transport					
CAP152	GCR	Civic Pride - Promenade Upgrade	Upgrade of Promenade pedestrianised area including remodelling of tree pits, providing seating, re-pointing existing Yorkstone.		65,800		
CAP152	S106	Civic Pride - Promenade Upgrade	Public Art - Promenade		22,000		
CAP153	GCR	Civic Pride	Remodelling of Sherborne Place Car Park into a Green car park for short stay bus use.		0		
CAP154	GCR	Civic Pride - Creative Hub	Scheme for St.Mary's churchyard		45,300		
CAP154	S106	Civic Pride - Creative Hub	Public Art - St Mary's churchyard		20,000		
CAP155	S106	Pedestrian Wayfinding	GCC Pedestrian Wayfinding		27,500		
CAP156	S106	Hatherley Art Project	Public Art - Hatherley		7,800		
CAP204	GCR	Civic Pride	Improvements to Grosvenor Terrace Car Park (Town Centre East), improving linkages to the High Street, signage and decoration.		134,200		

GENERAL FUND CAPITAL PROGRAMME

Code	Fund	Scheme	Scheme Description	Budget 2015/16 £	Revised Budget 2015/16 £	Budget 2016/17 £	Budget 2017/18 £

Code	Fund	Scheme	Scheme Description	Budget 2015/16	Revised Budget 2015/16	Budget 2016/17	Budget 2017/18
				£	£	£	£
CAP201	GCR	CCTV in Car Parks	Additional CCTV in order to improve shopping areas and reduce fear of crime	50,000	265,000	50,000	50,000
CAP202	GCR	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		
CAP205	GCR	Public Realm Improvements	High Street & Town Centre public realm improvement including repaving work in the High Street and town centre	317,300	561,700		
CAP206	GCR	Car Park Investment	New car park machines to allow additional functionality to be introduced for the benefit of customers		250,000		
Housing							
CAP221	SCG/GCR	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	500,000	600,000	600,000
CAP222	GCR	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
CAP223	PSDH	Health & Safety Grant / Loans	A new form of assistance available under the council's Housing Renewal Policy 2003-06		275,200		
	PSDH	Vacant Property Grant	A new form of assistance available under the council's Housing Renewal Policy 2003-06				
	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		78,400		
CAP225	PB/HCR	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		2,312,800		
CAP227	C/S	Housing Enabling - Garage Sites	Expenditure in support of enabling the provision of new affordable housing in partnership with Cheltenham Borough Homes				
CAP228	S106	Housing Enabling	Expenditure in support of enabling the provision of new affordable housing in partnership with registered Social Landlords and the Housing Corporation		500,000	500,000	
OPERATIONS							
CAP301	GCR	Vehicles and recycling caddies	Replacement vehicles and recycling equipment		61,800		
CAP301	PB/GCR	10 Year vehicle Replacement	CBC & Ubico vehicle & plant replacement programme	806,000	1,434,000	905,000	143,000
BUDGET PROPOSALS FUTURE CAPITAL PROGRAMME:							
	C	Town Hall redevelopment (£1.8m)	Subject to Council approving a detailed scheme and a business case				
	C	Public Realm improvements (£2m)	Pending the completion of the Cheltenham Transport Plan process				
CAP302	GCR	Material Bulking Plant	Maximum Project Budget for acquisition cost of creating the materials' bulking plant at the central Depot, required to deliver annual revenue savings of £92k		390,000		
CAP503	GCR	Bus Station	Demolition of existing concrete bus shelter and waiting room and provision of services to supply new café facility		50,000		

Code	Fund	Scheme	Scheme Description	Budget 2015/16	Revised Budget 2015/16	Budget 2016/17	Budget 2017/18
				£	£	£	£
		<u>CAPITAL SCHEMES - RECLASSIFIED AS REVENUE</u>					
CAP203	C	Re-jointing High Street/Promenade pedestrianised area	Re-jointing works required to improve safety and appearance of the core commercial area		7,500		
		TOTAL CAPITAL PROGRAMME		2,308,900	24,262,900	9,195,500	949,000
		Funded by:					
		G Government Grants					
		SCG Specified Capital Grant (DFG)		306,000	383,000	380,000	380,000
		LAA LAA Performance Reward Grant			78,400		
		P Partnership Funding			0		
		PSDH Private Sector Decent Homes Grant			275,200		
		HRA Housing Revenue Account Contribution		50,000	0		
		PPMR Property Planned Maintenance Reserve			59,700	474,500	
		S106 Developer Contributions		50,000	643,200	550,000	50,000
		D Capital Debtor					
		HCR HRA Capital Receipts					
		GCR GF Capital Receipts		447,300	7,745,400	630,000	130,000
		CPR Civic Pride Reserve					
		PB Prudential Borrowing		806,000	14,294,100	6,915,000	143,000
		C GF Capital Reserve		649,600	783,900	246,000	246,000
				2,308,900	24,262,900	9,195,500	949,000

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2016/17 Programme Maintenance - Original Budgets

Property Name	Description	Original £
All Properties (H&S)	Fire risk assessment works arising from reports	20,000
	Consequential works arising from legionella risk assessments/ inspections	10,000
	Consequential works arising from asbestos risk assessments/ inspections	10,000
	Installation of safety filming to doors and windows as regulation 14 H&SW act	6,000
	Fixed Wiring inspections/ EIC Certification	15,000
	Contingency fund for compliance/ H&S remedial work	10,000
Pittville Park WC	Remedial repairs - damp issues to internal walls/ re-tiling	6,000
Pittville Pump Room	FRA consequential works - Upgrade of internal fire doors	30,000
	Remedial repairs to stonework (re pointing etc)	5,000
	Replace CCTV camera to rear car park to capture whole area	1,200
	Annual sand/ re-lacquer/ re-line to Ballroom, Spa Room & Bar timber floors	2,800
Pittville Recreation Centre	Tiling repairs & alterations to reduce leaks into basement.	10,000
	Pool hall balcony - Replace 1.2x26m section of vinyl flooring (repair)	4,000
	Reinstate direction arrows, stop lines etc / pot hole repairs	5,000
	Multi Activity Rm - Upgrade defective lighting to LED's	1,200
	Pool hall - Phased replacement of seating (trial / phase 1)	6,000
	Remedial repairs to structural concrete frame - Phase 1	10,000
	Remove damaged Artex (ACM) within Basement (under pool hall seating)	5,000
	Annual sand/ re-lacquer/ re-line to Sports Hall, Multi Activity Rm, Dance Studio & Squash Crts timber floors	13,500
Prince of Wales Stadium	Annual maintenance of track high lighting	6,000
	Specialist cyclical cleaning/ maintenance/ re-lining of running track surface	4,000
	Remedial works identified on CCTV survey	5,000
	Reline rainwater gutters	3,000
Royal Well Bus Station	Bus Station Refurbishment Project - Additional Work	8,000
Town Hall	Replace defective slates and service roof	5,000
	Work to cellar basement to prevent leaking	3,500
	Ongoing stone repairs	10,000
	Fire compartmentation to underside of Ball Room floor in basement	70,000
	Spot repairs to slate roof make good to asphalt over front porte cochere	20,000
	Remedial repairs to drainage provision sump pumps and drain	7,000
	Replacement of office roof coverings	20,000
	Refurbishment of office roof lights	10,000
	Annual sand/ re-lacquer/ re-wax to Main Hall, Pillar Room & Buffet timber floors	6,000
	General remedial repairs to displays	5,000
All Properties (Car Parks)	Provision for minor repairs and line painting to Operational Car Parks	10,000
Arle Nursery	Irrigation pump Variable speed drive upgrade - Reduced reactive failures & energy usages	6,000
	Phased replacement of UV damaged / brittle pipework	3,000
	Fixed Wiring inspections/ EIC Certification	1,000
Art Gallery & Museum	Energy reduction schemes (as yet undefined)	10,000
	Work to rear wall joint between new and old building	6,000
	Safe access to Roof system	2,000
	Drain repair to rear downpipe joint work with GCC	5,000
Municipal Offices	Roof access protection	5,000
	Replacement of door access control system throughout building	25,000
	FRA consequential works - Upgrade of fire alarm system	9,000
	FRA consequential works - Upgrade of internal fire doors	20,000
	Remedial repairs to coping stones	5,000
	Upgrade CCTV provision - additional cameras to basement & ground Floor corridors	1,300
	Replacement of floor coverings in basement gents toilet	2,000
Running remedial repairs and repainting to sash windows	5,000	
Central Depot	General remedial repairs to any element	8,000
Cheltenham Crematorium	Cremator plant software upgrade	4,500
	Provision of service and maintenance works to cremator plant	50,000
Town Centre East Car Park	Replacement of windows & screens to all elevations	15,000
	Professional deep clean	4,500
Berkeley Mews	Redecorate High St Elevation	9,000
	Replacement of window frames to rear elevation	6,000
Regent Arcade Car Park	Professional deep clean	4,500
Miscellaneous Property	Rebuild retaining wall - Windyridge Rd/ Thomond Rd underpass	4,000
Montpellier WC	Remedial repairs to underground drainage (as identified on CCTV survey)	10,000
QE11 Playing Field	Professional fees for investigative work on QE11 contaminated land containment	1,500
	Removal of leachate contaminates from catch-pit and disposal	1,500
Priors Farm Pavilion	Re-application of liquid polymer covering to external balcony floor	3,000
Kingham Line Footbridge	Structural surveys and immediate remedial repairs	4,000
Pittville Park	Remedial repairs to bridge ornamental stonework and features	6,000
Total Programme Maintenance (agreed by AMWG)		600,000

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Pay Policy Statement

For all Employees at
Cheltenham Borough Council

2016/2017



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 2016-17, 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** as detailed in paragraph 7.1 of the document.
- **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.
- **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 9i.

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

Up to 27 March 2016:

Chief Executive	Chief Executive Level Spot Grade £111,565 p.a.
Deputy Chief Executive	Deputy Chief Executive Level Band £79,575 - £91,975 p.a.
Director	Director Level Band 3 £66,725 - £77,113 p.a. Director Level Band 4 £55,207 - £62,985 p.a.

28 March 2016 Onwards:

Head of Paid Service	Head of Paid Service Spot Grade £99,975 p.a.
Managing Director/Director	Director Level Band 3 £66,725 - £77,113 p.a.
Director	Director Level Band 4 £55,207 - £62,985 p.a.

7.2. Non Chief Officers

Employees	11 Grades A to K (see appendix 9i)
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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 1:7.3. The ratio between the *highest paid salary and the median paid salary of the Council's workforce is 1:3.6.

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)

£33,715

Median Paid Employee (Middle Salary band value of all employees up to & including Chief Officers)	£27,524
Highest Paid Employee (*from 28 March onwards)	£99,975

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 be 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 per week	4	94 hours
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 2015 are:

- £6.70 (per hour) for workers 21 years of age and over
- £5.30 (per hour) 18 - 20 years of age
- £3.87 (per hour) for 16-17 years of age, who are above school leaving age but under 18 years of age
- £3.30 (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 National Living Wage

From 1 of April 2016 all workers aged 25 and over are legally entitled to at least £7.20 an hour.

The Council's comparative Grade hourly rate is Grade A scp 9, £7.29. Grade A is 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.

The UK 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 2015-16 are:

- £8.25 (per hour) UK rate outside London
- £9.40 (per hour) UK rate for London

As at the 1st October 2014, the Council has chosen to pay the Living Wage Hourly rate 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.

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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

SCP	GRADE	OLD ANNUAL SALARY 2013	NEW ANNUAL SALARY JAN 2015	MONTHLY SALARY	WEEKLY Weekly RATE 37 hr week	HOURLY Hourly RATE 37 hr week	JE Points Score
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	

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Responses to the public consultation

This was not a year in which response to public consultation was large. This may have been because there were no particularly objectionable proposals in the draft budget and no new proposals for capital investment beyond those agreed in 2015. Nonetheless the consultation, especially the various meetings held or attended by the cabinet member for finance and officers, was useful in teasing out a number of concerns and giving a snapshot of local opinion.

Questionnaire

A questionnaire was published on the website and in paper form and completed by 14 residents.

On the question of what respondents thought about the proposed council tax rise, 8 thought it was about right, 4 thought it was too little and 2 thought it was too much.

On the question of whether people supported the savings listed in the introductory information, 11 answered yes, 2 answered no and 1 was unsure.

In the detailed comments, one respondent objected to the twinning expenditure. One questioned the justification for the spending on the new Pittville Park play area and the work being done to adapt some of the old telephone kiosks in the Promenade. One urged that we should seek a far better return on investment from the Gloucestershire Airport. Another called for the disbanding of the Cheltenham Development Taskforce and was critical of the acquisition of Delta Place.

When asked what services they most wanted to see improved, services for the homeless and poor, more affordable housing, the revamping and improvement of the High Street, reopening North Place as a car park, street cleaning, tourism, improvements to the bus station and weekly bin collections were all mentioned.

Cabinet response: The pool of respondents, although small, shows general support for the approach taken in this budget. Most of the priorities for improvement that were suggested by the respondents are addressed in this budget or (in the case of works in the High Street and improvements to the bus station) have already been budgeted for in the capital programme.

A fuller summary of the responses to the questionnaire are posted on the Council website.

Budget Scrutiny Working Group

The BSWG met on January 5th to look in detail at both the draft general fund budget and the housing revenue account budget. A number of detailed questions were asked requiring further work by the deputy section 151 officer. The answers were emailed to the working group and can be supplied to any other members on request.

Residents' forum

An open meeting to discuss the budget was promoted on the website and in the media and held on January 14th at the Municipal Offices. The points raised and the answers given are posted on the Council's website.

The C5 group of parish councils

The cabinet member for finance with the deputy section 151 officer attended the meeting of the C5 group on January 4th to talk about the budget. They expressed concern about a possible cut in the Parish Council Support Grant but the cabinet member indicated that this would be maintained at its current level.

The question of 'double taxation' was raised and Charlton Kings Parish Council indicated that they would write to the Council Leader on the subject.

Voluntary sector

The cabinet member for finance and deputy section 151 officer met representatives of the voluntary sector on January 11th. He explained that although the budget for 2016/17 was unlikely to impact negatively on the voluntary sector, the following year's budget was likely to be very difficult. Representatives asked if they could be consulted at an early stage about any proposed changes or cuts in services.

Chamber of Commerce

The cabinet member and the deputy section 151 officer attended a meeting of the Chamber on January 18th to consult on the budget. The cabinet member explained that part of the Council's strategy is to maximise its future business rates by supporting economic development in the town. Chamber members expressed their concern that the Borough Council lacked the planning powers to stop business premises being converted to residential use.

Cabinet response: Cabinet members and officers are exploring ways of exerting more control over the conversion of business premises and land to residential use.

Overview & Scrutiny Committee

The cabinet member and the deputy section 151 officer attended the Committee on January 25th to report on progress with the final budget. No specific questions were asked.

Cheltenham Borough Council

Cabinet – 9th February 2016

Council – 12th February 2016

Housing Revenue Account - Revised Forecast 2015/16 and Budget Proposals 2016/17

Accountable member	Cabinet Member for Finance, John Rawson
Accountable officer	Section 151 Officer, Paul Jones
Ward(s) affected	All
Key Decision	Yes
Executive summary	This report summarises the Housing Revenue Account (HRA) revised forecast for 2015/16 and the Cabinet's budget proposals for 2016/17.
Recommendations	<ol style="list-style-type: none"> 1. Note the revised HRA forecast for 2015/16. 2. Approve the 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. 3. Approve the proposed HRA capital programme for 2016/17 as shown at Appendix 3.

Financial implications	<p>As contained in the report and appendices.</p> <p>Contact officer: Paul Jones.</p> <p>E-mail: paul.jones@cheltenham.gov.uk</p> <p>Tel no: 01242 775154</p>
Legal implications	<p>None specific arising from the report recommendations.</p> <p>Contact officer: Peter Lewis</p> <p>E-mail: peter.lewis@tewkesbury.gov.uk</p> <p>Tel no: 01684 272012</p>
HR implications (including learning and organisational development)	<p>There are no direct HR implications for the Council arising from the report.</p> <p>Contact officer: Julie McCarthy</p> <p>E-mail: julie.mccarthy@cheltenham.gov.uk</p> <p>Tel no: 01242 264355</p>
Key risks	As outlined in Appendix 1

Corporate and community plan Implications	The aim of the budget proposals is to direct resources towards the key priorities identified in the Council's Corporate Business Plan.
Environmental and climate change implications	The budget contains proposals for improving the local environment particularly in addressing the issue of energy reduction in Council owned dwellings

1. Introduction

There are no changes to the draft budget report presented to Cabinet on 15th December 2015.

2. Background Self-Financing and Changes to Social Rent Policy

- 2.1 In 2002 the Government introduced a rent convergence policy under which, over a ten year period, rents in social housing (local authority and housing association owned stock) were to be brought into alignment.
- 2.2 A rent formula was established with actual rents moving towards a national formula rent which took account of values of properties and local earnings relative to national earnings. A 'bedroom weighting' factor was also applied to try and ensure the resulting rents better reflected the perceived value of the properties being occupied. These formula rents were increased each year by the Retail Prices Index (RPI) + 0.5%.
- 2.3 Elected in 2010, the Coalition Government initially continued this rent setting process with a revised target convergence date for local authorities of 2015-16, subject to a maximum annual rent rise for an individual tenant of RPI + 0.5% + £2 per week. This policy formed a key assumption in the self-financing settlement in April 2012 and was used in the 30 year HRA Business Plan approved by Council in February 2012. This anticipated significant additional resources arising from the implementation of self-financing. CBC 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.
- 2.4 As part of the 2013 Spending Round the Government then announced that from 2015-16 social rents would rise by Consumer Prices Index plus 1 per cent each year for 10 years and that the policy of converging council and housing association rents was to be cut short. Following consultation the Government confirmed this policy change in May 2014. The financial projections in the HRA business plan were updated accordingly.
- 2.5 On 8 July 2015 (Summer Budget 2015) the Chancellor announced that rents in social housing would instead be reduced by 1% a year for four years resulting in a Government estimated 12% reduction in average rents by 2020-21. Nationally this measure is forecast to save the Exchequer £1.4bn by 2020-21, primarily in reduced Housing Benefit expenditure. Around 1.2m tenants not in receipt of Housing Benefit in the social rented sector are expected to benefit by up to £700 per year (current prices).
- 2.6 The scale of the impact of this proposal necessitates a fundamental review of the 30 year HRA Business Plan. The financial projections for 2016/17 to 2018/19 detailed in this report represent the start of a process which will produce a new long term business plan for Council approval in July 2016.

3. Impact of the Changes in Housing and Welfare Policy

3.1 The following significant changes in Government policy are being enabled through the Welfare Reform Bill 2015 and the Housing & Planning Bill 2015, both of which are currently passing through Parliament. The draft legislation sets the legal framework for the policy changes but much of the detail will follow in regulations to be published by the Secretary of State.

3.2 Rent Reduction

3.2.1 The current average rent for Council tenants is £82.38 per week. Prior to the budget the business plan assumed the average rent in 2019-20 would be £91.40 per week based on the CPI + 1% formula. It is now forecast that this will reduce to £79.16 per week, a reduction of 13.4% over the four year period when compared to the original forecast.

3.2.2 This will result in an estimated loss of rental income of £6.691m in the period to 31st March 2020. On the assumption that the Government will revert back to rent increases of CPI + 1% in April 2020, which is by no means certain, the cumulative loss of income over 30 years is estimated at £111m. This will produce a very significant reduction in the previously anticipated surpluses that were forecast in the long term HRA business plan.

3.3 Welfare Reform

There were also a number of changes to Welfare Benefits in the Summer Budget. Whilst a summary of these are noted below details of how these are to be implemented have not yet been issued by the Government and therefore the impact cannot be accurately forecasted:-

- The cap on benefits will be cut from £26,000 to £20,000 from April 2016.
- Working-age benefits will be frozen for four years, including tax credits and housing benefit; maternity payments will be excluded from the freeze.
- Working benefits will be removed from those who are not disabled and have no children, and will be withdrawn at a faster pace as claimants' earnings rise.
- Tax credit and universal credit support will be limited to the first two children from April 2017.
- Housing Benefit will be removed from young people aged 18-21, with some exceptions, from April 2017.
- Housing benefit will also be affected by removing the family premium for new children from April 2016.

These changes are in addition to the current roll out of Universal Credit.

CBH will need to monitor the impact of these changes as they are implemented with non-payment of rent being the ultimate risk to the HRA.

3.4 Extension of Right to Buy

3.4.1 The Government have committed to extending Right to Buy to tenants in Housing Associations, increasing discount rates, and decreasing qualifying periods. The Government intend to pay for the extension to Housing Association tenants, in part, by the sale of local authorities' most valuable (vacant) housing stock. The Government has said that the properties sold will be replaced on a one-for one basis.

3.4.2 Commentators questioned whether the rate of sales of vacant council stock would match the take-up rate of the extended RTB. It now appears that the Government is intending to address this

issue by introducing a levy on local authorities, based on sales forecasts rather than actual sales. However there would still be a legal duty to consider sales.

- 3.4.3 The majority of HRA stock (97%) is valued below the regional 'high value cap' estimates published in the Conservative manifesto prior to the General Election. In total, only 122 units of stock would potentially be affected. However the properties affected are of two particular types – 2 bed houses in a high value area of the town and 50% (90 units) of 1 bed bungalows owned by the Council. The loss of these units would remove the limited social housing from one part of the town and significantly reduce the availability of single storey accommodation for the disabled and elderly.
- 3.3.4 The risk is that sales will be wholly random as to when and which properties become void and will have no regard for local housing need. This will produce further pepper-potting within Council owned housing which will make the much needed regeneration of social housing stock more complex and more costly.

Further detail is required from Government before we can make an estimate of this impact in the financial projections.

3.5 Pay to Stay

- 3.5.1 Following a consultation exercise in 2012 the Coalition Government gave social landlords in England the discretion to charge market or near market rents to tenants with an income of £60,000 or more a year. The scheme is known as 'pay to stay.' The challenges for local authorities (including Cheltenham) in implementing this scheme are:-

- administration - gathering information on and monitoring tenants' incomes;
- affordability – affected tenants could face substantial rent increases;
- the potential work disincentive effect; and
- residualisation of the housing stock as higher earners are incentivised to move out.

As part of the Summer Budget 2015 the Chancellor announced that the discretionary 'pay to stay' scheme would be made compulsory (in England) and that new, lower income thresholds would be introduced. These thresholds are expected to be £40,000 in London and £30,000 elsewhere. Local authorities will be expected to repay the additional rental income to the Exchequer, thus 'contributing to deficit reduction', while housing associations will be able to use the additional income to reinvest in new housing.

- 3.5.3 The move to a mandatory 'pay to stay' scheme will require primary legislation; the Government has recently published a consultation document seeking views on the implementation of the scheme which will commence in April 2017.

4. 2015/16 Revised Forecast

- 4.1 The forecast at Appendix 2 shows an increase in the surplus for the year of £1,024,500 compared to the original estimate. This increase, together with an increase of £1,297,300 in the balance brought forward from 2014/15, will give revenue reserves of £5,856,900 at 31st March 2016.

- 4.2 Significant variations within the 2015/16 revised forecast (>£30,000) have been identified in budget monitoring reports and are summarised below:-

Budget Heading	Change in resources
	£'000
Repairs & Maintenance – decrease in forecast expenditure following reduced demand in year to date	175
Bad Debt Provision – lower arrears than anticipated reflect delay in implementation of welfare reform and allocation of additional resources to mitigate impact	50
Revenue contributions to fund capital programme – changes to programme and availability of funding options have reduced use of revenue resources	754
Other variations to expenditure	21
Other variations to income	25
Net increase in Surplus for Year	1,025

5. Overview of HRA Business Plan

- 5.1 The recent changes in Government policy (in particular regarding rent reduction) have set all stock holding local authorities and private social landlords a significant challenge to produce a revised business plan that maintains service levels and retains viability.
- 5.2 Whilst CBH remain confident that the HRA can still deliver on the three key areas for investment within the existing Business Plan (further investment in new build, improvements to existing housing stock, and further investment in services), the timing, extent and scale of each will be significantly affected.
- 5.3 CBH will continue to review details of the changes to housing and welfare policy as they are released by the Government to determine whether further actions are required. The initial review of the HRA Business Plan has been guided by the following minimum targets:-
- Maintaining the recommended contingent balance of £1.5m in HRA reserves;
 - Allocating sufficient resources to maintain the decent homes standard throughout the stock;
 - Delivering the windows and doors improvement programme at a pace consistent with value for money;
 - Ensuring that resources continue to be available to deliver the existing new build programme (i.e. those schemes currently being progressed and anticipated to complete by March 2018), but still subject to individual scheme evaluation;
 - Ensuring the continuation of key service improvements initiated by Investment Pot 1;
 - Seeking to protect existing levels of service and mitigating the impact on tenants and leaseholders;
 - Retaining long term (30 years) viability. This will rely heavily on the Government's future social rent policy. We only have certainty until March 2020 – thereafter the link to CPI could be restored but there must be significant doubt as to whether rents will be allowed to increase above the prevailing rate of inflation.

5.4 The following work has been carried out in order to address the Budget impacts and to enable CBH to revise the financial projections in the HRA business plan.

- The HRA capital programme has been remodelled with particular emphasis on the next ten years.
- Potential impacts of the other changes in the July Budget have been identified with particular focus on benefit and tax credit changes. Further work is required to identify the actions needed by CBH to minimise these impacts for tenants and leaseholders.
- The key service improvements from Investment Pot 1 which need to be maintained have been identified and included in the base budget.
- CBH has revisited its goals for the next four years to ensure high quality core services will be maintained.
- CBH's medium term financial plan has been revised, identifying savings targets which will have to be achieved over the next four years.
- Long term viability has been reviewed using a range of assumptions for future rent increases, from CPI -1% to CPI +1% per annum.

5.5 The HRA budget proposals for 2016/17 form part of a four year plan put forward by CBH to mitigate the impact of rent reductions in the period to 31st March 2020 when the next review of the Government's social rent policy is anticipated. A summary of the plan is shown below:-

Category	£'000	£'000
Efficiency savings in CBH management fee	1,465	
Service Improvements retained from Investment Pot 1	-796	
Net reduction in management fee		669
Efficiency savings in CBH maintenance service		1,026
Re-alignment of the Capital Programme		2,707
Use of HRA Reserves		2,208
Reduction in the bad debt provision (arising from rent reduction)		128
Reduction in interest receivable (lower reserves)		-47
Total Savings		6,691

5.6 Initial modelling of the potential impacts of future social rent policy post 2020 suggests:-

- Reversion back to a policy of annual increases above CPI should deliver increasing surpluses as anticipated in the original self-financing settlement, albeit delayed by the 4 year rent reductions. Within the long term plan existing debt of £45m could still be repaid leaving unallocated reserves of some £33m at year 30.
- Projections assuming future rent increases at the level of CPI (using 2% as the long term norm) show a further reduction of £87.5m in rent income compared to the figure identified in paragraph 3.2.2 above. This would be insufficient to accrue any significant reserves or repay debt. Further cost efficiencies would be required to retain long term viability and existing debt would need to be re-financed.
- An ongoing trend of rent increases below CPI would render the business plan unviable in the medium term without significant reductions to major repair expenditure and/or reduced levels of service.

6. 2016/17 Budget Proposal

- 6.1 The Government has confirmed proposals for social rent policy for the period April 2016 to March 2020. As detailed in paragraph 2 above rents will decrease by 1% in April 2016. The rent estimates assume a 1% void rate and 20 RTB sales in the year.
- 6.2 Estimates of service charge income currently assume no increase in grounds maintenance pending contract renewal. Charges for cleaning will rise by 2.8% whilst overall charges for power to communal areas are expected to be held at 2015/16 levels after a fixed tariff deal was agreed.
- 6.3 Following improvements to communal boilers and building insulation and the recent experience of milder winters it is proposed that fuel charges for communal gas heating will be reduced by 12.5% from April 2016.
- 6.4 The revenue impacts arising from new build expenditure have not yet been integrated into the budget but they will give a marginal benefit to resources in 2016/17.
- 6.5 Significant changes to the HRA (>£30,000) in 2016/17 as compared to the revised forecast for 2015/16 are itemised in the table below. There is a forecast surplus of £330,500 for the year which leaves revenue reserves at £6,187,400 at 31st March 2017.

Budget Heading	Change in resources
	£'000
Revenue contributions to fund capital programme – this increase reflects the impact of delayed expenditure in 2015/16 moving into the 2016/17 programme (see paragraph 8.1 below)	-1,247
Increase in CBH management fee (see full detail in paragraph 7.5 below)	-57
Increase in repairs and maintenance (demand adjusted from 2015/16)	-164
Increase in bad debt provision – impact of welfare reform	-50
Depreciation – inflation offset by stock loss	-70
Decrease in rents (rent reduction & stock loss)	-293
Other (net)	11
Net decrease in resources	-1,870

7. Cheltenham Borough Homes (CBH)

- 7.1 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 2016/17, which show a breakeven position on services provided to the Council.
- 7.2 Prior to the July 2015 Budget the HRA Business Plan included forecast CBH management fees totalling £21.3m over the four years from April 2016. As part of the plan to mitigate the impact of rent reductions (see paragraph 5.5) the company is proposing to reduce this cost by £1.465m over the period to March 2020. This is after allowing for pay awards and anticipated increases in national insurance and pension costs and will be achieved through a phased approach as follows:-
1. Identify immediate vacant roles which will not be filled.
 2. Review current management and other team structures to identify savings which can be implemented over the four year period.

3. Identify and implement efficiency savings as part of the service improvement programme already initiated by CBH. This will be achieved by streamlining business processes and improving related IT systems.

7.3 The three year period of service enhancements funded by the investment pot initiative ends in March 2016. In conjunction with CBC officers CBH has identified those that have achieved the greatest impact and should be absorbed into base budgets. These include:-

- Enhanced Benefit and Money Advice Service
- Additional Housing Revenues Officer
- Sheltered Hub & Activities Co-Ordinator
- Disability Hub
- Youth Café in St Pauls
- Expansion of Employment Initiatives Service
- Community Investment Grants

The total cost of these initiatives in 2016/17 is estimated at £205,000.

7.4 CBH budgets approved by their Board on 27th January 2016 show a net increase in management costs of £45,000 analysed as below:-

	£'000
Pay award and increase in national insurance contributions	99
Investment Pot services absorbed into base (as detailed above)	205
Planned Savings	(259)
Increase in net management costs	45

7.5 These additional costs are reflected in an increase in the HRA management fee of £57,000 (1%) over the current year, partially offset by a decrease of £12,000 in fees to the capital programme.

7.6 The overall cost of repairs and maintenance has reduced by 0.3% in comparison to the original budget for 2015/16 to £4,139,000, again as part of a four year plan to reduce costs by £1.026m in comparison to previous estimates. This will be achieved by reviewing staffing structures, leaner processes and renegotiation of supplier and sub contract rates.

7.7 The cost of delivering the estate cleaning contract has risen by 2.8% (£9,000) which reflects the anticipated cost of the pay award and additional national insurance contributions.

The fee submission for the main areas of activity is shown below and compared with 2015/16.

	2015/16	2016/17
	£'000	£'000
Management Fee	5,085	5,142
Management of Capital Programme	636	624
Block Cleaning Service	313	322

8. Capital Programme

8.1 The revised capital programme for 2015/16 reflects the completion of schemes carried forward from the previous year as previously reported to Cabinet and further variations identified during the year. The reduction in forecast spend primarily relates to tendering delays for the major window and door replacement programme. This is now anticipated to start on site in April 2016.

- 8.2 The detailed capital programme for 2016/17 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.
- 8.3 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, which is attributable to the debt held on each sold property, can be used for any HRA purpose and is used to finance capital expenditure on the existing stock.
- 8.4 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.
- 8.5 Appendix 4 also gives estimates of new build expenditure and funding assumptions for the period to 31st March 2019. The first new build scheme, Garage Sites 2a delivering 10 units of affordable housing, started on site in October 2015 following Council approval. A number of other schemes are being developed by CBH under the scrutiny of the Joint Programme Group and will be brought forward for individual Council approval as necessary.
- 8.6 New build schemes will be financed from a combination of funding sources namely:-

Funding Source	Estimated Available 2015/16
	£'000
Borrowing up to HRA debt cap	8,112
Right to Buy (RTB) retention receipts	1,716
Non RTB receipts from market disposals	2,331
Revenue contributions (through new build reserve)	1,903
Total	14,062

- 8.7 The annual funding plans for new build expenditure will be determined by the Section 151 Officer ensuring maximum benefit and cost efficiency.

9. Reserves

- 9.1 The recommended minimum revenue balance to cover contingencies is £1.5m. This figure was determined in 2012 at the start of the self-financing regime and equates to approximately £330 per unit of stock which is very much in line with the sector norm. Key risks other than significant changes to Government policy primarily relate to property damage. The stock is insured for fire damage with the Council self-insuring against other perils. The three year projections forecast a reserve balance of £3.243m at 31st March 2019.

10. Conclusion

- 10.1 The potential benefits of the self-financing settlement have been significantly eroded by the change in the Government's social rent policy. It remains unclear whether the additional operating surpluses forecast in the previous 30 year business plan will be restored after 2020. Until there is more certainty about future rent levels it is recommended that focus should be concentrated on the medium term, ensuring that:-

- existing stock is maintained at the decent homes standard
- the improved level of tenant and leaseholder services is retained
- the Council can take advantage of opportunities to build new stock

CBH has brought forward a four year plan which will deliver these key objectives despite the significant reduction in forecast rent income.

11. Consultation process

11.1 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.

Report author	<p>Steve Slater, Finance Director, Cheltenham Borough Homes</p> <p>Tel. 01242 264192;</p> <p>e-mail address steve.slater@cheltborohomes.org</p>
Appendices	<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
Background information	<ol style="list-style-type: none"> 1. HRA 30 year Business Plan 2. CBH Budgets and Plans 2016/17

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 CBH are unable to deliver savings to offset lower income as a consequence of 4 year rent reductions	Pat Pratley	December 2015	5	3	15	R	Implementation of savings plan will be closely monitored by CBH with periodic reports on progress being submitted to Council officers	Mar 2020	CBH through management agreement	
1.02	If there is a further change to the Government's social rent policy that reduces anticipated rent income	Pat Pratley	December 2015	4	3	12	R	Any additional loss of income will need to be mitigated by further savings	Mar 2020	CBH through management agreement	
1.03	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 control rent arrears	Mar 2018	CBH through management agreement	
1.04	If the compulsory sale of high value properties depletes significant numbers and specific types of stock	Pat Pratley	December 2015	4	3	12	R	Further detail is awaited from Government on the implementation of this new initiative. It may be possible to apply for certain properties to be exempted.	Mar 2017	CBH through management agreement	
1.05	If supporting people contracts are not renewed it could impact on the tenants in sheltered accommodation	Pat Pratley	December 2012	3	3	9	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	

1.06	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 2017	CBH through management agreement	
1.07	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 2017	CBH through management agreement	
1.08	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 2017	CBH through management agreement	
1.09	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	2	6	R	New build programme has commenced on site, officers are monitoring spend against that required to retain receipts. Cabinet has approved an alternative strategy of acquiring property to eliminate potential repayment	Mar 2018	CBC/CBH via the Joint Programme Group	

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HRA OPERATING ACCOUNT

	2015/16		2016/17	2017/18	2018/19
	Original	Revised	Budget	Projections	
	£	£	£	£	£
<u>EXPENDITURE</u>					
General & Special Management	2,054,100	2,081,400	2,097,900	2,114,800	2,125,000
ALMO Management Fee	5,085,000	5,085,000	5,142,000	5,127,000	5,152,000
Rents, Rates, Taxes and Other Charges	79,100	60,000	60,000	60,000	60,000
Repairs & Maintenance	4,150,000	3,975,000	4,139,000	4,130,000	4,140,000
Provision for Bad Debts	200,000	150,000	200,000	280,000	325,000
Interest Payable	1,684,700	1,684,700	1,684,700	1,684,700	1,684,700
Depreciation of Dwellings	5,382,400	5,336,500	5,395,200	5,481,900	5,604,900
Depreciation of Other Assets	151,900	168,700	179,800	188,700	197,400
Debt Management Expenses	79,000	79,000	79,800	80,600	81,400
TOTAL	18,866,200	18,620,300	18,978,400	19,147,700	19,370,400
<u>INCOME</u>					
Dwelling Rents	19,206,100	19,215,200	18,922,000	18,667,600	18,432,500
Non Dwelling Rents	428,200	419,300	422,000	426,200	431,100
Charges for Services and Facilities	835,600	826,400	835,100	849,200	878,500
Supporting People Grant	90,000	93,000	90,000	90,000	90,000
Feed in Tariff from PV Installations	178,000	195,100	205,100	210,200	215,500
TOTAL	20,737,900	20,749,000	20,474,200	20,243,200	20,047,600
NET INCOME FROM SERVICES	1,871,700	2,128,700	1,495,800	1,095,500	677,200
Amortised Premiums/Discounts	10,100	10,100	7,300	-	-
Interest Receivable	48,200	62,000	74,000	65,000	50,000
NET OPERATING INCOME	1,930,000	2,200,800	1,577,100	1,160,500	727,200
<u>Appropriations</u>					
Revenue Contributions to Capital	-753,700	-	-1,246,600	-2,490,400	-2,423,700
HRA Surplus/(Deficit) carried to reserves	1,176,300	2,200,800	330,500	-1,329,900	-1,696,500
Revenue Reserve brought forward	2,358,800	3,656,100	5,856,900	6,187,400	4,857,500
Revenue Reserve carried forward	3,535,100	5,856,900	6,187,400	4,857,500	3,161,000

Average Rent:-					
Change at 1st April			-1.00%	-1.00%	-1.00%
48 wk		89.25	88.36	87.48	86.61
52 wk		82.38	81.56	80.75	79.95
Average stock		4,522	4,503	4,483	4,471

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MAJOR REPAIRS RESERVE

	2015/16		2016/17	2017/18	2018/19
	Original £	Revised £	Estimate £	Projections £	
Balance brought forward	-	-	747,400	-	-
Depreciation of Dwellings	5,382,400	5,336,500	5,395,200	5,481,900	5,604,900
Depreciation of Other Assets	151,900	168,700	179,800	188,700	197,400
	<u>5,534,300</u>	<u>5,505,200</u>	<u>6,322,400</u>	<u>5,670,600</u>	<u>5,802,300</u>
Utilised to fund Capital Programme	-5,534,300	-4,757,800	-6,322,400	-5,670,600	-5,802,300
Balance carried forward	<u>-</u>	<u>747,400</u>	<u>-</u>	<u>-</u>	<u>-</u>

HRA CAPITAL PROGRAMME (EXISTING PROPERTIES)

	2015/16		2016/17	2017/18	2018/19
	Original £	Revised £	Estimate £	Projections £	
<u>EXPENDITURE</u>					
Property Improvements & Major Repairs (see detail at Appendix 4)	6,178,000	4,947,800	7,759,000	8,201,000	8,066,000
Adaptations for the Disabled	400,000	400,000	400,000	400,000	400,000
Environmental Works (Tenant Selection)	60,000	60,000	10,000	10,000	10,000
Repurchase of Shared Ownership Dwellings	50,000	50,000	50,000	50,000	50,000
	<u>6,688,000</u>	<u>5,457,800</u>	<u>8,219,000</u>	<u>8,661,000</u>	<u>8,526,000</u>
<u>FINANCING</u>					
Capital Receipts	400,000	450,000	450,000	300,000	100,000
HRA Revenue Contribution	753,700	-	1,246,600	2,490,400	2,423,700
Leaseholder Contributions	-	250,000	200,000	200,000	200,000
Major Repairs Reserve	5,534,300	4,757,800	6,322,400	5,670,600	5,802,300
	<u>6,688,000</u>	<u>5,457,800</u>	<u>8,219,000</u>	<u>8,661,000</u>	<u>8,526,000</u>

PROPERTY IMPROVEMENT & MAJOR WORKS				
Description of works	2015/16	2016/17	2017/18	2018/19
EXTERNAL IMPROVEMENTS	1,113,000	705,000	864,000	854,000
INTERNAL IMPROVEMENTS	326,000	352,000	352,000	352,000
PATHS, FENCES & WALLS	57,600	270,000	270,000	270,000
WORKS TO BUILDING FABRIC	200,000	150,000	150,000	150,000
PV INSTALLATIONS & OTHER SUSTAINABILITY MEASURES	457,100	75,000	75,000	75,000
RENEWAL OF HEATING SYSTEMS	540,000	747,000	751,000	773,000
MAJOR REFURBISHMENTS TO VOID PROPERTIES	398,000	475,000	475,000	475,000
WINDOWS & DOORS	88,600	3,377,000	3,468,000	3,488,000
ASBESTOS	125,000	92,000	82,000	80,000
SHELTERED ACCOMMODATION	59,300	30,000	30,000	30,000
NEIGHBOURHOOD WORKS	433,500	200,000	200,000	-
DOOR ENTRY SCHEMES	88,200	55,000	55,000	55,000
STRUCTURAL WORKS	97,300	100,000	100,000	100,000
COMMUNAL LIGHTING	-	173,000	74,000	96,000
FIRE PROTECTION	98,000	70,000	70,000	70,000
LIFTS	17,300	65,000	160,000	-
SCOOTER STORES	43,800	-	-	-
INTERNAL COMMUNAL IMPROVEMENTS	67,000	-	-	-
GARAGE IMPROVEMENTS	130,900	25,000	25,000	25,000
COMMERCIAL PROPERTIES	30,700	-	-	-
FEE FOR MANAGING PROGRAMME	576,500	624,000	636,000	643,000
CONTINGENCY	-	174,000	364,000	530,000
TOTAL BUDGET FOR EXISTING PROPERTIES	4,947,800	7,759,000	8,201,000	8,066,000

NEW BUILD				
	2015/16	2016/17	2017/18	2018/19
COUNCIL APPROVED GARAGE SITES 2A	555,700	1,041,700	18,600	-
SCHEMES SUBJECT TO TENDER & COUNCIL APPROVAL CURRENT ESTIMATE FOR PIPELINE SCHEMES	766,300	2,988,800	3,368,500	442,100
TOTAL ESTIMATE FOR NEW BUILD	1,322,000	4,030,500	3,387,100	442,100

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HOUSING REVENUE ACCOUNT - RENTS & CHARGES

	2015/16	2016/17
	£	£
Dwelling Rents (average)		
48 wk basis	89.25	88.36
52 wk basis	82.38	81.56
Garages (per month)	28.05	28.33
Communal Heating Schemes (52 wk basis)		
Gas		
1 person flat	7.90	6.91
2 person flat	10.65	9.32
Cumming Court 1 person flat	4.88	5.12
2 person flat	6.71	7.05
Guest Bedrooms (per night)	10.00	10.00

**Cheltenham Borough Council
Treasury Management Panel – 18th January 2016
Cabinet – 9th February 2016
Council - 12th February 2016**

Treasury Management Strategy Statement and Annual Investment Strategy 2016/17

Accountable member	Cabinet Member Finance, Councillor John Rawson
Accountable officer	Section 151 Officer, Paul Jones
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>Treasury Management Panel/Cabinet recommend to Council the approval of the attached Treasury Management Strategy Statement and Annual Investment Strategy for 2016/17 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 2016/17 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 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.

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 18th January 2016.

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	Section 151 Officer Paul Jones	24 th January 2015	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 2017	Section 151 Officer Paul Jones	

TREASURY MANAGEMENT STRATEGY 2016/17

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 2016/17

The strategy for 2016/17 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, 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 2016/17 – 2018/19

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	2014/15 Actual £000	2015/16 Revised £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
General Fund	4,333	24,463	9,196	949	949
HRA	6,974	5,458	8,219	8,661	8,526
Total	11,307	29,921	17,415	9,610	9,475

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	2014/15 Actual £000	2015/16 Revised £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Total	11,307	29,921	17,415	9,610	9,475
Financed by:					
Capital receipts	1,513	8,035	1,080	430	230
Capital grants	344	737	380	380	380
Capital reserves	6,352	5,902	6,568	5,917	6,048
3 rd Party Contributions	369	893	750	250	250
Revenue	629	60	1,722	2,490	2,424
Borrowing need for the year	2,100	14,294	6,915	143	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	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Capital Financing Requirement					
Total CFR	72,595	73,871	86,148	84,189	82,260
Movement in CFR	(887)	1,276	12,277	(1,959)	(1,929)

Movement in CFR represented by					
Net financing need for the year (above)	11,307	29,921	17,415	9,610	9,475
Less MRP/VRP and other financing movements	(12,194)	(28,520)	(29,692)	(11,569)	(11,404)
Movement in CFR	(887)	1,401	12,277	(1,959)	(1,929)

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.

%	2014/15 Actual	2015/16 Revised	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
General Fund	2.90%	3.60%	4.01%	4.28%	4.21%
HRA	8.01%	7.77%	7.92%	8.00%	8.15%
Total	5.88%	6.05%	6.26%	6.55%	6.62%

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

£	2014/15 Actual	2015/16 Revised	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Council tax - band D	NIL	NIL	NIL	NIL	NIL

For average weekly housing rents

£	2014/15 Actual	2015/16 Revised	2016/17 Estimate	2017/18 Estimate	2018/19 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 have indicated that rent levels will decrease by 1% over the next four years. 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 2015, 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	2014/15 Actual	2015/16 Revised	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
External Debt					
Debt at 1 April	57,709	58,926	65,360	68,512	68,671
Expected change in Debt	1,217	6,434	3,170	274	4,857
Actual debt at 31 March	58,926	65,360	68,530	68,786	73,528
The Capital Financing Requirement	72,595	73,871	86,148	84,189	82,260
Under / (over) borrowing	13,669	8,511	17,618	15,403	8,732

Total investments at 31 March					
Investments	24,561	17,460	14,590	13,520	10,520
Investment change	3,845	(7,101)	(2,870)	(1,070)	(3,000)

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 2016/17 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 Section 151 Officer 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	2015/16 Revised	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Borrowing	106,600	107,000	104,000	101,000

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	2015/16 Revised	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Borrowing	116,000	117,000	114,000	111,000

3.3 Prospects for interest rates

The Council has appointed Capita 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 2015	0.50	2.30	3.60	3.50
March 2016	0.50	2.40	3.70	3.60
June 2016	0.75	2.60	3.80	3.70
Sept 2016	0.75	2.70	3.90	3.80
Dec 2016	1.00	2.80	4.00	3.90
March 2017	1.00	2.80	4.10	4.00
June 2017	1.25	2.90	4.10	4.00
Sept 2017	1.50	3.00	4.20	4.10
Dec 2017	1.50	3.20	4.30	4.20

March 2018	1.75	3.30	4.30	4.20
June 2018	1.75	3.40	4.40	4.30
Sept 2018	2.00	3.50	4.40	4.30
Dec 2018	2.00	3.50	4.40	4.30
March 2019	2.00	3.60	4.50	4.40

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. The November 2015 Bank of England Inflation Report included a forecast for growth to remain around 2.5-2.7% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero since February 2015 this year. Investment expenditure is also expected to support growth. However, since the August Inflation report was issued, worldwide economic statistics have distinctly weakened and the November Inflation Report flagged up particular concerns for the potential impact on the UK.

The Inflation Report was notably subdued in respect of the forecasts for inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. However, once the falls in oil, gas and food prices over recent months fall out of the 12 month calculation of CPI, there will be a sharp tick up from the current zero rate to around 1 percent in the second half of 2016. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon was the biggest since February 2013. There is considerable uncertainty around how quickly inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate.

In the Eurozone, the ECB used its powers in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in quarter 2 and looks as if it may maintain this pace in quarter 3. However, the recent downbeat Chinese and Japanese news has raised questions as to whether the ECB will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then weakened again to 1.5% in quarter 3. The downbeat news in late August and in September about Chinese and Japanese growth and the knock on impact on emerging countries that are major suppliers of commodities, was cited as the main reason for the Fed's decision at its September meeting to pull back from a first rate increase. However, the nonfarm payrolls figure for growth in employment in October was very strong and, together with a likely perception by the Fed. that

concerns on the international scene have subsided, has now firmly opened up the possibility of a first rate rise in December.

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.

Against this background and the risks within the economic forecast , caution will be adopted with 2016/17 treasury operations. The Section 151 Officer 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 2015 comprised:

		Principal	Ave. rate
		£m	%
Fixed rate borrowing	PWLB	49.72	3.65
	Market	<u>15.90</u>	<u>4.00</u>
		65.62	3.74
TOTAL DEBT		<u>£65.62m</u>	3.74
TOTAL INVESTMENTS		23.02m	0.63

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 Section 151 Officer will agree in advance with Capita on 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, then return.

In accordance with guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; 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.

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.

Investment instruments identified for use in the financial year are listed in Appendix 3 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

As with previous practice, ratings will 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.

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.

Investment instruments identified for use in the financial year are listed below in paragraph 4.4 under the ‘specified’ and ‘non-specified’ investments categories as well as the counterparty limits.

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	£2m	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.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The types of investments that may be used by the Council, and whether they are specified or non-specified are as follows:

Specified and Non-Specified Investments

Investment	Specified	Non-Specified
Term deposits with banks and building societies	✓	✓
Term deposits with other UK local authorities	✓	✓
Certificates of deposit with banks and building societies	✓	✓
Gilts	✓	✓
Treasury Bills (T-Bills)	✓	x
Bonds issued by Multilateral Development Banks	✓	✓
Local Authority Bills	✓	x
Commercial Paper	✓	x
Corporate Bonds	✓	✓
Property Funds	x	✓
AAA rated Money Market Funds	✓	x
Other Money Market and Collective Investment Schemes	✓	✓

Debt Management Account Deposit Facility	✓	x
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4.3 Creditworthiness policy

This Council applies the creditworthiness service provided by Capita Asset Services. 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 *
- Dark Pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
- Light Pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- 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-. 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. UK part nationalised banks such as National Westminster Bank and Royal Bank of Scotland are currently rated as

BBB+ but remain on the list as they have the government support at present. However once the majority of these banks shares are sold they will be colour coded as an unsupported bank in line all the other banks, and if the rating falls below A-, will be removed from the lending list.

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 Asset Services' 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 any external support for banks to help support its decision making process.

4.4 Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of **AA-** 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.

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 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 Capita 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 which was extended recently to December 2017. 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 25th January 201 Page 229

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	Barclays Bank Plc	7.0	-	6 months	A	
UK	Close Brothers Ltd	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	Santander	7.0	-	6 months	A	
UK	Standard Chartered Bank	7.0	-	6 months	A+	Currently off
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	-	6 months	A	
UK	Leeds Building Society	7.0	-	6 months	A-	
UK	Bank of Scotland (Lloyds Banking Group)	7.0	9.0	6 months	A+	
UK	Lloyds Bank (Lloyds Banking Group)	7.0	9.0	6 months	A+	
UK	Nat West Bank (RBS Group)	7.0	9.0	12 months	BBB+	Part Nationalised
UK	Royal Bank of Scotland (RBS Group)	7.0	9.0	12 months	BBB+	Part Nationalised

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	-
UK	The Gloucestershire Everyman Theatre	0.1		12 months	-
UK	Cheltenham Trust	0.1		12 months	-
UK	Ubico Ltd (wholly owned LA company - 50/50 CBC & Cotswold DC)	0.5	-	1 year	-
UK	Cheltenham Borough Homes	10.00		Non-Specified	-
UK	Gloucestershire Airport Ltd - 50/50 CBC & Glos City Council	1.00		7 Years	-

Sovereign rating AA+ minimum

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	DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	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
Netherlands	Bank Nederlandse Gemeenten	2.0	2.0	12 months	AA+
Netherlands	Coöperatieve Rabobank U.A.	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	JP Morgan Chase Bank NA	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.

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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 £331,586 for 2016/17.

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 2016/17.

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 £954,245 2016/17.

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 2016/17.

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	Expenditure capitalised by virtue of a Direction under s16(2)(b) of the Local Government Act 2003 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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Agenda Item 18

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