



CHELTENHAM

BOROUGH COUNCIL

Notice of a meeting of Cabinet

Tuesday, 11 October 2016
6.00 pm
Pittville Room - Municipal Offices

Membership	
Councillors:	Steve Jordan, Flo Clucas, Chris Coleman, Rowena Hay, Peter Jeffries, Andrew McKinlay and Roger Whyborn

Agenda

	SECTION 1 : PROCEDURAL MATTERS	
1.	APOLOGIES	
2.	DECLARATIONS OF INTEREST	
3.	MINUTES OF THE LAST MEETING Minutes of the meeting held on 13 September 2016	(Pages 3 - 6)
4.	PUBLIC AND MEMBER QUESTIONS AND PETITIONS These must be received no later than 12 noon on the fourth working day before the date of the meeting	
	SECTION 2 :THE COUNCIL <i>There are no matters referred to the Cabinet by the Council on this occasion</i>	
	SECTION 3 : OVERVIEW AND SCRUTINY COMMITTEE <i>There are no matters referred to the Cabinet by the Overview and Scrutiny Committee on this occasion</i>	
	SECTION 4 : OTHER COMMITTEES <i>There are no matters referred to the Cabinet by other Committees on this occasion</i>	
	SECTION 5 : REPORTS FROM CABINET MEMBERS AND/OR OFFICERS	
5.	ADVICE & INCLUSION CONTRACT Report of the Cabinet Member Housing	(Pages 7 - 38)

6.		CHELTENHAM BOROUGH COUNCIL TRAVEL PLAN Report of the Cabinet Member Corporate Services	(Pages 39 - 66)
7.		PLACE STRATEGY-SCOPING Report of the Leader	(Pages 67 - 84)
8.		CHELTENHAM DEVELOPMENT TASK FORCE BUSINESS PLAN Report of the Cabinet Member Development and Safety	(Pages 85 - 106)
9.		2020 PARTNERSHIP LOCAL AUTHORITY COMPANY Report of the Cabinet Member Corporate Services	(Pages 107 - 152)
10.		BUDGET STRATEGY AND PROCESS 2017/18 Report of the Cabinet Member Finance	(Pages 153 - 198)
		SECTION 6 : BRIEFING SESSION • Leader and Cabinet Members	
11.		BRIEFING FROM CABINET MEMBERS	
		SECTION 7 : DECISIONS OF CABINET MEMBERS Member decisions taken since the last Cabinet meeting	
		SECTION 8 : ANY OTHER ITEM(S) THAT THE LEADER DETERMINES TO BE URGENT AND REQUIRES A DECISION	

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Cabinet

**Tuesday, 13th September, 2016
6.00 - 6.20 pm**

Attendees	
Councillors:	Steve Jordan (Leader of the Council), Chris Coleman (Cabinet Member Clean and Green Environment), Rowena Hay (Cabinet Member Finance), Peter Jeffries (Cabinet Member Housing), Andrew McKinlay (Cabinet Member Development and Safety) and Roger Whyborn (Cabinet Member Corporate Services)
Also in attendance:	Councillor Louis Savage

Minutes

1. APOLOGIES

Councillor Clucas

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE LAST MEETING

The minutes of the meeting held on 12 July were approved and signed as a correct record.

4. PUBLIC AND MEMBER QUESTIONS AND PETITIONS

There were none.

5. USE OF RIGHT TO BUY RECEIPTS

The Cabinet Member Housing introduced the report and reminded Members that in April 2012 the Government introduced a self-financing model for the Housing Revenue Account and allowed Councils to retain their Right to Buy receipts on the understanding that these receipts must be used to deliver new affordable housing. The Council's preferred approach was to use the receipts for delivering new build on council-owned land as this option provided the greatest value for money. He emphasised however that this option could be complex and thus the timing of delivery could be uncertain which was not ideal given that these receipts have to be spent within strict deadlines otherwise must be repaid to the Government. This was outlined in paragraph 2.1 of the report. Appendix 2 illustrated the unpredictable rate at which Right to Buy receipts were received as well as the amount received over any given period.

The Cabinet Member went on to explain that in view of this it was proposed that the Council kept open the alternative option of using the receipts to purchase homes from the open market, which would then be converted to affordable housing. This would ensure that repayments of receipts to the Government could be avoided. He highlighted however that this option remained secondary

to the preferred option of using the receipts for delivering new build on council-owned land.

Finally, the Cabinet Member Housing informed that a proposal for a generic policy to address the issue would be submitted to Council in due course.

Members supported the proposal to maximise the use of Right to Buy receipts acknowledging the lack of available rented housing and in particular social housing as well as the serious constraints for development in Cheltenham.

RESOLVED THAT

- 1. The Head of Property and Asset Management (in consultation with the section 151 Officer) be authorised to purchase dwellings that are considered to be suitable for use as affordable housing (in accordance with the parameters as set out within Section 4.4 of this report), subject to a total cap on the consideration paid of £0.5 million (this is additional to the £1m already authorised by Cabinet in November 2015);**
- 2. The Borough Solicitor be authorised to negotiate and complete such documents as she deems necessary or desirable to conclude the transactions negotiated by the Head of Property and Asset Management under Resolution 1 above;**
- 3. the Section 151 Officer be authorised to use the Right to Buy receipts where necessary to fund the acquisition of the properties purchased under Resolution 1 above.**

6. FREE DISTRIBUTION OF PRINTED MATTER

The Cabinet Member Development and Safety introduced the report which sought permission under Schedule 3A of the Environmental Protection Act 1990 to designate land by order on which the council could control the distribution of free printed matter. The distribution of free printed matter was a particular problem (but not exclusively) for the council during raceweek due to the amount of litter it generated. He referred to the charging arrangements outlined in Appendix 2 of the report and the map which proposed the order to cover the entire town centre and the Evesham Road up to the racecourse. It was hoped that, assuming the consultation went well, the order would be implemented by November. He said the council would be in a position to process applications within one week and was confident that it would improve the situation in the town centre.

RESOLVED THAT

- 1. the proposed designation of land as outlined in Appendix 2 be approved;**
- 2. authority be delegated to the Director of Environment to publish the necessary notices in accordance with paragraph 2(4) of schedule three of the Environmental Protection Act 1990;**

3. subject to there being no objections received:

- a. the proposed fees and charging structure set out in Appendix 2 be approved ;**
- b. the adoption of the proposed conditions set out in Appendix 2 be approved;**
- c. the Director of Environment (in consultation with the Cabinet Member for Development and Safety) be delegated authority to do whatever is necessary to implement the designation of land including authority to:**
 - i. publish notices of the decision in accordance with paragraph 2(6) of schedule three of the Environmental Protection Act 1990; and**
 - ii. designate officers as authorised persons under Schedule 3A of the Environmental Protection Act 1990.**

7. BRIEFING FROM CABINET MEMBERS

The Cabinet Member Development and Safety referred to the briefing note attached to the agenda with regard to 159 Fairview Road and the Banksy Mural. He hoped that this provided a clear outline of the history of the issue and demonstrated that the council was doing everything reasonable to address the problem.

The Cabinet Member Corporate Services referred to the announcement made by the Boundary Commission with regard to parliamentary boundary changes. He emphasised that this did not affect local authority boundaries but in terms of Gloucestershire and South Gloucestershire a number of seats were being moved which meant that Springbank ward would now come under Tewkesbury. He reported that the council would be formulating a response to the consultation in due course.

The Cabinet Member Clean and Green Environment informed that the consultation on waste and recycling had now closed and a total of 1800 responses had been received which was an unprecedented rate. He expressed his gratitude for the feedback which was mixed in nature. He envisaged that a report would be brought to Cabinet on the redesign of the service by the end of the year with the main driver being to improve the service as much as possible.

The Leader informed that he had updated Overview and Scrutiny at its meeting last night on the current position with regard to devolution. He explained that the position was unclear due to the new Government however work was ongoing at a local level. He was proposing to convene a Member seminar so all Members could be briefed on any developments.

8. CABINET MEMBER DECISIONS TAKEN SINCE THE LAST MEETING

Cabinet Member	Decision
Cabinet Member Development and Safety	Approve consultation on the proposal for the Late Night Levy to cease to have effect in the borough; delegate authority to the Director Environment to do whatever is necessary to comply with statutory requirements associated with the consultation
Cabinet Member Development and Safety	Approve proposed Public Spaces Protection Order for public consultation
Leader	Delegate authority to Head of Property and Asset Management to approve the sale of solar PV systems to a tenant pursuing his Right to Buy from the Council, a property upon which panels are placed
Leader	Community Pride and Community Building Grant allocation
Leader	Community Pride Grant-Holst Museum
Leader	Community Giving Grant-Charlton Kings Parish Council
Cabinet Member Finance	To appoint CBG Consultants Ltd to provide consultancy services on all electrical works associated with CBC properties providing social housing
Cabinet Member Healthy Lifestyles	Positive Activities Funding 2016

9. LOCAL GOVERNMENT ACT 1972 - EXEMPT BUSINESS

10. PROPERTY ACQUISITION- ITEM WITHDRAWN

Chairman

Cheltenham Borough Council

Cabinet – 11th October 2016

Advice and Inclusion Contract

Accountable member	Councillor Peter Jeffries, Cabinet Member - Housing
Accountable officer	Martin Stacy, Lead Commissioner – Housing Services
Ward(s) affected	All
Key Decision	Yes
Executive summary	<p>The council's Advice and Inclusion Contract with County Community Projects (CCP) expires on 31st March 2017. This therefore provides the council with an opportunity to review the outcomes and service specification, to ensure that it is best placed to meet the needs of Cheltenham residents most affected by the ongoing changes being brought about by the welfare reforms, particularly with regard to the implementation of Universal Credit.</p> <p>The introduction of Universal Credit, whilst simplifying the benefits system, will provide challenges to some residents. Benefit claimants will be expected to make their claims online, and recipients of Universal Credit will, in the main, receive all of their means-tested benefits in a single payment, which will be paid monthly.</p> <p>From experiences found elsewhere during the piloting of Universal Credit, it is clear that more vulnerable residents have struggled to adapt to these changes, resulting in clients falling into debt – including rent arrears, leading to increased risks of homelessness.</p> <p>If approved, the new Advice and Inclusion Contract will seek to mitigate against the risks of households falling into debt, thereby preventing homelessness.</p>
Recommendations	<p>To retender the Advice and Inclusion Contract for a term of 3 years from April 1st 2017, with the option of extending the term for a further 2 years, subject to satisfactory performance and available finance.</p> <p>To authorise the Managing Director of Place and Economic Development, in consultation with Cabinet Member – Housing, to award the contract to the successful tenderer, following evaluation of bids.</p> <p>To authorise the Managing Director of Place and Economic Development, in consultation with Cabinet Member – Housing, to extend the contract for a further 2 years following the end of the first 3 years of the service contract, subject to satisfactory performance and available finance.</p>

Financial implications	<p>The council estimates that the value of the contract will be around £130,000 a year. Potential savings may be derived from the General Fund, subject to Council approval to use £25k/year from the HRA to support the delivery of this service.</p> <p>Re-tendering of the Advice & Inclusion Contract will be a financial commitment for a period of 3 years, plus a further 2 years, subject to satisfactory performance of the Provider(s) and available finance.</p> <p>Contact officer: Sarah Didcote, GOSS Business Partner Manager sarah.didcote @cheltenham.gov.uk, 01242 264125</p>
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<p>Legal implications</p>	<p>The existing Advice & Inclusion Contract does not need to be formally terminated as it will expire on 31st March 2016. Any new contract awarded will go through a tendering process, within the timelines specified in this Report.</p> <p>The value of the contract means that the tendering process is subject to the Public Contracts Regulations 2015. However, the nature of the services places the contract within the regulations’ “light touch” regime: The council is required to advertise via an OJEU notice but has considerable leeway in the process it uses to award the contract. The council need not use one of the formal procedures described in the regulations as long as it utilises a method that conforms to the wider obligations imposed by European law to ensure fairness in procurement i.e. equality of treatment of bidders and transparency in the process.</p> <p>Statutory guidance relating to local authorities’ Best Value Duty requires the Council to undertake the consultation of “representatives of a wide range of local persons” at “all stages of the commissioning cycle, including when considering the decommissioning of services.” As the current service contract is due to expire and a new service is to be commissioned the consultation described in section 7 of this Report is a legal requirement.</p> <p>In designing and commissioning the service the Council has to pay due regard to its public sector equality duty, as contained in Section 149 of the Equality Act 2010 : i.e. “the need to:</p> <ul style="list-style-type: none"> (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. <p>A protected characteristic is defined by the Act as “age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation</p> <p>In effect the council should consider the relevance of the duty to the service and then retain evidence in order to show that it has done so.</p> <p>Contact officer: Linden Dunham, Chartered Legal Executive (Commercial)</p> <p>linden.dunham@teWKesbury.gov.uk, 01684 272065</p>
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<p>HR implications (including learning and organisational development)</p>	<p>In the event that the contract is awarded to a new provider this will qualify as a service provision change under the “Transfer of Undertakings (Protection of Employment) Regulations 2006” (as amended by the “Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014”). Accordingly the staff employed by the current provider will transfer on their terms and conditions at the date of transfer to the new provider.</p> <p>Contact officer: Carmel Togher, HR Business Partner West</p> <p>Carmel.togher@cheltenham.gov.uk, 01242 775215</p>
<p>Key risks</p>	<p>The risks are set out in the risk matrix, Appendix 1</p>
<p>Corporate and community plan Implications</p>	<p>This advice service will support our community outcome: People live in strong, safe and healthy communities.</p>
<p>Environmental and climate change implications</p>	<p>None as a direct result of this report.</p>
<p>Property/Asset Implications</p>	<p>None as a direct result of this report.</p> <p>Contact officer: David Roberts, Head of Property Services</p> <p>david.roberts@cheltenham.gov.uk 01242 264151</p>

1. Background

- 1.1 Cheltenham Borough Council currently has an Advice and Inclusion Contract with the County Community Projects to deliver Debt and Debt Prevention advice, Benefits Advice, and Housing Rights Advice to residents within Cheltenham.
- 1.2 This contract expires on 31st March 2017, giving the Council the opportunity to consider whether to re-tender the service and to review the service specification in light of the ongoing welfare reforms, and in particular the introduction of Universal Credit. More information about the changes that have been introduced since April this year, in addition to details about the changes that are yet to come, are summarised in Appendix 2 of this report.

2. Reasons for the decision

- 2.1 The introduction of Universal Credit, whilst simplifying the benefits system, will provide challenges to some residents. Benefit claimants will be expected to make their claims online, and recipients of Universal Credit will, in the main, receive all of their means-tested benefits in a single payment, which will be paid monthly.
- 2.2 From experiences found elsewhere during the piloting of Universal Credit, it is clear that more vulnerable residents have struggled to adapt to these changes, resulting in clients falling into debt – including rent arrears, leading to increased risks of homelessness.
- 2.3 The council considers that introduction of Universal Credit, in addition to the other welfare reforms, will therefore have the following potential consequences:
 - Private rented accommodation and some social housing will become less affordable for low-income households.
 - There will continue to be challenges on benefits decisions, as households are assessed and move onto benefits which are less favourable financially.
 - With the introduction of Universal Credit and the requirement for online claims to be made for this benefit, this poses risks to vulnerable residents who have poor budgeting skills and/or who are digitally excluded.
 - There may be an increase in homelessness as households fall into debt.
- 2.4 It is in having regard to these factors that the new service specification will be centred on the draft service requirements as detailed within Appendix 3 of this report.

3. Outcomes

- 3.1 Key outcomes identified within the proposed Advice and Inclusion Contract are as follows:
 - To prevent homelessness
 - To reduce debt
 - To prevent future debt arising
 - To improve digital inclusion
 - To maximise incomes
 - To ensure the rights of individuals are protected; and
 - To ensure vulnerable residents are adequately assisted in securing their rights and other

outcomes

3.2 These outcomes are complemented by a Statement on the Council's vision, aims and priorities, which are also detailed within Appendix 3 of this report.

4. **Key changes to the Advice and Inclusion service**

4.1 It is proposed that the Advice and Inclusion service will remain largely the same as it is currently, in view of the fact that welfare reforms are continuing, and because the priority for the council continues to be to mitigate against any potential adverse impacts arising from these reforms. The key changes that are proposed reflect the introduction of Universal Credit, as this will present significant changes to the way those on benefits will be able to claim their benefit and manage their financial affairs.

4.2 A summary of the key changes to the draft service specification at Appendix 3 are as follows:

- Greater emphasis on digital inclusion and budgetary support
- Increased availability of computers for clients requiring help and assistance with online claims (at least 3 must be available at any one time).
- The service to be open for at least 2 hours a week during evenings or weekends.
- The opportunity for providers to offer much greater flexibility in terms of opening times (provided a minimum number of opening hours is maintained) to take better account of the needs of residents.

5. **Timeline**

5.1 Provided the re-tendering of this contract is approved, it is necessary to ensure that the successful Provider(s) are notified of the outcome by the end of December 2016. This will ensure that there is sufficient time for any transitional arrangements to be in place by the start of the Contract on April 1st, should there be a change in Provider.

5.2 It is proposed that the Evaluation Panel will comprise: Martin Stacy, Lead Commissioner – Housing Services; Paul Aldridge, Benefits Manager; and Matt Ward, Neighbourhood Performance Manager for Cheltenham Borough Homes.

5.3 Further details of key processes to follow, against timelines, is found in Appendix 4 of this report.

6. **Alternative options considered**

6.1 Not to retender this advice service. Whilst there is no statutory requirement for the council to fund this service, it will support the council's community outcome: People live in strong, safe and healthy communities. This service also supports the key outcomes and priorities identified within the council's Housing & Homelessness Strategy 2012-2017. With the ongoing implementation of the government's welfare reforms, in particular the introduction of Universal Credit, this service is considered to be essential in supporting households and families falling into debt, and needing budgeting and benefits advice and assistance, as well as supporting those who are at risk of homelessness, or who are facing eviction as a result of being unable to manage their financial affairs.

6.2 To reduce the range of advice services proposed within the contract. This was rejected on the basis that debt, financial exclusion, poor digital capability and housing can often be inextricably linked. By providing a holistic assessment of a household's overall debt, benefits and housing needs, this will ensure that risks of homelessness are minimised, as vulnerable clients in particular can often become 'lost' when being referred from one agency to another.

6.3 To provide the service in-house. This was rejected on the basis of the significant potential for

Added Value gained through contracting this service out to an external Provider.

7. Consultation and feedback

- 7.1 Consultation has been undertaken with local advice providers to consider gaps and to test whether the council has got its priorities right in terms of its proposed service provision in the context of the local market. All three providers supported the draft proposals and agreed these priorities were appropriate to support local needs.
- 7.2 Consultation has also been undertaken internally with the council's Housing Benefits Service and with Cheltenham Borough Homes, both of which have helped shape the proposed draft service specification.
- 7.3 Wider consultation has also been undertaken with the council's Positive Participation Partnership, and the Housing & Support Forum. The council has received a number of responses, all of which are supportive of this proposed service contract. Suggestions were made to offer more flexible opening hours, and to monitor referrals into organisations providing support and training for those seeking work. The council has included these suggestions within the specification. A further comment was made as to whether the council had considered the availability of other advice agencies within the area, and this has been dealt with in section 6.2 above.

8. Performance Management – Monitoring and Review

- 8.1 If approved, the performance of the contract will be monitored on a quarterly basis against the outcomes and outputs, as detailed within the proposed draft specification at Appendix 3 of this report.

Report author	Contact officer: Martin Stacy, Martin.stacy@cheltenham.gov.uk, 01242 775213
Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Summary of Benefit Changes 3. Service Requirements and Specification (Appendix 3A – draft service specification; Appendix 3B – draft outcomes form; Appendix 3C – principles and standards) 4. Draft Timeline for Re-tendering the Contract
Background information	

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
	If the proposal to re-tender the Advice & Inclusion Contract, along with a new service specification, is not agreed, then this is likely to lead to more residents, particularly vulnerable households, being incapable of managing their financial affairs adequately, falling into debt and/or becoming homeless. This is also likely to put significantly increased pressures on Cheltenham Borough's Housing Options Team and other services. In particular, it is likely to lead to the increased use of inappropriate temporary accommodation, such as Bed & Breakfast, at additional cost to the council.	Martin Stacy	16.8.16	3	4	12	Reduce	Cabinet agrees to retender the Advice & Inclusion Contract.	31.3.17	Martin Stacy	
	If there is no provider willing or able to offer the service as detailed within the service specification for the estimated value of the contract, then local needs will not be supported.	Martin Stacy	30.9.16	3	1	3	Accept	Soft market testing has been undertaken with a number of local advice providers, all of whom support the proposed service specification. The proposed service specification is not substantially different from the existing specification currently	20.12.16	Martin Stacy	

								being delivered by CCP on behalf of the council.			
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April 2016

'Good cause' for backdating a Housing Benefit claim was reduced to one month for working age customers. Pension age claims remain at three months.

Most working age and some pension age benefits were frozen for four years. Local Housing Allowance maximum rent levels were frozen and social housing rents had to be reduced by 1% each year until 2020

May 2016

The family premium for calculating Housing Benefit was removed for new and existing claimants who became responsible for a child after this date.

July 2016

New regulations were introduced in housing benefit and pension credit to reduce the period a person can be temporary absent outside of Great Britain from 13 to 4 weeks.

November 2016

Revised benefit cap rates are to be introduced which limits the maximum income someone who is unemployed or sick can get in out of work benefits, housing benefit, child benefit and child tax credits to £20,000 a year if couple/lone parent/family or £13,400 if single

From April 2017

New claims for Housing Benefit or Universal Credit will be restricted to two children and existing claims where a third child is born (subject to possible exceptions for twins).

Supported social housing may be included in the 1% rent reduction each year until 2020

It is proposed that no Housing Benefit (housing allowance in Universal Credit) will be paid from April 2017 for single 18-21 year olds making a new claim, if they have not worked continuously in the preceding six months.

Awaiting decisions on 'Pay to Stay', supported accommodation and treatment of homeless

Possible major review/ public consultation on the long term council tax support scheme for working age customers in Cheltenham and small changes to the pension age scheme

January / February 2018

Anticipated live date for all new working age claims for Universal credit in Cheltenham

From April 2018

Tenants in the social housing sector will have their rent restricted to the LHA rates for all new tenancies signed after 1st April 2016. Single people under 35 will mainly be affected

September/ October 2019

Transfer of remaining housing benefit cases for working age customers to Universal credit

Advice and Inclusion Contract

1. Service Requirements

1.1 Vision

Cheltenham Borough Council's vision is to secure an integrated borough wide service that delivers quality advice, assistance and support to Cheltenham residents in respect of:

- Debt (where housing-related debt forms part of the overall debt)
- Debt prevention, through the provision of Financial Inclusion and Financial Capability work (including budgeting support)
- Benefit Take-Up and Benefit Rights (including assistance with online benefit claims and managing their digital accounts following the roll-out of Universal Credit).
- Housing Rights and Homelessness Prevention

1.2 Aims

Cheltenham Borough Council will ensure that households affected by the welfare reforms are advised and assisted through these changes, in order that any potentially adverse impacts, such as debt and homelessness are minimised. It is considered that vulnerable households in particular will be susceptible to any negative impacts.

Outcomes

1.3

Our key outcomes are therefore to:

- Prevent homelessness
- Reduce debt
- Prevent future debt arising
- Improve digital inclusion for individuals claiming Universal Credit
- Maximise incomes for individuals receiving or entitled to welfare benefits
- Ensure the rights of individuals are protected
- Ensure vulnerable residents are adequately assisted in securing their rights and other outcomes

1.4

Priorities Cheltenham Borough Council will ensure its vision and aims are aligned to these outcomes by focusing on the following priorities:

- Providing a key focus on debt prevention and homelessness prevention. CBC considers that the provision of preventative services is more cost effective than tackling issues at the point of crisis, and that this will be beneficial for Cheltenham residents and communities at large.
- Ensuring there is a holistic assessment of a household's needs. Debt,

financial exclusion and poor financial and digital capability, along with benefits issues and risks to housing, can often be inextricably linked. It will be expected that advice, assistance and support will be delivered holistically for households experiencing a combination of debt, benefit and housing issues.

- Ensuring the rights of individuals and families in respect of debt, benefit take-up and housing, are protected through the provision of advice, representation and advocacy.
- Recognising that whilst many households will be able to deal with their own issues themselves once they have received information, others – particularly vulnerable groups - will require more in the way of assistance, until their case has reached a resolution. For the purposes of the specification attached (Appendix A), vulnerability is considered to apply to anyone who would be unable to resolve their affairs adequately on the basis of being given information alone. Emphasis is placed on vulnerable groups because the consequences of these households failing to act properly on information given is likely to have adverse consequences not only for the households concerned, but also on the community and other services at large.
- Ensuring that relevant advice and support services are available and accessible with support if needed.
- Maximising awareness of the availability of this advice service through relevant marketing and publicity campaigns.

Advice and Inclusion Contract – Service specification and management information requirement		
Activity	PI	Period
<p>1. Key reporting requirements that will apply across all debt, benefit take-up, financial inclusion and housing rights advice unless specifically stated otherwise.</p> <p>Explanatory Notes for the PIs:</p> <p>A vulnerable person is considered to be an individual who would be unable to deal adequately with his or her enquiry on the basis of information being provided alone. The Council will agree with the Provider an approved method for identifying vulnerable households at the outset.</p> <p>A complex/multiple debt case is one which requires the ongoing work of a specialist caseworker, rather than a simple, short 'one-off' interview.</p>	<p>Total number of individuals approaching the service for advice and cases closed</p> <p>Of which:</p> <ol style="list-style-type: none"> 1. Number given basic/one-off advice/information 2. Number of individuals who are identified as vulnerable or where casework involves complex issues <p>Outcomes to be broken down by ward and by housing tenure (i.e. owner occupier, private rented, social/affordable rented – and if the latter including details of the Registered Provider).</p> <p>Repeat cases</p> <p>Learning around unsuccessful outcomes, and activities to be undertaken to mitigate in the future.</p> <p>Sample case studies</p> <p>The following targets will apply:</p> <p>For non-complex/non vulnerable clients, full</p>	<p>Quarterly unless stated otherwise</p>

<p>*Please note: this information will be provided to CBC/CBH each month and on an 'ad hoc' basis (as agreed by the parties on an exceptional basis).</p> <p>Annual report will scope out trends, issues arising, likely future pressure points and anticipated responses. Collaborative working opportunities pursued and future opportunities identified.</p>	<p>advice should be given within 5 working days of first contact.</p> <p>For complex or vulnerable clients, first full advice session should be given within 10 working days of first contact.</p> <p>For Benefits/budgeting support/debt advice referrals from Cheltenham Borough Council and Cheltenham Borough Homes:</p> <ul style="list-style-type: none"> - First appointment with client to be within 5 working days of referral being made or - Within 10 working days for complex cases/vulnerable clients. <p>Referrals from CBC/CBH will require completion of an outcome form, as agreed between commissioner and provider. A draft example is provided at Appendix B.</p> <p>Report</p>	<p>Monthly*</p> <p>Annually</p>
<p>2. Debt Advice and Advocacy</p>	<p>PI</p>	<p>Period</p>

<p>To provide advice, assistance, support (when required) and/or representation on all matters relating to debt – <u>where housing-related debt forms part of the overall debt</u> - including negotiation with creditors, arranging for debt to be set aside, representation in court proceedings and tribunals and in seeking to obtain financial assistance for them.</p> <p>To secure finance, where appropriate, from charities and other relevant agencies</p> <p>To ensure incomes are maximised for debt clients through Benefit Take-Up advice and assistance.</p>	<p>Total level of debt advised on</p> <p>Repayment plan agreed, of which the number of individuals who maintain a regular payment plan for a minimum of 3 months</p> <p>Direct income gained (e.g. through charitable funds) and number of individuals benefiting.</p> <p>Successful applications made to the Council’s “In Debt – A Way to Pay” scheme.</p> <p>Debt written off (including how) and number of individuals benefiting</p>	<p>Quarterly</p>
<p>3. Benefit Take-Up Advice & Representation/Advocacy</p>	<p>PI</p>	<p>Period</p>
<p>To provide advice, assistance and support (when required) in claiming all available benefits (for all other non-debt related inquiries), including assistance in making online Universal Credit applications and in managing online Universal Credit accounts</p> <p>To seek to maximise the income of clients and to liaise with relevant benefit agencies.</p> <p>To support and represent claimants through tribunals and appeals processes.</p> <p>To refer cases to Cheltenham Borough Homes Benefit and Money Advice Service where agreed with the tenant.</p>	<p>Total number of individuals where full advice is given but the individual is not eligible for more benefits.</p> <p>Total number of individuals benefiting from access to new benefits, including amount gained, broken down to types of benefits gained/individual.</p> <p>Number of individuals requiring help with completing Universal Credit application forms on line</p>	<p>Quarterly, unless otherwise stated</p> <p>Monthly *</p>

<p>To refer cases to relevant agencies that can support clients into accessing employment.</p> <p>*Information will be provided to CBC/CBH each month and on an 'ad hoc' basis (as agreed by the parties on an exceptional basis)</p>	<p>Number of individuals assisted in the ongoing management of their Universal Credit accounts, of which who are successfully supported in managing their accounts by themselves</p> <p>Number of individuals affected by DWP sanctions and outcomes</p> <p>Total number of reviews, appeals/reconsiderations and tribunal hearings, of which led to successful outcomes.</p> <p>Number of cases referred to Cheltenham Borough Homes</p> <p>Number of cases referred to employment support agencies.</p>	
<p>4. Financial Inclusion & Capability</p>		
<p>To assess, advise, assist and/or support (when required) households seeking debt advice (where housing-related debt is included as part of their overall debt) and/or benefit take-up advice in accessing basic financial services.</p> <p>To advise, assist and/or support (when required) households in developing their knowledge and skills in order to improve their financial capability, including effective budgeting.</p> <p>*Information will be provided to CBC/CBH each month and on 'ad-hoc' basis (as agreed by the parties on an exceptional basis).</p>	<p>PI</p> <p>Number of individuals assisted with budgetary support, of which were in receipt of Universal Credit</p> <p>Number of individuals in receipt of Universal Credit and in need of support, who received this support through:</p>	<p>Quarterly, unless otherwise stated</p> <p>Monthly*</p>

	<p>-face to face contact -telephone advice -Budgetary workshops</p> <p>Number of individuals who did not have bank accounts and who now have an account.</p> <p>Number of individuals who did not have internet at home or know where to access the internet and who are now able to access the internet.</p>	
<p>5. Housing Rights and Homelessness Prevention</p>		
<p>To advise, assist and/or support households (when required) in understanding their housing rights and to enable these households to achieve a resolution.</p> <p>To challenge local decision makers, including the Local Housing Authority and other Housing Providers on all housing related matters, where those decisions are to the detriment of the individual, and where it is believed that the individual has an arguable case. This will include decisions made by Cheltenham Borough Homes on behalf of Cheltenham Borough Council under Part 6 of the Housing Act 1996 (allocations), and Part 7 of the Housing Act 1996 (homelessness).</p> <p>To represent and/or advocate for households (including in court, as appropriate) who are at risk of homelessness as a result of actions taken by relevant bodies and individuals, such as private landlords (e.g. illegal evictions, harassment), social</p>	<p>PI</p> <p>Number of reviews on part 6 & 7 local authority decisions Of which are overturned</p> <p>Total number of challenges made to other housing providers/private landlords, including a summary of types of challenges and Registered Provider involved if relevant.</p> <p>Of these challenges, the number of individuals benefitting from successful</p>	<p>Quarterly</p>

<p>landlords (e.g. decisions to serve notice) and mortgage providers.</p> <p>To provide advice, assistance and support (where required) to all tenants and to mediate with landlords on behalf of tenants, where necessary, to ensure these rights are addressed. To assist tenants in dispute with their landlords and, with the tenant's consent and where appropriate, to negotiate with landlords to try to resolve disputes amicably, so as to reduce the risk of tenants losing their homes.</p> <p>To be an active member (and to chair where required) of relevant Pathway vehicles for accessing housing and related support services including, but not exclusively, 'START 16' 'SPA' and 'SHOP'. These groups meet weekly to consider the needs of individuals requiring Accommodation Based Support.</p>	<p>outcomes, including the nature of those outcomes and whether or not a homelessness prevention</p> <p>Any other homelessness preventions. (a case is considered to be a homelessness prevention where it is likely that the client will be able to remain/be housed in accommodation for at least 6 months)</p>	
<p>6. Other General Advice and Sign Posting</p>		
<p>To provide advice where appropriate, and sign post to specialist advisors or agencies where necessary, on all other issues, including but not restricted to family breakdown, domestic violence, loss of job, immigration and nationality, anti-social behaviour and harassment. To identify and refer to appropriate agencies where eligible for service.</p>	<p>No. of cases signposted and referred and to whom.</p>	<p>Quarterly</p>
<p>7. Monitoring, reporting and consultation</p>		
<p>To ensure that files, records and computer based data are maintained, for the period of the contract and for one year beyond that, for the purpose of providing accurate statistics whenever required.</p>	<p>Statistics timely presented in the required format.</p>	<p>Within 10 working days of request</p>
<p>To develop information sharing protocols with relevant agencies where this would ensure efficient and cost effective service delivery.</p>	<p>Completed protocols in active use.</p>	<p>Annually, or as required</p>
<p>8. Customer Engagement and Customer Satisfaction</p>		

<p>To conduct customer engagement activities with service users and the community at large (via existing community engagement mechanisms) on all aspects of the services being delivered, on a continual basis, and to evidence that the results have been used to bring about improvements to the service (where required).</p> <p>Explanatory Notes for PIs</p> <p>Surveys/questionnaires completed at the time cases are closed, to include views from all service-users, including vulnerable households and other communities, such as BME groups</p> <p>Survey/questionnaire should assess satisfaction levels around, but not exclusively limited to:</p> <ul style="list-style-type: none"> - General accessibility - Timescales in being seen by a specialist case worker - Satisfaction with the advice/assistance and/or support given <p>This is to understand any issues around access failure (or otherwise) from those who do not engage with the service. A report to identify key areas of success, as well as improvement, complete with a SMART action plan to address (where appropriate) any identified underperformance</p> <p>To allow the use of mystery shoppers – or any other such mechanism commissioned by Cheltenham Borough Council and/or Cheltenham Borough Homes (who are joint commissioners to this contract) to obtain a separate understanding of any underlying issues affecting the service.</p>	<p>PIs</p> <p>Surveys completed and report produced.</p> <p>Report will include any Customer Engagement with non-service users</p> <p>Separate report commissioned by CBC</p>	<p>Annually</p> <p>Annually.</p> <p>When required</p>
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9. Complaints and Compliments		
Complaints will be dealt with under the Provider’s complaints policy.	Number of complaints made Number upheld Number escalated to stage 2 and above Number upheld Number of compliments made about the service	Quarterly
10. General Service Requirements		
It is expected that the Contractor will follow the ‘Information and Advice: Principles and Standards’ as detailed in Appendix C(attached).		
The Services must be provided or accessed from premises within Cheltenham town centre which is served by public transport and, preferably, within easy walking distance of Cheltenham Borough Council’s main Housing Options Service, which is based at 301 High Street, Cheltenham GL50 3HW. The premises must have full disabled access to all public areas.		
To provide the service between 10am – 4pm Monday to Friday (although alternative hours will be considered, provided the total number of hours is the same). This will include a drop in service - service provision can be withdrawn for a weekly team meeting of one hour and a drop in service must be available at all other times. As a minimum, the service must also be open for appointments for 2 hours either for one evening/week or a Saturday morning.		
To offer a range of ways for service users to contact them – by telephone, in person or electronically – all of which are dealt with efficiently and effectively.		
To provide a minimum of 3 internet access points for customer self-service, plus a minimum of 2 private interview rooms with internet access points, with support available where required.		
The Contractor will be required to create and maintain a website which includes specified information and hyper-links to other sites with specific translation facilities.		
To provide a clear and well used procedure manual, that is reviewed and updated appropriately.		

To ensure advice services comply with quality assurance standards and to maintain a well-established internal service monitoring scheme.
<p>Working with the council, Cheltenham Borough Homes and other relevant agencies via relevant forums to:</p> <ul style="list-style-type: none"> - Develop good practice arrangements and effective referral mechanisms; - Identify gaps in service delivery - Identify collaborative working opportunities - Avoid duplication
To implement and promote a best practice complaints procedure which encourages feedback from service users and uses it to improve levels of service delivery.
To review and amend the specification and/or monitoring information where both the Council and Provider jointly agree as being pertinent, for example, in response to emerging new priorities.
11. Equal Opportunities
To have in place and to review regularly policies and working practices to ensure that no aspect of the service discriminates against any person, or other organisation, on the grounds of race, ethnic origin, disability, nationality, gender, sexuality, age, class, appearance, religion, responsibility for dependants, unrelated criminal activities, being HIV positive or with AIDS, or any other matter which causes a person to be treated with injustice.
To ensure that all written communication is easy to understand and compliant with legislation and available in a variety of formats and other languages on request.
To publicise its equal opportunities policy on the premises in public areas and interview rooms
To ensure that any advice given orally is summarised and followed up in writing with relevant advice leaflets and information enclosed whenever it is appropriate to do so and that all advice is recorded on the client's computerised record.
To ensure that adequate private interview space is made available for clients which enables clients to be accompanied by a friend, relative, advocate and/ or interpreter if they so wish.
To provide home visits to clients who are unable to attend normal advice sessions owing to disability or illness wherever it is safe to do so and to publicise the availability of this service.

The Contractor will be required to comply with all statutory provisions relating to the provision of the Service.
To provide reasonable translation facilities to users of the Service including, as necessary, through Language Line or some similar service.
To provide quarterly activity reports in a form specified by the Council within three weeks of the end of each quarter (i.e. 30 th June, 30 th September, 31 st December, 31 st March), in such form as to enable year-on-year comparisons, and to meet with the commissioner quarterly to discuss performance.
To provide an annual report in a form specified by the Council within four weeks of the 31 st March in respect of the twelve month period ending that day.

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Appendix 3.B

Outcome Report of LA Money Advice Provision

Info provided by DWP (via email or phone referral)

Claimant's Name:	
NINo:	
Local Authority receiving the referral:	
DWP Live Service office:	
Reason for Money Advice referral (Select one reason only)	PBS need identified by DWP <input type="checkbox"/> (no APA need identified) Possible APA need identified by DWP <input type="checkbox"/> (please specify APA type) MFP <input type="checkbox"/> MPTL <input type="checkbox"/> Split <input type="checkbox"/>
Date this form completed:	

For completion by LA

Questions		
1.	Was this a self referral from the claimant?	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.	Date you received the referral	/ /
3.	Were you able to contact the claimant? *	Yes <input type="checkbox"/> No <input type="checkbox"/>
4.	Has the claimant changed LA (but are still within the Live Service area)	Yes <input type="checkbox"/> No <input type="checkbox"/>
4.	Did the claimant attend their Money Advice session? **	Yes <input type="checkbox"/> No <input type="checkbox"/>
6.	Which Money Advice provider did you refer the claimant to? Give the Provider name(s)	1. 2. 3.
7.	What service(s) did the provider offer the claimant?	
8.	Channel of support	1. A mix of phone <input type="checkbox"/>

		<p>and face to face?</p> <p>Number of phone contacts? <input type="text"/></p> <p>Number of face to face contacts <input type="text"/></p> <p>2. Face to face only? <input type="checkbox"/></p> <p>3. Telephone only? <input type="checkbox"/></p> <p>4. Other e.g. group session such as a Budgeting Club? <input type="checkbox"/></p> <p>Please specify:</p> <div style="border: 1px solid black; height: 80px; width: 100%;"></div>
<p>9.</p>	<p>How many interviews did they have?</p>	<p>1. Face to face <input type="checkbox"/> How many? <input type="text"/></p> <p>2. Telephone <input type="checkbox"/> How many? <input type="text"/></p> <p>3. A mix of phone and face to face <input type="checkbox"/> How many by phone? <input type="text"/> How many face to face? <input type="text"/></p> <p>4. Other e.g. group session such as a Budgeting Club <input type="checkbox"/></p> <p>Please specify</p> <div style="border: 1px solid black; height: 80px; width: 100%;"></div>
<p>10.</p>	<p>What type of Money Advice did this claimant get?</p>	<p>1. Understanding the key UC financial</p>

		<p>changes <input type="checkbox"/></p> <p>2. How to work out monthly income <input type="checkbox"/></p> <p>3. How to work out monthly outgoings <input type="checkbox"/></p> <p>4. How to complete a budgeting plan <input type="checkbox"/></p> <p>5. How to maintain a budgeting plan <input type="checkbox"/></p> <p>6. How to get a bank account <input type="checkbox"/></p> <p>7. How to set up a direct debit <input type="checkbox"/></p> <p>8. Understanding priority bills <input type="checkbox"/></p> <p>9. How to cut back on non-essentials <input type="checkbox"/></p> <p>10. Where to get more help <input type="checkbox"/></p> <p>11. Other Money Advice – please give</p> <div style="border: 1px solid black; height: 60px; width: 100%;"></div> <p>details:</p>
11.	Did the claimant complete a Budgeting Action Plan?	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>
12.	Was / is the claimant part of any additional ongoing Budgeting Support programmes prior to claiming Universal Credit? (please specify)	
13.	If an APA is in place, does the	Yes <input type="checkbox"/>

	claimant feel in a position to have the APA reviewed?	<p>No <input type="checkbox"/></p> <p>If APA is still appropriate, is the claimant undertaking long term support to help with root cause issues? No <input type="checkbox"/> Yes <input type="checkbox"/></p> <p>If yes, please specify:</p> <div data-bbox="919 539 1353 674" style="border: 1px solid black; height: 60px; width: 100%;"></div>
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*If answer here is 'no', return the form at this point. NB at least 3 attempts to contact the claimant should have been made.

** If answer here is 'no', return the form at this point. This includes dropping out part way through a course of sessions

Return this form via e-mail to: Paul.Aldridge@cheltenham.gov.uk

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Principles and Standards

Knowledgeable Communities

- Information and advice should be clear and comprehensive.
- Ensure all information and advice is consistent, accurate and up-to-date.
- Content should be continuously reviewed and improved, with collaboration across services and with customers.
- Information and advice should meet quality standards.
- Customers should be able to access relevant information at the right time, in a range of formats and through a range of channels.
- Information and advice should meet the needs of everyone in the community.
- Ensure that information and advice answers the most common questions that the user would have.
- Information and advice should empower and give confidence to the customer to encourage them to remain independent, access services, or participate, etc.
- Signpost customers to sources of further information and advice.

Keep it Straightforward for Customers

- Information and advice should be easy to access.
- Design information and advice for customers, with customers and in their language. Ask them for feedback later on.
- Ensure information and advice is written in plain English.
- Keep text to a minimum and maximise the use of a range of presentation forms to ensure information and advice is stimulating and interactive, e.g. use short video content and simple graphics to help explain concepts and principles, if appropriate.

Self-Service through Digital

- Encourage digital channels for providing customers with information and advice.
- Visibility of information should be prioritised based on interest, usefulness and frequency of view.
- When using websites to deliver information and advice, ensure that no more than '3 clicks' are needed to access the appropriate link/page to minimise drop-outs.
- Capture and analyse contact/web insight to better meet the needs of customers and improve customer journeys through all channels.
- Avoid re-inventing the wheel: where information is already provided by a trusted partner website, provide links to the information and do not recreate/maintain.
- The minimum amount of resource should be required to maintain information and advice.
- All websites should be mobile phone/tablet-friendly.
- All websites should be 'searchable' through internet search engines.
- Maximise the opportunities presented by social media for providing information and advice.

Tender Timetable
Cheltenham Borough Council Advice & Inclusion Tender

Stage / Activity	Date
OJEU Notice (Light Touch) issued for Invitation to Tender	19th October 2016
Deadline for ITT Clarification questions	9th November 2016 – 17:00hrs
Clarification questions answered by	16 th November 2016
Closing Date for submission of Tenders (Part C)	23rd November 2016 – 17:00hrs
Preliminary Evaluation of Tenders (include. Post Clarifications and Shortlisting)	Week commencing 28 th November 2016
Selection of Successful Tenderer	9 th December 2016
Contract Award Notification	9 th December 2016
10 day standstill period	20 th December 2016
Contract Commencement / implementation	January 2017
Go Live	1st April 2017

**Cheltenham Borough Council
Cabinet – Tuesday 11th October 2016
Cheltenham Borough Council Travel Plan**

Accountable member	Roger Whyborn – Cabinet Member Corporate Services
Accountable officer	Wilf Tomaney – Townscape Manager
Ward(s) affected	None
Key/Significant Decision	No
Executive summary	<p>This report presents a Travel Plan for the Municipal Offices. It has been developed in discussion with the Joint Liaison Forum, which has agreed unanimously that it should come forward to this meeting for adoption. The Plan considers staff commuting and business travel, and the impact of visitor and commercial travel to the Municipal Offices. It summarises the findings of a staff travel survey undertaken in the winter of 2015-16 and uses its findings to inform strategic direction and a series of action points.</p> <p>It is intended to encourage modal shift in favour of sustainable and active travel and to reduce the need to travel associated with the Council’s operations, in order to reduce environmental impacts and encourage healthy lifestyles.</p> <p>The survey, analysis and the drafting of the Travel Plan was funded through the County Council’s Local Sustainable Travel Fund.</p>
Recommendations	<ol style="list-style-type: none"> 1. To approve the Travel Plan at appendix 2 as a statement of strategic intent up to September 2019; and the Action Plan appended to it as a series of projects to be investigated and implemented where appropriate; and 2. To delegate authority to the Managing Director Place and Economic Development, in consultation with the Cabinet Member Corporate Services and the Joint Liaison Forum, to deliver the strategy and consider additional actions in support of the strategy where appropriate.
Financial implications	<p>The action plan indicates a significant number of actions that could be funded from the Staff Parking Levy – the current reserve stands at c. £33k and there is an estimated additional contribution to the reserve of around £2.5k per annum. Consideration of the affordability of initiatives will be required to prioritise the use of reserve funds. Any initiatives resulting in additional annual costs will need budgetary provision approved prior to proceeding to implementation.</p> <p>Contact officer: Nina Philippidis, nina.philippidis@cheltenham.gov.uk, 01242 264121</p>

Legal implications	<p>Travel Plans are adopted National and Local Planning policy to reduce car dependency, carbon emissions and congestion. The Council has adopted Supplementary Planning Guidance which sets thresholds for developments which would require a travel plan and the Municipal Offices are the type of land use which would require submission of a Travel Plan under the council's policy.</p> <p>Contact officer: Lorna McShane, Lorna.McShane@tewkesbury.gov.uk, 01684 272003</p>
HR implications (including learning and organisational development)	<p>As outlined in the Plan.</p> <p>Contact officer: Julie McCarthy, Julie.mccarthy@cheltenham.gov.uk, 01242 264355</p>
Key risks	<p>There are environmental and reputational risks associated with failure to deliver the Plan including:</p> <ul style="list-style-type: none"> • a diminution of the Council's ability to deliver on its on Corporate environmental objectives and • a detrimental impact on the Council's reputation if it does not introduce the travel plan but requires others to have one through, for example, its planning decisions.
Corporate and community plan Implications	<p>The Travel Plan contributes to the following Corporate Outcomes:</p> <ul style="list-style-type: none"> • Cheltenham's environmental quality and heritage is protected, maintained and enhanced • People live in strong, safe and healthy communities • Our council can continue to facilitate the delivery of our outcomes for both Cheltenham and its residents
Environmental and climate change implications	<p>Encouraging a shift towards more sustainable and active modes of travel and providing mechanisms to reduce the need to travel all make a positive contribution to reducing CO₂ emissions and air pollution. This delivers benefits for the local environment and also mitigates against the wider issue of climate change.</p>
Property/Asset Implications	<p>The implementation of the travel plan could impact on the accommodation strategy and will need to be taken into consideration if an alternative other than Delta Place is to be considered.</p> <p>Contact officer: David Roberts@cheltenham.gov.uk</p>

1. Background

- 1.1 The Staff Parking Levy was introduced in 2011. It allowed staff commuting by car to use selected Council car parks for a monthly fee. Receipts above the agreed Council budgeted sum of £10,700 annually were placed in a Green Travel Reserve, the intention being to implement green travel initiatives which would benefit staff and help them to travel more sustainably.
- 1.2 The Reserve had a balance of £33,125 at March 2016.
- 1.3 A draft travel plan has been produced for the Municipal Offices in discussion with the recognised trade unions as part of the Joint Liaison Forum meetings. It covers staff commuting, business travel, trips by visitors and contractors.
- 1.4 Production of the Travel Plan has been funded by the County Council's Local Sustainable Transport Fund using a tranche specifically identified for corporate travel plans by businesses and organisations across the County. The value of the commission was £6,000 paid by the County Council directly to the consultants, Atkins.
- 1.5 The Plan is informed by a survey carried out in December 2015 and January 2016. The survey was completed by 166 staff – a 66% response rate. It focuses on the Municipal Offices.

2. Introduction

- 2.1 The Travel Plan outlines a strategic approach to reducing travel associated with the Municipal Offices over a 3 year period, with an emphasis on encouraging sustainable and active travel (i.e. walking and cycling) where travel is necessary and on reducing the overall need to travel. Appended are a series of initiatives, in the form of an action plan, for investigation and, if appropriate, implementation.
- 2.2 The objective of the Travel Plan is to influence the amount of travel associated with the council's business and the mode of transport used in a manner which helps to:
 - reduce the amount of car and lorry traffic in the town centre
 - reduce levels of carbon emissions in the town centre
 - improve opportunities for our staff and visitors to have healthier lifestyles
 - make better use of town centre space through reduction in demand for road and parking space
 - make a positive contribution to bridging the gap
- 2.3 Initiatives vary in scale – with some quick, cheap wins and some longer-term projects. Funding for initiatives might come from a number of sources including the Green Travel Reserve, business as usual or as a product of other funded projects.
- 2.4 Cabinet is requested to approve the travel plan as a statement of strategic intent and approve the Action Plan as a series of projects to be investigated and, where feasible, implemented. Decisions on the Plan will be delegated to the Managing Director Place and Economic Development, in consultation with the Cabinet Member Corporate Services and the Joint Liaison Forum.

3. Reasons for recommendations

- 3.1 About 250 staff (split between CBC and other partner Council organisations) work at the Municipal Offices and it also has about 250 visitors a day. Travel associated with the operation of the Council has an impact on the town's environment and the neighbourhoods around its various facilities. In a number of fields of operation the Council is attempting to address these impacts by encouraging others to travel more sustainably; its corporate objectives encourage environmental

prudence and healthy lifestyles. Through initiatives such as the Cheltenham Transport Plan and the Air Quality Action Plan, the Council is specifically encouraging more sustainable travel to help meet its objectives.

- 3.2** It is logical that the Council should seek to be an example to those it would seek to encourage by managing its own travel impacts and encouraging sustainable behaviour. The travel plan presented through this report suggests a number of ways in which this can be achieved.
- 3.3** The Travel Plan can be achieved through incorporating thinking around sustainable travel and travel minimisation into the Councils policies, procedures and projects – both existing and emerging.
- 3.4** The Travel Plan has been drafted to apply to the Municipal Offices, but may be adaptable to other offices. Other businesses and partners using the Municipal Offices site will also be encouraged to work within the Plan.

4. Alternative options considered

- 4.1** The Travel Plan and associated Action Plan identify a range of options to influence the level and mode of travel associated with the Council’s operation at the Municipal Offices. A range of initiatives have been considered. The list of initiatives is not exhaustive and others can be introduced to help achieve the objectives of the Plan.

5. Consultation and feedback

- 5.1** The Plan has been developed in discussion with the Joint Liaison Forum and has also been discussed at Senior Leadership Team.

6. Performance management – monitoring and review

- 6.1** The Travel Plan is designed to last for three years, when it will be reviewed.
- 6.2** Progress on the Actions will be reported annually to Cabinet, and on a regular basis to the Joint Liaison Forum.

Report author	Contact officer: Wilf Tomaney, Townscape Manager, wilf.tomaney@cheltenham.gov.uk, 01242 264145
Appendices	1. Risk Assessment 2. Draft Travel Plan
Background information	None

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the council does not introduce the travel plan this will diminish its own contribution to its environmental corporate outcome	Townscape Manager	August 2016	3	3	3	Reduce	Adopt Travel Plan	October 2016	Townscape Manager	
	If the council does not introduce the travel plan but requires others to have one, e.g. through planning, this may have a detrimental impact on its reputation	Townscape Manager	August 2016	3	4	12	Reduce	Adopt Travel Plan	October 2016	Townscape Manager	

Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

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

1. Setting the scene

- 1.1. As a Council we recognise that our activities have an impact on our environment and our neighbours.
- 1.2. We know that the traffic currently using our roads is a major source of air quality problems and in order to address our increasingly congested town centre road network we need to encourage and enable alternative travel choices to the car.
- 1.3. Our main headquarters – the Municipal Offices – is located in the centre of the town, next to the inner ring road and our staff see on a daily basis the impact of traffic on the immediate environment.
- 1.4. The way we deliver our services and the way our staff and visitors travel to and from the offices has an impact on both the highway network and air quality. Through the development and implementation of this travel plan we can begin to address our impacts on the town and help meet our own objectives related to improving our environment, delivering effective services and encouraging healthy lifestyles.
- 1.5. For more information on the travel plan, contact Rhonda Tauman – Transport Projects Officer on 01242 26 4382.

2. What is a travel plan?

2.1. The Department of Transport defines a travel plan as

“... a long-term management strategy for an occupier or site that seeks to deliver sustainable transport objectives through positive Initiative and is articulated in a document that is regularly reviewed” (DfT 2009).

2.2. In preparing and implementing our travel plan we can take our lead from this definition:

- The travel plan is a long term initiative – a good fit with Cheltenham’s on-going corporate business development;
- The travel plan applies to either an occupier or a site – by applying the plan to the Council’s main Municipal Offices site we can consider initiatives which impact on all that use it – those that work in it, those that visit it and those that deliver to it; by considering the Council as a body occupying the site, we can consider initiatives which might impact on Council operations across all its locations.
- The travel plan is achieved through positive Initiative – we need a set of proactive initiatives and improvements
- The travel plan needs to be regularly reviewed – it will not stand still and is not a one-off document – there will be an annual monitoring report and a review of the plan at the end of its third year.

3. How can it contribute to our vision for Cheltenham?

3.1. Our long term corporate vision is for:

“...a vibrant Cheltenham that delivers the very best quality of life for its people.”

And we have identified that key elements to achieving this vision include:

- protecting and enhancing the built heritage and green spaces;
- building strong, safe and healthy communities;
- facilitating the provision of a wide range of sustainable travel options; and
- accepting our responsibility to present and future generations to live within environmentally sustainable limits

Our value for money agenda also requires a programme of initiatives to bridge the funding gap.

3.2. As part of our response to this we have:

- committed to influencing the Cheltenham Transport Plan, which will deliver improvements to traffic flow and public transport linkages within the town centre. Important parts of the plan are a shift to less environmentally damaging transport modes and a reduction in vehicle numbers, particularly those on journeys starting and finishing within a kilometre of the town centre.
- committed to progressing work around the promotion of walking and cycling as part of our healthy lifestyles agenda.

Our planning and air quality policies also contribute to achieving the vision.

3.3. Successful implementation of our Travel Plan can contribute to our corporate goals:

- Healthy lifestyles – by encouraging our staff and visitors to walk and cycle more
- Environmental improvement - by reducing the number of cars used in association with our business, which will have a consequential impact on air quality (and, again, health)
- Bridging the gap – by enabling flexible working arrangements and different travel modes for business travel we may be able to reduce budgetary demands.

4. What are our travel plan objectives?

4.1. Our headline objective for this Travel Plan is:

- **To influence the amount of travel associated with our business and the mode of transport used in a manner which helps to**
 - a. **reduce the amount of car and lorry traffic in the town centre**
 - b. **reduce levels of carbon emissions and vehicle air pollution in the town centre**
 - c. **improve opportunities for our staff and visitors to have healthier lifestyles**
 - d. **make better use of town centre space through reduction in demand for road and parking space**
 - e. **to make a positive contribution to bridging the gap.**

4.2. The objective will be achieved by concentrating on the following strategic aims:

- Aim A.** encouraging staff to use more sustainable travel modes in their commute and for business travel
- Aim B.** enabling working practices which minimise the need to travel
- Aim C.** maximising the opportunities which technology offers to reduce the need to travel in the delivery of our business
- Aim D.** offering opportunities for members of the public to either travel sustainably to our offices or access our services without the need to travel
- Aim E.** encouraging our suppliers to use more sustainable methods of delivery

5. What is the context for the travel plan?

Cheltenham

- 5.1. Cheltenham is a town which should be capable of delivering on sustainable and active travel.
- It is comparatively compact
 - It has a street network which allows people to easily move around town
 - It has attractive streets which make walking and cycling pleasurable
 - It has a developing network of cycle and walking routes and facilities
 - It has a vibrant town centre with good public transport links
 - It is relatively flat over much of its area.
- 5.2. This is reflected in travel to work data for the town as a whole, which places it in the top 20 local authority areas for both walking (18% of journeys to work – 2011 Census) and cycling (7% of journeys to work).

Municipal Offices

- 5.3. The Municipal Offices is the Council's headquarters building.
- 5.4. The offices are centrally located on The Promenade, one of the town's two main shopping streets with good transport links:
- It is within 3 minutes' walk of all the main bus hubs – with the main south bound hub directly opposite the office. Bus connectivity to the centre is improving through the Cheltenham Transport Plan and there is an anticipated reduction in journey times on many routes.
 - There is a network of off-road, lane-segregated and quiet-street cycle-routes which link the suburbs to the central area. Connectivity through the centre has recently been improved and there are reasonable links to the Municipal Offices, although there remains room for further improvement. There is secure, covered on-site cycle parking for about 30 cycles, with showers and changing facilities; pool bikes are available for business travel. There is limited on-site visitor cycle-parking, but the town centre is well provided with cycle parking immediately outside the Offices and nearby. Both the secure on-site parking and town centre parking are well-used.
 - The pedestrian network is well developed and the Offices are easily accessible from all parts of the town. Again, improvements are underway – with a new pedestrian wayfinding strategy being implemented in stages and pedestrian crossing improvements being introduced through the Cheltenham Transport Plan, which will ease pedestrian movement across the inner ring road.

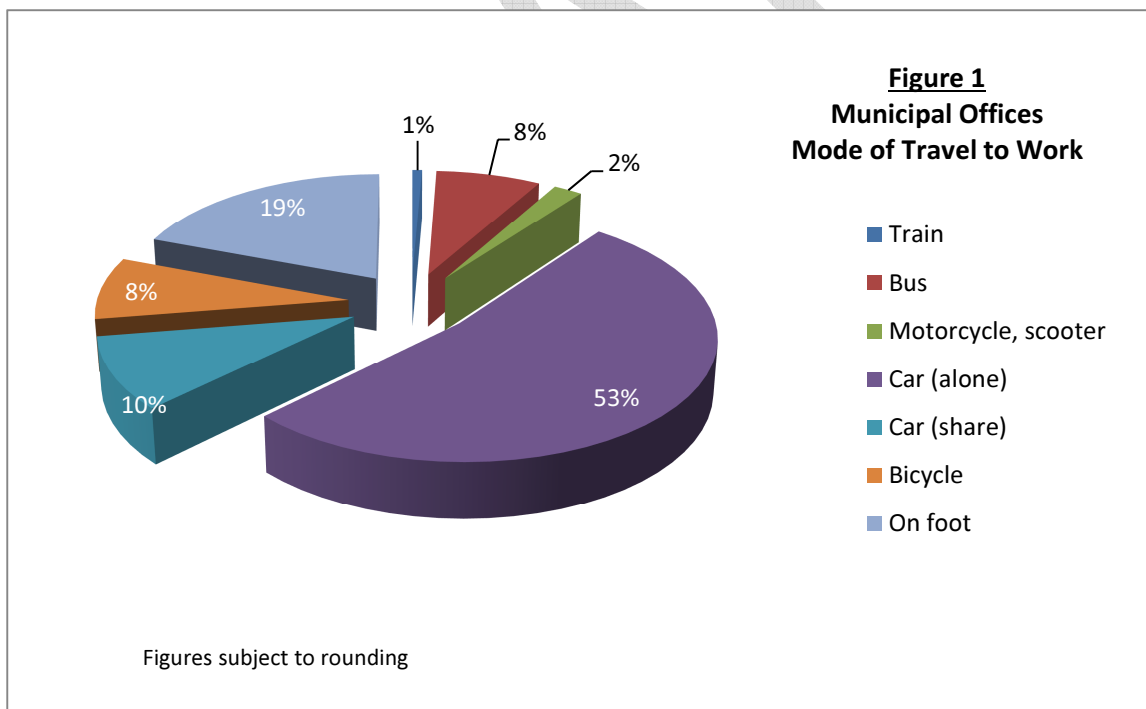
- The offices back on to the inner-ring road which has good connections to all strategic arterial town centre routes. There is ample short and medium stay parking around the site. Discounted all-day staff car parking is available in two town centre car parks, five and ten minutes' walk respectively from the offices. There is on-site parking for the disabled and Councillors.
- 5.5. The Municipal Offices is the base for about 250 employees from the Council and a number of partner organisations.
- 5.6. The Offices houses most of the Council's main functions and is its main reception point for the public. About 64,000 people visit the Municipal Offices every year (about 250 a day) to access the services provided by the Council and its partner organisations. Of these, about 1,400 are traders or contractors working on the offices or delivering goods and mail.
- 5.7. In order to understand better, travel to and from the offices, a survey of staff travel habits was undertaken in the winter of 2015/16 – this forms the basis of initiatives for the plan. It is evident from the number of staff and the number of visitors that journeys by each will be fairly equally split; this makes visitor travel equally important, though it is probably more difficult to influence. Further work to understand visitor travel habits needs to take place during year one of the Travel Plan.

6. How do staff currently travel to work?

- 6.1. In winter 2015/16 a survey of all Council staff and all people working in the Municipal Offices was undertaken to assess travel patterns and propensity to adapt to change. The survey was completed by 161 staff – a 66% response rate, considered a robust basis for the development of this travel plan. 145 indicated that they are based at the Municipal Offices; 116 of them CBC staff.
- 6.2. To start to influence staff work related travel behaviour, the survey asked for information about mode of travel, travel times and home address. The main findings are summarised below.

Travel to work

- 6.3. Travel to work by staff at the Municipal offices is detailed in Figure 1 – the details vary little from the census rates for the town as a whole. It shows that a little over half of staff travel alone in a car; 10% car-share. Journeys by bike (8%), on foot (19%) and by bus (8%) make up a significant proportion of the commute.



Start and finish times

- 6.4. Staff arrival and departure times are shown in Figure 2. There are clusters of arrivals between 8:00 and 9:00 and leavers between 5:00 and 5:30. This may present an opportunity to

encourage some living close to each other to combine journeys, as buddies for walking, cycling or car-share.

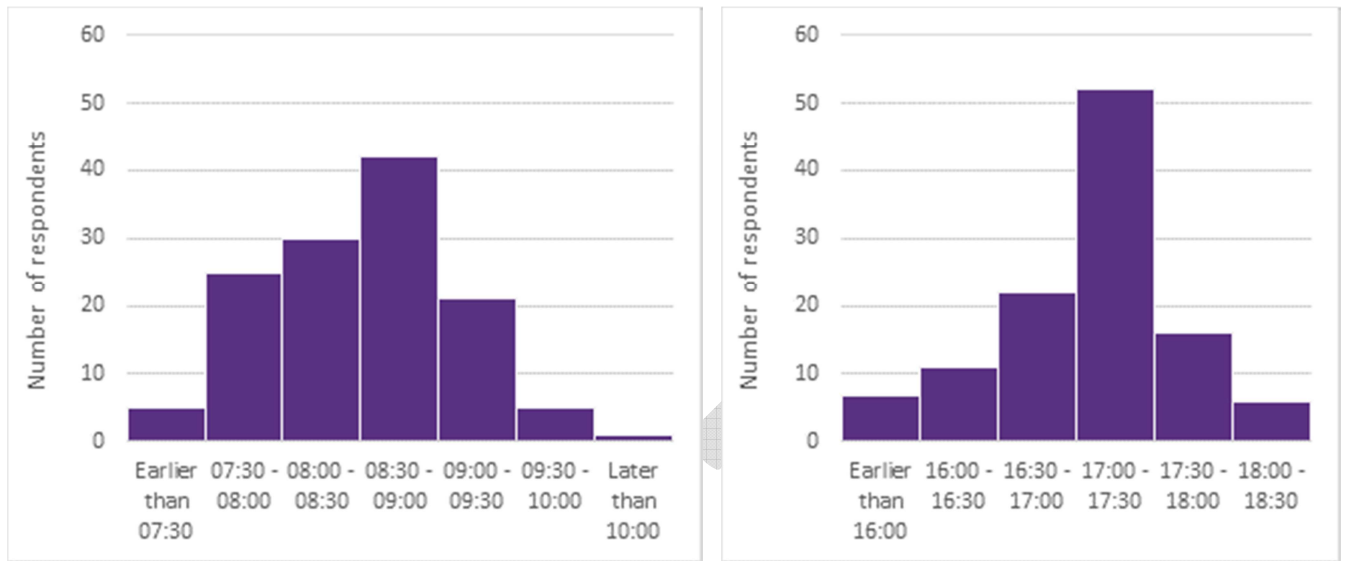


Figure 2 - Municipal Offices - Start and Finish

Home address and travel mode

6.5. Figure 3 (next page) and the table below give information about where staff responding to the survey live and their usual mode of travel to work.

Distance	Number of Respondents	Percentage	Cumulative Percentage
Less than 0.5 miles	11	8.1%	8.1%
0.5 – 1.0 miles	13	9.6%	17.6%
1.0 – 1.5 miles	17	12.5%	30.1%
1.5 – 2.0 miles	19	14.0%	44.1%
More than 2 miles	76	55.9%	100%
Total	136	100%	

6.6. A significant number living within the town walk to work whereas those who live beyond about 8 miles from the office usually travel by car. Most bus users live in Gloucester or Cheltenham’s suburbs. There are a number of car drivers living comparatively close to the Municipal Offices – and certainly within areas where those nearby have a tendency to walk – this reflects findings from the survey work carried out in connection with the Cheltenham Transport Plan, which identified that 14% of car journeys in the town centre started and finished within a 1km radius of Boots Corner; it was these journeys that the travel planning work sought to change. Additionally a number of car-users live in suburban areas where there are high frequency bus routes and a number of their nearby colleagues frequently use the bus.

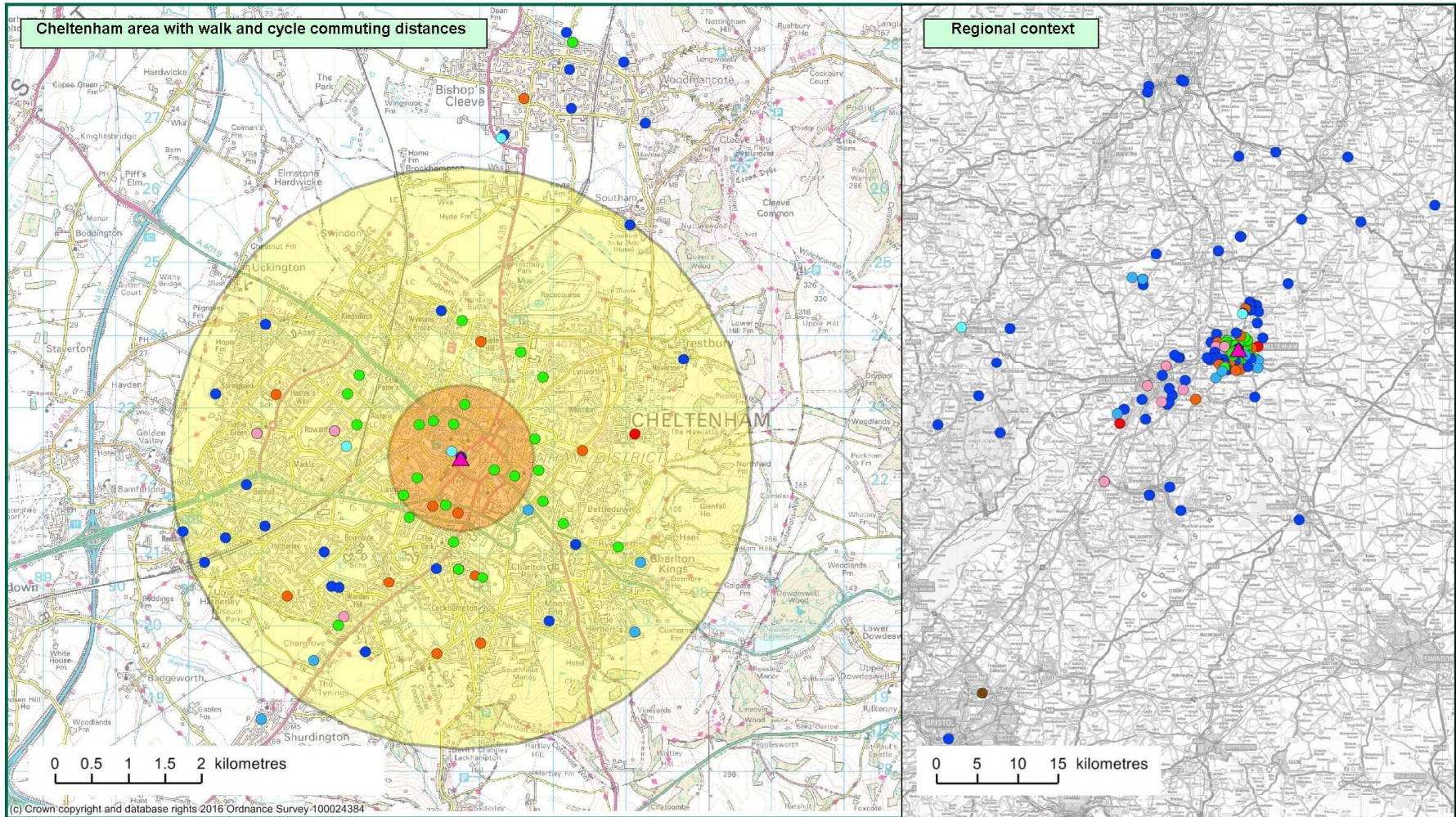
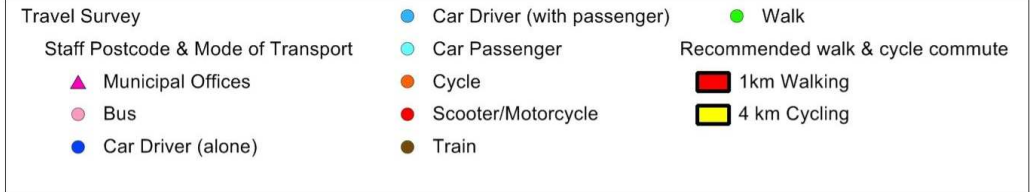


Figure 3
Staff home postcode & travel mode.
January 2016 survey

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7. What are the opportunities to affect travel?

- 7.1. The Municipal Offices attract a significant number of journeys. Nevertheless, the Offices are located centrally within Cheltenham, a town with good sustainable transport links. Furthermore, the Council has policies on working patterns and practices which are a basis for enabling staff to undertake their work in a way which reduces the need to travel. Both these factors offer opportunities for reducing the impact of travel related to our business.

Walking

- 7.2. The staff survey shows that 19% of staff walk to work – this reflects the 17% of Cheltenham’s population that travels to work on foot measured in the 2011 Census. Very few respondents to the survey, who do not currently walk, indicated that they could be encouraged to walk to work, the main reason being the distance was too far.
- 7.3. The Department for Transport refers to research (which is now 16 years old) indicating that a walking commute distance of 1km (0.6 miles) is considered acceptable – though the distance can be further if conditions (topography, street scene, individual fitness etc.) are right – para 5.1 above indicates that Cheltenham’s characteristics are favourable.
- 7.4. Whilst Figure 3 suggest that staff are “out-performing” the DfT cited research; the map shows that a number of staff members who live in Cheltenham and drive to work live in areas where others close-by walk as their preferred option. This would seem to indicate that there is likely to be room for “improvement” - some modal-shift in favour of walking.

Cycling

- 7.5. When asked in the staff survey, ‘which of the following would encourage you to cycle to work’, almost 63% answered ‘nothing’ citing the distance being too far, journey too long, or having other errands to run before/after work. However, about 80% were aware of the pool bikes, showers and changing facilities and 37% were aware of the on-site bicycle pump.
- 7.6. Nevertheless, there may be opportunities to encourage a shift in favour of cycling, as 20% answered that ‘improved cycling paths’ could encourage them to cycle, and 12% requested improved changing facilities at work. Anecdotal evidence suggests that one of the main difficulties in encouraging cycling is confidence. By building confidence and improving cycling opportunities it may be possible to encourage more cycling.
- 7.7. The DfT suggests that the average of 4km (2.4 miles) is an acceptable distance for cycling, although as with walking, this distance can be further in the right circumstances. This, together with the evidence in Figure 3, suggests that there should be opportunities for an increase in cycling to work, particularly for medium suburban journeys (1 – 2 miles).

Public Transport

- 7.8. Respondents to the survey were asked what would encourage them to use public transport for their journey to work. Figure 5 shows that 25% of respondents would be encouraged by 'cheaper fares' and 24.1% by a 'work discount scheme' (in reality, a staff discount scheme would, in effect, offer a cheaper commuting fare). Other popular responses included 'more frequent services' and 'more direct routes/lines'.
- 7.9. This Travel Plan cannot address all the factors, but it could influence those shown in blue in Figure 4 (discount and route planning). In fact, Cheltenham has a very good high frequency bus service from residential areas to the centre, with many areas served by a 10-20 minute frequency throughout the day. This suggests that there are opportunities for greater bus travel if it is possible to make the price attractive and improve information.

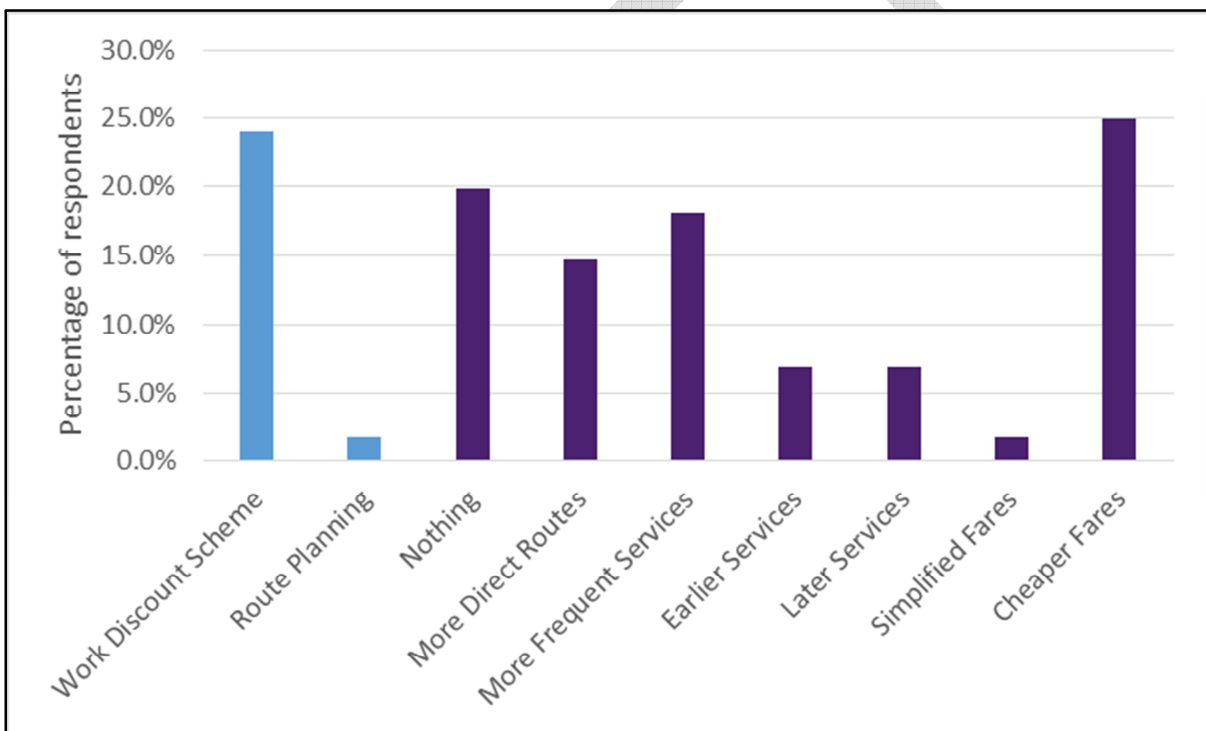


Figure 4 – Factors which might encourage staff bus travel

Car sharing

- 7.10. Over half of respondents indicated that they drive to work alone. The survey asked whether there were incentives which could encourage them to car share to work. About half of the 73 who answered said that help finding a suitable car share partner would encourage them; 18 considered that 'reserved car parking for car sharers' would help. This suggests that initiatives relating to car sharing might succeed in influencing behaviour.

Car

- 7.11. Discounted car parking is currently available at Town Centre East and Chelt Walk Car Parks. The headline objective of the Travel Plan is to influence travel modes in order to help achieve a number of aims, including a reduction in town centre vehicular traffic and better use of road and parking space. It is clear that there will continue to be sizeable demand for travel by car and the Travel Plan needs to consider how it can best influence those who continue to choose car travel to contribute to the headline objective – encouraging sustainable travel options, rather than penalising others.
- 7.12. Whilst active travel choices can offer benefits across a higher range of the aims listed in the headline objective, a strategy of staff car parking which allows parking at a point where it minimises impact on town centre roads would have benefits in reducing town centre traffic and freeing town centre road and parking space.
- 7.13. The survey asked a question about what it called “park and stride” – i.e. allowing staff who drive to park in car parks away from the town centre and walk the remainder of their journey. There was some support for this; it may offer opportunities in terms of reduced congestion and health benefits to staff.

Sustainable Business Travel

- 7.14. Encouraging staff to travel to and from work in a more sustainable way also needs to extend into business travel options. Staff need to feel able to opt for a sustainable travel option - such as walk, bike, bus or train - when travelling on business, provided it is consistent with business needs.
- 7.15. Around the town, the confident cyclist will anecdotally make 80% of site visit journeys within 10 minutes of leaving the Municipal Offices – the time it takes many to reach their car. A journey to Shire Hall in Gloucester is likely to be as quick, “door-to-door”, by bus as by car. Some journeys may take a little longer and management regimes may need to be adjusted to make these options a more attractive proposition. Nevertheless, the success of the Plan will require some consideration of how we enable staff to travel for business.
- 7.16. The Council’s procurement policies pose questions about sustainability and its procurement strategy states that it will favour suppliers who can demonstrate that they have the ability to supply goods, works or services that have a clear environmental advantage. It is unclear how these impact on travel by those providing goods and services to the Council. The Plan offers an opportunity to review the effect of current policies and establish whether improvements can be made.

Reducing the Need to Travel

- 7.17. The Council already has facilities which reduce the need to travel for business – through the availability of video and telephone conferencing facilities. These options are probably not used as often as they might be; the Plan offers an opportunity to promote and explore the options more thoroughly.
- 7.18. Additionally, there are opportunities for flexible working arrangements e.g. home working or remote working from partner offices nearer to home. These are options which could ease the commute and reduce our carbon footprint; indeed, both are likely to be an important part of any solution to the accommodation strategy.
- 7.19. Reducing the need to travel offers a range of benefits:
- Economic – increased staff productivity, reduced travel and office costs, improved staff retention, reduced absenteeism
 - Environmental – reduced transport emissions; and
 - Social – improved quality of life and work/life balance
- 7.20. The Plan offers an opportunity to review current opportunities and how they are promoted or enabled.

8. How will we implement the plan?

Objective and Strategic Aims

8.1. Section 4 establishes the objective of the Plan, which is

To influence the amount of travel associated with our business and the mode of transport used in a manner which helps to:

- a. **reduce the amount of car and lorry traffic in the town centre**
- b. **reduce levels of carbon emissions and vehicle air pollution in the town centre**
- c. **improve opportunities for our staff and visitors to have healthier lifestyles**
- d. **make better use of town centre space through reduction in demand for road and parking space**
- e. **to make a positive contribution to bridging the gap.**

8.2. It states that it will achieve this objective by concentrating on the following strategic aims:

Aim A. encouraging staff to use more sustainable travel modes in their commute and for business travel

Aim B. enabling working practices which minimise the need to travel

Aim C. encouraging our suppliers to use more sustainable methods of delivery

Aim D. maximising the opportunities which technology offers to reduce the need to travel in the delivery of our business

Aim E. offering opportunities for members of the public to either travel sustainably to our offices or accessing our services without the need to travel.

Initiatives

8.3. The Travel Plan covers a three year period from October 2016 to September 2019. It will be implemented through a series of Initiatives which will be identified in an Initiative Matrix to be agreed each September and annexed to the Travel Plan.

8.4. The Initiatives will cover a number of topic areas, including:

- a. Communications and Marketing
- b. Walking
- c. Cycling
- d. Public Transport
- e. Car Share
- f. Car
- g. Reducing the Need to Travel

- h. Procurement
- i. Visitors
- j. Cross Cutting

8.5. It is intended that the Initiative Matrix will include quick-wins, in order to demonstrate swiftly our ability to influence travel, and Initiatives which will take longer to implement. The feasibility of the Initiatives has not been fully investigated in advance and each Initiative will represent a project in its own right. The initial stage of work relating to each Initiative will be an investigation of its feasibility; only where a project appears feasible will it move into development and implementation.

Targets & Monitoring

- 8.6. Our aim is to publish a monitoring report on an annual basis and review the Plan following year 3 so we have set targets to reflect this. In order to monitor the effectiveness of the Travel Plan, targets for staff travel to work are set out in Figure 5. Targets are based on the evidence of the staff survey and our objective for the Plan is to influence the amount of travel associated with our business and the mode of transport used in a manner which helps to achieve a range of environmental and health ambitions.
- 8.7. The targets are intended to affect the commute to work, as a basis for influencing travel patterns whilst at work. Further work needs to take place in order to establish targets for non-staff travel.
- 8.8. The targets are modest in their ambition, but realistic, and if achieved will establish a strong basis for the first Travel Plan review in 2019. They envisage modest growth in active travel modes. The targets are based on stable staff numbers, in order to enable easy comparison; however, staff numbers are not easily predictable over a three year period.
- 8.9. Monitoring will be based on an annual survey. Future surveys will attempt to build a more robust picture of travel to the Municipal Offices – for example an indication of how staff vary their mode of travel across the week; or travel patterns for visitors to the Offices.

Mode	Baseline		Year 1		Year 2		Year 3	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Car alone	53%	129	50%	121	47%	115	44%	108
Car share	10%	24	11%	26	11%	27	11%	28
Cycle	8%	20	9%	22	9%	23	10%	24
Walk	19%	46	19%	47	20%	49	20%	50
Scooter / Motorcycle	1%	3	1%	3	1%	3	1%	3
Public Transport	9%	22	10%	25	11%	27	13%	31
Total	100%	244	100%	244	100%	244	100%	244

Note: Survey results have been factored up to the total number of staff (taken as 244)

Figure 5 – Annual travel plan targets – travel to work

Figures subject to rounding

Potential Impact of Remote Working

- 8.10. The targets in Table 5 are based on an assumed shift in mode of travel to work. However, remote working is likely to have an increasing impact on the *need* for staff to travel to the Municipal Offices on each working day. The Council already facilitates remote working – either working from home (which involves no commuting mileage) or from a partner office (which may reduce mileage). There is no accurate figure for the number of staff currently working remotely or how many days are regularly delivered remotely. However, about 70 Borough Council staff currently have an ability to access IT facilities remotely. Furthermore, the Council is currently working on an accommodation strategy where remote working may be part of the accommodation solution and may further reduce the need to travel to a central office for some staff.
- 8.11. Figure 6 indicates the impact various levels of remote working might have on staff commuting in Year 3 of the Travel Plan – percentage reduction is applied to all modes.

Mode	Year 3		Year 3		Year 3		Year 3		Year 3	
	Baseline		5% staff work 1 day/week remotely		10% staff work 1 day/week remotely		15% staff work 1 day/week remotely		20% staff work 1 day/week remotely	
	%	No.	%	No.	%	No.	%	No.	%	No.
Car alone	44%	108	42%	103	40%	97	38%	92	35%	86
Car share	11%	28	11%	27	10%	25	10%	24	9%	22
Cycle	10%	24	9%	23	9%	22	8%	20	8%	19
Walk	20%	50	19%	48	18%	45	17%	43	16%	40
Scooter / Motorcycle	1%	3	1%	3	1%	3	1%	3	1%	2
Public Transport	13%	31	12%	29	11%	28	11%	26	10%	25
Remote Working	0%	0	5%	12	10%	24	15%	37	20%	49
Total	100%	244	100%	244	100%	244	100%	244	100%	244

Note: Survey results have been factored up to the total number of staff (taken as 244)

Figure 6 –Year 3 target, notionally adjusted for remote working

Figures subject to rounding

Funding

- 8.12. The impetus for this Plan was the establishment of a fund raised from a levy on staff parking. The aim of that fund was to provide a budgetary source for staff green travel initiatives. At August 2016, the funds amounted to about £33,000 held in Council reserves.
- 8.13. However, this Plan establishes that travel associated with the Council arises not only from commuting by staff, but from travel by those using the Council’s services, those doing business with the Council and business related trips generated directly by the staff going about their normal daily business.
- 8.14. Funding for Initiatives arising from this Plan is likely to reflect this range of travel “generators” and will, itself, come from a variety of sources, including:
- **from the Council’s base budget**, where delivery is substantially related to the Council’s business as usual – for example changes to the web-site;
 - **from the staff parking levy**, where projects specifically arise from this Plan – for example discounted staff travel ;
 - **from Council project budgets**, where an Initiative is entirely or substantially aligned with the delivery of that project – for example remote working through the accommodation strategy;
 - **from external funding**, from Government or charitable sources where opportunities arise – for example the Government’s Local Sustainable Transport Fund (LSTF) which provided the funding for this Plan;

- **from a mix of funding sources**, where a match or top up is needed – for example the staff electric vehicle charging points in Town Centre East Car Park where 80% was funded by the LSTF; the remainder by the staff parking levy.

Governance

- 8.15. The Travel Plan and its Initiative Matrix is the responsibility of the Cabinet Member Corporate Services. It is adopted by Cabinet.
- 8.16. Because the impetus for the Plan came from the establishment of the staff parking levy, production has been overseen by the Joint Liaison Form (JLF), which brings together unions and management. The Travel Plan and Initiative Matrix moves forward for Cabinet approval on the recommendation of the JLF.
- 8.17. Progress on the Plan will be reported half-yearly to JLF and annually (through a monitoring report) to Cabinet. A full review of the Travel Plan will be undertaken in 2019.
- 8.18. The Travel Plan and Initiative Matrix is produced by the Green Travel Plan Working Group, established by the JLF. The Working Group consists of:

Representative	Group Member (August 2016)
Union representative, JLF	Gareth Jones
Human Resources Business Partner West, GOSS	Carmel Togher
Client Officer, Business Change Team, CBC	Gill Morris
Transport Projects Officer Townscape Team, CBC	Rhonda Tauman
Townscape Manager, Townscape Team, CBC	Wilf Tomaney

Implementation of the Plan is led by the Transport Project Officer.

The Initiatives set out below identify the broad scope of the various initiatives envisaged.

Each will need investigation to establish their feasibility; each will have its own implementation and monitoring plan. The “Complete” date is an indication of the anticipated date for the Initiative to be operational, assuming it is feasible and deliverable. Operation from that point will generally be on-going until a review suggests that it ceases, although some Initiatives may be “one-off”

The Initiatives listed are not exclusive; other Initiatives not yet envisaged can be brought in to effect where they benefit the Plan’s objective.

Ref	Initiative	Responsibility	Strategic Aim	Cost & Budget Source	Complete
1	Communication and Marketing				
1a	Provide travel information to all staff and as part of the staff induction process	HR	Aim A - Staff commuting and business travel	Low Staff time - Business as usual	Year 1
1b	Ensure ‘how to get here’ webpage is up-to-date - walking, cycling & public transport information; copy of travel plan	Townscape Communications	Aim E - Visitors	Low Staff time - Business as usual	Year 1
1c	Establish travel plan intranet page – to include regular updates and copy of the plan	Townscape Communications	Aim A - Staff commuting and business travel	Low Staff time - Business as usual	Year 1
1d	Hold a travel plan launch event	Townscape	Aim A - Staff commuting and business travel	Low Staff Parking Levy	Year 1
1e	Participate in travel awareness days/weeks	Townscape	Aim A - Staff commuting and business travel Aim E - Visitors	Low Staff Parking Levy	Year 1
2	Walking				
2a	Make available pedometers and personal alarms	Townscape	Aim A - Staff commuting and business travel	Low Staff Parking Levy	Year 1
2b	Establish buddy system	Townscape	Aim A - Staff commuting	Low Staff time - Business as usual	Year 2

Ref	Initiative	Responsibility	Strategic Aim	Cost & Budget Source	Complete
3	Cycling				
3a	Establish 6 monthly maintenance of pool bikes	Townscape	Aim A - Staff business travel	Medium Staff Parking Levy	Year 1
3b	Provide cycling lessons for staff	Townscape	Aim A - Staff commuting and business travel	Medium Staff Parking Levy	Year 1
3c	Relaunch cycle mileage scheme	HR	Aim A - Staff business travel	Medium Service level Operational Travel Budget	Year 1
3d	Investigate cycle loan scheme	HR	Aim A - Staff commuting and business travel	Medium (though recoverable) Staff Parking Levy	Year 2
3e	Establish 3 year rolling replacement of pool bikes	Townscape	Aim A - Staff business travel	Medium Staff Parking Levy	Year 3
4	Public Transport				
4a	Investigate corporate season tickets or discount travel schemes between Municipal Offices and regular meeting locations (bus - Shire Hall, Tewkesbury etc.; rail – London, Birmingham, Bristol)	Townscape	Aim A - Staff business travel	Medium Base Operational Budget	Year 2
4b	Investigate opportunity for discount bus tickets to staff via BID	Townscape	Aim A - Staff commuting and business travel	Low Staff time - Business as usual	Year 1
4c	Investigate loans for season tickets on bus/rail travel for staff	Townscape HR	Aim A - Staff commuting and business travel	Medium (though recoverable) Staff Parking Levy	Year 3
5	Car Share				
5a	Investigate incentives to encourage car sharers	Townscape	Aim A – Staff commuting	Low Budget to be determined	Year 1
5b	Relaunch Car Share website	Townscape (Transport)	Aim A – Staff commuting	Low Staff Parking Levy	Year 2

Ref	Initiative	Responsibility	Strategic Aim	Cost & Budget Source	Complete
6	Car				
6a	Broaden range of car parks available for staff parking to <ul style="list-style-type: none"> • reduce demand focus on two car parks; • enable car parks on route to work, to minimise cross-town travel & reduce congestion • encourage “park & stride” 	Public Protection	Aim A – Staff commuting	Low Staff car park payment scheme	Year 2
6b	Explore feasibility of a pool car (electric car to be explored first as preferred option)	Townscape (Transport)	Aim A – Business travel	High Budget to be agreed	Year 4
7	Reducing the need to travel				
7a	Promote availability of video conferencing facilities	ICT	Aim B – Reduce the need to travel Aim D - Technology	Low Staff time – Business as usual	Year 1
7b	Promote home working	HR ICT	Aim B – Reduce the need to travel	Low (saving?) Staff time – Business as usual	Year 1
7c	Promote compressed days and extended hours	HR	Aim B – Reduce the need to travel	Low (saving?) Staff time – Business as usual	Year 1
7d	Explore potential for staff to work some of the time at an office local to them, e.g. staff in the Forest work at Coleford	HR ICT	Aim B – Reduce the need to travel	Cost unknown Budget to be agreed	Year 2
8	Cross-cutting initiatives				
8a	Establish working group to include Union representation, to oversee implementation and review off travel plan; and report back to joint liaison forum	Townscape	All	Low Staff time – Business as usual	Year 1
8b	Instigate annual staff travel survey for monitoring purposes	Townscape	All	Low Staff time – business as usual	Year 1

Ref	Initiative	Responsibility	Strategic Aim	Cost & Budget Source	Complete
8c	Explore opportunities to guarantee a taxi home in emergencies and establish protocol for appropriate circumstances	HR	Aim A – Staff commuting	Low Staff Parking Levy	Year 2
8d	Consider how procurement can further promote sustainable delivery	GOSS Procurement	– Aim C – Suppliers	Medium	Year 3

DRAFT

**Cheltenham Borough Council
Cabinet – 11 October 2016
Place Strategy - Scoping**

Accountable member	Leader
Accountable officer	Director of Planning
Ward(s) affected	All
Key/Significant Decision	No
Executive summary	<p>The Place Strategy will deliver against the identified priority action of the Cheltenham Corporate Strategy (2016-17). ECON 1 sets out that the Council will work in partnership with key stakeholders to develop a longer term strategy for place making and growth. For this to be successful, the Council needs to be clear on the ambition for Cheltenham with a clear vision for future direction for growth in the context of defining place.</p> <p>This report establishes the scope, purpose and methodology for the Place Strategy and level engagement to develop the outcomes and action plan.</p>
Recommendations	<ol style="list-style-type: none"> 1. To agree the scope and purpose of the Place Strategy as set out at section 2, and 2. action the officer team to engage with key stakeholders and communities of the Borough to inform the preparation of the draft Place Strategy and supporting Action plan, to be considered by Council March 2017.
Financial implications	<p>No direct financial implications arising from this report.</p> <p>Contact officer: Accountant, nina.philippidis@cheltenham.gcsx.gov.uk , 01242 264121</p>
Legal implications	<p>No legal implications arising at this stage</p> <p>Contact officer: Solicitor, tessa.yates@tewkesbury.gov.uk , 01684 272690</p>
HR implications (including learning and organisational development)	<p>No direct HR implications arising from the content of this report.</p> <p>Contact officer: HR Manager, julie.mccarthy@cheltenham.gov.uk , 01242 264355</p>
Key risks	<p>There are no direct risks arising in respect of the recommendations of this report.</p>

<p>Corporate and community plan Implications</p>	<p>The Place Strategy is an output of the Corporate Strategy 2016-17</p> <p>ECON 1 – We will work in partnership with key stakeholders to develop a longer term strategy for place making and growth.</p>
<p>Environmental and climate change implications</p>	
<p>Property/Asset Implications</p>	<p>No property implications arising at this stage, but may do in the future upon implementation of the Place Strategy.</p> <p>Contact officer: Head Of Property Services david.roberts@cheltenham.gov.uk, 01242 264151</p>

1. Background

- 1.1 During winter 2014 the Council commissioned a report to examine Cheltenham's role as a business location. This report, prepared by Athey Consulting Ltd, published in 2015 was a trigger for focussing resources on how the Council looks to support and facilitate economic growth and regeneration, it also helped develop thinking around Cheltenham as a place within the context of economic growth.
- 1.2 The Athey report together with a wide range of other reports (see appendix 1) help us identify the strengths and challenges for the borough. What we can see from the evidence is that there are key work streams with interconnected objectives together with an agenda to want to deliver change for Cheltenham. Whilst the evidence is generally based around themes e.g. economic growth, tourism, communities etc., all in some way inform and influence place shaping.
- 1.3 Place shaping in towns and cities has been ever increasing over the past decade, stemming from Sir Michael Lyon's Inquiry into local government (2007) which challenged government to "take on its full place shaping role" defining the task as "creatively using their powers and influence to promote the general well-being of a local community and its citizens". Over time this thinking has further developed recognising the importance of 'liveable towns and cities'. Cheltenham has all the key ingredients for a liveable town, for example, extensive cultural offer, attractive built and natural environment, wide ranging job opportunities. But this offer is not consistent for all nor does it necessarily reflect the preferences of our communities, businesses and visitors.
- 1.4 The objective of the Place Strategy is to draw together the strands which impact on defining Cheltenham as a place, acting as a vehicle to help join-up resources for investment and change, but also act as a leadership and influencing tool to help co-ordinate the activities of a range of partners and agencies to focus on the outcomes that will support economic growth and the wider well-being of our communities. The Strategy will provide the framework to evolve Cheltenham's placemaking agenda to deliver the unique vision emerging for the town.
- 1.5 The output of a Place Strategy is identified in the 2016-17 Corporate Strategy for the Council which through priority action ECON 1 sets out that "*We will work in partnership with key stakeholders to develop a longer term strategy for place making and growth*". The objective of this action is to ensure a consistent and joined-up approach across economic development, tourism, marketing, regeneration and cultural activities through a longer term strategy for placemaking and growth.
- 1.6 A working vision has been developed to start the conversations around what type of place we want Cheltenham to be. This will be tested with stakeholders and wider communities over the coming months.

We want to unlock the ambition of our communities to achieve their promising future – recognising Cheltenham's history whilst refocussing on innovation, vibrant cultural experiences, economic growth and growing our talent pool.

We will be a regional leader, well connected and have delivered a sustainable legacy.

2. What is the scope and purpose of the Place Strategy?

- 2.1 The starting point for this has been to understand the many and varied influences of what define Cheltenham as a place and destination; whether that be around the quality of the public realm, the opportunity to bring new business/expand businesses within the borough, attracting visitors, protecting our heritage, opportunities for education, skills and creative enterprise, access to open spaces, the town's attitude and vibe etc. A fundamental output of this is understanding what makes Cheltenham unique, by establishing Cheltenham's USP, whether that be around economic

aspiration or expanding cultural opportunities, it will help define a vision for the Place Strategy. Work on this baseline is continuing and Cabinet are asked to support the resource to engage with key stakeholders and our communities to harness the ambitions for success held by residents, businesses, partner organisations and agencies. The scope of the Place Strategy is proposed as follows;

- A collective assessment of the challenges that the town faces, and the strengths we can build on. What are the key risks for the town in the future and what are the key opportunities?
- A shared vision for Cheltenham – setting out our ambitions for the kind of town we want Cheltenham to be in the future. What will make Cheltenham stand out in the future, why is it special?
- The development of a framework for action to deliver these ambitions – using commissioning principles to identify the key supporting outcomes and then working in an entrepreneurial way to facilitate delivery of the vision, and with a clear sense of the priority projects that will make the biggest impact.

2.2 In considering the purpose of the Place Strategy it is proposed that this is set within the context of 4 broad outcomes; these being;

- **A place where businesses choose to invest, where skills, innovation and talent are sought and fostered**

Supporting Outcomes
A vibrant economy with a supply of modern and flexible business space with excellent digital infrastructure
A vibrant and attractive town centre with a diverse and appealing retail, cultural and leisure offer
Excellent linkages and being able to get around safely both within and out of Cheltenham
A place where we develop and nurture talent to make sure that local businesses have access to the right skills to enable them to grow

- **A place where tourists choose to visit and return – recognising the vibrancy of the town, its offer and relevance to different age groups**

Supporting Outcomes
A diverse and internationally successful range of cultural assets and events
A clear and appealing marketing brand with excellent digital presence
A sense of arrival
An excellent leisure offer with a strong food and drink offer and a vibrant and well managed night time economy

- **A place where young people study and prosper; and linked to the vibrancy of the town and its job opportunities, wish to stay after their studying is completed**

Supporting Outcomes
A wide range of excellent schools, FE colleges and HE in all sectors
Linkages and opportunities with local employers to engage with graduates and support them in their careers
All young people have the opportunity to thrive and benefit from Cheltenham’s social, cultural and civic life
Young people feel involved in in the process of place making and they have opportunities to have

Supporting Outcomes
their 'say' about the future of Cheltenham.

- **A place where people live in thriving communities**

Supporting Outcomes
Investment is secured to make sure that existing communities (and new planned communities) are socially sustainable, where there is equality of opportunity, and a reduction in the extremes in life chances.
A wide range of affordable housing options
A feeling of safety and of being welcomed
A high quality environment that is clean and well maintained

2.3 The challenge for the Place Strategy will be to ensure that the broad outcomes relate directly to Cheltenham; setting out what makes Cheltenham unique, how this can be built upon and the focus for future ambition. Part of the engagement work of the Strategy will be to test the outcomes and as such it is likely that these will be amended as work with stakeholders and communities progresses.

2.4 With these outcomes as a guiding framework it is proposed that an action plan is developed to coordinate projects and outcomes of the Place Strategy. This action plan will be worked up with key stakeholders with a focus on;

- Defining the ambition for Cheltenham, as informed by the vision
- Building and shaping the local identity of Cheltenham – place branding
- Working together to make the local economy more successful and dynamic
- Facilitating the delivery of strategic infrastructure
- Creating opportunities for innovation and creativity
- Master planning for key sites
- Embedding community networks
- Development of promotional and branding exercises

2.5 The key thread throughout the action plan will be aligning activities to deliver outcomes on economic growth, regeneration and tourism together with emerging commercialism agenda of the Council.

3. Methodology

3.1 As outlined above, placemaking is informed by different activities and experiences and in response to this will need to be delivered through diverse approaches responding to the particular issues arising through engagement and partnering. The table below identifies five different placemaking approaches proposed to support the development of the Place Strategy and action plan – guiding which has the greatest potential to assist with the delivery of the outcomes identified above.

Type of Placemaking	What will success look like	Local examples of this type of placemaking
<p>Strategic placemaking We will work collectively through our strategic plans and structures to ensure Cheltenham is a place that embraces growth and investment.</p> <p>By so doing we will create the circumstances for further job creation and income growth. This process requires identifying and understanding the needs of potential partners from the private and public sectors.</p>	<p>Cheltenham's rate of economic growth exceeds national rates, the rate of jobs growth and productivity rates increase above those of comparator areas.</p>	<p>Allocation of new employment land through Gloucester, Cheltenham and Tewkesbury Joint Core strategy to help facilitate a 'Cyber Hub' and wider employment growth in key sectors where Cheltenham has a strong position.</p> <p>Collaborative working with LEP and support for Growth Bid 3.</p>
<p>Creative placemaking We will work to ensure that Cheltenham has a unique creative atmosphere and environment that is attractive to young people, families and talented workers so that they want to live here.</p> <p>We will do this by supporting partners from the cultural and creative sectors to lead in the building of Cheltenham's wider cultural offer, both strategically and at a grass-roots level.</p>	<p>Cheltenham is successful in attracting and retaining young people, families and talented higher income workers to keep the town's economy vibrant</p> <p>Cheltenham puts on a range of high profile festivals and events that attract national and international attention.</p> <p>We will also look to create more opportunities for Cheltenham to host more nationally focussed events.</p>	<p>Supporting our commissioned partner the Cheltenham Trust to deliver a wide set of ambitious cultural outcomes for Cheltenham</p> <p>Our enabling work with Cheltenham Festivals to ensure their festivals are integral to the town's cultural offer</p>
<p>Strength-based and restorative placemaking</p> <p>Strengths-based working is about identifying and harnessing existing or undiscovered skills and resources within our communities, very much seeing them as part of the solution to some of the challenges we face. Alongside strengths-based working, we are also committed to working restoratively with individuals and communities; we know that people are more likely to make positive changes when those in positions of authority do things with them,</p>	<p>We have worked collectively to:</p> <ul style="list-style-type: none"> • Create a culture of utilising opportunities and our collective assets • Create knowledgeable communities that are more resilient; • Work with communities to identify local needs and how these might be better met using new or existing partnerships. 	<p>St. Peters and the Moors Big Local - a resident-led project working to make the St Peter's and The Moors area of Cheltenham an even better place to live through the careful investment of £1m secured from the Local Trust. Over 10 years, local residents will have the opportunity to develop their skills and confidence to identify what matters most to them and to take action to change things for the better, now and in the future. This strength-based approach to improving the area will build on local opportunities and assets to create lasting long term solutions and that will make best use of the scarce resources.</p>

<p>rather than to them or for them. This is a high support, high challenge approach.</p>		<p>Lower High Street Project, public engagement to identify key issues for residents and the local business community and how CBC can support actions to address these.</p>
<p>Marketing-based placemaking</p> <p>Through our strategic tourism work and the work of the Business Improvement District, we are committed to work collectively to develop the branding and marketing of Cheltenham. These messages will communicate the ambitions we have for the town, its unique characteristics and selling Cheltenham as a place that people want to invest, visit, live, and study in.</p>	<p>We have developed a collective message to tell the outside world that Cheltenham is the best possible place to start and run a business from and to visit and enjoy as a tourist.</p>	<p>Through Cheltenham Tourism Partnership, there was a collective approach to defining a set of outcomes for a new approach to tourism and marketing; these included:</p> <p>Working environments - Cheltenham's visitor economy is strategically and sustainably developed and supported.</p> <p>Working partnerships - Partnerships are active and dynamic in driving the vision and delivery for tourism in Cheltenham.</p> <p>Product development - Refine and enhance Cheltenham's offer for visitors.</p> <p>Market development - Grow the visitor economy through targeted marketing communications programmes & systems.</p>
<p>Project-based placemaking</p> <p>We are committed to taking a project management approach to ensure the projects we deliver are well-managed. This may include testing concepts before making substantial political and financial commitments through small scale temporary interventions. May also be described as 'Lighter, Quicker, Cheaper', low risk, low cost options well suited to places in transition, helping to build public consensus before fixing commitments.</p>	<p>The projects that we commit to deliver to support our place-making ambitions are well-managed</p>	<p>Cheltenham Transport Plan, - delivered through a series of trial phases before the borough commits to the associated public realm improvements.</p> <p>Lower High Street pocket parks, - small scale, community supported environmental improvements.</p>

4. Consultation and feedback

- 4.1 Early discussions have taken place. A core officer team has been established and through this team conversations have started to develop the thinking around the Place Strategy, including Informal Cabinet, Executive Board, Cheltenham Trust, Cheltenham BID, Civic Society and Gloucestershire University. The purpose of this report is to gain agreement to proceed with wider

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engagement. An engagement plan is provided at appendix 2; this plan will develop further as work on the Place Strategy progresses. It is linked to the Placemaking approaches set out in the table above which will help scope the type of conversations and stakeholders. Future reports on the Place Strategy will detail the consultation and feedback arising.

Report author	Contact officer: tracey.crews@cheltenham.gov.uk, 01242 774405
Appendices	<ol style="list-style-type: none">1. Place Strategy Influences2. Engagement plan3. Risks
Background information	None

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If current staff contracts are not addressed within the Planning Division, then there will be insufficient suitable staff resource available to deliver the Place Strategy to quality or to timetable.	TA	Oct 2016	5	3	15	Reduce	Review current staffing arrangements within the Planning Division as part of the review of the Townscape Team	Dec 2016	TA	Divisional
	If the Council does not structure its strategy-strands within an overarching Place Strategy, then there is a possibility of a divergence in strategic approaches with the potential to impact on economic growth.	TA	Oct 2016	4	2	8	Reduce	Produce Place Strategy	Summer 2017	TA	Corporate
	If the Council does not effectively engage with its communities in the preparation of the Place Strategy, then it runs the risk of failing to bring with it organisations and communities vital to the Strategy's delivery and isolating parts of its community.	TA	Oct 2016	5	2	10	Reduce	Undertake engagement as set out in the main report and appendices	Spring 2017	TA	Corporate
Explanatory notes											
Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)											

Likelihood – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

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

APPENDIX 1: Place Strategy – Influences

Cheltenham Economic Strategy	LEP Growth Strategy	JCS	Cheltenham Plan	University of Gloucestershire Strategic Plan	Gloucestershire County Council Community Safety review
Key Recommendations / Direction of Travel					
<ul style="list-style-type: none"> Establish approach and mechanism for communication, business engagement & advocacy Establish cyber security cluster Enable the development and delivery of a choice of high quality business premises Review the value and current use of local authority and government owned assets Safeguard key assets & recognise opportunities for redevelopment Investigate alternative delivery models for delivering land, premises, housing and infrastructure Establish a project pipeline for the most important 2 or 3 infrastructure, land and property projects 	<ul style="list-style-type: none"> Target for growth above the national average Development of the growth hub establishment of a Gloucestershire centre of excellence in Renewable Energy, Engineering & Nuclear skills (GREEN) – potential supply chain benefits to Cheltenham and growth of sectors locally Expansion of employment at M5 J10 Facilitating new areas of housing and employment growth in response to the county’s emerging local plans, including the M5 Growth Zone Support for tourism sector business Accelerated growth for sectors of nuclear energy, high tech manufacturing and knowledge intensive service – for Cheltenham focus on cyber industries 	<ul style="list-style-type: none"> Delivery of strategic employment and urban extensions Focus on identifying strategic infrastructure Establishes an economic strategy which for Cheltenham recognises strength of retail, tourism business and manufacturing and emerging growth of cyber industries Establish a green infrastructure network Policy framework for shaping place – design and sustainability, mixed and balanced communities, health and community Infrastructure plan and delivery Transport network and interventions Establishes framework for local plans 	<ul style="list-style-type: none"> Part 1 being progressed – economic strategy, portfolio of development sites and Local Green Space Part 2 – to include relevant development management policies 	<p>Currently in preparation. To be completed November 2016</p> <p>Will look at expanding in sectors of:</p> <ul style="list-style-type: none"> Cyber STEM (light/creative industries) Nursing and health Public service <p>Establish goals for transformation to position the University within the top 25.</p>	<p>To make recommendations about how to improve Community Safety (including safeguarding) within the County so that greater outcomes are achieved.</p> <p>To make recommendations about how to create greater integration and interface between all Community Safety related partners, partnerships, strategies and plans.</p> <p>To make recommendations for potential opportunities for multi-agency co-commissioning</p> <p>To make recommendations about the creation of a strategic community safety partnership for the county and how it will link to local delivery.</p>
What can the Place Strategy Offer/Add Value?					
<ul style="list-style-type: none"> Co-ordination of key partners around key priorities Identification of key pipeline projects & infrastructure Consider opportunities for shared working and options for delivery vehicles Establish priorities for CDTF Act as a lobbying platform for government /external funding 	<ul style="list-style-type: none"> Co-ordination of key partners around key priorities Identification of key pipeline projects & infrastructure Act as a lobbying platform for government / external funding 	<ul style="list-style-type: none"> Co-ordination of key partners around key priorities Identification of key pipeline projects & infrastructure Set priorities for green space projects/interventions Provide local definition sitting underneath strategic JCS policy on definition of place and what it means for Cheltenham 	<ul style="list-style-type: none"> Inform preparation of part 2 of the Cheltenham plan which may lead to policy interventions on place shaping/ infrastructure priorities/master planning/green infrastructure provision 	<ul style="list-style-type: none"> Co-ordination of key partners around key priorities Link between economy and education Recognising important role university plays as an anchor within the region 	<ul style="list-style-type: none"> Coordination of CBC / partnership activities within Cheltenham to ensure a continued focus on community safety and safeguarding.

Gloucestershire County Council Strategic Plan	Cheltenham Partnerships Action Plan	Tourism Strategy	Restorative approach	Cheltenham Trust Strategic Plan	Housing & Homelessness Strategy
Key Recommendations / Direction of Travel					
<p>GCC has a 4-stage approach that describes how the Council works with individuals, families and communities to make sure that they are able to be there for the most vulnerable people when they most need our help.</p> <p>Being where we're needed most</p> <ul style="list-style-type: none"> Providing specialist support for those who really need our help. Targeting long-term care on people with complex needs. <p>Getting people back to independence</p> <ul style="list-style-type: none"> Providing intensive support for a quick recovery following injury or trauma. Effective short-term interventions that let families help themselves. <p>Active Communities</p> <ul style="list-style-type: none"> Investing in community capacity and building on existing support. Providing support for people to do more for themselves, their families and their communities. <p>Active Individuals</p> <ul style="list-style-type: none"> Helping people to make the right life choices like being fit and healthy. Signposting people to what they need within their own communities. 	<p>Cheltenham Partnerships are focusing their efforts on four key outcomes for 2016 and 2017 Our over-arching outcome:</p> <p>Strengthening the emotional wellbeing and resilience of all Cheltenham residents so that they can:</p> <ul style="list-style-type: none"> Lead healthy lives Live in strong and safe communities Secure and sustain employment <p>Supported by three other outcomes:</p> <ul style="list-style-type: none"> We will work to promote healthy lifestyles across all communities in Cheltenham We will work to encourage more people to get actively involved in their communities so that people live in strong and safe communities We will work to ensure that everyone has an opportunity to contribute to Cheltenham's economy 	<p><u>Working environments</u> - Cheltenham's visitor economy is strategically and sustainably developed and supported.</p> <p><u>Working partnerships</u> - Partnerships are active and dynamic in driving the vision and delivery for tourism in Cheltenham.</p> <p><u>Product development</u> - Refine and enhance Cheltenham's offer for visitors.</p> <p><u>Market development</u> - Grow the visitor economy through targeted marketing communications programmes & systems.</p>	<p>The restorative approach is a set of values and ideas about working with children, young people, families, communities, colleagues and partner organisations.</p> <p>Central to it is how we build, maintain and repair relationships and how we do things 'with' others not just 'to' or 'for' them. The restorative approach involves high support and challenge. It offers a common thread to tie together theory and practice in diverse fields including education, criminal justice, social work and organisational management. It is about being fair and inclusive and as a result, building trust and commitment, bringing cooperation and driving performance.</p> <p>Restorative 'practices' are practical interventions that apply this broader restorative approach. For example, restorative circle-time; mediation; restorative justice; Family group conferences; solution focused brief therapy; restorative responses to complaints and grievances etc.</p>	<p>The Trust deliver a set of three outcomes for CBC</p> <p>A. People in Cheltenham lead healthier, fulfilling and active lives</p> <p>A1. People take regular exercise A2. People make lifestyle choices to improve their own health and wellbeing A3. People can participate in activities regardless of age or ability</p> <p>B. People in Cheltenham are inspired to take part and gain valuable skills and experiences</p> <p>B1. People of all ages learn new skills and develop their knowledge B2. People of all abilities and backgrounds participate in learning activities B3. People contribute to the health and wellbeing of their communities</p> <p>C Cheltenham is seen as a world class place to live, work, study and visit</p> <p>C1. Cheltenham is recognised as an inspiring cultural and tourist destination C2. Cheltenham's heritage & cultural assets and environment are protected, enhanced and enjoyed C3. Cheltenham is open and accessible to all</p>	<p><u>The Vision</u></p> <p>Our vision is for residents to be able to access and maintain suitable, affordable accommodation within communities that are safer, stronger and healthier.</p> <ul style="list-style-type: none"> Priority 1: To increase the provision of Affordable Housing Priority 2: To make best use of existing housing stock Priority 3: To improve access into suitable, affordable accommodation and helping households to stay in their homes for longer Priority 4: To tackle the causes of homelessness Priority 5: To create stronger, safer and healthier communities
What can the Place Strategy Offer/Add Value?					
<ul style="list-style-type: none"> Link this approach to our thinking on health and care provision within the overall theme "<i>People choose to live in thriving communities</i>" 	<ul style="list-style-type: none"> Ensure linkages between the theme "<i>People choose to live in thriving communities</i>" and the work-streams set out in the action plan 	<ul style="list-style-type: none"> The place strategy should enable us to articulate a joined-up vision that links tourism strands with economic development, culture, education and living 	<ul style="list-style-type: none"> This approach is becoming widespread in Gloucestershire and we could adopt this way of thinking into the way we approach the theme "<i>People choose to live in thriving communities</i>" 	<ul style="list-style-type: none"> The Trust is a key partner. The Place Strategy offers the opportunity to align activities against key outcomes 	<ul style="list-style-type: none"> The place strategy needs to ensure that there is joining up between the economic growth and housing agendas

Cheltenham Corporate Strategy	Strength-based working	Cheltenham Asset Management Plan	GCC LTP (2015 – 31)	Cheltenham transport Plan	Civic Pride Urban Design Framework SPD
Key Recommendations / Direction of Travel					
<p>For the purposes of corporate strategy 2016-17, we have focused our efforts on three high-level outcomes covering the issues that matter most to our residents, businesses and visitors. We also have an internal “transformation” outcome covering commissioning, asset management and financial management. The outcomes are:</p> <ul style="list-style-type: none"> Cheltenham's environmental quality and heritage is protected, maintained and enhanced Sustain and grow Cheltenham’s economic and cultural vitality People live in strong, safe and healthy communities Our council can continue to facilitate the delivery of our outcomes for both Cheltenham and its residents 	<p>The gap is around preventing people from getting to the cliff-face in the first place and we are committing to use and learn from the strengths-based community development approach on projects that will build on the skills, power and resources in local communities to create true citizen-led projects.</p> <p>A strengths-based approach starts from a place of possibilities, strengths and capacities as opposed to problems and deficiencies. Our local communities have significant skills, power and resources that can be harnessed to make Cheltenham a better place.</p>	<ul style="list-style-type: none"> Bridging the Gap Helping making a more beautiful & vibrant place Support for economy, culture & voluntary sector Housing growth To use our assets to sustain and grow Cheltenham’s economic and cultural vitality and make a positive contribution to people’s lives. 	<ul style="list-style-type: none"> Countywide strategy Connecting places strategy Thematic policy 4 objectives – economy; community connectivity; environment; health. 	<ul style="list-style-type: none"> Introduction of 2-way working to calm speeds; break the 1-way ring; offer easier access to key car parks; Calmer traffic movement giving easier pedestrian and cycle access. Better bus access – reduced journey distances and times. Release of space for public realm 	<ul style="list-style-type: none"> Statutory basis for co-ordinated approach to UD, Transport and Public Realm in town centre. UD principles Movement strategy Green structure Public space opportunities Street furniture quality principles Public art in public spaces CBC town centre property opportunities
What can the Place Strategy Offer/Add Value?					
<p>The place strategy will set a wider vision and outcomes for the health and wealth of Cheltenham. Within this, CBC will identify its own priorities for action and produce and sign-off an action plan and associated performance measures</p>	<p>Ensure place strategy helps build better communities by providing support so that groups can:</p> <ul style="list-style-type: none"> Identify and mobilise existing, untapped or undiscovered assets; Build better and deeper relationships, Harness the attributes and skills behind informal networks and local associations. 	<ul style="list-style-type: none"> Direction for property initiatives which deliver place objectives – land use; quality; community enrichment; development opportunities; street furniture management. 	<ul style="list-style-type: none"> The local economic basis for transport initiatives Local direction for creating places for people, and robust environmental application of principles. Local opportunities for management and delivery. 	<ul style="list-style-type: none"> Co-ordination of key partners Inform use and design of public space made available Guide transport mode choices. 	<ul style="list-style-type: none"> Co-ordination of key partners Identify and define objectives for further key projects Update principles

Cheltenham Car Parking Strategy	Cheltenham Festivals Strategic Plan	Gloucestershire Airport Business Plan 2015 -2018	Health – Sustainability & Transformation Plans	Cheltenham Green Space Strategy	Cheltenham & Tewkesbury Social, Sport & Open Spaces Study
Key Recommendations / Direction of Travel					
<ul style="list-style-type: none"> Work in preparation 	Not on website	<p><u>Vision</u> <i>“Manage the operation and development of the Airport in a manner aimed at delivering environmentally sustainable and profitable growth, supporting the sub-regional economy and delivering financial returns to the shareholders”</i></p> <p>Business plan is a 3 year growth based plan with priorities to;</p> <ul style="list-style-type: none"> provide more high quality hangarage to support growth in the number of based aircraft and growth in the business overall support aerospace related development growth with regard to targeted commercial air services 	<p>The STP for Gloucestershire has 4 emerging priorities</p> <ul style="list-style-type: none"> Enabling active communities Clinical programme approach Reducing clinical variation One Place, One Budget, One system <p>The EAC framework has three priorities:</p> <ul style="list-style-type: none"> Creating a culture of utilising opportunities - using our existing assets e.g. our workforce, our buildings and our existing services / community hubs Creating a knowledgeable community - building knowledge and resilience within individuals and communities and to ensure effective provision of advice and information Developing local solutions – working with communities to identify local needs and how these might be better met using new or existing partnerships. 	<p>Provides an audit of green space and biodiversity across the Borough. The strategy joins-up the various elements of green space provision and management with strategic land management, sustainability, biodiversity, and resilience to climate change. The document is used to inform assessments of playing pitch provision and open spaces; and helps guide management and investment decisions relating to green spaces made by the Council.</p> <p>The strategy was published in 2009, covering a period to 2024. Key parts of this strategy will be replaced by the Cheltenham & Tewkesbury Social, Sport & Open Spaces Study.</p>	<p>Study in preparation.</p> <p>Borough wide assessment of open spaces and community facilities to include;</p> <ul style="list-style-type: none"> Needs and assets assessment Policy recommendations Recommendations on governance <p>The study will include separate analysis for identified strategic sites.</p> <p>The outcomes will provide a clear baseline for playing pitches, open spaces and community facilities which in turn informs future policy and investment decisions.</p>
What can the Place Strategy Offer/Add Value?					
<ul style="list-style-type: none"> Set the strategy in a broader context and give direction to initiatives 		<ul style="list-style-type: none"> Recognise role of airport in the strategic infrastructure of economy of Cheltenham Align priorities for growth 	<ul style="list-style-type: none"> Help co-ordinate activities of partners in the context of understanding local needs 	<ul style="list-style-type: none"> Recognising importance of green environment in defining place and how this is interpreted within the context of Cheltenham 	<ul style="list-style-type: none"> Recognising importance of green environment in defining place and how this is interpreted within the context of Cheltenham Take forward key deliverables through place strategy action plan

CDTF Business Plan 2016 – 2019	Latham studies	A Local Model for Sustainable Communities	M5 Junction 10 Task Group	Community Infrastructure Levy	
Key Recommendations / Direction of Travel					
<ul style="list-style-type: none"> Support Cheltenham’s economy & sustainable devt. by bringing together private and public sector Property opportunities (public and private) Transport enhancements Public realm quality 	<ul style="list-style-type: none"> Civic pride goal -‘make Cheltenham the most beautiful town in England’ Improve ‘gateways’ into the town Improve pedestrian movement in the town Improve vehicle flow around the town Identifies individual public realm improvement opportunities <p>Ambitions-</p> <ul style="list-style-type: none"> ‘a place that attracts’ ‘an historic town that looks to the future’ ‘an accessible & walkable town’ ‘a place for working, learning, living & leisure’ ‘a community at ease with itself’ 	<p>Model work up through partnership working with CBH, Bromford and Sovereign. The purpose of the document is to establish a framework within which to support conversations with developers and landowners on the building blocks of creating sustainable communities - decent housing and good transport connections, non-physical factors like strong social networks and personal wellbeing make the real difference between a community succeeding and flourishing or not.</p> <p>The model establishes an approach to place making including examples of intervention, governance etc.</p>	<p>Partner task force established chaired by CEX of Tewkesbury borough. Includes representative of Cheltenham Borough Council, LEP, business community, Highways England and Gloucestershire County Council.</p> <p>Work commissioned to establish the business case for an all movements junction.</p>	<p>As almost all development has some impact on the need for infrastructure, services and amenities, this tariff-based approach is an effective, quicker and fairer framework to fund new infrastructure to support growth.</p> <p>Progress being made on Cheltenham CIL with examination scheduled November 2016.</p>	
What can the Place Strategy Offer/Add Value?					
<ul style="list-style-type: none"> Co-ordinate key partners Establish direction of travel across a broader range of themes Give CBC focus on CDTF objectives & initiatives 	<ul style="list-style-type: none"> Provide a coordinated approach & rationale for public realm changes Provide a methodology for delivery Link public realm improvements into a wider agenda 	<ul style="list-style-type: none"> Take forward the key themes of sustainable communities Build these themes into the Place Strategy action plan and help facilitate co-ordination of partners to help delivery. 	<ul style="list-style-type: none"> Identify priorities for strategic infrastructure and help facilitate the delivery. 	<ul style="list-style-type: none"> Inform future discussions with members on priorities for spend of CIL Inform discussion with local communities on priorities for spend of CIL 	

APPENDIX 2: Place Strategy – Engagement Plan

It is proposed that there will be an ongoing engagement process up to 31 December 2016. This document broadly outlines how this will be managed.

The purpose of the engagement will be two-fold:

- Develop the challenges and opportunities section of the document – what do our stakeholders and residents perceive to be the key challenges that the town faces, and the strengths we can build on. What are the key risks for the town in the future?
- Develop a compelling and ambitious vision for the long-term future of the town. What do our stakeholders and residents see as key to making Cheltenham stand out in the future from its competitors?

Key documents

- Place strategy ‘storyboard’
- Vision – working draft
- Agreed survey

Key Consultation activities

The consultation processes will be tailored around the type of placemaking approach (as set out in section 3, Methodology of the Cabinet report) and the type of outcome desired.

Strategic placemaking

Discussion groups and workshops with key partners to see where ambitions may align and identify projects which support Cheltenham’s placemaking ambitions.

The following organisations are likely to be key partners:

- Cheltenham Development Taskforce
- University of Gloucester
- Local high tech companies
- Gloucestershire airport
- Cheltenham BID
- GCC
- LEP

Creative placemaking

A similar approach to the Strategic placemaking but engaging with cultural and creative partners at a higher level and also linking with local neighbourhoods to empower them to support the growth of their own creative agenda.

Key partners include;

- Cheltenham Trust
- Cheltenham Festivals
- The Racecourse
- Active Gloucestershire
- & Local community groups

Strength-based and restorative placemaking

Engagement with community groups and Cheltenham Partnerships through existing networks with a new focus on Placemaking. Outreaching to unrepresented groups where there are gaps with workshops to build relationships to set up a basis for a longer term relationships.

As part of this, we will establish a web-page including outline ambitions for the town, used for gathering public ideas and comments and to build a virtual community thinking about Cheltenham's sense of place.

We also want to put a particular effort into engaging with young people in the town. We will work through local youth groups, primary and secondary schools to ensure school-age children can have their say about what kind of town they want Cheltenham to be in the future. We will also engage with students at both GlosCol and the University to understand about their future aspirations for growing their careers in Cheltenham.

Marketing-based placemaking

As part of our marketing placemaking approach, we will engage with those that have a vested interest in how Cheltenham markets itself to the outside world; this will include:

- The hospitality trade
- Local retailers
- Cheltenham BID
- Cheltenham Trust
- Cheltenham Festivals

Project-based placemaking

Projects emerge for this process principally through the engagement already identified above. The engagement processes will evolve new temporary projects contributing to place and empower groups to make their own small scale interventions where these support the placemaking agenda.

A branding strategy for Cheltenham is being developed over a similar times line to the placemaking so there will be considerable opportunities for cross-fertilisation of ideas between the two processes. Research gathered through the branding exercise can feed into placemaking to help Cheltenham better understand its appeal to visitors and how this could be enhanced.

As the process evolves and strong themes come forward the web page will be adapted to summarise and 'sell' the ambitions of the town.

**Cheltenham Borough Council
Cabinet – 11th October 2016
Cheltenham Development Task Force Business Plan**

Accountable member	Andrew McKinlay
Accountable officer	Tim Atkins
Ward(s) affected	All
Key Decision	Yes
Executive summary	To consider the updated Task Force business plan
Recommendations	<ol style="list-style-type: none"> 1. To endorse the Task Force Business Plan 2016-2019, and 2. To note that a review of governance and direction of the Task Force has been initiated by the MD Place & Economic Development and to receive a report on that review later in 2016 and update the Task Force Business Plan as necessary

Financial implications	<p>No direct financial implications arising from the report.</p> <p>Contact officer: Nina Philippidis, nina.philippidis@cheltenham.gov.uk, 01242 264121</p>
Legal implications	<p>None specific arising from the report recommendation. Individual items in the Business Plan will require legal input as necessary when bringing forward to Cabinet for approval.</p> <p>Contact officer: Peter Lewis, peter.lewis@tewkesbury.gov.uk, 01684 272012</p>
HR implications (including learning and organisational development)	<p>There are no direct HR implications arising from this paper.</p> <p>Contact officer: Carmel Togher, carmel.togher@cheltenham.gov.uk, 01242 775215</p>
Key risks	<p>If cabinet does not support the updated Task Force Business Plan, then it may fail to either capitalise upon the opportunities or address any challenges identified by the Task Force for development, and in so doing put CBC's reputation and corporate strategy delivery at risk.</p>

<p>Corporate and community plan Implications</p>	<p>The Council's 2016-17 corporate strategy includes a priority action (ECON 5) for the council is to support delivery of Cheltenham Development Task Force's Business Plan. The review of CDTF's Business Plan will support the delivery of this priority and its associated milestones.</p>
<p>Environmental and climate change implications</p>	<p>There are a number of projects identified in the proposed Business Plan that will significantly improve the environmental quality of Cheltenham's public realm.</p>
<p>Property/Asset Implications</p>	<p>Property Services will continue to work closely with the Managing Director of the Cheltenham Development Task Force to ensure delivery of the Councils objectives.</p> <p>Contact officer: David Roberts, david.roberts@cheltenham.gov.uk, 01242 264151</p>

1. Background

- 1.1 The updated Business Plan was considered at the Task Force on Friday 15th July 2016 and was supported subject to CBC approval (as sponsoring body).
- 1.2 This was the final version of the draft considered at the Task Force meeting on Friday 15th April 2016; the main amendment being an appendix, requested by Task Force members highlighting the successes to date.
- 1.3 This appendix demonstrates the extent of successes delivered by the Task Force and reinforces the decision of the Council to maintain funding for the Task Force for the 3 years 2016-2019.
- 1.4 In parallel to this regular Business Plan updating exercise there has also been an internal audit carried out by Audit Cotswolds. Whilst the assurance levels for both controls and compliance was High, it did recommend that future governance is reviewed in light of changing circumstances of some of the founding partners.
- 1.5 A review is underway under the direction of MD Place & Economic development, with key partners and the proposals will be reported to the Task Force and relevant cabinets in the autumn, with engagement with members through a commissioning approach. In the interim it is proposed to adopt the plan as written, on the basis that it is fluid and regularly reviewed.

2. Reasons for recommendations

- 2.1 To ensure alignment of the Task Force Business Plan with the Council’s corporate strategy, particularly:
 - Cheltenham's environmental quality and heritage is protected, maintained and enhanced
 - Sustain and grow Cheltenham’s economic and cultural vitality

3. Alternative options considered

- 3.1 As Cabinet have already agreed to fund the Task Force for the period 2016-2019 the adoption of the updated Business Plan is the next step, however, as signalled above a review of the Task Force and its governance is underway.

4. Consultation and feedback

- 4.1 The Business Plan was considered by the Task Force which has representation from both CBC and GCC cabinets. Attendance at Overview & Scrutiny by invitation for key items such as the progression of Cheltenham Spa railway station upgrade.

5. Performance management – monitoring and review

- 5.1 The Business Plan is regularly reviewed by the Task Force with input from cabinet members of both CBC and GCC. Additionally key risks to delivery are monitored via the Task Force Risk & Accountability group with representatives of both CBC and GCC and external business membership too.

Report author	Contact officer: Tim Atkins tim.atkins@cheltenham.gov.uk , 01242 775045
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Appendices	1. Task Force business plan 2016-2019 and appendix
Background information	Final Internal Audit Report on The Cheltenham Development Task Force 2015/2016

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 cabinet does not support the updated Task Force Business Plan, then it may fail to either capitalise upon the opportunities or address any challenges identified by the Task Force for development, and in so doing put CBC's reputation and corporate strategy delivery at risk	Managing Director – Place & Economic Development	October 2016	4	3	12	Reduce	Prepare a report and Business Plan that provides a framework that will support the Task Force principles and deliver the CBC corporate vision and outcomes. Monitor progress through Task Force meetings; monthly leader and SLT operation programme board updates	21 st October 2016	Task Force Managing Director	
<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>											

Item 63/16(i)

Cheltenham

Development Task Force
making things happen



Business Plan Proposal 2016-19



Cheltenham Development Task Force

Business Plan 2016-19

April 2016

Executive Summary: This is the fourth business plan for the Cheltenham Development Task Force (CDTF). Its purpose is to set the direction for the period 2016-2019, but as with previous versions it will be necessary to revisit and update the plan as circumstances unfold. This plan takes cognisance of the Local Enterprise Partnership (LEP) Strategic Economic Plan (SEP), the CBC commissioned Athey Consulting report on economic development, the emerging Joint Core Strategy and the role that the Task Force has carved in connecting the private & public sectors.

Recommendation: The document has been circulated as an update to the version 2015-2017 approved late 2015 and, subject to feedback from Task Force board members is proposed for adoption.

Contents

- 1.0 Background & Evolution
- 2.0 Context and progress update
- 3.0 Vision
- 4.0 Remit
- 5.0 Core principles
- 6.0 Specific targets & associated funding
- 7.0 Delivery mechanisms
- 8.0 Recommendations

1.0 Background & Evolution

1.1 The Cheltenham Development Task Force originally came into existence on 4th January 2010 with a purpose to move forward the former Civic Pride project. This meant that a geographic boundary was established based upon that former piece of work with a town centric focus, which has since been extended to include the whole of the Borough.

1.2 The Task Force is purely advisory having no direct powers or funding, and there is no change proposed in order to ensure that there is no impact upon local democracy and accountability.

1.3 The nature of the work undertaken by the Task Force has been recognised and applauded by both a Local Government Association Peer Review exercise and a Select Committee visit to Cheltenham.

2.0 Context

2.1 The approach adopted by the Task Force in many ways reflect the words of landscape architect Thomas Mawson who in 1912 said
“City planning is not the attempt to pull down your city and rebuild it at ruinous expense. It is merely deciding what you would like to have done when you get the chance, so that when the chance does come, little by little you may make the city plan conform to your ideals”

The Task Force has pursued a mantra of *opportunities and challenges*, recognising what improvements could be achieved, and creating an environment that encourages delivery by private and public partners. Key outputs include:-

- Midwinter which has delivered 172 housing units (40% affordable)
- Honeybourne Gate – assisted by GILF funding
- The sale of North Place & Portland Street
- Brewery phase 2 – on site
- Regency Place – on site
- Beechwood shopping centre – new John Lewis store
- Working with GCC to secure the Traffic Regulation Orders to enable delivery of the Cheltenham Transport Plan
- Securing funding for Cheltenham Spa station
- Delivering public realm upgrades

2.2 In addition contributions have been made to other activities such as

- The Borough Council's office accommodation strategy
- Plans to improve St.Mary's Minster churchyard
- The salvaging of the celluloid entwined ladies from the façade of the former Odeon cinema
- Working with major investors in the town centre

2.3 Despite the length of the recession and its aftermath Cheltenham has fared well in terms of investor confidence and the previous oft quoted "developer unfriendly" handle has been eroded, with active engagement of a wide range of investors, notably housing & retail in the town centre. However, it is critical that steps are taken to foster growth by the delivery of sites for employment to maintain the recovery, particularly to satisfy endogenous growth needs and maintain local employment from successful organisations.

2.4 It is recognised that c800,000ft² of office space has been lost over the last few years; whilst much of this was poor quality and its conversion or demolition for residential is an appropriate response, there is an underlying risk of limited supply which could stifle growth. Research by "Centre for Cities" has identified a direct correlation between late 1980's employment dispersal and the collapse of the traditional High Street/retail cores, which further emphasises the need to protect town centre employment.

2.5 Conversely the town's housing market has proven relatively resilient during the recession, hence the buoyancy of the office to housing market, although much of this has been in the targeted elderly care sector; if this releases local homes then it has a beneficial impact but if it merely attracts incomers it does not assist with the local housing situation, nor long term health demands.

2.6 Permitted development rights to convert office to housing is a challenge for Cheltenham and attempts by CBC to secure Article 4 protection (eg via Devolution discussions) have proved unsuccessful. Ironically the erosion of office stock is pushing the market towards equilibrium, which in turn is driving up rental costs and taking Cheltenham close to rates that would justify speculative office development; such a situation would question whether residential conversion was financially sound.

2.7 A further factor has been the potential for cyber security focussed employment given a boost by the announcement (autumn 2015) of an innovation centre linked to GCHQ, which in turn links to the role of the JCS in creating the strategic land allocations to support such growth. Utilising sites as drivers for employment enables

salaries to be generated and spent in the locale which through multiplier effect enhances the collective well-being.

2.8 So whilst there has been a range of positive site developments and wider initiatives there remain a host of challenges moving forward including

- Conclusion of various schemes including Brewery II, Regency Place and the former Beechwood shopping centre
- Delivery of transport improvements – Cheltenham Spa station and Cheltenham Transport Plan
- The non-delivery of outcomes at North Place & Portland Street
- The need to deliver additional employment land
- The need to protect the remaining office stock within the town
- The acute need for more affordable housing against a backdrop of initiatives that create challenges eg vacant building credit, permitted development rights, redefined affordability criteria
- The integration of the Lower High Street
- Funding to improve the public realm

3.0 Vision

3.1 The vision has been articulated as:-

To support the town's economic strength and sustainable development by bringing together private and public investors to support the growth agenda as articulated in the GFirst LEP strategic economic plan, for the benefit of the whole community.

The outcomes so far set out in section 2.0 accords with that wider ambition.

However as previously noted and reflected in our adopted strategy of Opportunities & Challenges, a town is a place that never stops evolving, and as such we must continue to grasp opportunities as they arise and attempt to create or influence outputs from other agencies for the benefit of the town.

4.0 Remit

4.1 The remit of the Task Force has not changed:-

- Boosting the internal capacity of the founder partner organisations through closer collaborative working, clearly demonstrated in the delivery of the public realm improvements
- Improving co-ordination and integration. The Task Force has maintained links with gFirst Local Enterprise Partnership; continues to meet regularly with key bodies such as the HCA and Historic England; provides updates for local groups such as the Civic Society.
- Facilitating and supporting development projects, as demonstrated by the projects on site and the Town Centre co-ordination group of developers and contractors.
- Providing a focus for promoting a positive image of Cheltenham as a thriving town centre to live, work, shop and relax. The generally positive response from developers/investors and the public to schemes suggest that a balance is being achieved.
- Seizing opportunities as they arise eg the railway station project

It is critical that the Task Force does not operate in a vacuum so it aims to help the integration of national, regional and sub-regional policy across the key areas of regeneration, development and planning within the Borough, to ensure that schemes are approached flexibly and creatively in line with best practice.

Such an approach also requires an understanding, but not necessarily an explicit delivery involvement with wider matters that impact upon Cheltenham eg the LEP M5 strategic corridor.

5.0 Core Principles

The core principles previously identified remain. The key has been to generate benefits for the whole community and regeneration of less prosperous areas, by utilising sites as a means to wider ends.

Transport

- Reduce central town traffic movement by closing Boot's corner to general traffic, whilst retaining public transport vehicles; essentially challenging the current hierarchy centred upon the car and thus improving the experience through minimising vehicle/pedestrian interfaces
- Review and rationalise car parking consistent with the town's commercial and environmental needs including a clarification of signage and access to car parks
- Promote sustainable travel – walking, cycling, bus (inc Park & Ride) to provide an optimum town centre environment.

Connectivity

- Promote high quality physical linkages between both existing and new development areas with both active and passive environments
- Utilise streets for passive and active enjoyment by encouraging high quality street environments and public spaces
- Develop a strategy for areas of "negative space" ie those that detract from surrounding elements and have unrealised potential e.g. St Mary's churchyard

Gateways, Landscape & Biodiversity

- Enhance the sense of arrival to the town centre on strategic entrances
- Provide clear car park routeways from the edge of town and within the centre
- Seek opportunities to strengthen the existing greenscape and biodiversity through implementing established sustainable techniques e.g. SUDS

Retail, Leisure, Culture, Heritage & Tourism

- Enhance the central specialist retail offer and connectivity between established retail areas by working with investors and end users
- Seek opportunities to revitalise non-central shopping zones and connectivity as appropriate
- Promote hotel provision as part of the wider tourism offer
- Redefine core assets such as Royal Well to provide a distinct identity
- Reuse key buildings sensitively
- Support the established festival programme by providing "street" spaces for activity and seeking other opportunities

Housing & Community

- Promote sustainable residential & community provision against identified need.
- Enhance public spaces and the public realm generally, recognising that the more space and the higher the quality, the longer that people occupy and take a sense of ownership

Economy & Employment

- Retain and protect the existing centre employment levels and seek opportunities for further growth
- Promote employment opportunities on key sites
- Ensure that any developments maximise local employment and training opportunities

Historical Context

- Recognise the importance of the town’s history in shaping current layout and form
- Pursue high quality designs that respond positively to historic context

Other

- Encourage renovation of private property

6.0 Specific Projects, Targets & Activities

6.1 The analysis identifies both specific projects and outputs and more generic economic outputs. Where previous projects have been implemented or completed they have been removed – examples include Honeybourne Gate; pedestrian wayfinding phase 1; Promenade public realm; electric vehicle charging points

No	Targets/Actions	Timescale	Responsible body	Funding	Update / Comment
1	Maintain liaison & co-ordination with developers & active sites	Ongoing	Task Force	None required	Brewery II, Regency Place and Beechwood all engaged
1a	Conclude Brewery II (Martin Commercial & Kier)	July 17	Task Force	None	Target Dec 16 to open formal link and Mar 17 for commercial units
1b	Regency Place (Crest Nicholson)	Dec 17	Task Force	None	On target
1c	Beechwood Shopping Centre conversion to JLP store (Blackrock, JLP, Midas)	Sep 17	Task Force	None	Links to 9e & 9f
2	Deliver a revised solution for North Place & Portland Street				
2a	Identify alternative viable solutions as large foodstore scheme unviable and re-open car park on interim basis	Spring 2016	Task Force	None	Proposals emerging
2b	Secure amended planning as necessary	Late 2016	Developer		
2c	Conclude financial transaction and start on site	Early 2017	Developer		
2d	Include Warwick Place in wider scheme.	Summer 2015	CBC	Part of wider deal.	Warwick Place land transfer actioned. Chapel Spa pending

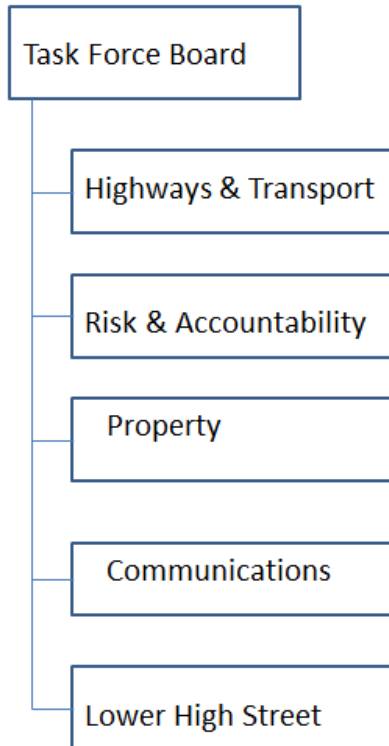
3	Royal Well / Municipal Offices				
3a	Consider alternative sites for CBC, if Delta Place unavailable until lease end, as part of accommodation strategy	On-going	CBC	tbc	Explore options with partners
3b	Complete market disposal pack & strategy for MO – subject to 5a		CBC	Staff time	Agree with cabinet
3c	Maintain market interest for existing Municipal Office building	On-going	CBC	Staff time	On-going
3d	Identify preferred bidder or partner	tbd	CBC	£30k not yet agreed	Potential agency support required for marketing plus legals
3e	Develop agreed scheme	tbd	CBC	Staff time	Liaison with planning team, HE etc
3f	CBC relocation		CBC	£tbc	CBC internal project
3g	Municipal Office scheme implementation		Development Partner	£tbc	
4	Chapel Walk & Synagogue Lane				
4a	Secure planning and create temporary additional car park	Planning secured	CBC	In property budget	Demolition targeted for April 2016
4b	Link to car park strategy. Determine best option for this office area – likely to be a mix of car park and office space if office market sustains	Summer 2016	CBC / Task Force	tbc	Potential link to 3a
5	Lower High Street Seek to utilise delivery of Brewery phase 2 as an opportunity to revitalise High Street West		CBC with GCC input	£30k from CBC approved High St budget	Sub-group established, funding secured for pocket parks. Small scale interventions agreed
5a	Small scale interventions eg barrier removal	Summer 2016	GCC	tbc	Safety audit has supported removal
6	St. Mary's Aim to improve setting and use of churchyard.				
6a	Alleyways project	Summer 2016	CBC	CBC £45k funding allocated	Artist appointed
6b	Churchyard project		CBC	tbc	This will require fund raising with other bodies.
7	Bath Square transformation	Autumn	Task Force	Funding	Working with

	project	2016		provided via CBC & LSTF	Connect Regen
8	Transport changes Cheltenham Transport Plan and Cheltenham Spa station upgrade				Working with GCC and GWR/NR on delivery
8a	Walking Pedestrian Wayfinding scheme phase 2 design & implementation	Summer 2016	CBC	CBC £80k inc S106	Phase 1 implemented
8b	Car / highway				
8b (i)	Implement Cheltenham Transport Plan. Monitor and where necessary amend changes with mitigation strategy funds	Spring 2016 onwards	GCC GCC with CBC CBC	GCC funded £150k Mitigation £100k	A phased introduction as approved by GCC 22/07/15. CBC released additional £100k for phasing Feb 2016
8b (ii)	Car park electronic signage	2018	CBC	£300k – not currently funded	Unable to implement until CTP settles
8c	Cheltenham Spa station	2017 onwards	FGW and NR	5 funding streams secured. CBC & GCC staff time	CBC/GCC working with rail industry and other partners to deliver scheme
9	Public Realm works Maintain and enhance the town centre environment to improve retail & leisure destination attractiveness				
9a	West Promenade – phase 3 in front of Neptune Fountain	tbd	GCC	GCC - CBC	CBC funding already provided for materials
9b	West Promenade – phase 4	Subject to budget	GCC	£tbc	GCC
9c	Upgrade to pedestrianised part of Promenade	tbd	GCC maintenance CBC	£tbc	CBC top up budget. Phone box refurbishment concluding
9d	Bath Road safety scheme	tbc	GCC	£tbc	Trialled Jan 15
9e	High St – Winchcombe St to Rodney Rd	Early 2017	GCC	GCC and CBC £380k from High St	Links to JLP / Beechwood 1c

				budget	
9f	High St – Rodney Rd to Cambray Place	Early 2017	GCC	GCC and CBC £380k from High St budget	Links to JLP / Beechwood 1c
9g	High St – Cambray Place to Bath Road	tbd	GCC	GCC	
9h	Boots Corner and Imperial Circus	tbc	CBC	£2m	Funding reserved subject to successful trial
10	Take a pro-active role with employers in the locality including cyber/innovation hub potential	Ongoing	Task Force	None required	Respond to Athey report esp on cyber security
10a	To assist in the delivery of high GVA jobs growth and links to GCHQ	Summer 15 onwards	Task Force / CBC	Linked to and costed via JCS	On-going dialogue
11	Future Ambitions				
12a	Tewkesbury Road Improve this gateway from the M5 motorway.		CBC/GCC	£tbc	Links with JCS and J10
11b	Quadrangle Seek improvement of this landmark site given its prominence on the Promenade		CBC	Staff time	Liaise with Standard Chartered as new owners

7.0 Delivery Mechanisms/governance

7.1 The following sub-group structure identifies how the Task Force will continue to deliver its outputs. The fluidity of the governance arrangements allows for any new groups to be set up or abandoned as necessary. This has allowed for the recently established Lower High Street sub-group and equally allows the co-ordination group currently focusing upon the delivery impact of the major schemes to cease once the schemes come to fruition.



7.2 The Task Force continues to retain high calibre individuals and a stable membership, with many members taking active roles within the sub-groups, helping to shape projects and strategy.

7.3 Many members also have other roles within the community & business which helps to bring a wider perspective to the Task Force debates. These include the West End Partnership, LEP, Chamber of Commerce, Civic Society and at Cabinet level at CBC & GCC.

7.4 The sub-groups have also created opportunities for wider engagement and for example

- the Communications group includes the editor of the Gloucestershire Echo and representation from the Chamber of Commerce
- the Risk & Accountability group has representation from Endsleigh Insurance and HCR solicitors

8.0 Recommendations

8.1 To recognise progress over the last period and the contribution of members and partners

8.3 To adopt the targets as set out in Section 6

8.4 To revisit this plan on a regular basis



Business Plan Appendix

A comment from the 2016 -2019 business plan was that it failed to provide a detailed commentary of the numerous successes delivered by the Task Force, since its inception in 2010, so this appendix aims to provide a list of actions & outputs achieved with a specific focus on investment, jobs and homes

Specific site or wider project	Description	Status	Outputs				
			Brownfield land	Investment value	Housing	Other	Jobs
Midwinter site	Former CBC site developed by Bloor Homes.	2010 - 2014	No but underutilised allotments	£30m+	174 units – 40% affordable	CBC capital receipt £3.7m plus £0.8 overage	0 permanent
Honeybourne Gate	Developed by Markey Developments Enabled through GIFF funding from LEP.	2013 - 2015	Yes 0.45 acre	£14m	55 retirement apartment	Honeybourne Bridge repaint	?
North Place & Portland Street	CBC owned & led regeneration that identified Augur Buchler via OJEU to deliver a mixed use scheme.	Pending	Yes 5.5 acres	c£45m	143 units – 40% affordable	66,000ft ² retail. New public square. CBC capital receipt £7.8m	tbd

Chelt Walk	Shopfitters site acquired by CBC for temporary car parking and longer term development	2015 on	Yes 0.25 acre	£1.2m	None at this stage	May assist with longer term ambition for Chelt Walk site	n/a
Brewery II	Developed by Martin Commercial on behalf of NFUMutual. Major High Street redevelopment replacing tired 1960's shopping parade. Has generated interest in Brewery I with 5,000ft ² of previously unlet space being developed and interest in 25,000ft ² of former retail space.	2014 - 2017	Yes 2.35 acres	c£30m	34 units	110,000ft ² new retail & leisure; 104 bed hotel. Public realm uplift from Henrietta Street to Bennington Street. Odeon "celluloid entwined ladies" rescued as a public art contribution	Net growth c100
Regency Place	Scheme led by Leckhampton Estates with delivery by Crest Nicholson Complex ownership on contaminated brownfield site.	2014 - 2017	Yes 2.15 acres	c£25m inc c£1.4m retail	97 units	15,000 ft ² retail space ideal for start-ups	

Beechwood Shopping Centre	Blackrock led scheme with consent for a John Lewis store to replace a failing 1980's shopping centre.	2016 – 2017	Redevelopment of existing site	£30m	0	115,000ft ² new retail	Net growth c 200
Royal Well	CBC owned. CBC ambition to relocate Municipal Offices resulting in CBC acquisition of Delta Place. Developers pack drafted for any future disposal of Municipal Offices	2015 on		£14m investment in Delta Place		Acquisition contributes to CBC financial strategy	Provides space for c450 jobs
Cheltenham Transport Plan	With GCC secured Local Sustainable Transport Funding. £2m funding (from North Place) in reserve for Boots Corner if trial successful	2012 – 2017	n/a	£4.95m	n/a	Traffic Regulation Orders to amend central traffic flows. Improved CBC air quality monitoring. Cycle route signing. Bus stop upgrades. Pedestrian wayfinding phase 1. Junction efficiency trial – St Margaret's. Electric vehicle charging points	

Cheltenham Spa station	Working with Network Rail and GWR secured funds from 5 separate pots for major upgrade - entrance, facilities, access, car park	2014 - 2019	Redevelopment within existing site	c£5m Growth Fund £1.49m Cycle-Rail £0.7m Commercial facilities £0.7m AfA & NSIP £1m+	n/a	Creates opportunity to further the Honeybourne Line cycle link to Bishops Cleeve	c10 linked to improved passenger offer – catering etc
Public realm	Various phases with GCC.	2012 onwards	n/a	c£0.5m plus CBC contribution of £120k Promenade phases 1-3. Queens Hotel safety scheme. Bennington Street to Boots Corner. Pittville Street to Winchcombe Street upgrade. Further £380k identified for High Street	n/a	Promenade phone boxes refurbished and power supplies installed for markets £55k Trees in pots on High Street £16k St Mary's alleyways art project with West End partnership & Minster £45k	n/a
Lower High Street	Established subgroup to lead on opportunities with West end partnership.	2015 on		£9k DCLG matched £9k CBC	n/a	Funding secured for pocket parks. Railings removed from St Georges Square	
Other Economic Impact	Contributed to independent economic analysis	2014 - 2015				TF identified as good practice by Select Committee visit to	

	and Task Force identified as a strength of CBC					Cheltenham and Local Government Assoc Peer Review.	
Totals			10.7 acres brownfield	Private investment committed to date c£99m with further £75m in pipeline Public funding from various sources secured or implemented c£26m Overall = £200m	360 actual (+143 approved) of which 132 affordable	CBC receipts £12.3m Direct project expenditure c£250k with further £380k identified for High Street	310 jobs

Cheltenham Borough Council**Cabinet – 11 October 2016****Council – 17 October 2016****2020 Partnership Local Authority Company**

Accountable member	Cabinet Member Corporate Services, Councillor Roger Whyborn
Accountable officer	Pat Pratley, Head of Paid Service
Ward(s) affected	All indirectly
Key/Significant Decision	Yes
Executive summary	<p>Councillors will be aware that in October 2015 Council approved the creation of the 2020 Partnership Joint Committee (joint committee), the delegation of GO Shared Services (GOSS) and ICT from the date of its creation and, following Cabinet decisions on 9 February, the subsequent delegation to the joint committee, of revenues (including council tax), benefits and customer services.</p> <p>In October Council also delegated to the joint committee employment matters for all partner council staff including HR policies and procedures, pay and grading policy and total reward policy (including financial and non-financial benefits). Along with the other partner councils, CBC requested a further report during 2016 on the business case for a local authority company.</p> <p>On 30 September 2016 the joint committee met and approved a company structure and governance proposals. Those proposals include for CBC to become a member of a support services company (limited by guarantee) from which it would receive GOSS and ICT.</p> <p>Having previously delegated revenues, benefits and customer services to the joint committee Cabinet has reviewed the position and determined to withdraw those services and to return them to the direct management of CBC, rather than commit them to the company.</p> <p>The updated business case at Appendix 2 now based on these arrangements shows that the support services company proposal will generate additional savings of £66k pa. However the option to remain as a conventional (s101) shared service is not a realistic one, and the alternative of reverting the GOSS and ICT to CBC has substantial on-costs. Whilst the extent of service provision through a company is less than originally envisaged CBC very much wishes to work in collaboration with the 2020 Partnership where it is of mutual benefit especially in the area of ICT enabled service transformation.</p> <p>With regard to employment matters delegated to the joint committee these will remain as currently delegated until the joint committee is dissolved. If at some point this needs to change a further report will be brought back to Council for a decision.</p>

This report also explains how revenues, benefits and customer services will be managed when withdrawn from the joint committee and, as a related matter, this report also signals the Head of Paid Service's proposals with regard to future arrangements for this council's s151 officer role and management responsibilities.

Recommendations in respect of the future provision of Audit and Counter Fraud services will be subject to a separate report to Cabinet in November 2016 following consideration by Audit committee.

Recommendations

It is recommended that Cabinet

1. Approves the updated 2020 Partnership Business Case at Appendix 2 in so far as it relates to Cheltenham Borough Council for the delivery of GOSS and ICT functions.
2. Approves the transfer of GOSS and ICT functions as outlined in Schedule 2 of the Inter Authority Agreement dated 11 February 2016 to a local authority support services company owned by Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council and West Oxfordshire District Council.
3. Agrees to withdraw this authority's revenues (including council tax), benefits and customer services from the 2020 Partnership Joint Committee with effect from 14 November 2016.
4. Authorises the Head of Paid Service, in consultation with the Leader, Cabinet Member for Corporate Services, the s151 Officer and the Borough Solicitor to work with the Partnership MD to finalise and complete the Articles of Association, Members Agreement, Contract for Services and documents and to take all necessary steps to enable the support service local authority company formation.
5. Authorises the Democratic Services Manager, in consultation with the Borough Solicitor, to make such changes to the Constitution as are necessary to reflect and facilitate the implementation of the recommendations in this report.

It is recommended that Council

6. Approves the continued designation of Paul Jones as s151 Officer in an interim seconded capacity until 27 March 2017 and to note the inclusion of the management of revenues and benefits from the date of withdrawal from the 2020 Joint Committee.
7. Appoints the Leader of the Council as this council's member representative of the support services company.

<p>Financial implications</p>	<p>As detailed in Section 8 of the report and the updated business case at Appendix 2:</p>		
	<table> <tr> <td>Business Case Cost</td> <td>£1.801m</td> </tr> </table>	Business Case Cost	£1.801m
	Business Case Cost	£1.801m	
	<table> <tr> <td>Share of Transformational Challenge Award Grant</td> <td>(£0.950m)</td> </tr> </table>	Share of Transformational Challenge Award Grant	(£0.950m)
	Share of Transformational Challenge Award Grant	(£0.950m)	
<table> <tr> <td>Net Business Case Cost</td> <td>£0.851m</td> </tr> </table>	Net Business Case Cost	£0.851m	
Net Business Case Cost	£0.851m		
<table> <tr> <td>Business Case Benefit</td> <td>£0.565m pa</td> </tr> </table>	Business Case Benefit	£0.565m pa	
Business Case Benefit	£0.565m pa		
<p>Costs of the programme to date are included in the table above and have been fully funded by the Government's Transformation Challenge Award Grant.</p>			
<p>The council's approved Medium Term Financial Strategy includes £0.900m of funding for the 2020 Programme. The revised business case 'local' cost for this council is £0.851m which covers our share of expert professional advice, programme management and project support, ICT including telephony and the cost of transformational change.</p>			
<p>Contact officer: Paul Jones, Head of Finance GOSS paul.jones@cheltenham.gov.uk, 01242 775154</p>			

<p>Legal implications</p>	<p>The new support services company is a local authority company limited by guarantee which complies with Regulation 12(4) Public Contracts Regulations 2015. This means that the authority may transfer services to it for delivery without the need to comply with the EU procurement legislation.</p> <p><u>Legal Documentation</u></p> <p>A key legal document is the Members Agreement (MA) (equivalent to a Shareholder Agreement) which sets out the relationship between the owners of the company and the company itself. This document includes, but is not limited to, the matters which will be reserved to the Members/Owners for decision, known as reserved matters, and these are set out in paragraph 4.6 of this report.</p> <p>A further key document is the Articles of Association. This document will set out the objects of the company and other procedural matters such as the process for decision making by the Board of Directors e.g. Chair, quorum, use of written resolutions and the ability to hold meetings remotely.</p> <p>The delivery of services from the new company to the authority will be set out in a contract for services/SLA. This agreement normally sets out the level of service provision, performance management and cost.</p> <p>The legal documentation referred to above is not available for consideration at the time of this report but some agreed principles are set out in paragraph 3.3 (Term) paragraph 4 and paragraph 5 (Service provision) below. The legal documentation will, therefore, be dealt with in accordance with the proposed delegated authority to the Head of Paid Service.</p> <p>In addition there will be a number of consequential matters arising such as the withdrawal of the revenues, benefits and customer services from the joint committee which will also be dealt with under the proposed delegation.</p> <p>Contact officer: Shirin Wotherspoon, Head of Law (Commercial) shirin.wotherspoon@teWKesbury.gov.uk, 01684 272017</p>
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<p>HR implications (including learning and organisational development)</p>	<p>There are no HR implications arising from the updated 2020 Partnership Business Case so far as it relates to Cheltenham Borough Council for the delivery of GOSS and ICT functions. The officers who deliver these services are employees of Cotswold District Council and Forest of Dean District Council respectively.</p> <p>The HR implications for this council following from the withdrawal of Revenues and Benefits and Customer Services from the 2020 Joint Committee are as follows:-</p> <ul style="list-style-type: none"> a) Officers of these services employed by CBC will return to managerial direction of this council. b) Revenues and Benefits Services will report to the council's designated Section 151 Officer c) Customer Services will report to the Director Resources and Special Projects <p>Contact officer: Julie McCarthy, HR Manager GOSS julie.mccarthy@cheltenham.gov.uk, 01242 264355</p>
<p>Key risks</p>	<p>The key risk for CBC arises from a situation where it is not agreed that it will become a member of a support service company from which it would receive the services provided by GOSS and ICT.</p> <p>A further risk relates to the ability to find further savings to replace those foregone through the withdrawal of revenues, benefits and customer services from the joint committee.</p>
<p>Corporate and community plan Implications</p>	<p>Approval of the recommendations will deliver the corporate plan objective for 2016/17 VFM1 – we will work with our 2020 partners to implement agreed shared services from April 2016 and specifically deliver the milestone - to consider a business case for a local authority company governance model.</p>
<p>Environmental and climate change implications</p>	<p>None arising from this report</p>
<p>Property/Asset Implications</p>	<p>Savings resulting from the rationalisation of accommodation through sharing of staff are likely to be less with limited involvement in the partnership.</p> <p>Contact officer: David Roberts, Head of Property Services david.roberts@cheltenham.gov.uk, 01242 774151</p>

1. Background

- 1.1 Councillors will be aware that the 2020 Partnership (the partnership) comprises Cheltenham Borough Council (CBC), Cotswold District Council (CDC), West Oxfordshire District Council (WODC) and Forest of Dean District Council (FoDDC). The partnership ambition is *“A number of councils, retaining their independence and identities, but working together and sharing resources to maximise mutual benefit leading to more efficient, effective delivery of local services”*.
- 1.2 In October 2015 CBC approved the creation of the 2020 Partnership Joint Committee (joint committee), the delegation of GO Shared Services (GOSS) (finance, HR, internal audit, procurement, counter fraud) and ICT from the date of its creation and the subsequent delegation of revenues (including council tax), benefits and customer services following Cabinet decisions on 9 February 2016.
- 1.3 Councillors will also be aware that last October this council, along with the other partner councils, delegated to the joint committee employment matters including HR policies and procedures, pay and grading policy and total reward policy (including financial and non-financial benefits).
- 1.4 Along with the other partner councils, CBC requested a further report during 2016 on the business case for a local authority company or alternatively, continuation of the joint committee.
- 1.5 On 30 September 2016 the joint committee met and approved a company structure comprising three local authority companies together with governance proposals and agreed that CBC become a member of the shared services local authority company which would provide GOSS and ICT to CBC.
- 1.6 Having approved the delegation of revenues and benefits and customer services to the joint committee earlier this year the Cabinet has reviewed that position and concluded that the public is better served by withdrawing those services from the joint committee and to returning them to be directly managed by CBC, rather than commit them to the company.

2. Initial company set up

- 2.1 The joint committee has approved a company structure (**Appendix 2 – figure 8.1**) comprising of three teckal companies limited by guarantee (CLG).
- 2.2 Unlike a company limited by shares, a CLG has no share capital or shareholders, instead it has “members” who undertake to contribute a nominal amount towards any shortfall in the company’s assets to settle its debts in the event of it being wound up.
- 2.3 The 2020 programme has obtained specialist tax and legal advice as to the most appropriate legal form for the partnership companies and it is as a result of that advice that CLGs are being recommended.
- 2.4 The companies, their members and primary purpose will be:

Support Services Company

Members CBC, FoDDC, CDC, WODC

Primary purpose: to directly provide support services to members with limited trading (less than 20%) with other bodies/companies. This company intends to also provide services to Ubico Ltd, Cheltenham Borough Homes, The Cheltenham Trust.

Regulatory Services Company

Members FoDDC, CDC, WODC

Primary purpose: to directly provide regulatory services to its members with limited trading (less than 20%) with other bodies/companies

Co-ordinary Company

Members FoDDC, CDC, WODC

Primary Purpose: to directly provide core-co-ordinating services i.e. strategic advice, management services, commissioning (and other specific services) to its members with no significant trading with other bodies/companies.

- 2.5 CBC will only be a member of the support services company because it is being recommended that it only receives services from GOSS and ICT.

3. Transfer of services to the companies

- 3.1 The other partner councils have agreed that all their staff will transfer to one of the three companies. No CBC staff will transfer because neither GOSS nor ICT staff are CBC employees having transferred under the principles of TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006 to those shared services when they were originally established.
- 3.2 The updated business case has been predicated on the companies being established by April 2017, all companies operational during 2017-18 with GOSS and ICT transferring to the support services company during that year.

3.3 Contract duration

- 3.3.1 There are a number of factors affecting the potential duration of contracts between the companies and the member councils. Initially it is proposed that the contract durations are sufficient to enable the new companies to become established and to transform service delivery. Contract duration is also an important consideration with regard to the potential risk around pension exit valuation costs. Actuarial advice has been received that longer term contracts provide more certainty that a cessation valuation will not apply as active members of the pension scheme will remain.
- 3.3.2 The joint committee has endorsed a contract period for the support service company of 5 years with an opportunity to extend for two further periods each of 4 years.

4. Leaders' Statement

- 4.1 The partnership has developed an overarching Leaders' Statement, which was approved by the Joint Committee on 30 September, which outlines a set of principles on which the partnership will operate, as follows:

"We have a strong track record of over three years of being committed to working collaboratively in pursuit of our agreed shared vision as approved by all four councils in 2014:

"A number of councils, retaining their independence and identity but working together and sharing resources to maximise mutual benefit, leading to more efficient, effective delivery of local services."

In October 2014, we all agreed a further set of desired outcomes that would govern our work going forward. These are:

- **Financial** - respond to current and future pressure
- **Efficiency** - value for money
- **Resilience** – increase pool of expertise, add capacity
- **Impact** - better outcomes for our communities
- **Democracy** – champion local needs

As the partnership continues to develop there have already been some notable early benefits. Cashable savings to date are on profile with savings already delivered during 2015/16 and 2016/17 approaching £2.5 million. There have also been some significant non-cashable benefits including:

- **Improved knowledge sharing and learning**
- **Increased resilience**
- **More stable and improved technology**
- **Smarter working practices introduced**
- **Reduced office space resulting in some spaces being re-let**
- **More consistent approach to HR with policies and procedures aligned**
- **Future costs avoided**

During that time we have worked together under different governance arrangements and despite some differences in approach and views on how best to achieve the vision and outcomes we have proceeded through a process of engagement, open discussion and debate to find solutions that meet individual requirements.

Following expert legal, tax and pension advice we are proposing to establish a group of three local authority owned Companies Limited by Guarantee (Appendix A) which are Public Bodies. We believe that this structure provides the appropriate balance between, delivering a consistent approach across the “common core” organisational functions such as HR policy, Finance policy, Audit, ICT strategy and Customer Services Strategy; delivering the benefits of operating under a company model; and recognising the commercial trading opportunities and management of risks in the future.

Whilst we have developed a model that is designed to be flexible for the future, we are not planning for, or considering any circumstances at this moment in time that might result in changes to this structure. Neither can we predict what external factors or new opportunities might cause us to re-consider this in the future. Should something change in the future that might cause us to collectively consider changes to the company structures it will be necessary to go through a thorough process, building upon our trusting relationships between partners, prior to shareholders being asked to approve any such proposals.

It is expected that any such process would involve discussions with the Shareholder Representative Board who would be extensively briefed by the Board of Directors on the reasons for any proposed changes and the benefits (measured against the outcomes) of any such changes. As a fundamental principle no changes will be made that would be detrimental to one or more of the partners even if of benefit to others. Furthermore, we will, as we have in the past, continue to work collaboratively to seek the agreement of all of the Partner Councils.

The Partnership has a demonstrable track record of being open and transparent and will continue to do so. As Public Bodies, the Companies will be required to meet their legal transparency requirements (such as responding to Freedom of Information requests). We would further anticipate that as appropriate, the company will make relevant information available to member Councillors to assist them in undertaking their democratic roles.

5. Governance

5.1 The Articles of Association and Member Agreement (MA) will be developed over the coming months and will set out the framework for how the company(ies) will be controlled by and accountable to the member councils. The joint committee approved the following key principles with regard to the company(ies) governance structure.

5.2 Member representative

5.2.1 The Leader of each council will be the member representative for their council responsible for taking member decisions on behalf of their council. At CBC the Constitution allows for the leader to delegate this responsibility to any other member of Cabinet should he choose to do so.

5.3 Voting rights

5.3.1 It is proposed that each company is established with equal membership and equal voting rights.

5.4 Members representatives board

5.4.1 As well as the companies' Annual General Meetings to which the member representatives are invited, it is proposed to introduce a Members Representatives Board that will meet regularly to provide a forum for discussion of common areas of company business such as reserve matter decisions. This type of forum is not unfamiliar as it is along similar lines to the Shareholder Forum that CBC introduced when it reviewed the governance arrangements for Gloucestershire Airport Ltd. That particular forum has proved an extremely beneficial informal addition to the governance arrangements.

5.5 Reserved matters

5.5.1 The joint committee has considered those company decisions which it deems should be reserved decisions and the total member votes required to provide consent. These reserved matters are shown in the table below:

1	Permitting the registration of any additional Members of the Company.	By not less than 75%
2	Adopting or amending the Business Plan in respect of each Financial Year.	By not less than 75%
3	Forming any subsidiary or acquiring shares in any other company or participating in any partnership or joint venture (incorporated or not).	By not less than 75%
4	Amalgamating or merging with any other company or business undertaking.	By not less than 75%
5	Entering into any arrangement, contract or transaction with either a capital or revenue value over £500,000 which is not included in the current approved Business Plan.	By not less than 75%
6	Agreeing the appointment and the appointment terms (including any remuneration terms) of all directors of the Company other than Shareholder Appointed Non-Executive Directors.	By not less than 75%
7	Agreeing any remuneration terms for Shareholder Appointed Non-Executive Directors.	By not less than 75%

8	Increasing, reducing, sub-dividing, consolidating, re-denominating, cancelling, purchasing or redeeming any of the capital of, or allotting or issuing any share of the ownership or other securities in the capital of, the Company.	By not less than 75%
9	Altering any rights attaching to any class of ownership in the capital of the Company, or creating any option, warrant or any other right to acquire or subscribe for any share of ownership or other securities in the capital of the Company.	By not less than 75%

5.5.2 The reserved matters take account of the current constitution of the joint committee. Some reserved matters are considered special resolutions under company law and therefore require a 75% majority vote.

5.5.3 Further protections will be built into the MA, for example, the process through which new members would be considered (including presentation of a business plan.) The Leaders' Statement above captures the fundamental principle that no changes will be made to the company structure that would be detrimental to one or more of the partners even if of benefit to others. The leaders' statement also captures the principle of the companies being open and transparent, including but not limited to the requirement to respond to Freedom of Information requests; also that the company will make relevant information available to member Councillors to enable them to undertake their roles.

5.5.4 It is recognised that it may be preferable to try and reach unanimous decisions on some member reserved matters. Therefore, in developing the detailed legal documentation, it is proposed that consideration be given to a deferral process protocol similar to that already established as part of the 2020 Joint Committee Constitution.

6. Company directors

6.1 Directors control the operation and management of the company subject to the control that the members have under the Members' agreement.

6.2 Executive directors

6.2.1 Executive directors are responsible for operational matters and are normally employees of the company and they will have employment contracts with the company(ies). The required skills and experience of executive directors will be established as part of the terms and conditions of their employment. The joint committee has proposed that the appointment of executive directors is a reserved matter - see above.

6.2.2 Clear standards of behaviour, ethical walls policy and escalation procedures to deal with potential conflicts of interest will be developed and introduced. These safeguards will be particularly important for those individuals who may have concerns about personal conflicts of interest.

6.2.3 It is proposed that initial appointments to the Companies at establishment will be from existing council resources where possible.

6.2.4 It is expected that when a future vacancy occurs the appointment of the executive director(s) would be through open external competition.

6.2.5 It is proposed that the Partnership Managing Director brings forward draft proposals for the number of directors to be appointed to the boards of the companies.

6.3 Non-executive directors

- 6.3.1 The joint committee has proposed that each member council will have the right to appoint a suitable non-executive director of the company. CBC is advised that this right can be exercised individually or collectively by other partner councils, ie, two or more member councils may agree to the appointment of the same non-executive director. However CBC will appoint a single non-executive director on its behalf, who is expected to be an elected member of this council.
- 6.3.2 Candidates for the roles of non-executive directors will be subject to formal terms of appointment and be subject to a rigorous process to ensure that they meet minimum level of skills and experience required to undertake the roles. This proposal is similar to that recommended and enacted by CBC when appointing the first board of trustees to The Cheltenham Trust and in more recent times the external appointment of the chair and vice-chair of Gloucestershire Airport Ltd.
- 6.3.3 For CBC, this appointment will be made in accordance with the usual process, namely, by the Leader if all Group Leaders agree (otherwise it will be a council decision)
- 6.3.4 Subject to the duty to the company as a Director, the authority appointed Director can liaise with and brief their authority as required prior to and following Board meetings.

6.4 Independent non-executive director

- 6.4.1 The joint committee felt it was important to jointly appoint one independent non-executive director to each board of directors. It may be the case that the independent director is chair of more than one of the companies.

7. Other Matters Covered in the Leaders' Statement

- 7.1 In addition to the matters pertaining to governance, directors, and company decision making the Leaders' Statement also provides for the following:

7.2 Service Performance

- 7.2.1 Current service plans and service levels are used for the service specifications for the companies.
- 7.2.2 Core service specifications and standards will be established. Additional services and standards can be specified at additional cost.
- 7.2.3 Partnership Board meetings are held between the Companies and relevant Service Portfolio Holder(s).
- 7.2.4 Each council has the right to summon a Company Director (or an appropriate substitute) to account to Overview & Scrutiny Committee.

7.3 Advice, Decisions and Timescales

- 7.3.1 It is considered that the external legal and tax advice already received is sufficient to enable the councils to make the decision to establish the companies.
- 7.3.2 It is proposed that any subsequent decisions necessary to implement the company model should be delegated to each council's Head of Paid Service in consultation with the Leader of the Council, Cabinet Member (Corporate services), S151 Officer, Monitoring Officer and the Partnership Managing Director.
- 7.3.3 Transfer of services to the companies will take place by autumn 2017.

7.4 Staffing Matters

- 7.4.1 It is expected that when the company(ies) are established they will agree to Trade Union recognition.
- 7.4.2 It is proposed that the company(ies) apply to be an admitted body of the appropriate local government pension schemes with a closed scheme for existing shareholder council employees and also to provide a stakeholder pension scheme for new employees.
- 7.4.3 It is therefore proposed that the company(ies) will operate a total reward approach to reward and recognition for company employees

7.5 Exit Arrangements

- 7.5.1 The principle of withdrawal with suitable notice at the cost of the exiting party is adopted.
- 7.5.2 Service contracts will specify the notice period to end a contract and any conditions.
- 7.5.3 The members' agreement will specify the notice any conditions concerning the withdrawal from the company and any disposal or handing back of shares.

8. Statutory Officers

- 8.1 Each council is obliged under legislation to have independent advice from statutory officers, namely the monitoring officer, s151 officer and the head of paid service. CBC's s151 officer is Paul Jones. Paul is an employee of CDC and has a shared s151 role. Paul is the permanent s151 officer for FoDDC and is CBC's s151 officer under an interim secondment arrangement.
- 8.2 Statutory officers can either be employed by a council, or councils, and be seconded to the company(ies) or employed by the council(s) or company(ies) under joint employment contracts.

9. Withdrawal of revenues and benefits and customer services

- 9.1 Whilst Cabinet approved the delegation of revenues, benefits and customer services to the joint committee on 9 February the intention now after review is to withdraw these services from the joint committee and return them to direct management of the council.
- 9.2 Cabinet is mindful that this proposed change has made it an unsettling and difficult time for the staff involved and also the 2020 partners in terms of giving clarity on the direction of travel. Cabinet is also mindful that it approved a transformation project for the Regulatory and Environmental Services Directorate. As that project has begun to take shape the customer service transformation element, to bring about a "whole council" approach, has become more apparent and of significance. Cabinet also notes that services with similar synergies are being provided by CBH in some of its customer facing services. Importantly Cabinet's view is that customer facing services do not lend themselves to shared management with other councils, due to the great sensitivity of these services, and high risk of reputational damage to the council, if services are not locally managed. Cabinet has concluded therefore that it is in the public's best interests that they are directly delivered at this time.
- 9.3 However, collaborative working with the 2020 partnership is still of great importance particularly with regard to ICT infrastructure investment, investment in new technologies including telephony and customer relationship management systems. Access to knowledgeable and skilled IT professionals, together with investment in technology, have a key role to play in service transformation, eg REST, as well as leveraging benefit from economies of scale through shared procurement. As such, the council will continue to work with the partnership to develop a shared Customer Access Strategy to support the transformation of customer services, recognising that

any differing requirements will incur additional costs and may potentially impact on flexibility.

- 9.4 In terms of savings, whilst aware that the current 2017-18 Medium Term Financial Strategy (MTFS) savings target of £159k pa from these services was achievable, the view of Cabinet is that from a strategic standpoint it is not a saving that they feel it is in the best interests of the authority to take.
- 9.5 Cabinet has carried out a fundamental review of the council's MTFS with the objective not only of setting a balanced budget for 2017-18 but also ensuring the future financial stability of the authority. A separate report outlining the Cabinet's updated budget strategy is to be considered at this Cabinet meeting which includes proposals to achieve the savings foregone as part of the 2017-18 budget setting process.

10. 2020 Partnership Updated Business Case and financial implications

- 10.1 The overall updated business case for the partnership moving into a teckal company is attached at Appendix 2.
- 10.2 The updated overall business case related to ICT and GOSS being included in the proposed support services company is shown in Appendix 2. A comparison of the updated overall business case financial projections with the business case projection at October 2015, i.e. based on the now more limited CBC involvement, is contained in tables 9.1 and 9.2.
- 10.3 A high level summary of the revised costs and benefits, extracted from the overall business case which relates to CBC, is summarised below.
- 10.4 Programme costs have remained at circa £10.14m. As a result of the council's more limited exposure to the partnership, the share of programme costs has reduced from £2.173m to £1.8m, a reduction of £372k. Many of the costs of the programme are either already spent e.g. tax and actuarial advice and programme management including reimbursing CBC for the lead commissioner role support to the programme; funding of programme transformation costs to date (including CBC's deletion of the post of Chief Executive) and the infrastructure to support the Joint Committee arrangements; or are required to fund future collaborative work streams e.g. ICT (business systems development/replacement) and customer service infrastructure improvements.
- 10.5 The overall business case savings have been updated to reflect the savings generated by moving from the Joint Committee to the teckal companies with CBC's now proposed involvement. The overall cumulative savings are now estimated at £41m or £5.571m annually, over a 10 year period. The council's share of the additional savings will be limited to those which arise from moving GOSS and ICT into a teckal company and savings arising from audit proposals, a total of £66k annually. The proposals for the Audit Service are subject to a future report to Cabinet.
- 10.6 The business case for Cheltenham moving GOSS and ICT into the teckal company is now primarily based on the avoidance of the cost of not doing so. A separate piece of work was commissioned by Activist to establish the cost and impact of this which looked at a range of options. The cost of one of the options i.e. withdrawing GOSS and ICT and delivering in house services would add an additional £360k per annum on top of the existing annual cost of services and would require c£2.18M of one-off costs to re-establish separate ICT infrastructure. This is likely to result in the risk of reputational damage; impact on other work e.g. delivery of other key council projects; negative impact on staff morale as well as a reduction in performance during any transition which may not return to previous levels.

11. Managerial and financial implications of withdrawing revenues and benefits and customer services

11.1 When Cabinet and Council agreed to create the joint committee last October the report contained a “package” of matters including a review of this council’s senior management structure together with savings in 2016-17 of £150.9Kpa. The proposal to delegate revenues, benefits and customer services to the joint committee had the benefit of freeing up the capacity within the executive board to enable greater focus on the delivery of key projects.

11.2 The withdrawal of these services from the joint committee requires their management to be provided for from the date of withdrawal. In considering the future management arrangements one of the key objectives has been not to add further significant recurring cost to the 2016-17 base budget and to lessen the impact, as far as possible, on the capacity of the executive board.

11.3 Revenues and Benefits and the s151 Officer

11.3.1 Members will be aware that on 22 June 2015 Council recommended that the then Deputy s151 officer, Paul Jones, be designated on an interim secondment basis to the role of s151 officer. The cost of this secondment is being met from government transformation challenge funding with the ongoing costs built in to the updated 2020 partnership business case.

11.3.2 It is necessary for members to be aware of the views of the Head of Paid Service on the future provision of this council’s s151 officer role in light of her proposals with regard to management of revenues and benefits when they are withdrawn from the joint committee.

11.3.3 Prior to the services being delegated they were managed by the s151 officer. The nature of the services means that there are natural synergies with the finance and s151 officer role, particularly with regard to responsibility for the Collection Fund, determining the local council tax setting scheme, business rates retention etc. These accountabilities now fall to the current s151 officer, Paul Jones, and thinking ahead to the reform of local government finance by 2020, the relationship between these services and finance will be particularly important over the next few years.

11.3.4 The Head of Paid Service’s view is that the secondment of Paul Jones as s151 officer has worked extremely well and therefore recommends to council that this designation continues, in an interim seconded capacity, until 23 March 2017. The Head of Paid Service intends to vary the current secondment agreement to allow Paul Jones to line manage the revenues and benefits service from the date of withdrawal of those services from the 2020 Joint Committee.

11.3.5 The Appointments and Remuneration Committee has been briefed on this proposal at its meeting on 3 October. On the basis that the continued interim arrangements have proved satisfactory the Head of Paid Service has indicated that it would be her intention to present a report to the Appointments and Remuneration Committee on 27 February 2017 and, subject to agreement, recommend the appointment of Paul Jones to the role of s151 Officer and that Council approve the designation at its meeting on 27 March 2017.

11.4 Customer Services

11.4.1 Whether customer services remained in the joint committee, and was subsequently delivered by a local authority company or not, there are three key outcomes that would be required:

- Re-thinking CBC’s customer service experience across the council as a whole and afresh with the potential for a whole system/whole council approach enabled through IT investment
- Supporting the accommodation strategy project
- Supporting the REST transformation project

11.4.2 In order to achieve the above outcomes, the proposal is that the current Customer and Support Services Manager be given a project remit to lead a new approach to customer services across the council working closely with the 2020 partnership and playing a key role on both the REST and Accommodation Strategy projects. This project role would be supplemented by “one off” external consultancy support which would be necessary as part of the REST transformation project. Whilst it is hoped that this one-off cost can be accommodated within the existing project cost for REST this cannot be guaranteed at this point, however, there is a commitment to achieve that outcome if at all possible.

12. The future of the 2020 Joint Committee

12.1 The joint committee is governed by a constitution and provides the following functions;

- 1) Provides strategic direction for the continued improvement and development of the 2020 partnership; and

Direction, development and performance management of the 2020 partnership services delegated to it by the delegating authorities

- 2) Secure the delivery of the following functions and activities delegated to it by the partner councils;

a) Human resources policies and procedures including pay and grading policy and total reward policy (including financial and non-financial benefits)

b) ICT network infrastructure, applications, policies and procedures.

- 3) Providing strategic direction and oversee performance, development and continued operation of the 2020 partnership services on behalf of the councils and in accordance with the standards and specifications set out by those councils.

12.2 The joint committee does have a time limited life in terms of its service delivery role once those services currently delegated to it, e.g. GOSS and ICT are transferred to the local authority company(ies) and once the other partner council staff have transferred to one of the new local authority companies. Some residual functions of the joint committee will revert to CBC.

13. Performance management – monitoring and review

13.1 Current arrangements

13.1.1 Following the delegation of services to the joint committee each council has established its own client management arrangements. CBC’s client management is provided by officers within the Business Development Team. A client officer group has also been established which is a forum for all the client managers to meet with the joint committee Group Managers to challenge and monitor performance.

13.1.2 Service plans are being developed in consultation with the client officer and the Cabinet Member for Corporate Services. Overview and Scrutiny can call the Partnership MD or any other key officer to attend their meetings as necessary.

13.2 Future arrangements

13.2.1 Following the transfer of GOSS and ICT to the support services company, service performance will be reported to each authority in accordance with their normal performance reporting processes. Annual service plans and service budgets will continue to be developed for agreement by each authority as currently. The existing service plans will be used as the basis for

the service specifications for the new company. In addition, each company will prepare annually a rolling 3-year business plan and budget. Each company will also meet the company reporting requirements of an annual report and accounts for submission to Companies House.

- 13.2.2 A Partnership Board consisting of representatives from the company and the Cabinet Member and relevant officers of each client authority will be created. Each company will hold meetings to allow the Cabinet Member to discuss matters of service performance and development. In addition, each authority will have the right to summon directors and appropriate other officers to respond to questions from Overview and Scrutiny and all Councillors will have access to appropriate company staff to assist them in carrying out their democratic and representative roles.

14. Reasons for recommendations

- 14.1 As outlined within the body of this report.

15. Alternative options considered

- 15.1 As explained in paragraph 12.5, advice was commissioned to identify and assess the options for the provision of finance and ICT services were a decision to be taken to withdraw from the 2020 partnership completely. The alternatives and permutations considered were; (1) deliver the services in-house; (2) set up or join another shared service; (3) outsource the services.
- 15.2 The advice identified a number of significant transition challenges, namely, staffing, ICT, timing and performance. The advice also identified a number of key risks associated with the alternatives, specifically, risks associated with lack of resilience and expertise, recruitment difficulties, potential reputational damage, impact on other work, staff morale and implications for reduced performance.
- 15.3 As already outlined, the costs of delivering GOSS and ICT in-house, which are on top of the existing cost of service, are estimated to be c£360k pa additional revenue costs and c£2.18m one-off costs.
- 15.4 Were CBC to be able to find a shared service partner, which is not likely, then the one-off costs are estimated as likely to be similar to in-house, revenue costs would be higher for an initial period but it may be possible to reduce these once the service was established.
- 15.5 Were CBC to look to outsource, outsourcing companies look to make a profit by sharing staff and streamlining processes. The 2020 partnership has already done this so any outsourced provider may not see the resources available as part of CBC's share as enough to make a good deal. Additional funding may also be needed for contribution to additional staff, cost of ICT infrastructure as well as project management, advisors and cost of procurement of the project itself.

16. Consultation and feedback

- 16.1 The 2020 programme has continued to engage with staff and trade union representatives throughout. The Cabinet Member Corporate Services attended Overview and Scrutiny on 12 September and employee sessions will take place during October to update them on the company proposals. A number of staff also volunteered to become engagement champions for the programme and they have received regular updates on 2020 as it has progressed.
- 16.2 The Head of Paid Service has kept local trade union and employee representatives updated through the Joint Liaison Forum and the Joint Consultative Committee has also received updates at its meetings.

- 16.3 A&R committee will have received, on 3 October 2016, a briefing note of the proposal with regard to the future direction of travel with councils s151 officer.
- 16.4 Partner organisations such as The Cheltenham Trust, Ubico Ltd and Cheltenham Borough Homes have also had meetings with the Partnership MD and each organisation has a client officer representative on the client officer group.

17. Equality impact assessment

- 17.1 Equality impact assessments were undertaken to support the transfer of the customer services and revenues and benefits services into the 2020 partnership. Those assessments remain valid and will be used by our in-house teams to ensure a high level of service accessibility and to continue the level of discretionary support that the services provides to those that need it most.

Report author	Contact officer: Pat Pratley, Head of Paid Service pat.pratley@cheltenham.gov.uk, 01242 264100
Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. 2020 Partnership Updated Business Case – 30 September 2016 3. Annex B Company structure and governance principles
Background information	<ol style="list-style-type: none"> 1. GOSS and ICT Functions – Schedule 2 of the 2020 Joint Committee Inter-Authority Agreement 2. 2020 Vision for Joint Working – Cabinet 24 June 2014 3. 2020 Vision Memorandum of Understanding – Cabinet 14 April 2015 4. 2020 Vision Programme (information Paper) – Overview and Scrutiny 21 September 2015 5. 2020 Vision – Cabinet and Council – 13 and 19 October 2015 6. Business case for sharing Revenues and Benefits – Cabinet 9 February 2016 7. Business case for sharing Customer and Support Services – 9 February 2016

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 a decision is taken to withdraw from the partnership completely then the council will face significant one-off costs and ongoing revenues costs as well as suffer reputationally	Pat Pratley	30.9.16	5	4	20	Reduce	Ensure that CBC members of the joint committee have sufficient information and support to help in their decision making	30.9.16	Pat Pratley	
	If savings to replace those foregone cannot be found then there is a possibility that the 2017-18 budget will not be balanced	Pat Pratley	30.9.16	5	2	10	Accept	Cabinet currently reviewing the 2017-18 budget proposals and the longer term medium financial strategy	1.3.17	Paul Jones	
	If the council cannot agree a shared Customer Access Strategy it will incur additional cost in order to implement its own requirements	Mark Sheldon	30.9.16	3	2	6	Accept	Continue to collaborate with vision 2020 partners in order to influence the development of the Customer Access Strategy to meet CBC needs.	31.3.18	Judy Hibbert	
<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>											

Appendix 2



**Report on the Updated Business
Case**

and

**Next Stage Development of the
2020 Partnership**

**(Original June 2016 - Updated for
Joint Committee 30 September
2016)**

September 2016

1. Background

- 1.1 In June 2014 the four GO Shared Services Partner Councils approved a “Report and Outline Business Case for a “2020 Vision for Joint Working””. In that report there was an agreed proposition:
- 1.2 “Four Independent Councils determining their own policies, priorities and decisions supported by a small number of expert advisors who commission and monitor services either from the private and voluntary sectors or from local authority owned service delivery companies.”
- 1.3 It was recognised that the proposition could effectively lead to councils that do not directly employ any of their own staff, but rather, Councils will jointly own a local authority company which would provide services and deliver outcomes in line with the wishes of each individual council.
- 1.4 Subsequently, in December 2014 the four 2020 Partner Councils approved a “Report on Options for Future Delivery Models and Interim Management Arrangements” prepared by Activist Ltd. In the report Activist carried out an option appraisal of the long-listed sourcing options, evaluating each option against the outcomes framework set out below:

Table 1.1: Outcomes Framework

Outcome	Contributory outcomes
Savings	<ul style="list-style-type: none"> • Delivers realistic and sustainable revenue savings. • Provides a positive return on investment in the medium to long term. • Enables us to make further savings through partnership and better asset management. • Enables opportunities for income generation.
Influence	<ul style="list-style-type: none"> • Respects our separate identities as individual authorities. • Ensures our decision making will remain locally accountable. • Strengthens our ability to exercise community leadership on behalf of our localities. • Allows us to retain strong local knowledge in our frontline services. • Each authority has impartial commissioning and client side advice from people they trust.
Quality	<ul style="list-style-type: none"> • Enhances and maintains good quality services to the public. • Allows us to nurture our partnerships and take advantage of new ones. • Creates organisations that are flexible and adaptable to future changes. • Has governance and structures that are streamlined and easy to understand. • Is widely acknowledged to be socially responsible.
Creativity	<ul style="list-style-type: none"> • Empowers staff to be creative, collaborative and enquiring. • Supports our commitment to a public service that responds to and empowers our local communities. • Fosters and rewards an innovative, can-do approach to delivering services.

- 1.5 The report was not designed to be a definitive final assessment of the merits of each option and acknowledged that more work should be conducted to confirm the final preferred option based on a business case which is both robust and realistic.
- 1.6 The overall results of the option appraisal carried out by Activist are shown in the table below and suggest a clear advantage for either a sharing option or a local authority company.

Table 1.2: Summary of Option Appraisal of Long-listed Sourcing Options

Options	Outcomes				Shortlist?	Key Issues
	Savings	Sovereignty	Quality	Creativity		
In-house transformation	L	H	M	L	No	<ul style="list-style-type: none"> Lacks scale economies.
Private sector joint venture	L	M	L	M	No	<ul style="list-style-type: none"> Poor ROI. Long lead-in.
Sharing	H	H	M	M	Yes	<ul style="list-style-type: none"> Tried and tested.
Local authority company	H	H	M	M	Yes	<ul style="list-style-type: none"> Local experience.
Spin-out to mutual or trust	L	M	M	M	No	<ul style="list-style-type: none"> Poor ROI Long lead-in.

- 1.7 The report concluded that whilst there was no significant difference in terms of the outcomes, based on the financial assessment the approach recommended was to establish a shared services arrangement under a Joint Committee and then move to a Local Authority owned company model, both dependent upon business cases.
- 1.8 It is noted that the report set out the key differences between the shared service under a Joint Committee and the company model as follows:
- The generation of income through profits made on trading.
 - A move to a stakeholder pension scheme for new starters.
 - Having a single employer would reduce complexity.
- 1.9 It was therefore recognised that the Joint Committee option was limited as it cannot deliver potential longer-term savings that a company model makes possible.
- 1.10 In August 2015 the full “2020 Vision for Joint Working Business Case” was prepared. The business case was approved by each Council’s Section 151 Officer and was independently reviewed and validated by CIPFA working in association with Proving Services based at the Cranfield Business School.
- 1.11 That business case based on the original proposition, forecast to return cumulative savings totalling £38m over a 10 year period in return for a proposed total investment of £10.1m over the same period with annual revenue savings of £5.7m after 5 years.

Table 1.3: Financial case for the overall programme (August 2015)

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	April 2020- March 2024 £000	Total £000
Programme Costs	430	2,774	3,715	1,873	1,308	40	0	10,140
Funded by:								
TCA Grant	430	2,774	596	0	0	0	0	3,800
Council Contributions	0	0	3,119	1,873	1,308	40	0	6,340
Total	430	2,774	3,715	1,873	1,308	40	0	10,140
Savings Annual	0	491	1,827	952	1,419	474	580	5,743
Savings Cumulative	0	491	2,318	3,270	4,689	5,163	22,084	38,015

- 1.12 Consequently, the business case was agreed and approved by the four Councils in September/October 2015 along with a number of joint strategies including a Commissioning Strategy.
- 1.13 Subsequently the 2020 Joint Committee was established and became operational in February 2016 with a number of shared services being established from April 2016.

2. Introduction

- 2.1 This report considers the business case for the next phase of the development of the partnership taking into account the decisions taken and further work completed to date. This September update of the 2016 business case approved in June 2016 takes account of the financial implications as a result of the revised position of Cheltenham Borough Council.
- 2.2 The business case therefore focuses on updating the original financial assumptions based on;
- a proposed company structure,
 - considering the potential for additional shared services and trading,
 - the proposed new Commissioning Framework.
- 2.3 In addition, the business case is compared with the new baseline costs of continuing with shared services under a Joint Committee.
- 2.4 It is not considered necessary to do any further work on the broader outcomes against the Outcome Framework as sufficient work has been completed already to prove that both options (Joint Committee and company model) work sufficiently well to meet the required outcomes for partner Councils.
- 2.5 Any changes in outcomes required by Partner Councils can be considered as part of the commissioning and specification of services at the appropriate time in accordance with the new commissioning framework.

3. Partnership Benefits Delivered to Date

- 3.1 As the partnership continues to develop it is notable that some early benefits have already been developed. These include both non-cashable benefits in addition to the cashable savings set out in the business case and are summarised below.
- Cashable savings to date are on profile with savings already delivered in 2015/16 and 2016/17 of £2,306,000.
 - Improved knowledge sharing and learning.
 - Increased Resilience.
 - Technological improvements.
 - Smarter working.
 - Reduction in office space.
 - More consistent approach to HR, alignment of policies and procedures.

- Cost avoidance in procurement. E.g. Non cashable savings due to market presence of Ubico Ltd., valued at £900k for FoDDC achieved through the introduction of an enhanced service as part of the waste contract renegotiation.

4. New Commissioning Framework

- 4.1 The original high level Commissioning Strategy for the 2020 Vision Partnership approved in September/October 2015 builds on the recommendations of the Activist Report. This outline framework covers:
 - Commissioning Principles
 - Approach to Commissioning
 - Service Design Principles
 - Long Term Strategy & Framework Development
- 4.2 This strategy stated that if, in the future the partnership moves, as planned, to a Teckal company model rather than a Joint Committee the proposal would be to discuss the formation of a distinct shared commissioning function that in the longer term could take a more 'joined up' approach to commissioning to ensure that opportunities for collaboration are fully exploited.
- 4.3 Longer term the plan involved the development of a Commissioning Strategy covering commissioning arrangements across all partners. That strategy would include the design of a flexible commissioning framework which operates across all partnership organisations. The organisation of commissioning activity within the partnership would also require consideration and would be designed in accordance with the shared principles agreed by each Council.
- 4.4 Consequently a project to consider the options for creating a shared Commissioning Framework that could be operated across the partnership was completed.
- 4.5 It was recognised that given most partners' commitment to put all services (in due course) into a company structure, doing nothing is not an option. Equally, although a single shared commissioning support service could be created in theory, the differing approaches to commissioning across the partnership render this undeliverable in practice.
- 4.6 The recommended way ahead, therefore, is to:
 - Create a 3-way shared commissioning support team (Forest, Cotswold & West Oxfordshire) within a co-ordinating company.
 - Agree that, subject to the above, a shared commissioning support team can be augmented on a case-by-case basis by internal and external specialists, including CBC commissioners.

5. Further Shared Services

- 5.1 The shared services proposition is to deliver financial savings through the efficient management of more flexible skilled and resilient shared staff resources – while still delivering the agreed outcomes for each partner council and with no detriment to the customer. In terms of financial efficiency it is assumed that the greater the number of staff that are shared, the greater the potential financial benefits.
- 5.2 Since the establishment of GOSS and Ubico Ltd. in 2012, confidence has grown in the partnership's ability to generate financial efficiencies through shared services. As a result we are now in the position where most of the partner Councils will consider sharing all of their staffing resources.
- 5.3 Consequently the re-refresh of the business case re-confirms the earlier assumptions made about the level of sharing of staff resources whilst taking account of specific feedback from individual Councils about any specific limitations.
- 5.4 Following the Joint Committee meeting in June 2016 the business case has been further updated to reflect the anticipated position of Cheltenham Borough Council limiting their involvement in shared services to only ICT and GO Shared Services.

6. Commercialisation & Trading

- 6.1 CIPFA and Proving Services were engaged to consider the opportunities for commercial trading across the four Councils. For this high level process, a number of individuals across the councils were interviewed to assess their perspectives on the councils' options and abilities to move towards a more commercial approach. CIPFA & Proving Services also used their own expertise and experience to consider how to maximise any advantages identified, both in general and for specific services.
- 6.2 The interviewees recognised that staying still is not an option, but felt that the councils currently lack clarity on the direction services should pursue, including which areas will generate the best returns in respect of finance, performance and social value.

Opportunities for greater commercialism

- 6.3 The ability to enhance council services by trading outside traditional markets is limited in many cases and is also faced with local competition. There are opportunities but these are often small scale and should not be seen as 'quick wins' or generators of huge income. Starting commercial services on a small scale may however lead to larger gains and a stronger foothold in the market in the future. Therefore this option is worth further investigation.
- 6.4 Providing services to other councils may be an option worth pursuing for many services i.e. offering a better product than is currently the case, at a competitive price.

- 6.5 Some members have expressed an interest in moving into new markets where Local Authorities can be seen to have a role. These include things such as energy provision or supply (solar farms) or house building with a Council purchasing land and developing it itself for both commercial and social benefit. These rewards are possible and if a council decides to pursue this, further specialist skills and knowledge of these particular sectors is critical for success.
- 6.6 Regardless of external trading opportunities a more commercial focus on the Councils' services and costs is very likely to lead to higher efficiency savings for the partner Councils.

Commercial opportunities - staffing and skills

- 6.7 The move towards a more commercial outlook in services is recognised within the current council cultures. However, there is varying opinion as to whether all current staff have the skills and the mind set to make this a permanent and successful movement. There needs to be a focus on managing this change with a proactive programme which involves commercial skills training and commercial awareness.

What is already planned to build the foundations of a more commercial approach?

- 6.8 The councils are already focused on a number of areas which will build the foundations of a more commercial approach. These are:
- Undertake a fundamental review of the Councils' approach to employing, retaining and developing staff with a sharper focus on developing/acquiring the necessary commercial skills and approach.
 - Developing shared services and creating business relationships with partner Councils.
 - Investigating a company structure which optimises tax and pension positions and provides maximum flexibility to expand services in the future for the benefit of the partner councils and allows for expanding into new market opportunities should the right proposal be identified.

What more can be done to become more commercial?

- 6.9 The CIPFA report also recommended that the Partnership should consider developing:
- A much better understanding of cost-competitiveness compared with other providers, particularly for support services which impact not only on other support services but on all direct service provision be it a shared service or a retained service.
 - Further service redesign in support service areas.
 - Reviewing other partnerships- including joining existing partnerships in other councils- to determine further opportunities either to collaborate or take advantage of achieving better value for money.

Commercialisation conclusions

- 6.10 Whilst there are commercial opportunities available the business case takes a prudent approach to the initial benefits. As stated above more work would need to be done to prepare services to be more competitive and identify the most beneficial potential markets within which to compete. As part of the development of the partnership's People Strategy emphasis will be given to developing a more commercial approach.
- 6.11 However it is recognised that the optimum corporate company structure should be introduced to enable trading opportunities to be fully exploited. This is an important factor in determining not only the overall corporate structure but also the optimal way in which to group functions into one or more companies.
- 6.12 For example, based on the initial assessment of the available trading markets, it is possible to conclude that the current markets for generic ICT and financial support services are very mature and competitive. Therefore it is unlikely that the partnership would wish to compete in these markets.
- 6.13 In contrast however, the current market for local authority regulatory services is underdeveloped with very few suppliers. Therefore this is a market with greater opportunity for successful trading and may prove attractive to the partnership.
- 6.14 The availability of trading opportunities and the potential partners in any service delivery company are key factors in grouping and establishing the service companies.

7. Company Structure Framework

- 7.1 A technical report on the legal and tax implications of possible corporate structure formulations for the companies has been completed by Trowers & Hamblins and KPMG. Their advice is set out in their report (commercial in confidence) dated March 2016 and was presented to the Members of the Joint Committee in April 2016. Further advice was provided dated August 2016.
- 7.2 The key criteria for the 2020 partnership are to develop a company structure framework that delivers the flexibility to meet both current and future needs and can be implemented incrementally over time. Once such a framework has been agreed it will be for the partner Councils to determine which staff and services they wish to transfer into companies and when.
- 7.3 The preferred corporate formulation for the partnership has optimal features that;
- Allow new Local Authorities to join (or leave) tax efficiently;
 - Minimise the on-going tax liability of any entities to be established (by considering available reliefs);

- Allow other Local Authorities to 'buy-in' to the structure on a piecemeal basis, if desired, to participate in only some services rather than to take a share in the overall model;
- Allow scope for trading and income generation from third parties in the future; and
- Allow transfer of staff from the Local Authorities to companies.

7.4 To enable consideration of the appropriate company framework it is first necessary to consider the services, functions, and staff that Councils are prepared to transfer to a company in order to help define the purpose(s) for that company (or companies).

7.5 ***Current Retained Services – (Non-shared/Non-traded Services)***

- These retained services are currently provided by each Council's directly employed staff, primarily for the sole benefit of a single Council and are not shared. These services could be provided discretely by autonomous divisions within the company model. For any statutory roles or non-delegable functions dual employment contracts would be required. Each Council may have a different view of which of their services can be readily accommodated within the proposed framework and may prefer to retain direct employment of these staff.

7.6 ***Shared Services – (Non-traded Services)***

- These are the services that are currently shared or could be shared across two or more of the partner Councils primarily for the benefit of the partner Councils but with the potential for some limited external trading. In terms of the company framework these services would be delivered to the founding Councils on a cost sharing basis and any external trading with third parties could be carried out within the 20% Teckal exemption.

7.7 ***Shared Services – (Traded Services)***

- These services would be provided primarily for external third parties with limited service provision for two or more of the partner Councils. In terms of the company framework these services would be delivered on a profit making basis and there would be no limit on external trading. These services would generate income and profit for the shareholding Councils.

Proposed Company Structure

7.8 The further legal and tax advice received from Trowers & Hamblins and KPMG in August 2016 has concluded that the most appropriate and tax efficient company structure would be the establishment of a number of companies limited by guarantee. Based on this advice a proposed company structure that best meets the requirements of the partnership and the criteria given in 7.3 above has been

determined. The framework is flexible and can be developed and implemented overtime as required.

- 7.9 It comprises the core building blocks of a Teckal Co-ordinating Company, Teckal Non-Traded Services Companies and potential for Traded Services Companies. This approach would allow the Councils to maximise employment within a company model, whilst managing and ring-fencing risk within different entities, with the flexibility for new partners to join as required.
- 7.10 The way companies are established and structured will be developed over time as the need arises and based on appropriate business cases as required. The framework provides a basis for these future decisions that will reduce potential risk duplication and cost.

Local Authority Companies and 'Teckal'

- 7.11 The partner Councils already have experience of both successfully establishing and operating Ubico Ltd. as a 'Teckal' company.
- 7.12 The Teckal exemption (named after the EU case that established the principle) provides for an exemption to EU procurement rules in certain circumstances.
- 7.13 The exemption applies where the Council(s) exercise a similar degree of control as they exercised over their own departments (this test is satisfied where the Council(s) has a controlling interest in the Company) and where the essential part of the Company's activities is performed for those controlling Councils.
- 7.14 In order that the Councils can rely on the Teckal exemption, the 'control' test (as explained above) will need to be satisfied. Each Council will have a shared ownership and votes, which will be set out in the companies' constitutional documents. The Councils as owners will have control over the Company through a governance structure of directors sitting on the Company Board, which will form the operational management and decision making body for the company.
- 7.15 A contract or service level agreement will be in place between each Council and the Company, setting out the required service specification and standards. The Company and its directors are not able to alter the service and standards set by the Council.

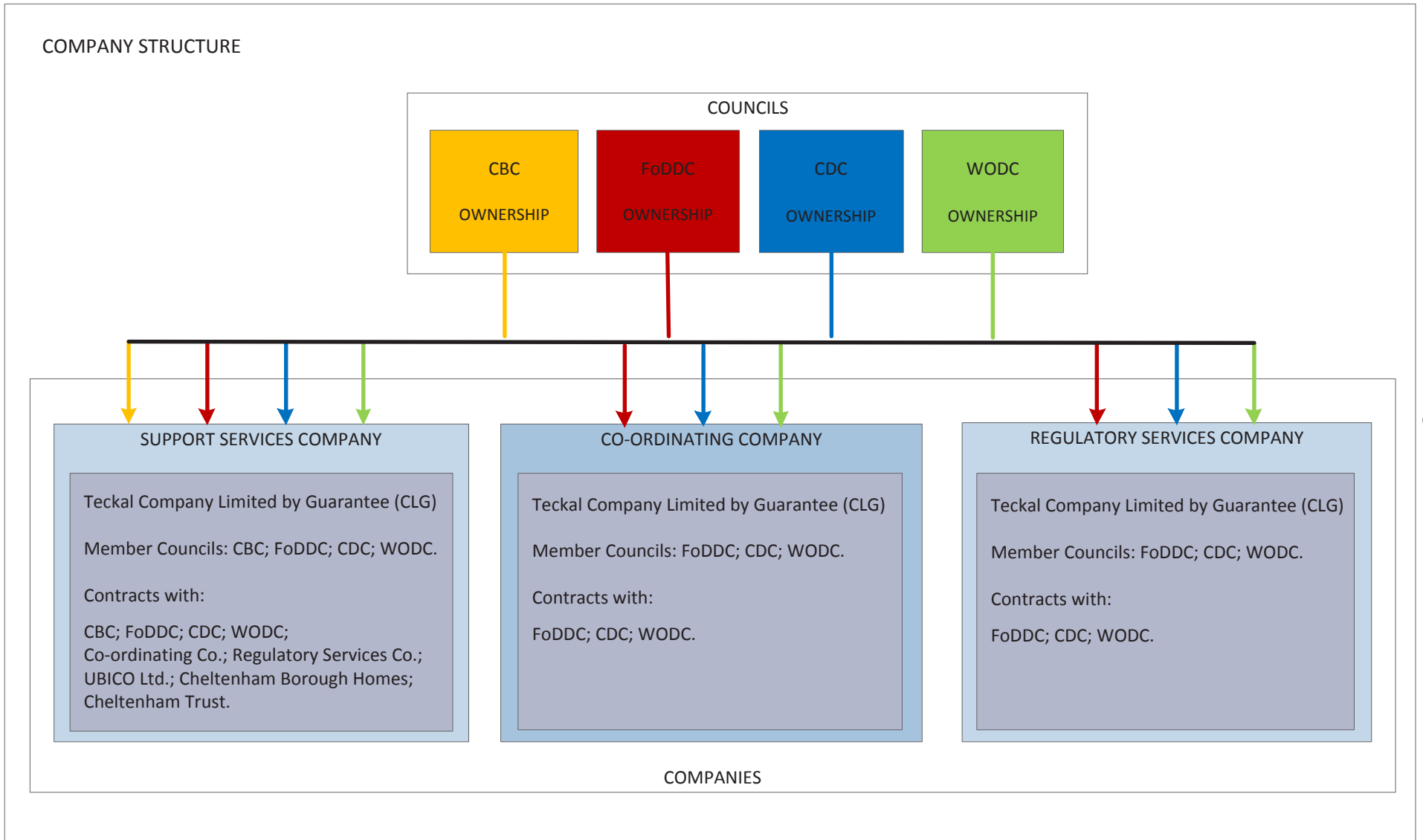
8. Proposed Initial Companies Set Up

- 8.1 In terms of the company structure's financial efficiency it is assumed that the greater the number of staff that are transferred into a company and the greater number of staff that are shared, the greater the potential financial benefits.
- 8.2 Consequently, the Partnership Managing Director proposed an initial company set up that groups services and staff based on the advice received and taking into account the new Commissioning Framework and the potential for

commercialisation. This initial company set up has been used as the basis for the refresh of the business case.

- 8.3 For the purposes of the updated business case the financial benefits have been modelled for the expected scenario described in paragraph 9.11 and illustrated in Figure 8.1.
- 8.4 The business case shows that based on the current shared services there is sufficient critical mass and benefits to enable the company structure to be adopted and the first companies established. However, it will be for each Council to determine the level of benefit they would wish to deliver by taking advantage of the company structure by becoming shareholders in the companies.
- 8.5 Once this company structure has been agreed more detailed work would be carried out as part of the implementation stage on establishing appropriate governance and management structures for the companies although it is expected that these would be largely based on the current partnership structures.

Figure 8.1: Companies Structure



9. Updated Business Case Page 138

- 9.1 As set out in the background to this report the “2020 Vision for Joint Working Business Case” approved in 2015 has been updated.
- 9.2 The 2015 business case based on the original proposition, forecast to return cumulative savings totalling £38m over a 10 year period with annual revenue savings of £5.7m in return for a proposed total investment of £10.1m over the same period.
- 9.3 In comparison the refreshed 2016 business case approved by the Joint Committee in June 2016 showed increased cumulative savings totalling between £40m and £41m over a 10 year period with annual revenue savings of between £5.95m and £6.2m after 5 years, depending on which Scenario is adopted, in return for a proposed total investment of £10.1m over the same period.
- 9.4 This update of the June 2016 business case reflects the financial implications as a result of the proposal by Cheltenham Borough Council to limit involvement to the single shared services company for GOSS and ICT services. This new scenario results in revised cumulative savings totalling £41m over a 10 year period with annual revenue savings of £5.57m after 5 years in return for a proposed total investment of £10.1m over the same period.

Finance update for refresh of the financial case

- 9.5 The financial business case has been updated for the following:
 - The salary baseline position has been moved to 2016/17;
 - Savings delivered in 2015/16 and 2016/17 have been incorporated;
 - Shared services have been reviewed to reflect current political views;
 - Savings assumptions have been reviewed to ensure they remain valid (i.e. any shared services savings already delivered are appropriately reflected in future targets);
 - Assumptions regarding pension exit valuations and crystallisation of liabilities have been discussed with actuarial specialists and are not considered to be a barrier to progress (see separate section below);
 - While the outcome of detailed actuarial modelling is still pending, the existing pension savings assumptions have been maintained. The only exception to this is that the level of savings for Cheltenham Borough Council have been reviewed in proportion to the reduced number of employees that may transfer to the company model;
 - The overall programme costs have been refreshed to reflect current anticipated costs. Some budgets, especially expert advice, are expected to exceed the current provision. However, the increased costs are expected to be funded through savings elsewhere in the programme budget and the overall cost envelop for the programme is expected to remain within £10.1m;

- The operational costs **Page 139** with the proposed company models have been reviewed and are still found to be in line with the previous business case. The share of costs has been updated to reflect the number of shareholders in each company;
- Initial VAT and Corporation Tax advice from KPMG has been reviewed; there are no VAT or Corporation Tax implications to include in the financial case at this stage.

Assumptions used with the business case

9.6 The following assumptions have been used within the business case:

- Shared service savings of between 0% - 15% have been applied to each service. The % saving varies according to the degree of sharing which is already taking place within the service;
- The costs and savings from the Cotswold District Council, Forest of Dean District Council and West Oxfordshire District Council shared Public Protection service remain in line with the business case for the shared service. The costs and savings will be updated once the project is complete;
- Savings already delivered reflect actual budget adjustments incorporated into 2015/16 and 2016/17 budgets;
- Employee savings from a more commercial approach have been incorporated at 3% of back office service budgets (although delivery of the savings should arise across all service areas) and 10% of development control budgets;
- An allowance has been made for employee salary increases of 5% reflecting additional responsibilities associated with joint working;
- An allowance of 3% has been made to reduce savings from holding vacant posts empty;
- Pension's savings assumptions are as per the previous business case with employee turnover of 10% assumed and employer contributions to a new stakeholder pension scheme of 5%. Some of the pension potential savings have been excluded from the business case to fund potential cost increases from the review of employee Terms and Conditions and the reward package.

- 9.7 The original business case included a programme cost of £8.7m. The update, in the autumn of 2015, indicated that the programme budget would need to increase to £10.1m. However, as there was great deal of uncertainty over provisions for redundancy costs and ICT costs, it was decided that the increased programme costs would be recognised as a risk by the (then) Member Governance Board and the Councils would not be asked to formally agree an increase in contributions to the programme at that point in time.
- 9.8 The programme budget assumptions have been reviewed with the Group Managers, Section 151 Officers, and the Programme Team and reflect the proposed limited involvement by Cheltenham Borough Council. The budget for external expert advice needs to be increased. However, at this point in time these costs can be met within the £10.1m programme cost.
- 9.9 The split of the partner council funding has been reviewed to take account of the expected involvement of each Council reflecting the proposed change by Cheltenham Borough Council. The cost of creating the companies has been reflected in the contributions for the respective councils.
- 9.10 Table 9.1 below shows the breakdown of programme costs.

Financial Benefits

- 9.11 The financial benefits have been updated for the expected scenario of the creation of a co-ordinating/commissioning company owned by CDC, FoDDC and WODC. A shared regulatory services company would also be created for these same shareholders with a view to trading the services being provided. A third shared-services company would be created to provide shared services to all four partner councils and limiting the involvement of Cheltenham Borough Council to ICT and GO Shared Services.
- 9.12 Table 9.2 below shows the expected financial position and the comparison between the original 2015 business case, the updated 2016 business case approved by the Joint Committee in June 2016, and the current anticipated financial implications based on Cheltenham Borough Council's anticipated decision to limit their involvement to ICT and GO Shared Services.
- 9.13 Table 9.3 below shows the split between savings deliverable under a Joint Committee arrangement and the additional savings deliverable under the companies' scenario.

Table 9.1: Programme cost breakdown

2020 Programme Costs									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	TOTAL	TCA Grant	Net Council Contribution to Programme
Expert Advice	130,000	102,000	521,000	20,000	0	0	773,000		
Programme Management / Project Support	98,000	865,000	775,000	1,017,000	724,000	310,000	3,789,000		
ICT	106,000	477,000	1,080,000	1,050,000	400,000	0	3,113,000		
Cost of Transformational Change	45,000	945,000	182,000	638,000	501,000	154,000	2,465,000		
	379,000	2,389,000	2,558,000	2,725,000	1,625,000	464,000	10,140,000	(3,800,000)	6,340,000
Cheltenham Borough Council	75,000	473,000	685,000	390,000	158,000	20,000	1,801,000	(950,000)	851,000
Forest of Dean District Council	122,000	671,000	691,000	778,000	489,000	148,000	2,899,000	(950,000)	1,949,000
West Oxfordshire District Council	96,000	568,000	591,000	778,000	489,000	148,000	2,670,000	(950,000)	1,720,000
Cotswold District Council	86,000	678,000	591,000	778,000	489,000	148,000	2,770,000	(950,000)	1,820,000
	379,000	2,390,000	2,558,000	2,724,000	1,625,000	464,000	10,140,000	(3,800,000)	6,340,000

Table 9.2: Savings coPage 142 ven business case revisions

	Business Case Aug 15 £m	Business Case June 16 Approved by Joint Committee £m	Business Case Sept 16 Revised for Cheltenham BC proposed involvement
Estimated Costs	10.14	10.14	10.14
Transformation Challenge Award Grant	3.8	3.8	3.8
Estimated Net Cost	6.34	6.34	6.341
Savings	5.743	5.953 – 6.195	5.571
Payback Period (gross costs)	1.8 years	1.6 – 1.7 years	1.8 years
Payback Period (net costs)	1.1 years	0.9 – 1 years	1.1 years

Table 9.3: Savings comparison - Joint Committee v Companies

	CBC £000	CDC £000	FofDDC £000	WODC £000	Total £000
Joint Committee					
Shared Services	200	844	747	1,100	2,891
Other Efficiency Savings	299	550	431	182	1,462
Total Joint Committee Savings	499	1,394	1,178	1,282	4,353
Company					
Pensions	0	250	240	210	700
Commercial Approach	91	282	201	245	819
Company Overhead	(25)	(92)	(92)	(92)	(301)
Total Company Savings	66	440	349	363	1,218
Total Savings	565	1,834	1,527	1,645	5,571

- 9.14 The financial savings reflect cashable savings to each authority. In addition to the cashable savings, the 2020 Partnership will also lead to savings from cost avoidance. This has already been demonstrated in the procurement of a revised waste and recycling collection contract at Forest of Dean District Council. The AON Hewitt report in May 2014 identified a potential doubling of future benefit contributions into the LGPS over the next 20 years. By moving employees into a company model, these cost increases will be mitigated for new joiners.

Pensions Benefits update

- 9.15 The pension assumptions within the approved business case for 2020 Joint Working were based on an actuarial report from AON Hewitt “2020 Vision Actuarial Advice to Support the Joint Working Team” dated 30 May 2014. These assumptions are based on the proposition that the Councils would create local authority owned companies that would enable new staff to be employed without access to the Local Government Pension Scheme with an alternative stakeholder pension provided.
- 9.16 This report estimated through AON Hewitt’s pension modelling that annual pension contribution rates could reduce by around £1.5m in 10 years’ time rising to £3.5 m in 20 years’ time.
- 9.17 The report also identified the risks of triggering an exit valuation by the pension body if a Council transferred all of their employees and a re-valuation of the fund. The business case assumed that exit valuation would be avoided and made an allowance for the cost of re-valuation.
- 9.18 AON Hewitt suggested a number of ways of avoiding triggering an exit valuation by either avoiding crystallisation of the pension deficit by continuing to employ one or more members in each Local Government Pension Scheme (LGPS), or applying for a Direction Order under Schedule 3 of the LGPS Regulations.
- 9.19 Since the original report discussions have been held with both the Gloucestershire and Oxfordshire pension providers to understand the implications of the company proposals. The feedback has been that provided each council continues to employ its statutory officers through dual employment contracts then an exit valuation will not be applicable and therefore a crystallisation of outstanding liabilities is unlikely to occur.
- 9.20 The actuaries are in the process of modelling the detailed financial implications of the move to the company model, therefore some level of risk remains. However, the risks highlighted in the AON Hewitt report are significantly reduced and are considered low and manageable.
- 9.21 The risks of triggering an exit valuation can be mitigated by ensuring that each Council continues to employ some members of the LGPS; these employees may have dual employment contracts with both the Council and the local authority owned company.

10. Next Steps

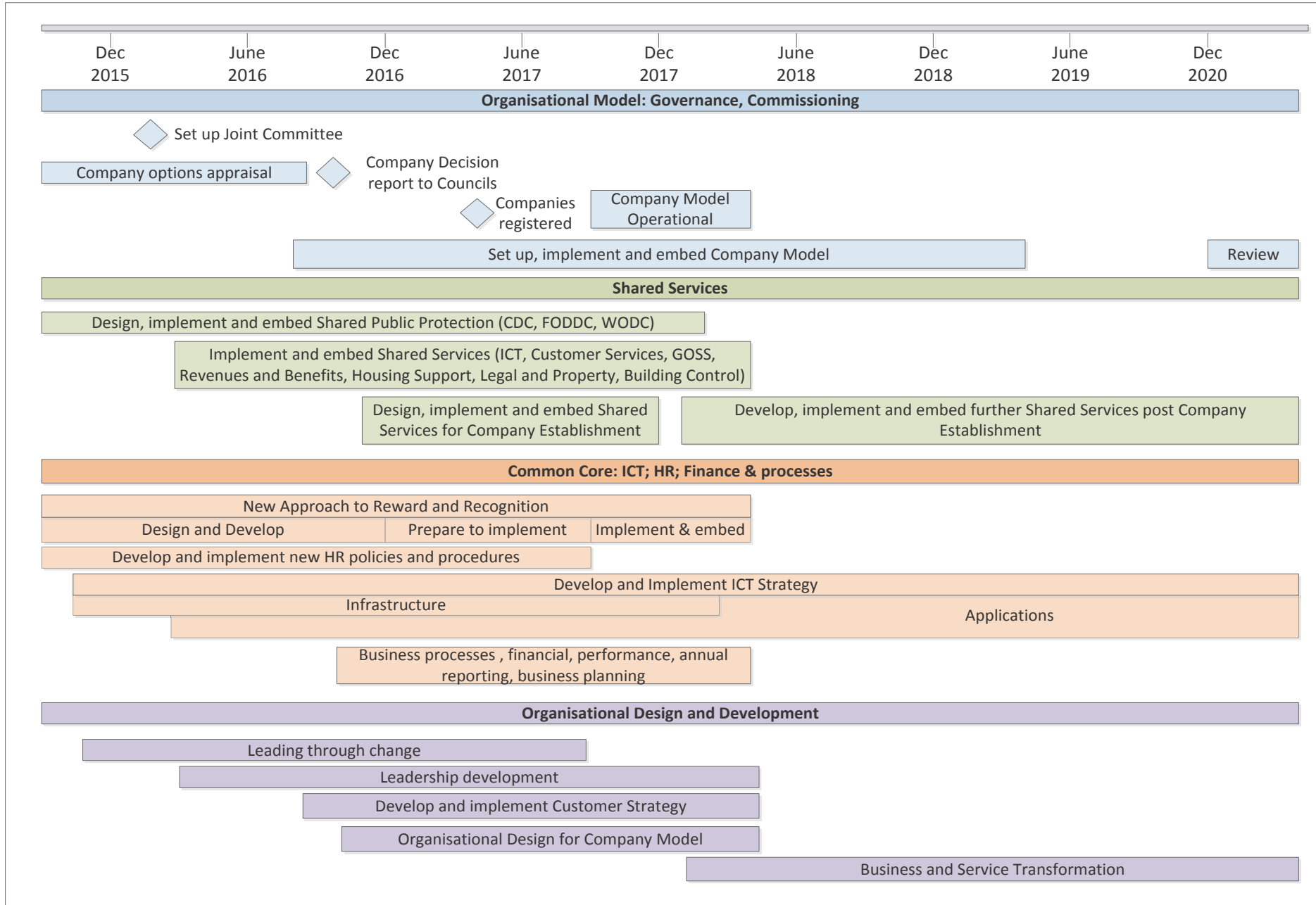
Timescales & Implementation

- 10.1 A detailed implementation plan for the establishment of the companies would be developed based on the feedback from each Council on the timing of transfer of services and staff into a company model.
- 10.2 Following approval of this business case to develop the next stage of the partnership, all of the actions necessary within the Programme to deliver the next stage of the partnership would be planned and agreed. These would include plans for the implementation of the new Commissioning Framework, the necessary governance and management structures for the Company, process redesign work, ICT and People Strategies.
- 10.3 The implementation would continue to use the current programme management approach and resources as set out in the programme plan and the revised business case.
- 10.4 The indicative timetable for implementing the 2020 Vision is provided in Figure 10.1 below. The approach to delivering the 2020 Vision is evolutionary and subject to a series of decision points. The plan will be regularly reviewed and updated as decisions are taken.

Engagement & Communication

- 10.5 A comprehensive communication and engagement plan will be produced to reflect the decisions made as a result of this report. It will cover staff, elected members, Trade Unions, staff representatives and all other major stakeholders, both internal and external.

Figure10.1: Indicative timetable for delivering Vision 2020



Future Development

- 10.6 Further work will be undertaken to design the future approach to Customer Services under the company model. This will need to take account of the new service delivery model whilst providing a seamless transition for customers. Customer contact will remain via existing channels and a local presence will be maintained to deal with local contact. The proposal would be to maximise the use of technology in allowing 24-hour self-service wherever possible. This 'channel- shift' will help to reduce customer demand and increase our capacity to resolve remaining face to face customer contact 'right first time'.
- 10.7 It will also be necessary to undertake work on branding and identity. Both to protect the identity of the Councils but also to establish an appropriate brand for the new companies.
- 10.8 There is great potential to improve the customer experience through the customer-focussed redesign of services. The re-design of services is also an essential component of the efficiency savings. Consequently a programme of targeted service redesign will be developed and resourced as part of the next phase development of the partnership.
- 10.9 Once the company structure has been finalised and agreed, work will be completed on the governance and management of the partnership. This will ensure that a strategic approach is taken to the delivery of each Council's objectives with clear accountabilities and responsibilities.
- 10.10 Work will also be undertaken to consider how property assets can be managed more effectively across the partnership with a view to developing a Property and Assets Action Plan to drive future property benefits.

Annex B - Company Structure and Governance Proposals**Leaders Statement**

We have a strong track record of over three years of being committed to working collaboratively in pursuit of our agreed shared vision as approved by all four councils in 2014:

“A number of councils, retaining their independence and identity but working together and sharing resources to maximise mutual benefit, leading to more efficient, effective delivery of local services.”

In October 2014, we all agreed a further set of desired outcomes that would govern our work going forward. These are:

- **Financial** - respond to current and future pressure
- **Efficiency** - value for money
- **Resilience** – increase pool of expertise, add capacity
- **Impact** - better outcomes for our communities
- **Democracy** – champion local needs

As the partnership continues to develop there have already been some notable early benefits. Cashable savings to date are on profile with savings already delivered during 2015/16 and 2016/17 approaching £2.5 million. There have also been some significant non-cashable benefits including:

- **Improved knowledge sharing and learning**
- **Increased resilience**
- **More stable and improved technology**
- **Smarter working practices introduced**
- **Reduced office space resulting in some spaces being re-let**
- **More consistent approach to HR with policies and procedures aligned**
- **Future costs avoided**

During that time we have worked together under different governance arrangements and despite some differences in approach and views on how best to achieve the vision and outcomes we have proceeded through a process of engagement, open discussion and debate to find solutions that meet individual requirements.

Following expert legal, tax and pension advice we are proposing to establish a group of three local authority owned Companies Limited by Guarantee (Appendix A) which are Public Bodies. We believe that this structure provides the appropriate balance between, delivering a consistent approach across the “common core” organisational functions such as HR policy, Finance policy, Audit, ICT strategy and Customer Services Strategy; delivering the benefits of operating under a company model; and recognising the commercial trading opportunities and management of risks in the future.

Whilst we have developed a model that is designed to be flexible for the future, we are not planning for, or considering any circumstances at this moment in time that might result in changes to this structure. Neither can we predict what external factors or new opportunities might cause us to re-consider this in the future. Should something change in the future that might cause us to collectively consider changes to the company structures it will be necessary to go through a thorough process, building upon our trusting relationships between partners, prior to shareholders being asked to approve any such proposals.

It is expected that any such process would involve discussions with the Shareholder Representative Board who would be extensively briefed by the Board of Directors on the reasons for any proposed changes and the benefits (measured against the outcomes) of any such changes. As a fundamental principle no changes will be made that would be detrimental to one or more of the partners even if of benefit to

others. Furthermore, we will, as we have in **Page 148** due to work collaboratively to seek the agreement of all of the Partner Councils.

The Partnership has a demonstrable track record of being open and transparent and will continue to do so. As Public Bodies, the Companies will be required to meet their legal transparency requirements (such as responding to Freedom of Information requests). We would further anticipate that as appropriate, the company will make relevant information available to member Councillors to assist them in undertaking their democratic roles.

Company Governance

It is proposed to initially establish “Teckal” Companies Limited by Guarantee.

It is proposed that the Leader of the Council (or their named Council nominated substitute) will be the shareholder representative for their Council responsible for taking shareholder decisions on behalf of their Council.

It is proposed that each Company is established with an equal shareholding and equal voting rights.

It is proposed that the matters reserved to Shareholders shown below is adopted for the new companies.

1	Permitting the registration of any additional Members of the Company.	By not less than 75%
2	Adopting or amending the Business Plan in respect of each Financial Year.	By not less than 75%
3	Forming any subsidiary or acquiring shares in any other company or participating in any partnership or joint venture (incorporated or not).	By not less than 75%
4	Amalgamating or merging with any other company or business undertaking.	By not less than 75%
5	Entering into any arrangement, contract or transaction with either a capital or revenue value over £500,000 which is not included in the current approved Business Plan.	By not less than 75%
6	Agreeing the appointment and the appointment terms (including any remuneration terms) of all directors of the Company other than Shareholder Appointed Non-Executive Directors.	By not less than 75%
7	Agreeing any remuneration terms for Shareholder Appointed Non-Executive Directors.	By not less than 75%
8	Increasing, reducing, sub-dividing, consolidating, re-denominating, cancelling, purchasing or redeeming any of the capital of, or allotting or issuing any share of the ownership or other securities in the capital of, the Company.	By not less than 75%
9	Altering any rights attaching to any class of ownership in the capital of the Company, or creating any option, warrant or any other right to acquire or subscribe for any share of ownership or other securities in the capital of the Company.	By not less than 75%

It is proposed that a Shareholders Representatives Board is established.

It is proposed that to be eligible to take up **Page 149** :he Company, Councils contract to take significant services from the Company.

Board of Directors

It is proposed that candidates for the role of Non-Executive Directors are subject to a rigorous process to ensure that they meet the minimum levels of skills and experience required to undertake the roles

It is proposed that formal terms of Appointment for Non-Executive Directors be applied to the new companies and that candidates meet the minimum skills and experience levels.

It is proposed that each Shareholder will have the right to appoint a suitable Non-Executive Director of the company. This right can be exercised individually or collectively (i.e. two or more shareholders may agree to the appointment of the same Non-Executive Director).

It is proposed that all Shareholders jointly appoint a minimum of one independent Non-Executive Director to the company

It is proposed that the appointment of any Executive Directors of the company will be a reserved matter for Shareholder agreement.

It is proposed that initial appointments to the Companies at establishment will be from existing Council resources where possible.

It is expected that when a future vacancy occurs the appointment of the Executive Director(s) would be through open external competition

It is proposed that the Partnership Managing Director brings forward draft proposals for the number of directors to be appointed to the boards of the companies.

Commissioning Arrangements for FoDDC, CDC and WODC

It is proposed that the Shareholding Councils will commit to transfer all functions and services that can be delegated to be provided by that Company(ies).

It is proposed that the Statutory Officers will be either employed by the Council(s) and be seconded to the Company (ies) or employed by the Council(s) and Company (ies) under joint employment contracts.

It is proposed that the non-delegable decision making officers will be employed by the Council(s) and Company (ies) under joint employment contracts.

It is proposed to establish clear Standards of Behaviour, an Ethical Walls Policy and an Escalation Procedure to deal with potential conflicts of interest.

Contract duration

It is proposed that the initial contact durations are as follows;

- Co-ordinating Company – 10 years + opportunity to extend for 10 years
- Regulatory Services Company – 7 years + opportunity to extend for 7 years
- Support Services Company – 5 years + opportunity to extend for two further periods each of 4 years

Service Performance

It is proposed that the current service plans and service levels are used for the service specifications for the companies.

It is proposed to establish core service specifications and standards. Additional services and standards can be specified at additional cost.

It is proposed that Partnership Board meetings are held between the Companies and relevant Service Portfolio Holder(s).

It is proposed that each Council has the right to summon a Company Director (or an appropriate substitute) to account to Overview & Scrutiny Committee.

Advice, Decisions and Timescales

It is proposed that the external legal and tax advice already received is sufficient to enable the Councils to make the decision to establish the companies

It is proposed that any subsequent decisions necessary to implement the company model should be delegated to each Council's Head of Paid Service in consultation with the Leader of the Council, S151 Officer, Monitoring Officer and the Partnership Managing Director.

It is proposed that the company model is implemented without delay based on a majority decision.

It is proposed that commitment is given for the transfer of the agreed services to the companies by Autumn 2017.

Staffing Matters

It is expected that when the company(ies) are established they will agree to Trade Union recognition.

It is proposed that the company(ies) apply to be an admitted body of the appropriate local government pension schemes with a closed scheme for existing shareholder council employees and also to provide a stakeholder pension scheme for new employees.

It is proposed that the company (ies) will operate a total reward approach to reward and recognition for company employees

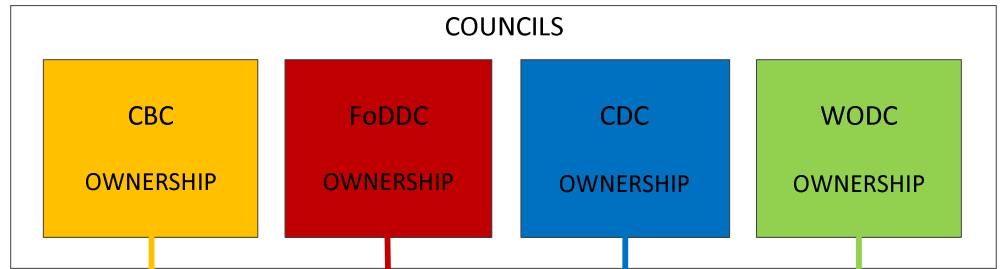
Exit arrangements

It is proposed that the principle of withdrawal with suitable notice at the cost of the exiting party is adopted.

It is proposed that the service contracts will specify the notice period to end a contract and any conditions.

It is proposed that the shareholders' agreement will specify the notice for any conditions concerning the withdrawal from the company and any disposal or handing back of shares.

COMPANY STRUCTURE



SUPPORT SERVICES COMPANY

Teckal Company Limited by Guarantee (CLG)
Member Councils: CBC; FoDDC; CDC; WODC.
Contracts with:
CBC; FoDDC; CDC; WODC;
Co-ordinating Co.; Regulatory Services Co.;
UBICO Ltd.; Cheltenham Borough Homes;
Cheltenham Trust.

CO-ORDINATING COMPANY

Teckal Company Limited by Guarantee (CLG)
Member Councils: FoDDC; CDC; WODC.
Contracts with:
FoDDC; CDC; WODC.

REGULATORY SERVICES COMPANY

Teckal Company Limited by Guarantee (CLG)
Member Councils: FoDDC; CDC; WODC.
Contracts with:
FoDDC; CDC; WODC.

COMPANIES

Cheltenham Borough Council

Cabinet – 11 October 2016

Budget strategy and process 2017/18

Accountable member	Cabinet Member for Finance, Councillor Rowena Hay
Accountable officer	Section 151 Officer, Paul Jones
Accountable scrutiny committee	Budget Scrutiny working group
Ward(s) affected	All
Key Decision	Yes
Executive summary	<p>The purpose of this report is to propose a broad strategy and outline a process for setting the budget and council tax for 2017/18. It outlines a number of principles that need to be established at this stage to enable budget preparation to commence.</p>
1. Recommendations	<p>That Cabinet:</p> <ol style="list-style-type: none"> 1. Approves the budget setting timetable at Appendix 2. 2. Approves the budget strategy and MTFS outlined in section 5 and Appendix 3. 3. Approves the reserve realignments outlined in section 8 and the level of reserves projected at Appendix 4. 4. Notes the expected cut in government baseline funding of £677k for 2017/18, the estimated funding gap of £1.721m and the large amount of work done so far to close this gap. 5. Authorises the Section 151 Officer to submit a Four Year Efficiency Plan to the DCLG using the approved MTFS as the basis for that submission as outlined in section 6. 6. Notes the intention for this Council to remain in the Gloucestershire Business Rates Pool in 2017/18 as outlined in section 7. 7. Requests the Section 151 Officer and the Cabinet Member for Finance to consider suggestions from the Budget Scrutiny Working Group in preparing the interim budget proposals for 2017/18 as outlined in section 9.

Financial implications	This report sets out the budgetary process for 2017/18 and the general financial parameters under which the budget will be prepared. Contact officer: Paul Jones, paul.jones@cheltenham.gov.uk, 01242 775154
Legal implications	None specifically arising from the report recommendations. The budget setting process is governed by the Budget and Policy Framework Rules (contained in the Council Constitution) and the process recommended in this report is designed to meet the requirements of those Rules. Contact officer: Peter Lewis, peter.lewis@tewkesbury.gov.uk, 01684 272012
HR implications (including learning and organisational development)	There are no HR implications arising from the content of the report at this stage. As part of ongoing dialogue with the two recognised trade unions consultation on the budget position will take place. Contact officer: Julie McCarthy, julie.mccarthy@tewkesbury.gov.uk, 01242 264355
Key risks	The Council, as part of its work on corporate governance, has a corporate risk management strategy and corporate risk register, which highlights key risks to the organisation in achieving business objectives. The high level risks will need to be addressed as part of the budget process and may require additional resources or the re-direction of existing resources to mitigate unacceptable levels of risk. These risks are regularly reviewed by the Corporate Governance Group and Cabinet and the Overview and Scrutiny Committee have the option to scrutinise any aspect of the risk register. See risk assessment at Appendix 1.
Corporate and community plan Implications	The annual budget aims to deliver the outcomes defined by the Council's corporate business plan and resourcing should be aligned to the delivery of corporate plan priorities.
Environmental and climate change implications	None arising from this report

1. Background

- 1.1 The responsibility for preparing the budget in line with the Council's policy framework, taking proper account of technical and professional advice and presenting proposals to Council for approval, lies with the Cabinet.
- 1.2 It is customary for the Cabinet Member for Finance, at this time of year, to present a report on the budget process. Accordingly, this report aims to outline a process designed to arrive at an acceptable budget.

2. Budget / business planning timetable

- 2.1 The budget and policy framework requires that the Council publish a timetable setting out the key dates in the budget setting process. A draft budget timetable, attached for approval at Appendix

2, sets out the sequence of events leading up to the setting of the budget and council tax level for 2017/18.

2.2 The timetable allows sufficient time to consider alternative budget proposals or amendments put forward to the budget proposed by the Cabinet.

2.3 The following fundamental principles, established in previous budget rounds, are incorporated into the process of determination of the budget for 2017/18:

- Cabinet should make timely decisions in order to assist the officers in presenting the budget proposals to Cabinet and Council in accordance with the timetable.
- Opposition parties, whom have worked up alternative budget proposals, should be validated by GO Shared Services, in time for the initial budget meeting in February 2017.
- Members aim to set Cheltenham Borough Council's budget and council tax at the initial Council budget meeting.

3. The national funding scenario

3.1 On 8th February 2016, the Secretary of State for Communities and Local Government announced the final 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 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.

3.2 In addition to the detailed proposals for 2016/17, illustrative figures were also 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. For the purposes of this strategy, it is assumed that the scheme will remain unchanged in 2017/18.

3.3 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.

3.4 The final local government settlement for 2016/17 equated to a further grant reduction in cash terms of £0.816 million or 17.4%. The proposed settlement for 2017/18 indicates a further grant reduction in cash terms of £0.677 million or 17.5%.

3.5 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).

- 3.6 The proposed levels of government funding for this Council are set out in the table below. Overall 'core' central government funding (referred to as the Settlement Funding Assessment) is set to reduce by a further 17.5% in 2017/18.

	2015/16 £m	2016/17 £m	2017/18 £m
Revenue Support Grant	2.110	1.273	0.544
Baseline Funding (Cheltenham's target level of retained Business Rates)	2.579	2.600	2.651
Settlement Funding Assessment	4.689	3.873	3.195
Actual cash (decrease) over previous year	(0.762)	(0.816)	(677)
% cash cut	(14.0%)	(17.4%)	(17.5%)

- 3.7 New mechanisms have been introduced to redirect central government funding, principally New Homes Bonus and the Retained Business Rates scheme. These changes have forced local authorities to engage much more with what is happening on the ground in their areas (e.g. with the quantity of new housing development and the number of empty homes) and how this might impact on their funding. The way the funding mechanisms have been introduced also place much greater discretion in the hands of the Chief Finance Officer, and with that comes the ability to be much more tactical in how the system is operated - especially in making provisions for potential rate retention losses.

4. 2017/18 and MTFS funding gap

- 4.1 The Medium Term Financial Plan 2016 – 2020, approved by Council in February 2016, projected a funding gap for the period 2016/17 to 2019/20 of £4.1m. This was the financial gap between what the Council needs to spend to maintain existing services (including pay and price inflation) and the funding available based on illustrative figures which were provided for each financial year up to 2019/20.
- 4.2 The MTFS projections have been updated, at Appendix 3, to reflect the best estimates of the financial pressures impacting on the Council, including an updated view on business rates income and the potential funding cuts after the Autumn Statement is announced. The updated estimate of the funding gap for 2017/18 is now £1.721m and the estimated MTFS gap over the period 2017/18 – 2019/20 is £3.189m.
- 4.3 The Government expects councils to make a significant contribution to reducing the national budget deficit and the Council will continue to face significant reductions in its 'core' funding over the next few years. Future budgets will undoubtedly contain some difficult decisions and may require some sources of 'one off' finance to enable longer-term savings to be delivered through efficiency savings and cost/staffing reductions.
- 4.4 The MTFS at Appendix 3 gives a clear steer in terms of the activities we will be pursuing over the coming years in order to deliver a balanced budget.

5. Cabinet Budget Strategy

- 5.1** 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. Our aim is to hold down council tax as far as possible, now and in the longer term, while also protecting frontline services from cuts – an immensely challenging task in the present climate.
- 5.2** The key mechanism for carrying out this strategy is the Bridging the Gap (BtG) programme, which seeks to bring service costs in line with available funding. To date, this programme has been very successful in managing funding gaps, with over £11.3m generated from BtG work streams including service reviews, shared services, increased income generation and assets management initiatives. This achievement has made it possible to date, to adopt a more strategic approach to identifying savings rather than relying on 'salami-slicing' of budgets.
- 5.3** The MTFS indicates broadly how the Council may close the projected funding gap over the period 2017/18 to 2019/20. It includes savings targets rather than necessarily specific worked up projections of cost savings and includes the accommodation strategy (based on the purchase of Delta Place); sharing management and staffing costs; asset rationalisation including the Depot site; future waste initiatives and savings targets for commissioning reviews.
- 5.4** The Cabinet recognises the very substantial savings that are needed and are mindful that there is likely to be impacts on existing services which may result in a cut or reduction to some of the Council's discretionary spend.
- 5.5** The Cabinet believes the longer term approach to finding efficiencies to close the funding gap is fundamentally through economic growth and investment. With this in mind, the Cabinet will bring a paper through to Full Council for approving a substantial sum for the purchase of a property investment portfolio in December 2016. In addition, resources will be geared towards supporting and delivering the growth agenda including major developments in North West and West Cheltenham.
- 5.6** The starting point for constructing the 2017/18 budget has been a projected MTFS funding gap of £1.721m which assumes a further year's freeze on parking charges.
- 5.7** Closing a gap of this size is a huge challenge for the Council, but the challenge is being met by a proactive approach to identifying budget savings, carried out by the Cabinet and the Executive Management Team. This work has already made significant progress towards bridging the gap, having identified at this early stage potential savings and additional income of £909k, leaving £812k to find, assuming a £5 council tax increase.
- 5.8** It is therefore the Cabinet's intention to meet the shortfall in funding in 2017/18 from the budget strategy (support) earmarked reserve in order to deliver a balanced budget. This will give the Council more time to deliver its long-term strategy for delivering the substantial savings required.
- 5.9** The detailed schedule of target savings is discussed in greater detail within the MTFS at Appendix 3. They include further savings from organisational change; savings resulting from the establishment of the Cheltenham Trust to manage leisure and culture services; and savings through the rationalisation of two of the Council's major assets; namely the Municipal Offices and the Depot. They also include a target for the Executive Management Team to develop, in conjunction with Cabinet, the strategy for delivering further income through this Council's aspiration for further improved economic performance as detailed above.
- 5.10** One of the major issues which the Cabinet and Council will need to consider in formulating the 2017/18 budget is what use it makes of New Homes Bonus (NHB) money to support the budget. £1.750m is already included within the base budget. Assuming the scheme remains unchanged in 2017/18 the current forecast for NHB is £2.350m. It is proposed that of the remaining £600k forecast to be available, £300k will be transferred to the New Initiatives earmarked reserve and £300k will be transferred to the budget strategy (support) earmarked reserve.

- 5.11** Clearly work remains to be done towards building a robust base budget for 2017/18 and this may result in the funding gap increasing. In addition, the Government's final financial settlement may be worse than currently indicated. It is therefore important that the work of identifying budget savings should continue up to the publication of the draft budget proposals and beyond.

Council tax

- 5.12** For the period 2010 to 2015 the Council had frozen its council tax at £187.12 a year for a Band D taxpayer. In taking this course of action, the Cabinet had borne in mind the difficult economic and financial climate that many of our residents were facing. However, during the period of the freeze our own financial position as a Council has deteriorated sharply. Our core Government funding has been cut drastically, with further large cuts to come. In addition, inflation has continued to affect many areas of the Council's costs.
- 5.13** Government legislation, through the Localism Act, requires councils proposing excessive rises in council tax to hold a local referendum allowing the public to veto the rise. The referendum threshold for council tax increases is proposed at 2 per cent for all local authorities, as in 2016/17. However, shire districts will be allowed increases of up to and including £5, or up to 2 per cent, whichever is higher.

Service growth

- 5.14** The Cabinet's initial approach is that, given the difficult financial situation, there should be no growth in services except where there is a statutory requirement or a compelling business case for an 'invest to save' scheme.
- 5.15** Members will need to base decision-making, particularly requests for additional resources, upon the priorities in the Council's business plan. The Budget Scrutiny Working Group and the Overview and Scrutiny Committee will be invited to review and feedback to the Cabinet their priorities for relevant bids received. These priorities will be considered by the Cabinet in pulling together the consultation budget.

6. Multi-year settlements and efficiency plans

- 6.1** As part of the Government's finance settlement it was announced on 17th December 2015 the opportunity to achieve greater certainty and confidence from a 4-year budget, with the intention this would strengthen and support council's financial management.
- 6.2** The settlement consultation process showed support for this approach but raised a number of queries about what the offer includes and the requirements to accept this offer. Appendix 5 to this report gives the details provided by the DCLG of what the offer includes and the process required to accept the offer.
- 6.3** In summary, the multi-year settlement includes: Revenue Support Grant; Transitional Grant; and Rural Services Delivery Grant allocations. In terms of business rates, tariffs and top ups for 2017/18, 2018/19 and 2019/20 will not be altered for relative needs adjustment and in the final year **may** be subject to the implementation of 100% business rates retention.
- 6.4** The Government is committed to local government retaining 100% of its business rates by the end of this Parliament, which would give control of £13 billion tax they collect. However, these reforms need to be fiscally neutral and local government will take on extra responsibilities and functions. These additional responsibilities will be subject to discussion papers from DCLG and the Local Government Association for future debate.
- 6.5** In order to apply for the multi-year settlement the Council would need to send an email or letter to

the DCLG by 14th October 2016 and include a link to a published efficiency plan. Informal guidance to local authorities from CIPFA and the LGA is as follows:

- The submission is likely to be based on or drawn from the medium-term financial strategy or something similar. It is not intended that authorities spend a lot of time producing a document specifically for this purpose.
- It is suggested that the efficiency plan should be 2-4 pages, although this may be determined by what existing documents are being applied. Other documents such as a Corporate Plan can be referenced in the submission but do not need to be explained in detail.
- The efficiency plan should cover the four year period 2016/17 to 2019/20. It should provide a narrative about how the authority is addressing its financial position over this period, how it is planning to balance its budget, where it will find savings / efficiencies, and how it will use its reserves.
- It should provide information about current transformation projects, and savings and efficiency plans.
- Risks and uncertainties should be highlighted e.g. funding and spending pressures, as well as action the authority would take to respond to them such as reserves, contingencies and further savings.
- The plan should outline key partnerships and collaboration, including any devolution arrangements, but this should focus on where they impact on the authority's finances e.g. sharing costs, generating additional income.
- There are no specific sign off requirements and it does not necessarily require formal approval by Members. It is suggested that the Chief finance officer (Section 151 Officer) will approve it.

6.6 The informal guidance and the information that should be shown regarding the Council's financial position and plans for efficiency savings over a four year period immediately points towards the Council's current Medium Term Financial Strategy. This was approved by Cabinet in October 2015 and was updated for Council on 12th February 2016 to incorporate the settlement figures for Revenue Support Grant and Transitional Grant for 2016/17 to 2019/20 in line with the multi-year settlement and also included efficiency savings over this period linked to the 2020 Vision programme.

6.7 Given that the strategy has now deviated from the position agreed in February 2016, it is proposed that the Section 151 Officer submits a Four Year Efficiency Plan utilising the approved MTFS attached at Appendix 3 as a basis for this council's submission.

7. Gloucestershire Business Rates Pool

7.1 In October 2012, Council approved the principle of Cheltenham joining the Gloucestershire Business Rates Pool, subject to a thorough assessment of risks and rewards and agreement of satisfactory governance arrangements.

7.2 Continuation within the pool was delegated to the Section 151 Officer and Head of Paid Service and this is reviewed on an annual basis.

7.3 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.

7.4 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, as reported to Cabinet and Council in July 2015.

- 7.5** In 2015/16 the Pool was back in surplus generating £877,948, and is on schedule to deliver substantially more in 2016/17.
- 7.6** The MTFS at Appendix 3 assumed a one-off drop in business rates income in 2016/17 with income levels recovering as development 'goes live' across 2017/18 and 2018/19. Despite this, the anticipated level of business rates due to this Council in 2016/17 is still above the baseline funding target (Cheltenham's target level of retained Business Rates) which will result in Cheltenham still being liable to a 'levy'.
- 7.7** Taking the above into account, it is the opinion of the Section 151 Officer that this Council will benefit from remaining in the pool in 2017/18 as it will result in a reduction in the levy payment due to Government, which will be distributed in accordance with the governance arrangements.

8. Reserves

- 8.1** The Section 151 Officer has a statutory obligation under the Local Government Act 2003 to report on the adequacy of the Council's reserves to Cabinet and Full Council, at the time the Council considers its budget for the coming year.
- 8.2** Earmarked reserves can be maintained as a means of building up funds to meet known or predicted requirements. Financial rule B11.4 states that the Section 151 Officer has delegated authority to approve in year transfers to and from earmarked reserves to support the activities of the council.
- 8.3** The Executive Board has reviewed all of the earmarked reserves held at 1st April 2016 and determined which reserves and levels are still required. As a result of this work a number of realignments are recommended for Cabinet to consider in order to increase the level held in the budget strategy (support) earmarked reserve by £309,463.
- 8.4** A projection of the level of reserves to be held at 31st March 2017, and the proposed reserve realignments are detailed in Appendix 4.
- 8.5** In addition, the Section 151 Officer has undertaken a calculation of the optimum level to be held in respect of general balances. This level is based upon a risk assessment of the budget and is detailed within Appendix 3, Annex 1.

9. Budget Scrutiny Working Group

- 9.1** The cross party Budget Scrutiny Working Group will continue to support the budget process by:
- Considering options for closing the funding gap i.e. proposals for charging or reduction in expenditure
 - Reviewing the work programme for commissioning and options being considered
 - Developing members' scrutiny skills and understanding of financial matters
 - Developing the approach to budget consultation.
- 9.2** This strategy report will be considered by this Group on 12th October 2016 and both the Cabinet Member for Finance and the Section 151 Officer are keen that this Group should play a significant part in developing and supporting the budget process.

10. Budget Setting Process 2017/18 – key stages

10.1 In approaching the budget setting process for 2017/18, the Cabinet will endeavour to adhere to some well-established principles designed to deliver budget proposals in a timely manner following proper process, including:

- Early and clear direction input from Cabinet and Senior Leadership Team.
- Ensuring that Financial Services (GOSS) maintain a strong role in moderating the process.
- Section 151 Officer to lead and advise on strategic budget issues.
- Agreeing Cheltenham Borough Homes (CBH) management fee and Housing Revenue Account (HRA) budget as early as possible.
- Maintaining good communications between Head of Paid Service, Senior Leadership Team, Council Leader, Cabinet Member for Finance and Section 151 Officer over budget progress / issues.
- Ensuring consultation with all stakeholders and ensure that employees are aware.
- Including the Overview and Scrutiny Committee and the Budget Scrutiny Working Group in the budget process.

10.2 The proposed key stages in the process for setting the budget for 2017/18 are summarised in the timetable at Appendix 2 and are detailed below. The timing of events may change as the process develops.

Publication of budget timetable

10.3 The Cabinet will publicise a budget timetable by including this in its Forward Plan and via other media.

Budget preparation

10.4 Between October and November 2016, the Cabinet Member for Finance and officers will work with the Cabinet towards the creation of 'interim budget' proposals which will make the following assumptions:

- The projection will be for a standstill budget, prepared under a general philosophy of no growth in levels of service. Inflation for contractual and health and safety purposes will only be allowed where proven at the appropriate inflation rate.
- The Chancellor has previously announced that public sector pay increases will be capped at 1%, and whilst pay awards in local government are covered by collective bargaining between employers and trade unions and is not subject to direct control from central government, it is not unreasonable to assume that the local government employers will mirror what happens in the rest of the public sector. Following a meeting of local government representatives, trade unions accepted the proposal made by the Local Government Association's National Employers group for a 1% increase for most staff in 2016/17 and 2017/18. As part of the deal, lowest paid staff will receive higher increases to reflect the new National Living Wage.
- The current MTFs only assumes inflation on fees and charges at an average rate of 2% annually over the 3 year period for green waste, burial and cremation fees. These increases will be assumed in the preparation of the standstill budget and any deviation from this will form part of the interim budget proposals.
- The vast majority of fees and charges are generated within the Regulatory and Environmental Services Division and a target of £50,000 per annum is set within the strategy for more targeted reviews of income generation, as opposed to a blanket increase across the board to reflect market forces.
- The impact of prevailing interest rates on the investment portfolio will be assessed in preparing

the budget. The Treasury Management Panel will consider the position in respect of treasury management activity during the budget setting cycle.

- An assessment of the charges to be made to Cheltenham Borough Homes and the Housing Revenue Account will be incorporated in the budget proposals, including assessing the impact on the General Fund of the changes to the housing subsidy system.
- A council tax increase of 2.6% (equivalent to £5.00 a year for a Band D taxpayer) has been used for modelling purposes.
- Proposals for service growth will be included, though only for invest to save schemes.

Publication of initial budget proposals

- 10.5** The Cabinet will present its initial budget proposals and publish them for consultation in line with the advertised plan. The initial budget proposals will include all general fund revenue, capital and housing revenue account estimates to meet a balanced budget, together with assumptions made on future council tax and rent levels.

Budget Consultation

- 10.6** As a result of the extensive budget consultation exercise carried out in 2010, a residents' focus group was formed which has met annually since to consider budget proposals. It is the Cabinet's intention for this group to meet again this year. In addition to the formal budget consultation, some targeted consultation around specific issues may be undertaken.
- 10.7** The formal budget consultation period will be no less than four weeks and will take place during December 2016 to January 2017. The Cabinet will seek to ensure that the opportunity to have input into the budget consultation process is publicised to the widest possible audience. During the consultation period all interested parties will be welcome to provide feedback on the initial budget proposals. Groups, businesses, tenants, residents, staff and trade unions will be encouraged to comment on the initial budget proposals at this time. They will be asked to identify, as far as possible, how alternative proposals complement the Council's business plan and community plan, how they will be financed, and how they will help the Council to achieve best value. Presentations will be made to key business groups as part of the consultation process.
- 10.8** The Budget Scrutiny Working Group and Overview and Scrutiny Committee will be invited to review the interim budget proposals in the meetings scheduled for January 2017 and feed any comments back to the Cabinet.
- 10.9** Whilst the Cabinet will be as flexible as possible, it is unlikely that any comments received after the consultation period can be properly assessed to consider their full implications and to be built into the budget. Accordingly, if alternative budget proposals are to come forward, this should happen as early as possible.
- 10.10** All comments relating to the initial budget proposals should be returned to the Section 151 Officer by the end of the consultation period for consideration by the Cabinet in preparing their final budget proposals. Consultation questionnaires will be available in key locations and for completion on line via the Council's website. Comments can be e-mailed to moneymatters@cheltenham.gov.uk.

Assessment of alternative Budget Proposals

- 10.11** It is important that any political group wishing to make alternative budget proposals should discuss them, in confidence, with the Section 151 Officer and / or the appropriate Director / Head of Paid Service (preferably channelled through one Group representative) to ensure that the purpose, output and source of funding of any proposed change is identified.

- 10.12** Given the financial pressures and the potentially very difficult decisions which will have to be made, it is very 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.

Final Budget Proposals and Council Approval

- 10.13** At the end of the consultation period, the Cabinet will draw up firm budget proposals having regard to the responses received. In drawing together its budget proposals to Council the report will reflect the comments made by consultees and the Cabinet's response. The firm budget proposals will be presented to Council at the budget setting meeting for decision in February 2017.

11. Housing Revenue Account

- 11.1** Draft proposals for the Housing Revenue Account will also form part of the same process for considering the General Fund revenue and capital budgets.
- 11.2** A number of significant changes in Housing policy were announced by the Government in 2015 including a four year programme of social rent reduction to March 2020. As a consequence Cheltenham Borough Homes undertook a comprehensive review of the HRA Business Plan financial forecasts to inform proposals to mitigate the impact of reduced income during that period.

The review was 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 replacement programme at a pace consistent with value for money;
 - Ensuring resources continue to be available to deliver the existing new build programme;
 - Ensuring the continuation of key service improvements initiated by the 3 year investment pot programme;
 - Seeking to protect existing service levels and mitigating the impact on tenants and leaseholders;
 - Retaining long term viability;
- 11.3** The 2016/17 HRA budget was based on the four year plan, which proposed efficiency targets for management and maintenance costs, a realignment of the capital programme and the use of HRA reserves above the contingency level.
- 11.4** The financial projections contained in the HRA Business Plan are currently being updated to reflect :
- Progress in achieving service efficiencies;
 - Impact of the ongoing changes in housing and welfare policy, particularly the introduction of "Pay to Stay" and the sale of high value void properties;
 - Updated need to spend on stock investment and maintenance;
 - Progress in the new build programme
- 11.5** The revised projections will be available to inform decisions on the level of management and maintenance and capital investment in 2017/18 (to include fees payable to Cheltenham Borough Homes and administrative charges from Council Divisions).

12. Reasons for recommendations

12.1 The Council is required to agree a budget process and timetable.

13. Alternative options considered

13.1 The process for considering alternative budgets is set out above.

14. Consultation and feedback

14.1 The consultation process is described fully above. In view of the size of the challenge the Council faces in setting the 2017/18 budget, consultation has already commenced with trade unions.

15. Performance management – monitoring and review

15.1 The delivery of savings and additional income proposed as part of the budget will be monitored through the Bridging the Gap programme which meets monthly with the Cabinet Member for Finance.

Report author	Contact officer: Paul Jones, paul.jones@cheltenham.gov.uk, 01242 775154
Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Budget timetable 3. Medium Term Financial Strategy (MTFS) 4. Movement on earmarked reserves and general balances 5. Conditions of the multi-year settlement
Background information	<ol style="list-style-type: none"> 1. Core spending power projections 2016/17 – 2019/20

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 close 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	Director of Corporate Resources Mark Sheldon	1/9/2010	5	4	20	Reduce	The budget strategy projection includes 'targets' for work streams to close the funding gap which aligns with the council's corporate priorities. This includes a target for cuts to services / activities amongst other work streams to deliver a balanced budget across the MTFS.	On-going	Nina Philippidis	1/9/2010
CR105	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	S151 Officer Paul Jones	01/04/16	4	3	12	Reduce	The MTFS is clear about the need to bolster reserves and identifies a required reserves strategy for managing this issue. In preparing the budget for 2017/18 and in ongoing budget monitoring, consideration will continue to be given to the use of fortuitous windfalls and potential future under spends with a view to strengthening reserves whenever	Ongoing	Nina Philippidis	

	council's Medium Term Financial Strategy							possible.			
CR107	If the government's technical consultation New Homes Bonus – Sharpening the Incentive leads to a reduction for the payment period from 6 to 4 years then this could have an estimated negative financial impact of between £1.5m and £1.8m, impact on the planning process affecting the ability to approve new developments in a timely manner and impact on the council's ability to deliver core frontline services.	S151 Officer Paul Jones	01/04/16	5	3	15	Reduce	The response to the government's consultation has been submitted and the MTFS assumes a use of NHB that could be supported with 4 years rather than 6 years of NHB provided new development proceeds in line with forecasts.	Ongoing	Nina Philippidis	
	If funding streams including New Homes Bonus, Business Rates and Revenue Support grant do not meet expectations or are reduced further then the budget gap may increase above current projections.	S151 Officer Paul Jones	28/9/12	4	4	16	Reduce	Both NHB and Business Rates are subject to government consultations – both of which have been responded to by the council. MTFS projections are based on current intelligence and the risks around both income streams are articulated within the main body of the MTFS. Section 151 Officer will update	On-going	Paul Jones	

								Cabinet with latest information during the budget process and continue to take a prudent view of income levels used in budget projections.			
	If income streams resulting 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 MTFS budget gap may increase.	S151 Officer Paul Jones	14/09/2012	4	3	12	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>	On-going	Paul Jones	
	By applying for a multi-year settlement the Council is guaranteeing a minimum settlement allocation, not a fixed allocation. The key risk of not applying for the multi-year settlement is that	S151 Officer Paul Jones	12/10/2016	4	3	12	Reduce	Application for a multi-year settlement will be made by the Section 151 by 14 th October 2016.		Paul Jones	

	the Council would be subject to the existing yearly process for determining the local government settlement. However, there may be fundamental changes to the underlying needs formulae or further cuts in the total funding that result in non-participants receiving noticeably less funding through changes to top-ups and tariffs										
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.	S151 Officer Paul Jones	15 December 2010	3	3	9	Reduce	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. Greater focus on cost control and income generation will be prioritised to mitigate the risk of income fluctuations.	Ongoing	Paul Jones	

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 Mark Sheldon	15 December 2010	3	3	9	Reduce	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 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	Head of Paid Service Pat Pratley	15 December 2010	3	3	9	Reduce	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	

1.06	If the assumptions around government support, business rates income, impact of changes to council tax discounts prove to be incorrect, then there is likely to be increased volatility around future funding streams.	S151 Officer Paul Jones	13 December 2012	4	4	16	R	Work with GOSS and county wide CFO's to monitor changes to local government financing regime including responding to government consultation on changes to New Homes Bonus and Business Rates.	Ongoing	S151 Officer Paul Jones	
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Budget / Business Planning Process 2017/18 – T **Page 171** **stages / dates**

July - November 2016	SLT / Service Managers work with the Bridging the Gap programme to identify options for savings and additional income
11th October 2016	Cabinet approve the budget strategy - guidelines, timetable and estimated funding gap for 2017/18 and the Cabinet's approach to the budget / MTFS
12th October 2016	Budget Working group - review the draft budget strategy
14th October 2016	Deadline to submit taxbase calculation - applicable date is 3rd October 2016 (CTB1 figure used in New Homes Bonus calculation).
14th November 2016	Treasury Management Panel to consider budget estimates for treasury management budget assumptions
22nd November 2016	Budget Working group - consider input to interim budget proposals and report direct to Cabinet
30th November 2016	Deadline for preparation of a 'standstill budget' on basis of no growth incorporating interim standstill budget projections / management fees for partner organisations (e.g. Ubico, Leisure & Culture Trust, CBH and shared services). In addition, proposals for savings / income and growth to be identified for the council and its partner organisations.
1st December 2016	Recalculate taxbase figure for Section 151 Officer sign off under delegated powers and production of briefing note for Cabinet Deputy
13th December 2016	Cabinet present interim budget proposals for consultation incorporating partner organisations budgets including proposals for growth, savings and levels of fees and charges and projection of the Medium Term Financial Strategy (MTFS)
14th December 2016 to 13th January 2017	Cabinet consult on interim budget proposals including Overview and Scrutiny committee, public and the business community
16th December 2016	Joint Consultative Committee - briefing on funding projections and estimated budget gap and strategy for closing the gap
January 2017	Finance Settlement
9th January 2017	Budget Working group - review consultation and make recs to O&S committee on budget
6th January 2017	Recalculate taxbase, if necessary, and confirm or amend figure under delegated powers
6th January 2017	Advise all precepting authorities (including parishes) re. relevant taxbase figures
16th January 2017	O&S Committee consider recommendations from budget working group and forward to Cabinet/Council
23rd January 2017	Treasury Management Panel – consider final recommendations to Cabinet in respect of treasury management activity
27th January 2017	Deadline for preparation of final council budget incorporating final proposals for savings / income and growth from partner organisations.
31st January 2017	Approve final NNDR1 estimate and advise County Council and DCLG
30th January 2017	Deadline for submission of alternative budget proposals to Financial Services for validation.
5th February 2017	Police notify level of precept
7th February 2017	Cabinet present final budget proposals including response to consultation exercise
10th February 2017	Council meet to approve Cheltenham Borough Council budget only - approve proposed Cabinet or alternative budget (approved in principal)

15th February 2017	Special committee (Page 172 required) – meets the requirement for the proper officer to call a council meeting to discuss objections to an alternative budget within 7 days of receipt of objections.
15th February 2017	County Council due to approve budget and set Council Tax level
23rd February 2017	Council meet to approve the Council tax resolution (includes GCC and police tax) – last day for Council to approve any proposed budget
23rd February 2017	Final amendments to council tax leaflet/sign off for printing
24th February - 1st March 2017	Council tax bill processing
2nd - 13th March 2017	Council tax bills printed/packed
By 14th March 2017	Bills to be issued (14 days notice required before first payment - some payments due on 1st April)

*Throughout the process, GOSS and senior managers will work with trade unions for the purpose of ensuring genuine consultation around proposals which may have HR implications.

1. INTRODUCTION

1.1. The council’s vision statement sets out its aspirational goals for the long-term future of Cheltenham.

“Our vision is of a Cheltenham that delivers the very best quality of life for its people. We believe that the key elements in achieving this vision are to protect and enhance the built heritage and green spaces that have shaped the unique character of the town; to create the conditions in which businesses can thrive, innovate and provide good quality jobs; to make the town a world-class cultural and learning centre which is outward-looking and welcoming to visitors; to build strong, safe and healthy communities for residents and their families; and to accept our responsibility to present and future generations to live within environmentally sustainable limits.”

1.2. The focus of the MTFS is to ensure the strategy for forecasting, understanding and protecting the council’s financial future ultimately reflects the vision for the council in the medium term. Its purpose is to ensure a stable and sustainable financial position that will allow the council to achieve this vision by delivering its aims and ambitions over the next 4 years (2016/17 to 2019/20).

1.3. The MTFS is the council’s key financial planning document for the General Fund budget. It sets out and considers the financial implications of the council’s objectives and priorities and factors in financial pressures, including reducing government funding. The diagram below shows how the MTFS is the overarching framework from which all other financial strategies, plans, policies and decisions hang.

Category	Overall	Revenue	Capital	Treasury Mgmt	Risk Management
Strategies	Medium Term Financial Strategy				
			Capital Strategy	Treasury Mgmt (TM) Strategy	Risk Management
			Asset Mngt Strategy		
Guidance	CIPFA and Technical Guidance	Budget Guidance	Capital Guidelines	CIPFA Code for Practice for TM	Risk Management Guidance
Plans	MTFP Projection	Annual Budget	Capital Programme & Asset Mgmt Plan	Treasury Policy Statements	Risk Register
Governance	Constitution and Annual Governance Statement	Quarterly Performance Reports		Prudential Indicators and Annual Report	Risk Register reporting and regular review
	Contract and Finance Procedure Rules				Audit Committee and Cabinet Reports
	Internal and External Audit Plans and our response to audit review				
Decision making	Cabinet/Council				

- 1.4. The council's external auditor, Grant Thornton, undertakes a Value for Money review each year which assesses the council's finances against National Audit Office (NAO) Code of Audit Practice to determine whether or not the council has proper arrangements in place for securing financial resilience, and challenging how it secures economy, efficiency and effectiveness. This review covers six themes, one of which is Strategic Financial Planning focussing on the MTFS.
- 1.5. In order to achieve an unqualified value for money conclusion, the external auditor will focus their findings based on the council having robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future which is demonstrated by the MTFS. Grant Thornton's audit findings for 2015/16 including value for money assessment can be found at: https://democracy.cheltenham.gov.uk/documents/s20291/2016_09_21_AUD_ISA_260.pdf
- 1.6. The Housing Revenue Account (HRA) is not included, as a separate budget and Business Plan is produced for the HRA to cover its planning processes.

2. EXECUTIVE SUMMARY

- 2.1. To produce a robust and thoughtful MTFS which captures the growing needs and continuing aspirations of the council during a period of prolonged public spending austerity the following areas are considered and discussed:
 - SECTION 3 National and Local Financial Risks
 - SECTION 4 Current financial budget gap
 - SECTION 5 Reserves Strategy
 - SECTION 6 Savings Strategy

3. NATIONAL AND LOCAL FINANCIAL RISKS

- 3.1. Local government continues to be overshadowed by continuing reductions in public sector expenditure which is now coupled with a move to 100% business rates retention. The result of this fundamental shift in how local government is funded will see Revenue Support Grant (RSG) rolled into business rates baseline funding by 2019/20 and local government services becoming predominantly reliant on a volatile revenue stream.
- 3.2. The MTFS for 2016/17 to 2019/20 recognises the significant changes to the national funding system as well as locally driven cost pressures and political choices. It has therefore taken a risk based approach in reviewing the financial pressures facing the council and how they should be mitigated across the medium term.

Future Budget Rounds

- 3.3. The Budget 2016 recognised that a further £3.5bn of cuts would fall on government departments. The DCLG is not protected and as such it is likely that any further savings targets allocated will have an impact on Local Government. Since the change in Prime Minister and subsequent change in Chancellor, the desire to have cleared the country's deficit by the end of the Parliament appears to be lessening in light of the uncertainties around the outcome of the BREXIT vote, however the council would be prudent in looking to accelerate the delivery of savings wherever possible and aiming to deliver savings in excess of the funding gap to ensure there is scope to manage further cuts should they arise without having to make "knee-jerk" decisions.

Business Rates Retention

- 3.4. Under the current system roughly £12bn per year of business rates income is kept by Central Government to fund local authority services. This is referred to as the "Central share" and is redistributed to councils in the form of Revenue Support Grant (RSG) and other grants including New Homes Bonus (NHB). In future, when this sum is retained by local authorities, new burdens of a broadly similar value will be passed across to local government. As a result local government will not initially have more funding; over the longer term this will depend on whether business rates grow faster or slower than local authority service demands and costs, and to add further complication will depend on where the revised business rates baseline is set for the council.

- 3.5. The council's DCLG set business rates baseline is £2.651m whilst, as a result of economic growth, £3.240m is now actually being generated and supporting the base budget in 2017/18. It is likely that the new baseline will be set taking into consideration business rates income retained over an average period, (say two years) and this will be compared to the reassessed needs of the district resulting in either a top-up or tariff to manage the difference between the two. If Cheltenham's baseline goes up then in order to retain any additional income the level of growth will need to increase.
- 3.6. Growth will be calculated as business rates income in excess of the revised baseline and will continue to be shared with the upper tier authority; the split of which is yet to be determined and forms part of the current DCLG consultation on Business Rates Retention.
- 3.7. Whilst levies on growth will no longer exist under the new system (the cost of which had to be mitigated through the establishment of the Gloucestershire Business Rates Pool) and it is likely that some form of safety net will remain in place, councils will be subject to local volatilities within its own economies.
- 3.8. In previous years, local authorities have been funded through a mixed structure of grant e.g. RSG and locally driven income e.g. council tax and business rates which provided some mitigation of risk. Moving to a 100% retained system means the risk fully transfers to local government and as such individual councils must assess their level of risk and make appropriate contingency plans to manage the potential costs of the changing system and furthermore the local fluctuations in business rates revenue over time.

Business Rates Appeals

- 3.9. The impact of appeals remains volatile and there are a large number of appeals outstanding. Changes to the value of businesses can have a significant impact upon business rates collected and provision is made in the business rates estimate for future appeals which is reviewed annually. The 2017 revaluation when all rateable values are reset will result in a new round of appeals being lodged. Based on previous revaluations a very large number of appeals are likely to be lodged. Initially there will be no evidence to indicate the accuracy of the new rateable values and the likely success rate of appeals, therefore a significant increase in the provision will be necessary to address the high volatility.
- 3.10. DCLG has recently consulted on proposed changes to the Business Rates appeal process and it remains to be seen how these changes will materialise and the subsequent impact they may have.

New Homes Bonus (NHB)

- 3.11. DCLG have recently consulted on proposed changes to the current New Homes Bonus scheme which is intended to incentivise house building within local authority boundaries. The outcome of the consultation is not yet known and it is thought this may be wrapped up in the outcome of the 100% Business Rates Retention consultation.
- 3.12. The major risk is that the payment term for NHB may reduce from 6 years to 4 years in addition to a number of other proposed measures made to reduce the amount of funding allocated to local government through NHB. The council currently uses £1.75m per annum of NHB to fund the base revenue budget – this represents a scaled back amount following the government's intention to reduce the overall funding pot available to local government.
- 3.13. The councils forecasted NHB now assumes only 4 years of funding will be received from 2018/19 onwards and continues to project that housing will continue to grow in line with expectations; however this is not guaranteed and can be negatively or positively impacted by changes in the local and national economy. The current funding gap could worsen further should the level of NHB currently factored into the budget become unsustainable following the outcome of the consultation.

Council Tax

- 3.14. Council tax is considered an increasingly important mode of local government financing by Central Government. This is reflected in the decision to allow districts to increase council tax by £5 per annum or up to 2%, whichever is higher. However, although the proposal was for this to be available across the next 3 years it has only actually been voted for in Parliament for 2016/17. There is therefore some margin of risk that the assumption now made in the MTFS for future years may not get formal approval. Current projections also assume growth in the taxbase of 0.75% per annum.
- 3.15. The assumptions were made by the Government when establishing the reduction in RSG linked to the level of council tax base growth; however, locally the council will need to consider what levels of growth are likely and financially sustainable.
- 3.16. Furthermore, there is a corresponding cost to increasing the tax base with additional properties and residents to service which needs to be recognised and captured at certain steps or “trigger” points e.g. refuse / recycling collections. Council tax revenue appears to be being seen nationally as a future “cash cow” and it may be possible that the current limits in increases are raised, particularly given the likelihood of further funding cuts.

Fees & Charges

- 3.17. A significant proportion of the council’s funding comes from fees and charges. This is fast becoming an ever more important funding mechanism and one which is within the council’s gift to control, subject to any legislative, economic or political constraints.
- 3.18. However, as more reliance is placed on income there is increased pressure to understand current performance levels coupled with the risks and opportunities arising from each income stream. It is also important to consider how “recession-proof” an income stream is so that appropriate levels of mitigation can be put in place under a Reserves Strategy to meet dips arising in a recession.

Capital Expenditure Funded through Borrowing

- 3.19. The council’s available capital resources are scarce and the council continues to look for innovative ways to use its available financial tools to generate sustainable revenue streams on a background of financial volatility. However the credit rating agency, Moody’s, have highlighted a credit risk linked to such an approach.
- 3.20. Moody’s have said they expect to see an “adverse impact” on the credit profile of local authorities that have increased borrowing to fund commercial projects using capital spending. In a report called “English Local Authorities: Plans to Boost Revenue through Capex Adds Risk”, Moody’s have stated that the borrowing would bring added credit risk for authorities, while revenues from such projects are not necessarily guaranteed. This report adds to concern about the debt levels of local authorities following a paper from the National Audit Office in June 2016 which said servicing debt could threaten revenue spending.
- 3.21. The council will need to balance the inherent uncertainty associated from revenues with the credit risk arising from borrowing to invest in commercial projects. The hard liability associated with an investment will be on the council’s balance sheet potentially without the increased income on which the original business case based investment decision was made.

Recession

- 3.22. The last recognised recession was in 2008; as a result it is likely that the country is closer than ever to the next economic dip. Economic peaks and troughs are a recognised inevitability and the council’s finances should be managed with this in mind – save during the peak years and spend during the troughs. Taking this approach will see more emphasis than in previous financial years placed on maintaining increasing levels of reserves.

Resources

3.23. Concerns around the council's capacity and resources available to deliver multiple competing priorities has been raised and this is a key consideration for Executive Board and Cabinet when determining their priorities and the delivery of the proposed Savings Strategy. In particular, there will be a necessity to both realign base budgets and make one-off budgetary provision to support the delivery of priority schemes being supported and delivered by Regulatory & Environmental Services. This specifically relates to the deliver major growth, public realm & infrastructure schemes which will be crucial to the delivery of the council's Savings Strategy. This is further considered under sections 6.37 – 6.39.

3.24. The key risk is that if resource is not deployed to allow focus on the schemes which are of financial importance to the council the proposed Savings Strategy will not be delivered within the timescales required resulting in a less managed response to necessary budget cuts.

Pensions (LGPS)

3.25. The stabilisation process introduced for this Council following the 2010 valuation is still operating but given the increased deficit and the negative cash-flow position, the level of annual (cash) contribution increases have gone up from the 1% increase per annum over the period 2010 to 2014, to a 2% increase per annum (£406k) for the 3 years beginning 1st April 2014. By operating the stabilisation process, this Council's contribution rate is still well below the true employer contribution rate that would have applied without stabilisation.

3.26. Table 1 illustrates the funding level changes between the 2010 triennial valuation and the 2013 triennial valuation and provides a position statement on the levels of pension fund members at 31st March 2010 and 2013 respectively:

Table 1: Funding level 2010 66% - 2013 60%	2010 £000's	2013 £000's	Increase (Decrease) £000's	Increase (Decrease) %
Past service liabilities				
Actives	33,603	28,111	(5,492)	
Deferred pensioners	17,485	20,897	3,412	
Pensioners	48,689	64,263	15,574	
Total	99,537	113,271	13,494	
Assets	65,724	67,984	2,260	
Surplus / (deficit)	(34,053)	(45,287)	(11,234)	
Funding Level	66%	60%		(6%)
	Number 2010	Number 2013	Increase (Decrease)	Increase (Decrease)
Membership				
Actives	573	352	(221)	(38.6 %)
Deferred pensioners	779	821	42	5.4%
Pensioners	657	749	92	14.0%

3.27. When reducing staff, if there were to be a recruitment freeze the modelling suggests that the number of pensioners would continue to rise long after the remaining workforce has stabilised. If the workforce was reduced by early retirement then pensioners would rise more quickly. A report by the Audit Commission in 2010 indicated that the LGPS could sustain a reduction in members of around 20% (down to 2004 staffing levels) without affecting the financial health of the LGPS.

3.28. As at 31st March 2013 the number of active members of the pension fund has reduced by 38.6% when compared with the position at 31st March 2010. The main reason behind this significant reduction being the commissioning of services such as Ubico and GO Shared Services.

3.29. Table 2 illustrates the extrapolated position at 31st March 2015 based on decisions already made; the creation of The Cheltenham Trust, shared ICT service with Forest of Dean District Council, Housing Options transferred to Cheltenham Borough Homes and the loss of the Civil Parking Enforcement contract.

Table 2: Extrapolation of Pension Fund Membership 2010 to 2015	2010	2015	Increase (Decrease)	% Increase (Decrease)
Actives	573	237	(336)	(58.6%)
Deferred	779	841	62	+7.9%
Pensioners	657	779	122	+18.6%

3.30. When taking the above into account it is far easier to understand why the council has a negative cashflow which ultimately increases the deficit on the fund despite improving investment returns and 'capped' pay increases. Equally, austerity cuts since 2009/10 have left the council with little choice in terms of reducing the cost of its workforce to 'balance' the budget.

3.31. Table 3 analyses the cash-flow data for the period 1st April 2010 to 31st March 2013 and extrapolates the data through to 31st March 2020 based on the 2013 formal valuation results and decisions surrounding service provision that have already been made.

Table 3: Cash-flow data 1st April 2010 to 31st March 2020	Employer Contributions Fixed Sum £000's	Employer Contributions % of payroll £000's	Employee Contributions £000's	Benefits Paid £000's	Net Cash-flow £000's
2010/11	1,254	1,782	819	(4,355)	(500)
2011/12	1,387	1,656	760	(4,502)	(699)
2012/13	1,525	1,167	537	(4,490)	(1,261)
2013/14	1,728	1,111	500	(4,951)	(1,612)
2014/15	2,394	1,127	478	(5,230)	(1,231)
2015/16	2,780	843	412	(5,008)	(973)
Projected forward:					
2016/17	3,186	851	416	(5,108)	(655)
2017/18	3,592	860	420	(5,210)	(338)
2018/19	3,998	869	424	(5,315)	(24)
2019/20	4,248	877	428	(5,421)	132

3.32. Whilst there are undoubtedly cashable benefits in future years from reverting active pension fund members to stakeholder schemes, these benefits will not be realised until the fund has been stabilised and returned to a positive cashflow. Once this position is reached, the fund will be in a position to invest surplus cash rather than having to sell assets to fund its current pension liabilities.

- 3.33. Table 3 illustrates that by 31st March 2020, based on decisions already made and the assumptions made within our MTFS, the net cashflow will turn positive. However, in order to achieve this, the council has had to increase its employer pension contributions by more than £2m over the last 10 years.
- 3.34. Specialist advisors (AON Hewitt) were commissioned to provide actuarial advice to support the development of the 2020 business case for further joined up working with the aim of delivering potential savings in pension fund contributions for the four partner councils.
- 3.35. Based on their assumptions, the percentage of pay contributions to the LGPS for each of the partner councils is expected to increase over time as the pensionable payroll increases with salary increases. Total annual contributions are projected to double in 20 years' time in cash terms. This analysis demonstrates that the LGPS is financially unsustainable for the council under the current arrangements.
- 3.36. The implications of the current and future deficits of the LGPS and the impact on the council's financial position need to be examined as part of the business case for any current and future commissioning reviews e.g. outsourcing, sharing services with other Gloucestershire LGPS members, creating new companies.
- 3.37. Employers whose contribution rates have been "stabilised" (and may therefore be paying less than their theoretical contribution rate) should be aware of the risk of this approach and should consider making additional payments to the Fund if possible.
- 3.38. There are a number of pros and cons surrounding the LGPS. Fundamentally though, the LGPS provides salary-related, defined benefits, which are not dependent upon investment performance. As it is a statutory funded pension scheme, it is a secure pension arrangement with rules set out in legislation under an Act of Parliament.
- 3.39. Alternatively, a defined contribution scheme such as a stakeholder scheme gives employers more control over its costs, as unlike to LGPS, the benefits paid on retirement are dependent upon investment performance.
- 3.40. Under the existing strategy the council will move into a positive cashflow position by 2019/20 and it is at this point that it is anticipated that the council's annual 'cumulative' contribution will decrease. These assumptions are discussed further in section 4.13

4. CURRENT FINANCIAL BUDGET GAP

- 4.1. The MTFS develops a series of financial projections to determine the longer term financial implications, in order to deliver the council's aims. As in previous years, the approach is to use the current financial year as a base position, inflate this to the price base of the budget year, and add unavoidable spending pressures and the implications of immediate priorities and previous decisions. This is then measured against the projection of available funding to determine affordability which determines the funding gap. The package of measures required to equalise the two calculations forms the "Savings Strategy" identified in section 6.
- 4.2. The projection of the funding gap is shown in Table 4 below:

Table 4: Projection of Funding Gap	2016/17	2017/18	2018/19	2019/20
	£	£	£	£
Net Cost of Services brought forward from previous year (assuming a balanced budget has been set)		13,676,739	15,474,925	16,482,525
IN YEAR BUDGET VARIATIONS				
Increased costs of existing services				
General Inflation		60,300	61,400	63,200
Shared Services contract inflation		20,300	20,500	20,500
Ubico Ltd contract inflation		78,604	79,500	80,400
Employee related expenditure		84,400	85,200	86,200
Living Wage costs				4,000
Pension costs - 2016 Revaluation		406,000	406,000	250,000
GROWTH				
Waste & Recycling - additional structural cost arising from essential service change		146,500		
2016/17 one-off JCS contribution		(85,000)		
Contribution from ICT R&R Reserve		5,236		
INCOME				
Green Waste - inflationary increase		(10,870)	(11,100)	(11,300)
Cemetery & Crematorium - inflationary increase		(33,200)	(33,900)	(34,700)
Loss of CCTV sponsorship		2,000		
Minimum / Voluntary Revenue Provision			400,000	
RESERVES				
Net Contribution from BRR Reserve		1,123,916		
Projected Net Cost of Service	13,676,739	15,474,925	16,482,525	16,940,825
Government Grant support (RSG)	(1,272,960)	(544,030)	(102,300)	0
NNDR	(2,838,470)	(3,200,400)	(3,563,800)	(3,361,000)
NNDR S31 Grants	(530,575)			
National Non-Domestic Rate - 2014/15 surplus / deficit	220,026			
National Non-Domestic Rate - 2015/16 surplus / deficit	809,477			
New Homes Bonus	(2,075,500)	(1,750,000)	(1,750,000)	(1,750,000)
Parish Council Tax Support Funding	10,269	10,269	10,269	10,269
Collection Fund surplus contribution	(163,800)	(128,000)	(50,000)	(50,000)
Transition Grant	(74,461)	(74,197)		
Council tax income assuming council tax increases by £5 per annum from 2016/17	(7,760,745)	(8,067,570)	(8,332,842)	(8,601,114)
Projected Funding	(13,676,739)	(13,753,928)	(13,788,673)	(13,751,845)
Cumulative Funding Gap	0	1,720,997	2,693,852	3,188,980

- 4.3. The projections above reflect a funding gap for the period 2017/18 to 2019/20 of £3.189m (i.e. the financial gap between what the council needs to spend to maintain existing services and the funding available). The key assumptions for the preparation of these projections are explained below:

General

- 4.4. The net costs of services have been estimated by using the approved 2016/17 base budget as the base for future projections though to 2019/20.

- 4.5. This has included general inflation at 2% on insurances, utilities, postage, IT maintenance agreements and non-domestic rates. Where information is available, major contracts and agreements are rolled forward based on the specified inflation indices in the contract or agreement.
- 4.6. An inflationary increase of 1% on shared service contracts has been included to take account of the increase in staff costs incurred in employing councils which will be recharged to the council. Furthermore a 1% increase on the current Ubico Ltd contract has been included however this assumption will be refined and amended as Ubico prepare their budgets for 2017/18.
- 4.7. Historically, annual premises repairs and maintenance budgets have not been inflated which has resulted in increased pressure to be able to maintain and run the council's buildings within budget each year as prices continue to rise. To address this, inflation at 2% has been included in each of the years within the MTFs.
- 4.8. An alternative to the budgeting approach detailed above is zero based budgeting. Whilst there a number of advantages to this approach, the main downside is the exceptionally high level of effort required to investigate and document service activities. This is a difficult task even once a year, and therefore is often used by organisations on a periodic basis when there are significant changes within the organisation. It is however considered to be a valuable tool which Regulatory & Environmental Services will need to implement, with the support of GO Shared Services, when undertaking their transformation programme, more details of which will be discussed under section 6.4 of the Savings Strategy.

Employee related costs

- 4.9. The Chancellor has previously announced that public sector pay increases will be capped at 1%, and whilst pay awards in local government are covered by collective bargaining between employers and trade unions, and not subject to direct control from central government, it is not unreasonable to assume that the local government employers will mirror what happens in the rest of the public sector. Following a meeting of local government representatives, trade unions accepted the proposal made by the Local Government Association's National Employers group for a 1% increase for most staff in 2016/17 and 2017/18.
- 4.10. The net cost of service assumes an employee turnover saving of £350k per annum by the Council, which equates to 4.29% of base salary budget. This is allocated across service areas according to headcount and gives managers clear cash targets within which they have to manage.
- 4.11. The Council is part of the Gloucestershire Pensions Fund, which is administered by Gloucestershire County Council. The rate of contribution paid to the fund by participating employers is set following a triennial revaluation of the Fund by the appointed actuary. The triennial revaluation of the Fund based on the position as at 31st March 2013, found that the Fund's objective of holding sufficient assets to meet the estimated current cost of providing members' past service benefits was not met at the valuation date.
- 4.12. The triennial revaluation as at 31st March 2016 will be received in November 2016 which may result in a change to the forecasts currently included however at the present time, based on the information available, prudent assumptions continue to be made.
- 4.13. Contribution rates are calculated on an individual basis for each participating employer. For the Council's element of the fund, the funding level was assessed at 60% (compared with 66% in 2010), with a shortfall of £45.3m. The fund actuary is aiming for this deficit to be recovered over a 20 year period, giving the following target contribution rates for the Council for this three-year valuation period:
- a 14.60% future service rate which should cover the liabilities scheme members will build up in the future, plus
 - an annual lump sum past service deficit contribution (£2.780m in 2015/16), to cover the shortfall in the Fund. Under the existing strategy the council will move to a positive cashflow position by 2019/20. This works on the assumption, as built into the MTFs, that the council pays a cumulative increase of £406k per annum reducing to £250k per annum in 2019/20 when the council moves to a positive cashflow position.

4.14. From April 2016, a new National Living Wage of £7.20 an hour for those aged 25 and over will be introduced. This will rise to over £9 an hour by 2020. The majority of the Council's staff are already paid above the Living Wage, however for the 11 employees who will remain under £9 per hour by 2020, the cost of £4,000 has been included from 2019/20 to allow for this increase.

4.15. An increase of 1% per annum has been assumed on members' allowances, in line with the anticipated employee annual pay award. This is included within staff costs and totals c. £3.3k per annum.

Waste & Recycling

4.16. As the current fleet of recycling vehicles reach the end of their usable life in 2017, Ubico and the Joint Waste Team were asked to undertake an appraisal of the recycling collection service options available to the council from 2017/18 onwards. The current vehicles used for recycling collection are not available in the future which has effectively meant that the "do nothing" option is not an option.

4.17. The next available alternative option offers an enhanced service of weekly food waste collection, with fortnightly chargeable green waste, fortnightly refuse with the addition of OCC (brown corrugated) cardboard and PTT (plastic – pots, tubs and trays) being added to the fortnightly kerbside sort recycling collections. Due to the necessity to replace the recycling vehicles there is an additional structural cost arising of £146,500 which has been built into the budget gap forecasts.

4.18. Should a further more expensive alternative be desired, the cost over and above the increased base budget cost of £146,500 will need to be met by corresponding alternative savings above those identified within the Savings Strategy. However, any decision regarding an alternative option will not be made until after public consultation.

Fees & Charges

4.19. In previous years, a general assumption for a 2% increase in non-statutory fees and charges has been factored in. However, this has resulted in an increasing necessity to freeze prices within certain service areas that would be detrimentally impacted as a result either through local pressures e.g. car parking or as a result of national legislative requirements e.g. land charges.

4.20. Rather than continue with this approach, the MTFs no longer assumes a 2% inflationary increase but instead has opted for a fundamental year on year review of fees and charges to ensure they consider the costs of service provision, legislative requirements and competitive pricing structures. This is discussed further under section 6.7 as part of the Savings Strategy.

Revenue Support Grant (RSG)

4.21. On 8th February 2016, the Secretary of State for Communities and Local Government announced the final local government settlement for 2016/17. In addition to the detailed proposals for 2016/17, illustrative figures were also provided for each financial year up to 2019/20. The proposed settlement for 2017/18 indicates a further grant reduction in cash terms of £0.677m or 17.5%.

4.22. It is intended that RSG be rolled into the Business Rates Retention Scheme and as such by 2019/20 the local government finance proposed settlement for the council indicates that it will no longer be in receipt of a grant from central government and will be wholly reliant on locally generated funding sources.

Retained Business Rates

4.23. The Business Rates Retention Scheme was introduced on 1st April 2013. Under the Scheme, the Council retains some of the business rates raised locally. The business rate yield is divided – 50% locally and 50% to the Government. The Government's share is paid into a central pool and redirected to local government through other grants. Of the 50% local share, the district councils' share has been set at 80%, with the County Council's share being 20%. A tariff is applied to reduce the local share to a baseline funding level set by the Government. Where the value of retained business rates exceeds the baseline funding level, 50% of the surplus is paid over to the Government as a levy; the remaining 50% can be retained by the Council.

4.24. In order to maximise the value of business rates retained within Gloucestershire, the Council entered into the Gloucestershire Business Rates Pool. Being a part of the Pool has the benefit of reducing the government levy from 50% to 8%. Any surpluses generated by the Pool are allocated in accordance with the governance arrangements agreed by the Gloucestershire councils.

- 4.25. There is a high level of volatility in the business rates system, mainly due to the level and impact of appeals lodged against rateable values but also due to the natural turnover of businesses, properties being left empty or demolished and the increasing trend for commercial properties to be converted into domestic dwellings. Changes to the value of businesses can have a significant impact upon the business rates collected. These factors make it difficult to predict the level of income the Council can retain in the future. Previously, for modelling purposes growth of 3% against the baseline has been predicted. Additional work has been undertaken to gather intelligence available about any growth or decline in the business rate property base and forecast the level of business rates income over the next 3 years. There is still a degree of uncertainty as forecasting is based on high level information and it is not until the Valuation Office Agency visits a completed building that a final rateable value is known. The estimated timing for new, redeveloped or demolished premises may also be incorrect.
- 4.26. A one-off fall in business rates income arising from major developments in the town was identified in 2016/17 and was funded through a £1.124m contribution from the Business Rates Retention Reserve. Current forecasts indicate this shortfall will have recovered in 2017/18 and the reserve will not be required to “prop up” the funding required to support the base budget.

New Homes Bonus

- 4.27. 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 match funding of £1,485 for each new property for six years (based on national average for band D property – i.e. £8,910 per dwelling over six years), plus a bonus of £350 for each affordable home (with £2,100 over six years).
- 4.28. 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.
- 4.29. The Council currently includes 74% of its New Homes Bonus funding within base budget equating to £1.750m. As detailed under sections 3.11 – 3.13 the current NHB scheme is out for consultation and there may be significant changes to the current arrangements albeit for 2017/18 the MTFS assumes the current scheme will remain in place.
- 4.30. In 2017/18, the Council has already agreed to ‘top slice’ NHB by £300k as this Council’s local contribution towards the 2020 Vision programme costs and will be credited to the New Initiatives Reserve.

Council Tax

- 4.31. Collection fund surpluses arise from higher than anticipated rates of collection of the council tax collection rates. This is assessed annually and an estimate of £50k per annum has been assumed for the period covered in this MTFS with the exception of 2017/18 which has been calculated based on data held.
- 4.32. The taxbase represents the total number of chargeable properties in the borough, expressed as band D. The net budget requirement is divided by the taxbase to calculate the level of council tax for band D each year. The Council’s taxbase is forecast to increase by 0.75% each year for the purposes of modelling the MTFS and a council tax increase of £5 per annum is assumed from 2017/18 following the February 2016 announcement by the Chancellor.

Funding Gap

- 4.33. Given the expectations on councils to make a significant contribution to reducing the national budget deficit, this Council faces a significantly more challenging financial position in the early years of the MTFS. The latest projections indicate a gap of **£3.189m** for the period of the MTFS (2017/18 to 2019/20).
- 4.34. To enable time to deliver such a significant savings target over the period to 2019/20, to mitigate the financial risks captured in section 3 and to smooth out fluctuations in income levels a robust Reserves Strategy is required to supplement and support the forthcoming Savings Strategy.

5. RESERVES STRATEGY

- 5.1. The council is aspirational and horizon scanning in the approach it takes to delivering its services, and supporting those it works with in partnership to ensure Cheltenham is a vibrant and desirable place to live, work and invest. As a result, when funding has become available either through budget underspends or one-off funding, a strategy of utilising

opportunities for improving and investing in the town has been followed, as opposed to the alternative of retaining in reserves for a “rainy day”.

- 5.2. However, recognising the change in the council’s short to medium term finances will require an alternative approach to be taken over the next few financial years with a focus on delivering services within approved budgets and bolstering the council’s reserves to ensure it is able to meet any unforeseen costs in the future and also mitigate known risks and forecast cost pressures, particularly those arising from changes in the way local government is financed post 2019/20.

Budget Strategy Support Reserve

- 5.3. As part of the 2016/17 budget setting process, the Budget Strategy Support Reserve (BSSR) was established to provide greater resilience and time for the council to embed its savings strategy and allow for slippage in savings delivery.
- 5.4. Savings previously identified as part of the last iteration of the MTFS have indeed slipped and this version adopts an alternative approach to delivering a Savings Strategy which will in turn take time to deliver and furthermore may inevitably suffer from slippage. As a result the BSSR will need to be suitably resourced to not only mitigate the forecast delay in the delivery of savings but also be robust enough to support any reported slippage during the MTFS period.
- 5.5. The Savings Strategy, which will be looked at in more detail in Section 6, identifies a need to fund £1.666m from the Budget Strategy Support Reserve in addition to the £274k used to support the 2016/17 budget, a total need of £1.940m. There is currently £973k in the BSSR as at 1st April 2016 and following a review of existing earmarked reserves £309.5k has been identified to be realigned into the BSSR. It is anticipated that a further £300k could be allocated to the BSSR from excess NHB provided the 2017/18 allocation remains in line with the current scheme and the Government proposal to reduce payment from 6 years to 4 is not introduced early.
- 5.6. The balance of £350k will need to be delivered through in-year one-off underspends or through the allocation of fortuitous windfalls to the BSSR. Executive Board and Cabinet will need to be mindful of this additional pressure during the course of each financial year and it will need to be monitored as part of the delivery of the proposed Savings Strategy.
- 5.7. However, this projection assumes the Savings Strategy can be delivered in full and on time and it would be prudent to further build up the BSSR to allow for a 10% slippage in savings, an additional c. £320k. This should be sourced as above through in-year underspends and fortuitous windfalls.

Business Rates Retention Reserve

- 5.8. The move to 100% locally driven funding following the introduction of 100% Business Rates Retention will build in an increased risk of volatility in the council’s financial planning. This needs to be appropriately managed and understood by the organisation as full reliance will be placed on the performance of the local economy with a drop in business rates income having the potential to force further service cuts. As such the Business Rates Retention Reserve needs to be strengthened to mitigate the risks outlined in sections 3.4-3.8.
- 5.9. The BRRR should be increased to a target of £500k to allow for the potential reduction in income arising from the risks as identified. There is currently £150k in general balances specifically to cover fluctuations arising from pooling arrangements which will be required in 2017/18 to cover continuing fluctuations in income levels; this further enhances the rationale for increasing the BRRR wherever possible. The council is already mitigating fluctuations in income levels arising from changes in the local economy and moving forward will face even greater exposure to such volatilities under the reformed retention system.
- 5.10. Any Collection Fund and Pool surpluses over and above those assumed in the Savings Strategy should be earmarked for the BRRR to ensure a base level of reserve is in place in advance of the implementation of 100% Business Rates Retention.

General Balances

- 5.11. The General Reserve currently makes an allowance in respect of fees and charges of 1% or £102,300 for volatility in income levels but given the increasing pressure on Fees and Charges to be a key funding mechanism for local government and the risk of recession this reserve should also be reinforced so that it can be drawn upon to support the council through dips in income arising from recession.
- 5.12. As such a realignment of funding within general balances has been undertaken as part of the Working Balance calculation at Annex A to recognise the inherent risk around income levels.
- 5.13. The General Reserve is held to protect existing service levels from reductions in income levels as a result of economic downturn and other unforeseen circumstances. CIPFA's Local Authority Accounting Panel (LAAP) issued a guidance bulletin on local authorities' reserves and balances.
- 5.14. 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.
- 5.15. The council has, over a number of years, earmarked significant funds for specific reserves. These are reviewed twice yearly by Full Council under the guidance of the S151 Officer. Over the course of this MTFS, the value of earmarked reserves will be reduced as they are used to finance planned expenditure.

6. SAVINGS STRATEGY

- 6.1. As detailed in the previous sections, the council has a significant funding gap to resolve as well as a number of financial risks to manage. Given the ambitious nature of the council and its desire to ensure Cheltenham is a place where residents and visitors wish to work, visit and live the Savings Strategy for the medium term must reflect these aspirations and not jeopardise these core priorities whilst recognising that the net cost of the council's services must reduce over time.
- 6.2. The Section 151 Officer and the Executive Board have identified a focussed "6-pronged" approach which draws on the direction of travel outlined by the Cabinet. This is discussed fully in the forthcoming sections.
- 6.3. The Savings Strategy looks inwards at service transformation and outwards at economic growth and investment, whilst recognising that this alone will be insufficient to meet the massive challenge facing the council. As such it captures the need to make cuts in levels of discretionary services. This final aspect has long been avoided by the council as it is recognised that much of the spend made on discretionary services is what "makes Cheltenham, Cheltenham", however the financial future facing the council has meant that this final option can no longer be excluded.

(1) Regulatory & Environmental Services Transformation

- 6.4. The Regulatory & Environmental Services Directorate (RES) was formed following the creation of a new post within the council's Executive Board – MD for Place & Economic Development – plus two director level posts covering Planning and Environment. The initial cost of the new structure was intended to be a one-off cost of £157,500 in 2016/17 funded from NHB subsequently recouped through the restructuring of the directorate by 2017/18.
- 6.5. The "Regulatory and Environmental Services – Commercial Transformation Programme" report to Cabinet on 12th July 2016 recommended the savings target be delayed until 2018/19 to allow sufficient time and resource for the MD for Place & Economic Development to deliver this transformation programme.

- 6.6. The savings target under RES Transformation for *Cost of Service Reduction (£157.5k)* is now highlighted under (1.a) of the Savings Strategy scheduled for delivery by 2018/19 as approved by Cabinet.
- 6.7. Following the change in approach to income inflation within the forecast for the funding gap, a new target has been introduced under RES Transformation (1.b) covering a *Review of Fees & Charges and Income Generation Opportunities (£50k per annum 2017/18 to 2019/20)*. This reflects that whilst it is recognised that a flat 2% inflationary increase is no longer appropriate, a review of the fees & charges made by the services within RES should year-on-year result in an additional base budget contribution. The £50k per annum target represents roughly 0.86% of RES 2016/17 income budgets, inclusive of car parking and excluding cemetery & crematorium which is subject to inflationary increase.
- 6.8. The final savings target for RES under (1.c) is the *Transformation of Service Delivery (£100k 2019/20)* which reflects that the investment made into reviewing the way services are provided is anticipated to result in a reduced net cost of service. The outcome of this will form part of the Commercial Transformation Programme for RES which was approved by Cabinet in July 2016, albeit the introduction of a further savings target has arisen due to the overall worsening financial position of the council.

(2) Rolling Approach to Commissioned Services

- 6.9. Commissioning is defined by the Cabinet Office as “the cycle of assessing the needs of people in an area, designing and then securing appropriate service”. Commissioning requires focus on clearly defined local outcomes that are desired by a service and a willingness to consider alternative models for service delivery.
- 6.10. In recent years, the council has taken a Commissioning approach to the delivery of its services which has seen the creation of Cheltenham Borough Homes, Ubico Ltd, The Cheltenham Trust, One Legal and GO Shared Services. These fundamental changes in delivery model have delivered significant savings to the council which in previous years have supported funding gaps and in the case of The Cheltenham Trust will continue to deliver further savings across 2017/18 and 2018/19.
- 6.11. However whilst the savings delivered to date have been remarkable in light of current financial pressures and in line with the cyclical nature of the commissioning approach, the services funded by the council through alternative delivery models which are outside of RES and the 2020 Partnership will be subject to a secondary review to establish if the local outcomes currently delivered by each service remain appropriate and affordable.
- 6.12. The *Review of Current Shared / Commissioned Services (£100k 2018/19)* under (2.a) establishes the direction of travel and sets a target for reducing the cost of previously shared or commissioned services which can only be achieved through joint working with the council’s service delivery partners.
- 6.13. (2.a) *Review of Internal Audit and Corporate Fraud Unit (£43k 2017/18)* reflects the outcome of a recent review of the current internal audit provision and a business case for the extension of the shared Corporate Fraud Unit. The outcomes of both are subject to Cabinet approval which is anticipated to be forthcoming shortly.
- 6.14. The shareholding of Ubico Ltd continues to grow and with each new joiner there is anticipated to be a further sharing of the overheads of the organisation. The further target under (2.c) *Additional Waste Target from New Joiners (£40k 2018/19)* captures the intention for the current indications of future shareholders.
- 6.15. The council’s Green Waste collection service continues to be a growing success which is administered by the council and delivered by Ubico Ltd. In recent years to encourage customers to renew their annual licences an “early bird” discount of £2 has been given to those signing up before their renewal date. This has been successful in delivering the intended outcome of increased renewals and there is now a solid base of regular customers who renew on an annual basis. While an above inflation increase of £4 is proposed it is also intended to increase the discount to £3 to retain the incentive to renew while generating increased income. (2.d) *Increase Green Waste by £4 and increase Discount to £3 (£40k 2017/18)* reflects this proposed change.

(3) Review of Accommodation

- 6.16. The council has recently purchased Delta Place which will be held as an investment property until the council is able to vacate the Municipal Offices and make Delta Place its main base in the town. This investment is already contributing £100k per annum to the council's budget. This is generating a rental income in the short to medium term which is contributing already to the council's funding gap, and as options for alternative use of the Municipal Offices come forward there will be opportunities to maximise the revenue stream and / or capital receipts arising from this strategic asset.
- 6.17. (3.b) identifies *Municipal Offices – Relocation & Site Regeneration (£200k 2019/20)* with £100k of savings already delivered in 2016/17 following Delta Place's purchase. The council is unable to relocate to Delta Place until 2024 when the current head lease terminates. The Savings Strategy captures a significant target in 2019/20 which is four years in advance of the date for permanent relocation. As such, the strategy for relocating the council is likely to require a temporary interim move in advance of moving into Delta Place if the council is to release the Municipal Offices as a strategic asset to open up significant regeneration opportunities for the town and deliver much needed savings to support the council's financial position.
- 6.18. The options for how this is delivered will need to be worked through by the Accommodation Strategy Programme Board and recommendations made to Cabinet. A temporary move will no doubt require one off funding, for example should it be necessary to rent alternative temporary accommodation, however it is likely that there will be corresponding interim savings from relocating that can be used to resource and consideration given to existing council owned accommodation.
- 6.19. The other strategic accommodation site owned and used by the council and its partners is the Central Depot. (3.a) *Depot – Rationalisation of Site (£300k across 2018/19 and 2019/20)* recognises a growing desire both at a member and officer level a fundamental review of the use of the site and to drive out its financial potential. The savings target is staggered across two financial years and progressing such a strategic project will require significant levels of internal resourcing and partnership working.

(4) Economic Growth / Investment

- 6.20. Cheltenham is uniquely placed to grow. The creation of a growth zone, as promoted in the Strategic Economic Plan (SEP), is to ensure the availability of quality employment land in proximity to the M5 motorway, attractive to businesses and with excellent connectivity throughout Gloucestershire and the rest of the UK. This will serve latent demand in the marketplace and provide space required to enable businesses to grow; particularly in the town's margins and with the neighbouring district of Tewkesbury, which is also geographically well positioned to deliver growth development to the north-west of Cheltenham and along the M5 corridor.
- 6.21. A 64 hectare site in Fiddlers Green, Cheltenham, has been identified to accommodate GCHQ's expansion and development of a Cyber Park to include supply chain providers. Initial estimates suggest that this site alone could generate significant additional business rates, of which under existing regulations, Cheltenham would retain 40%. There are obvious constraints such as planning, which will need to be considered alongside the Joint Core Strategy and furthermore the proposed changes to the Business Rates Retention Scheme mean that it is currently unclear how growth would firstly be retained by, and secondly shared between upper and lower tier authorities. To recognise both the significant opportunity and the risks to delivery, a prudent target under (4.b) *West Cheltenham – Increase in Business Rates (£25k 2019/20)* has been included.
- 6.22. A further target under (4.c) *North West Cheltenham – Increase in Business Rates (£25k 2019/20)* has similarly been included to recognise the anticipated economic growth arising from development at this site. Although the majority of the NW Cheltenham growth is outside of the borough, there is a considerable area that is in Cheltenham. A planning application has recently been submitted and subject to the usual safeguards regarding economic pressures and planning constraints, it is prudent to estimate business NNDR growth from 19/20.

- 6.23. 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. The main benefit being that the pool is not required to pay a levy on the growth it generates and as such there is more available to redistribute back to the partners for retention in the County. The Savings Strategy assumes that the surpluses generated by the pool will continue across the MTFs period and this is captured under (4.d) *Business Rates Additional Target through Pooling (£350k 2017/18 to 2019/20)*.
- 6.24. With regards to (4.e) *North Place Development Income (£350k 2019/20)*, the council had anticipated a guaranteed initial income of £350k pa in 2016/17 on the basis of the build completion of a 300 space multi-storey car parking on North Place by December 2016.
- 6.25. Unfortunately the developer ended up in an unsuccessful legal dispute with Morrisons who were the intended operator on the site. Since the outcome of the legal dispute, the council has been working with the developer to establish an alternative route. As such the savings target has been further pushed back to 2019/20 to recognise the issues being faced.
- 6.26. In recent financial years, there has been a steady increase in car parking revenue. The council has taken a watching brief as trends emerged over time as these have been impacted by temporary changes such as the closure of Beechwood Arcade. However, there is growing confidence in the base level of car parking revenue being generated which will be further bolstered by the opening of car parking at the Shopfitters site by the end of 2016. To reflect this, (4.f) *Increase in Car Parking Revenue based on Volume Growth (£200k 2017/18)* has been included in the Savings Strategy to bring this growth into the council's base budget.
- 6.27. Finally, the council has aspirations to grow its already successful investment property portfolio with a view to generating much needed revenue support to the council's budget. This target is captured in (4.a) *Investment Portfolio Income Generation (£300k 2018/19 to 2019/20)* and will form the basis of an Investment Property Portfolio Strategy to be proposed to Council for the establishment of a £10m "pot" funded through borrowing to purchase investment properties generating a return on investment, after borrowing costs, of at least 5%. One such opportunity could be to build out or refurbish hangars at Gloucestershire Airport Ltd which have the potential to generate a significant revenue stream whilst supporting the airport and the local economy.

(5) Service Cuts

- 6.28. As briefly covered under 6.3 above, a Savings Strategy to deliver a funding gap this significant after so many consecutive years of central government cuts would be remiss if it failed to include a need to reduce discretionary services. (5.a) *Review and Decrease the Cost of Services / Activities (£416k 2017/18 to 2019/20)* is a significant target and some difficult decisions will need to be made at both a political and operational level in order for it to be achieved. However, the staging of the savings target allows for sufficient time to be taken to plan how best for this target to be achieved.
- 6.29. Executive Board will need to work closely with Cabinet to identify the areas they wish to consider so that further detailed research into the costings and implications can be undertaken. It will also be crucial to consider the importance of public consultation and how best to engage with residents and partners when considering the future of the council's discretionary services.
- 6.30. The previous MTFs included targets for savings within Property Services, Corporate Overheads and Commissioning – these targets remain included under (4.b) *Property Services (£25k 2017/18)*, (4.c) *Commissioning (£115k 2017/18 to 2018/19)* and (4.d) *Corporate Overheads (£8.3k 2017/18) – Reduction in Costs*.

(6) Use of Reserves

6.31. As has been outlined in section 5, the Savings Strategy will take time and resource to deliver and the front-loading of the funding gap exacerbates the financial position. The council must therefore draw on its reserves to provide short-term support in the short –term, specifically the Budget Strategy Support Reserve (BSSR).

6.32. In addition to using the BSSR, (6.a) *Use of One-Off Payment Holiday on Delta Place VRP (£400k 2017/18)* identifies an additional one-off amount that can be used to support the 2017/18 budget. The business case for the purchase of Delta Place used £6.5m of internally borrowed funds – the benefit of this is maximising the use of the council’s cash balances rather than paying interest on PWLB loans. However, as with any form of borrowing, this must be repaid. Generally this is done over the life of the asset – in this case 30 years – and is referred to as Minimum Revenue Provision (MRP).

6.33. A Voluntary Revenue Provision (VRP) is made should it be financially prudent and affordable to repay the internal borrowing sooner. The Delta Place model assumed VRP of £400k per annum each year up to 2019/20 funded from the rental income stream being received until the head lease terminates. The benefit of this being to subsequently reduce the annual MRP amounts once the council occupies Delta Place post 2024 and the inflated rental stream received under the head lease is no longer available.

6.34. A review of the financial modelling has indicated that a one-off payment holiday in 2017/18 could be afforded without putting undue pressure on future financial years and as such the £400k VRP will not be made leaving £400k of Delta Place rental income available to support the 2017/18 budget gap.

SAVINGS STRATEGY					
	2016/17	2017/18	2018/19	2019/20	Total 2017/18 to 2019/20
Total Current MTFS Funding Deficit	1,754,619	1,720,997	972,855	495,128	3,188,980
1. Regulatory & Environmental Services Transformation					
a) Cost of service reduction			157,500		157,500
b) Review of fees & charges and income generation opportunities		50,000	50,000	50,000	150,000
c) Transformation of service delivery				100,000	100,000
Total	0	50,000	207,500	150,000	407,500
2. Rolling Approach to Commissioned Services					
a) Review of Internal Audit and Corporate Fraud Unit		43,000			43,000
b) Review of current shared / commissioned services e.g. One Legal, The Cheltenham Trust, Ubico, Cheltenham Borough Homes			100,000		100,000
c) Additional waste target from new joiners	29,000		40,000		40,000
d) Increase Green Waste by £4 and increase Discount to £3		40,000			40,000
Total	29,000	83,000	140,000	0	223,000
3. Review of Accommodation					
a) Depot - rationalisation of site			100,000	200,000	300,000
b) Municipal offices - relocation and site regeneration	100,000			200,000	200,000
Total	100,000	0	100,000	400,000	500,000

4. Economic Growth / Investment					
a) Investment portfolio income generation			100,000	200,000	300,000
b) West Cheltenham - increase in business rates				25,000	25,000
c) North West Cheltenham - increase in business rates				25,000	25,000
d) Business Rates additional target through pooling		200,000	100,000	50,000	350,000
e) North Place development income				350,000	350,000
f) Increase in car parking revenue based on volume growth		200,000			200,000
Total	0	400,000	200,000	650,000	1,250,000
5. Service Cuts					
a) Review and decrease the cost of services / activities		16,000	200,000	200,000	416,000
b) Property Services - reduction in cost of service		25,000			25,000
c) Commissioning - reduction in cost of service		50,000	65,000		115,000
d) Corporate Overheads - reduction in costs		8,300			8,300
Total	0	99,300	265,000	200,000	564,300
6. Use of Reserves					
a) Use of one-off payment holiday on VRP		400,000			400,000
* Use of Budget Strategy (Support) Reserve	273,919	812,116	829,471		1,641,587
* B/Fwd deficit funded by Budget Strategy (Support) Reserve in previous year		(273,919)	(812,116)	(829,471)	-1,915,506
Total	273,919	938,197	17,355	(829,471)	126,081
Previously Delivered Savings Targets					
Use of NHB to support base budget	700,000				0
L&C Review - trust savings	231,500	150,500	43,000		193,500
2020 Vision - Shared Services	150,900				0
Discontinuation of partnership contribution to 'Safe at Home' contract	32,000				0
Democratic Services Unit - reduction in cost of service	10,900				0
GOSS retendering of banking arrangements	10,000				0
Review of Investment Property	10,000				0
Vehicle Operating Lease - reduction in base budget	97,300				0
Central Depot Bulking Facility	46,000				0
Advertising & Sponsorship contract	63,100				0
Total	1,351,700	150,500	43,000	0	193,500
Total Identified Savings/Income	1,754,619	1,720,997	972,855	570,529	3,264,381
Target one-off underspend to boost budget strategy reserve	(350,000)				
Shortfall / (Surplus) against MTFS Funding Gap	(350,000)	0	0	(75,401)	(75,401)

6.35. The table above summarises the work streams and uses a traffic light system to denote the risks associated with delivery.

Risks Associated with Delivery

6.36. Those treated as green are on target for delivery and the risks of failing to deliver are considered low – for example, the savings have already been approved / implemented. Savings treated as amber are considered to have risks associated with delivery however initial work has commenced to establish that the targets are realistic and deliverable albeit more work is required before they can be “banked”. However, the savings considered red have significant risks associated with them – they are in essence, high level strategic targets and will require initial planning and resourcing to firstly identify how the intended outcomes will be delivered and secondly to confirm the feasibility of the targets set. It should be noted that of a £3.264m Savings Strategy, £1.840m or 56% is considered red in terms of risk.

Resource Prioritisation

6.37. The targets set in the Savings Strategy will be challenging and the level of resource and capacity required to deliver them should not be underestimated. As mentioned in 3.23, both budget realignment and one-off budgetary provision is likely to be needed to provide sufficient resource to deliver such an ambitious Savings Strategy. The Cabinet and Executive Board should ensure that resource is focussed to deliver the key priorities outlined in the strategy which will ensure the council’s financial future and avoid further “knee-jerk” budget cuts whilst ensuring that appropriate budgetary provision is made for identified funding needs.

6.38. Resource and capacity within the council continues to be limited and will be further restricted through the savings targets identified for delivery across Regulatory & Environmental Services, Property Services and the Commissioning Division, coupled with the need to use windfalls and underspends to support the Budget Strategy Support Reserve.

6.39. As such, if resource is not successfully prioritised and officers’ time is diverted from the delivery of the Savings Strategy the challenging targets will not be delivered and the council’s financial future will be detrimentally impacted. The financial risks around the changes to local government finances and the national financial climate outlined in section 2 clearly explain why the council’s focus must be on delivering the Savings Strategy in the medium term which in turn will require other corporate priorities to be pushed into the longer term.

7. CONCLUSION

7.1. The council has a track record of strong financial management but is now in a period of significant volatility and uncertainty. The council must plan now to ensure its financial position is protected across the medium term as changes to local government finances crystallise and the implications are known.

7.2. Both the Reserves and Savings Strategy should be followed in tandem with Cabinet and Executive Board leading the way with delivery to ensure financial stability and sustainability with the achievement of the council’s vision for the future of Cheltenham.

ANNEX A: WORKING BALANCE – CALCULATION OF OPTIMUM LEVEL

Background

There are two approaches for deciding the optimum level of working balance. One approach is to apply a percentage to Net Budget Requirement, currently assessed as 10% (giving approximately £1,400,000). The alternative is a level based upon a risk assessment of the budget.

The Council uses a risk based approach to assess the appropriate level of working balance.

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

- Inflationary pressures.
- Pension Fund changes.
- Planned savings measures
- 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	Historically the cost of pay awards has caused major variations to budget estimates. However Government has indicated a 1% pay award per annum for the four years up to 2019/20. A provision of £82,000 (1%) is recommended within the working balance to offset this risk. 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 2016/17 contract value suggest a figure of £78,600 should be kept as a provision in the working balance.
2.	Pension Fund Changes	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. However following the 2016 triennial review to be received in November 2016 further consideration to provision will need to be given.
3.	Planned savings measures	The Savings Strategy identifies £3.264m of savings targets to be delivered across 2017/18 to 2019/20. Slippage can occur and the Red Amber Green (RAG) system for identifying those work streams at risk of slippage within the Savings Strategy. Currently the strategy notes £408,000 of work streams considered 'amber' or 'red' for 2017/18 in terms of delivery and so these are accommodated within the working balance (exclusive of car parking increase which is covered under volume variations). The Council's base budget includes an annual target of £350k to recognise staff vacancy management which has been allocated out to cost centre managers which has ensured more transparency and ownership of the target. However, a smaller workforce coupled with reducing opportunities in a depressed public sector could impact on this budget principle and therefore a 10% allowance, equivalent to £35,000 for this is included within the working balance.

	Area of Risk	Explanation
4.	Interest rate variations	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 2017/18.
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 however the risks associated with volatility should be better reflected particularly given recent fluctuations in planning, car parking and building control income. As such a 2% provision amounting to £206,400 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	The level of risk associated with litigation is considered to be reducing over time however risk does still remain and as such a provision of £200,000 is retained. The council holds a separate earmarked reserve for planning appeals which is also available if required.
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 reserves.
9.	Financial guarantees/ contingent liabilities	Run-off of the old Municipal Mutual Insurance claims has begun but no provision is required at this stage.
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.

CONCLUSION

The assumptions above total £1,330,000 suggesting that we strive to maintain a working balance around this figure during 2017/18. The Council should not allow the working balance to fall below this figure. The current working balance is £1,358,591 at 31st March 2017.

	<u>Purpose of Reserve</u>	<u>31/3/16</u>	<u>2016/17</u> <u>Movement</u> <u>Revenue</u>	<u>2016/17</u> <u>Reserve</u> <u>Re-alignment</u>	<u>2016/17</u> <u>Movement</u> <u>Capital</u>	<u>31/3/17</u>
		£	£	£	£	£
<u>EARMARKED RESERVES</u>						
<u>Other</u>						
RES002	Pension Reserve	To fund future pension liability	-177,246		177,246	0
RES003	Economic Development & Tourism Reserve	To fund future economic and tourism studies	-154,200	50,000		-104,200
RES005	Keep Cheltenham Tidy Reserve	Keep Cheltenham Tidy campaign - scheme contributions	-626	626		0
RES006	Cultural Development Reserve	To fund future arts facilities/activity	-22,361			-22,361
RES008	House Survey Reserve	To fund cyclical housing stock condition surveys	-83,991	-5,000		-88,991
RES026	Social Housing Marketing Assessment (SHMA) Reserve	To fund Social Housing Marketing Assessment WORK	-41,034	-2,500		
RES009	Twinning Reserve	Twinning towns civic visits to Cheltenham	-11,279			-11,279
RES010	Flood Alleviation Reserve	To fund future flood resilience work, delegated to the Flood working group for allocation	-54,227	50,000		-4,227
RES014	GF Insurance Reserve	To fund risk management initiatives / excess / premium increases	-91,606			-91,606
RES016	Joint Core Strategy Reserve	To fund Joint Core Strategy	-68,780			-68,780
RES018	Civic Pride Reserve	To pump prime civic pride initiative / match funding	-400,288	105,100		-295,188
RES020	Ubico Reserve	Replacement fund	-94,000			-94,000
RES021	Cheltenham Leisure & Culture Trust	To cover unforeseen deficits in operations within new trust	-160,600			-160,600
RES022	Homelessness Reserve	To cover future homelessness prevention costs	-41,100	8,900		-32,200
RES023	Transport Green Initiatives Reserve	To fund Transport Green Initiative Schemes	-33,125			-33,125
RES024	New Initiatives reserve	To fund 2020 Vision transformation programme	-400,000	-200,000		-600,000
RES025	Budget Strategy (Support) Reserve	To support budget strategy	-973,146	273,919	-309,463	-1,008,690
			-2,807,609			-2,615,247
<u>Repairs & Renewals Reserves</u>						
RES201	Commuted Maintenance Reserve	Developer contributions to fund maintenance	-315,511	39,000		-276,511
RES204	I.T. Repairs & Renewals Reserve	Replacement fund	-5,236	5,236		0
RES205	Property Repairs & Renewals Reserve	20 year maintenance fund	-1,495,198	0		-1,495,198
RES206	Delta Place Repairs & Renewals Reserve	Delta Place maintenance fund	0	-100,000		-100,000
			-1,815,945			-1,871,709

		<u>Purpose of Reserve</u>	<u>31/3/16</u>	<u>2016/17</u> <u>Movement</u>	<u>2016/17</u> <u>Reserve</u>	<u>2016/17</u> <u>Movement</u>	<u>31/3/17</u>
			£	£	£	£	£
<u>Equalisation Reserves</u>							
RES101	Rent Allowances Equalisation	Cushion impact of fluctuating activity levels	0				0
RES102	Planning Appeals Equalisation	Funding for one off appeals cost in excess of revenue budget	-207,932				-207,932
RES103	Licensing Fees Equalisation	Past income surpluses to cushion impact of revised legislation	0				0
		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	-299,855		132,217		-167,638
RES104	Interest Equalisation	Fund cyclical cost of local plan inquiry	-107,230				-107,230
RES106	Elections Equalisation	Fund cyclical cost of local elections	-152,100	60,000			-92,100
RES107	Car Parking Equalisation	To fund fluctuations in income from closure of car parks	-330,000	200,000			-130,000
RES108	Business Rates Retention Equalisation	To fund fluctuations in income from retained business rates	-1,263,916	1,123,916			-140,000
			-2,361,033				-844,900
<u>Reserves for commitments</u>							
RES301	Carry Forwards Reserve	Approved budget carry forwards	-312,500				-312,500
<u>CAPITAL</u>							
RES402	Capital Reserve - GF	To fund General Fund capital expenditure	-182,097	-220,500			-402,597
TOTAL EARMARKED RESERVES			-7,479,184				-6,046,953
<u>GENERAL FUND BALANCE</u>							
B8000 - B8240	General Balance - RR	General balance	-1,408,591	50,000			-1,358,591
			-1,408,591				-1,358,591
TOTAL GENERAL FUND RESERVES AND BALANCES			-8,887,775	1,438,697	0	0	-7,405,544

Conditions of the multi-year settlement

The Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20.

The Government is making a clear commitment to provide minimum allocations for each year of the Spending Review period, should councils choose to accept the offer and if they have published an efficiency plan.

What the offer includes

On 9 February we provided summaries and breakdown figures for each year to your s151 Officer. From those figures the relevant lines that are included in the multi-year settlement offer, where appropriate, are:

- Revenue Support Grant;
- Transitional Grant; and
- Rural Services Delivery Grant allocations.

In addition, tariffs and top-ups in 2017-18, 2018-19 and 2019-20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention.

The Government is committed to local government retaining 100% of its business rate revenues by the end of this Parliament. This will give them control over an additional £13 billion of tax that they collect.

To ensure that the reforms are fiscally neutral local government will need to take on extra responsibilities and functions. DCLG and the Local Government Association will soon be publishing a series of discussion papers which will inform this and other areas of the reform debate.

The new burdens doctrine operates outside the settlement, so accepting this offer will not impact on any new burden payments agreed over the course of the four years.

The Government will also need to take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year.

Process for applying for the offer

Interest in accepting this offer will only be considered if a link to a published efficiency plan is received by 5pm Friday 14th October. We will provide confirmation of the offer shortly after the deadline.

Efficiency Plans

Efficiency plans do not need to be a separate document. They can be combined with Medium Term Financial Strategies or the strategy set out in the guidance (<https://www.gov.uk/government/publications/guidance-on-flexible-use-of-capital-receipts>) on how you intend to make the most of the capital receipt flexibilities if appropriate.

The Home Office will provide guidance on the criteria and sign off process for efficiency plans for single purpose Fire and Rescue authorities. All Fire and Rescue authorities, including those which are county councils, should set out clearly in their efficiency plans how they will collaborate with the police and other partners to improve their efficiency.

Process for those who do not take up the offer

Those councils that chose not to accept the offer, or do not qualify, will be subject to the existing yearly process for determining the local government finance settlement.

Allocations could be subject to additional reductions dependant on the fiscal climate and the need to make further savings to reduce the deficit.

At present we do not expect any further multi-year settlements to be offered over the course of this parliament