



Notice of a meeting of Cabinet

**Tuesday, 7 February 2017
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 To approve the minutes of the meetings held on : 6 December 2016 13 December 2016	(Pages 5 - 30)
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.		FINAL GENERAL FUND REVENUE AND CAPITAL BUDGET PROPOSALS 2017/18 (INCLUDING SECTION 25)	

		Report of the Cabinet Member Finance – ITEM DEFERRED	
6.		FINAL HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS 2017/18 Report of the Cabinet Member Finance- ITEM DEFERRED	
7.		TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2017/18 Report of the Cabinet Member Finance	(Pages 31 - 68)
8.		BUDGET MONITORING REPORT 2016-17-POSITION AT DECEMBER 2016 Report of the Cabinet Member Finance	(Pages 69 - 88)
9.		REVIEW OF HACKNEY CARRIAGE FARES Report of the Cabinet Member Development and Safety	(Pages 89 - 100)
		SECTION 6 : BRIEFING SESSION • Leader and Cabinet Members	
10.		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	
		SECTION 9 : LOCAL GOVERNMENT ACT 1972 - EXEMPT BUSINESS	
11.		LOCAL GOVERNMENT ACT 1972 - EXEMPT BUSINESS The Cabinet is recommended to approve the following resolution:- “That in accordance with Section 100A(4) Local Government Act 1972 the public be excluded from the meeting for the remaining agenda items as it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public are present there will be disclosed to them exempt information as defined in paragraph 3, Part (1) Schedule (12A) Local Government Act 1972, namely: Paragraph 3; Information relating to the financial or business affairs of any particular person (including the authority holding that information)	
12.		EXEMPT MINUTES To approve the exempt minutes of the meeting held on 13 December 2016	(Pages 101 - 102)

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

Tuesday, 6th December, 2016
6.00 - 7.25 pm

Attendees	
Councillors:	Steve Jordan (Leader of the Council), Flo Clucas (Cabinet Member Healthy Lifestyles), 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 Matt Babbage

Minutes

1. APOLOGIES

None.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE LAST MEETING

The minutes of the meetings held on 28 October and 8 November were approved and signed as a correct record.

4. PUBLIC AND MEMBER QUESTIONS AND PETITIONS

1.	Question from Mr Adrian Kingsbury to the Cabinet Member Development and Safety, Councillor Andrew McKinlay
	<p>Cheltenham Local Plan – Preferred Options – West Cheltenham</p> <p>The plan as presented to the Cabinet shows little definition of the plans for the area known as West Cheltenham, other than to refer back to the JCS and reference strategic allocation. There is considerable local opposition to the JCS as currently drafted, so would it be preferable for the Local Plan to utilise the preliminary JCS position of the land remaining safe-guarded until 2031, thus allowing a likely smoother route to local acceptance and be representative of the local resident's requirements?</p>
	Response from Cabinet Member
	<p>The Cheltenham Plan draft mapping shows shading at West Cheltenham to reflect the JCS as it was agreed by Council on October the 18th 2016 for main modifications consultation. The Cheltenham Plan in this case is just reflecting the current state of play in the JCS document.</p>

	<p>The separate Main Modifications consultation on the Joint Core Strategy scheduled for early 2017 will provide an opportunity for local people to make representations on that Plan. The JCS consultation is the right place to make representations concerning West Cheltenham, as it is that document, rather than the Cheltenham Plan, which will determine the status of the site. All consultation responses made as part of the JCS consultation will be provided in full to the JCS Inspector, who has said that she will hold hearings on this in the New Year to allow respondents to attend.</p>
2.	<p>Question from Mr Adrian Kingsbury to the Cabinet Member Development and Safety, Councillor Andrew McKinlay</p> <p>Can the Cabinet please explain/clarify how the JCS, Local and Neighbourhood plans integrate, and what would be the status of the Local Plan should the JCS not be adopted?</p>
	<p>Response from Cabinet Member</p> <p>The JCS provides the higher level or strategic part of the development plan for the Gloucester, Cheltenham and Tewkesbury area. More detailed; locally-specific planning policies are set out in the Cheltenham Plan (also sometimes referred to as the 'local plan') including local allocations of land for development and policies to guide decisions on planning applications.</p> <p>Neighbourhood Plans can be produced by Parishes and other designated communities. They must be in general conformity to the strategic policies in the JCS and the Cheltenham Plan.</p> <p>The Cheltenham Plan is being developed alongside the JCS for adoption shortly after it. If the JCS were not to progress, further consultation would need to be undertaken to make significant changes to the Draft Cheltenham Plan in order to address the elements of plan making currently covered by the JCS. These changes would not reduce the need to develop sufficient sites to meet our housing and economic requirements and would also mean continuing to work with Tewkesbury and Gloucester Councils as well as others through the duty to cooperate.</p> <p>In a supplementary question Mr Kingsbury asked whether the Local Plan was subject to the same process as the Joint Core Strategy and if this was not the case whether the economic forecasts could be revised.</p> <p>In response the Cabinet Member Development and Safety was hopeful that the current problems with the Joint Core Strategy could be resolved. In the unlikely event that this did not happen he said the Cheltenham Plan would need to be changed to incorporate the Cheltenham elements of the core strategy. He emphasised that there was the assumption that the joint development growth figures would not change. The Leader confirmed that the approval of the Cheltenham Plan was a separate process but identical in nature.</p>

5. LOCAL COUNCIL TAX SUPPORT SCHEME FOR 2017/18

The Cabinet Member Finance introduced the report and explained that in April

2013 the government gave the council 90 % of the cost of the previous year's scheme, nationally set the pension age scheme that the authority had to administer and gave the local authority the responsibility of creating its own working age scheme each year as long as it complied with certain conditions, such as protecting the vulnerable and not to disadvantage those in work. To generate additional income to fund the 10 % shortfall in grant the council reduced the council tax discounts on empty properties and second homes. She reported that in 2014 the government left it entirely up to the local council to decide how much to spend on council tax support, however they still set the pension age scheme nationally so any savings could only be made from the working age scheme. Since 2013 the number of people claiming council tax support had reduced by 10 % and the amount awarded had also reduced. This was mainly due to welfare cuts in working age benefits, the changes in pension age and until 2016/17 a freeze in council tax charge.

The Cabinet Member Finance stated that the universal credit live date for all new claims in Cheltenham had been delayed until 2018 and a new benefit cap came into effect on 7 November 2016 with a new limit on child premiums due to be introduced in April 2017 which would restrict the maximum child premium additions to two children for new claims or breaks in benefit.

Members commented that they were pleased the council was still funding those "just about managing" despite no specific support provided to local authorities from Government.

RESOLVED THAT

Council keep the working age council tax support scheme unchanged for 2017/18, other than any annual uprating of premiums, allowances and non-dependant deductions.

6. TREASURY MID-TERM REPORT 2016/17

The Cabinet Member Finance introduced the report and explained that the Treasury Management Strategy for 2016/17 had been determined by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009 (revised 2011), which included the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year. The Code also recommended that members were informed of Treasury Management activities at least twice a year. The report therefore ensured that the authority had adopted the code and complied with its requirements.

The Cabinet Member Finance highlighted that part of the treasury management operations ensured that cashflow was adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return. The second main function of the treasury management was the funding of the Council's capital plans. She also highlighted that the outturn position was above budget due to good rates. The report would be forwarded to Council.

RESOLVED THAT

the contents of the summary report of the treasury management activity during the first six months of 2016/17 be noted.

7. APPLICATION FOR DESIGNATION OF A NEIGHBOURHOOD AREA AND NEIGHBOURHOOD FORUM BY THE WEST CHELTENHAM NEIGHBOURHOOD FORUM

The Cabinet Member Development and Safety introduced the report and explained that Cheltenham Borough Council had a statutory duty to advise or assist communities in the preparation of Neighbourhood Development Plans (NDP). The Localism Act 2011 sets out the Local Planning Authority's (LPA) responsibilities including designating Neighbourhood Plan Areas by inserting provisions into the Town and Country Planning Act 1990 and the Planning and Compulsory Purchase Act 2004 and the Neighbourhood Planning (General) Regulations 2012 (as amended).

An application to designate a neighbourhood plan area and designate the West Cheltenham Neighbourhood Forum as the neighbourhood forum for that area has been received. This application has been assessed against the requirements set out in the legislation and is considered to meet the requirements to enable designation of the neighbourhood area and of the neighbourhood forum. The Council's Neighbourhood Planning Protocol has been used to guide officers in assessing the application (see Appendix 6).

Approval of this application enables the West Cheltenham Neighbourhood Forum to prepare a NDP for the area covered by the designation.

The Cabinet Member Development and Safety said that ordinarily there would be no issue in terms of the area of designation illustrated in Appendix of the report. However, due to the delay in the Joint Core Strategy (JCS), the area included undeveloped land in the West of Cheltenham which had been earmarked as housing and employment land. He therefore had concerns at approving the application in this format at this time. Other Members commented that due to the lateness of the inclusion of West Cheltenham in the JCS local residents had been focussing their efforts on this and had missed the consultation. They also highlighted the importance of having a dialogue with Tewkesbury Borough Council on this issue. The Leader wished to highlight that the council was supportive of the neighbourhood planning process, but due to the complexities of where the boundary should be drawn clarity was sought as to the councils legal obligations in making the proposed decisions.

The Senior Planning Policy Officer was invited to address Cabinet to clarify the process. with reference to National Planning Practice Guidance (PPG) "Neighbourhood Planning he explained that this item was the consideration of 1. The West Cheltenham Neighbourhood Forum, and 2. The West Cheltenham Neighbourhood Area, which were separate decisions. He stated that it was possible to agree the neighbourhood area and make a separate decision on its boundaries. A neighbourhood forum could put forward the neighbourhood area that they considered appropriate for neighbourhood planning; this does not have to follow administrative boundaries, but in this case it does.

When asked whether it was possible that the neighbourhood area boundary could follow the strategic allocation i.e. cross into Tewkesbury Borough the Senior Planning Policy Officer said that this was possible providing this was agreed by Tewkesbury Borough, in dialogue with any relevant Parish.

Where a neighbourhood area was proposed that crossed the administrative boundaries of two or more local planning authorities, the authorities were encouraged to agree a lead authority to handle neighbourhood planning in a particular neighbourhood area.

In terms of rules concerning designation the Borough must designate a neighbourhood area if it received a valid application

In certain circumstances, the local planning authority must designate all of the area applied for. These circumstances were where a parish council applied for the whole of their parish to be designated or where the time limit for determining the application had not been met.

The Senior Planning Policy Officer said Cabinet must decide on this quickly, because if the time period was not met then the whole area applied for must be designated. The time period expired on the 14th of December.

In other cases the local planning authority should take into account the relevant body's statement explaining why the area applied for was considered appropriate to be designated as such.

However, since this application was being considered in the time limit, Cheltenham Borough could refuse to designate the area applied for if it considered the area was not appropriate. Where it does so, the local planning authority must give published reasons, which should be based on the reasons given in PPG.

The authority must use its powers of designation to ensure that some or all of the area applied for forms part of one or more designated neighbourhood areas.

The key things to be considered in relation to deciding the boundaries of a neighbourhood area were as follows :

- village or settlement boundaries, which could reflect areas of planned expansion
- the physical appearance or characteristics of the neighbourhood

Other comments made included the following :

If the area between the Principal Urban Area and the Borough Boundary is not designated, then the Neighbourhood Forum is unlikely to have as direct a say in the spending of CIL money if the strategic allocation at West Cheltenham is developed

It was the Officer's view that the application met the validation criteria for a neighbourhood forum.

The Director Planning suggested that the decision was deferred to the next meeting of Cabinet (Tuesday 13th of December) so that the application was not out of time, and to allow for a dialogue to take place between CBC and TBC on the issue and the relevant TBC parish.

Members supported this proposal.

RESOLVED THAT

The decision be deferred until the 13 December Cabinet meeting.

8. CHELTENHAM PLAN PART 1 : PREFERRED OPTIONS

The Cabinet Member Development and Safety introduced the report and explained that all local authorities were under a statutory obligation to prepare a development plan. Cheltenham Borough Council had chosen to do this through the preparation of two main development plan documents; the Gloucester, Cheltenham and Tewkesbury Joint Core Strategy (JCS) and the Cheltenham Plan. Together the two plans would provide the planning framework for the Borough until 2031, along with Gloucestershire minerals and waste plans and any neighbourhood plans made.

He explained that work to progress the development of the Cheltenham Plan had been underway since 2012. In summer 2013 consultation took place on the scope of the plan, the Council published the plan's draft vision and objectives in February 2014 and consultation on Issues and Options took place in summer of 2015.

The Cabinet Member explained that the Cheltenham Plan project initiation document was agreed by the Planning and Liaison Member Working Group on the 15th of October 2014 and updated on 26th of July 2016. It set the direction and timetable for development for the subsequent phases of the plan which would be delivered in sections called 'parts'. The first part of the Cheltenham Plan to be developed would deal primarily with policy relating to the development and protection of land for residential and employment use; the designation 'Local Green Space' for some green areas in Cheltenham; and the setting out of an economic strategy for the Borough.

This consultation document formed the 'Preferred Options' stage of part one. The results of the previous Issues and Options consultation have helped the Council to narrow down the alternatives available in meeting the Plan's strategy. Having considered the relevant evidence, including sustainability appraisal and the findings of the ongoing JCS process, the Plan had become more focussed than before and clear spatial priorities have emerged.

The Cabinet Member went on to explain that this Preferred Options consultation was 'non-statutory' in that it was an additional stage that was being undertaken and could have been omitted prior to producing and undertaking statutory (regulation 19) consultation on the version to be submitted to examination (that is the Pre-Submission version). The council, however, believed that community engagement was an essential part of plan preparation. This

consultation would allow respondents to have their say on specific options whilst also allowing the Council enough time to take feedback into account before the plan reached its Pre-Submission version.

The Cabinet Member outlined the subheadings of the document as follows : Vision and Objectives, The Economy, The Economic Strategy of the Plan, Local Green Space, Development Proposals, Amendments to the Principal Urban Area, Permitted Development Rights and the Use of Article 4 Directions, Conservation Area Review 2016-18. He referred Members to the Preferred Options Proposals Map in the Plan.

The Cabinet Member believed that this was a coherent strategy to guide the development of the town for years to come. It sat below the JCS which would be consulted on at the start of February at the same time as the Plan.

The Leader believed that it was sensible to synchronise the Plan with the JCS and the publication of this Plan gave the public a head start in terms of being able to read it before the formal consultation.

A Member was keen for residents in the West of Cheltenham to have their say on the JCS. Equal access to the JCS process was vital. Another Member was pleased that the Local Green Space in Swindon Village had been secured in the Local Plan.

RESOLVED THAT

- 1. That the Cheltenham Plan Part 1, Preferred Options document set out in Appendix 2, be approved for public consultation.**
- 2. authority be delegated to the Director of Planning, in consultation with the Cabinet Member Development and Safety, to make any minor amendments to the document prior to consultation.**

9. GREEN WASTE CHARGES

The Cabinet Member Clean and Green Environment introduced the report and explained that the Authority's garden waste collection service began in February 2011 and since 31 March 2013 the number of garden waste bins collected under the scheme had seen a gross increase of around 1, 500 bins/year. Retention rates have remained high at around 95 %, reflecting general satisfaction with the service; with the result that net take-up has been between 800-1000 bins/year. The actual total number of bins collected had increased to 16 189 as at 30 September 2016.

He went on to explain that since February 2011 the charge for collecting garden waste had increased only twice; from £36/year to £37/year in February 2014, and from £37/year to £38/year in February 2015. The Authority was now proposing to increase the charge from £38 to £42 a year which was the same level Tewkesbury Borough Council charged. He was aware of the financial challenges faced by the council and highlighted that if there was any additional income generation this would be applied to overall cost of improving the service.

RESOLVED THAT

1. the garden waste collection charge be increased from £38/year to £42/year.
2. the prompt payment discount be increased from £2 to £3 for households renewing their subscription ahead of their annual renewal date.
3. the spring offer discount be increased from £2 to £3 for new customers who subscribe to the garden waste collection service during the period 1st February 2017 to 31st May 2017.

10. WASTE AND RECYCLING SERVICE REDESIGN AND ROUTES OPTIMISATION

The Cabinet Member Clean and Green Environment introduced the report and said that much work had been undertaken to plan, review and improve the fleet for recycling and plan and redesign the waste and recycling service. Two large scale consultations had taken place in collaboration with the Echo. The fleet was due to be renewed next year and a plan was in place to do that. He referred to the large scale consultation exercise which had taken place and which had received more than 3000 responses and which provided a clear steer as to the way forward for waste collection. He reported that 60 % of those who responded were in favour of retaining the existing fortnightly landfill collections and recycling with 20 % in favour of 3 weekly collection and 20 % in favour of comingled recycling collections. The report therefore recommended Option 2a for implementation in 2017.

The Cabinet was committed to maintaining the existing level of recycling and would now be extending it to include heavy cardboard and mixed plastics. In terms of route utilisation the Cabinet Member stated that there had been a number of large scale property developments during the last five years which had increased total property numbers and diluted the efficiency of the collection service. With more developments to come he informed that a route optimisation exercise would have to be undertaken.

The Cabinet Member then stated that a cabinet member working group was proposed as an essential part of delivery of the redesigned service. The public consultation exercise had reassured Cabinet that there was a high level of satisfaction in the existing waste collection service which was largely due to the Ubico team for which he placed his thanks on record. The report would be considered by Council on 12 December.

The Leader added that the consultation was a thorough piece of work and gave the council confidence in pursuing the right option for the town. He very much supported the establishment of the cross party cabinet member working group.

RESOLVED THAT

- a) **Option 2a (Option A as shown in 2nd consultation) with routes**

optimisation be approved and a recommendation be given to Full Council for formal approval of the associated budget required for implementation

- b) Subject to Full Council approval of the finances to support option 2a, an order be placed for new recycling collection vehicles**
- c) A Cabinet Member Working Group be set-up to oversee Phase II (implementation) of the project**
- d) the Cabinet Member in consultation with the Cabinet Member Working Group be given delegated authority to approve the additional recyclables to be collected i.e. cartons, textiles, batteries or small waste electricals (WEEE) subject to being within the new service budget**

11. SHOPMOBILITY COMMISSIONING

The Cabinet Member Healthy Lifestyles introduced the report and reminded Cabinet that in September 2015 they had resolved that the Shopmobility service be put to a commissioning process, having examined the results of the consultation exercise which strongly supported continuation of the service. The report summarised the results of early market engagement regarding the service and recommended moving to procurement.

She explained that the procurement exercise would enable usage of the service to be increased which could also increase the level of spend on tourism that shopmobility brought into the town. The aim was for a 5 year decrease in the cost of the service and to make it self sustaining in the long run. The mechanism should ensure that all those who required assistance with mobility could access it.

RESOLVED THAT

- 1. the procurement of the Shopmobility Service be instigated ; and**
- 2. contribution equal to the value of the net savings generated in year's 1 to 5 be made into the budget strategy (support) reserve be approved.**

12. ACQUISITION OF COMMUNICATIONS DATA USING THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) POLICY

The Cabinet Member Corporate Services introduced the report and explained that a new policy and procedures document for the acquisition of communications data using the Regulation of Investigatory Powers Act 2000 (RIPA) had been drafted by the Counter Fraud Unit to provide transparency and guidance on the process.

He highlighted that a local authority may only acquire communications data for the purpose of the prevention or detection of crime or the prevention of disorder. He said that it was essential that these powers were used for the proper

purpose and in the correct way; these policies and guidance would ensure that that happened and that elected members were kept fully informed. The powers could help the council reduce illegality and reduce potential financial loss by helping to support the prevention and detection of misuse of public funds and fraud.

RESOLVED THAT

1. **the new Policy and Procedures Document for the Acquisition of Communications Data using The Regulation of Investigatory Powers Act 2000 (RIPA) be approved.**
2. **the Counter Fraud Unit be authorised to make any future amendments to the policy to reflect legislative changes, in consultation with appropriate Officers, including the Cabinet Member and Leader of the Council, and with One Legal.**

13. COUNTER FRAUD UNIT BUSINESS CASE

The Cabinet Member Corporate Services introduced the report which outlined that in 2014 Cheltenham Borough Council supported the successful DCLG bid to fund the set-up of a Gloucestershire wide Counter Fraud Unit tasked with preventing and detecting fraud and the misuse of public funds. He explained that feasibility work had now been undertaken and a business case and financial detail had been drafted to reflect the financial sustainability of creating a permanent Counter Fraud Unit which would serve the partner Councils across the region. The Audit Committee had considered the report at its meeting on 21 September. The proposal would generate significant financial returns and create a more resilient service.

RESOLVED THAT

1. **the attached business case and supporting financial documentation be reviewed.**
2. **this Authority's participation in the establishment of a permanent Counter Fraud Unit be approved and recommends the preferred option 3 and associated financial, governance and employment arrangements.**

14. INVESTMENT PROPERTY PORTFOLIO

The Cabinet Member Finance introduced the report which set out proposals to increase investment in property in response to the financial pressures to increase revenue and to stimulate and encourage business growth and sustainable development by investing in sites for economic and regeneration purposes.

She reported that an initial allocation of £10 million in the Capital Programme was proposed for approval by Council and the report detailed the criteria for investment, the typical options available, the governance, and the available

options for financing. The report also outlined the decision making process which utilized the Property Acquisition Assessment Group.

The Cabinet Member informed Members that the Asset Management Working Group (AMWG) had considered this report and gave their support. Should the report be approved by Council the group would have a key role to play on any acquisitions proposed prior to any formal decisions as set out in appendix 2 of the report.

The Council had aspirations to grow its already successful investment property portfolio with a view to generating much needed revenue support as set out in 4a of the approved Medium Term Financial Strategy.

Cheltenham was uniquely placed to grow, sustaining and growing Cheltenham's economic and cultural vitality was one of the key outcomes set out in the Corporate Strategy. The property investment strategy would aim to support this by focusing initially on investments within or in close proximity to the Borough of Cheltenham which would help secure existing or increase business rates income.

Members supported the recommendations and highlighted that it was important that wise investment were made to guarantee income for the council. Recognition was given to the building up of the council's investment portfolio to date.

RESOLVED THAT Council be recommended :

- 1. To allocate £1 million from unapplied capital receipts to pump-prime a property investment fund, supplemented by £9m of prudential borrowing, (i.e. total allocation of £10m) subject to using the option appraisal process at Appendix 2 and the criteria as set out in para 6.1 of this report.**
- 2. To allocate £200k from unapplied capital receipts to fund external advisers and pre-acquisition costs.**
- 3. To ring-fence a minimum of 50% of all future asset disposal proceeds to enhance the Council's land and asset portfolio.**
- 4. To authorise the Cabinet, in consultation with the Asset Management Working Group and the Chairman of the Overview and Scrutiny Committee, to approve investments in commercial property up to £5m per transaction.**

Subject to Council approving the above Cabinet

RESOLVED THAT

- (i) The Head of Property Services, in consultation with the Property Acquisition Assessment Group, be authorised to approve the appointment of advisers to assist the Council in its investment transactions.**

- (ii) Head of Property Services, in consultation with the Leader of the Council, Property Acquisition Assessment Group and other Group Leaders, be authorised to make an offer/enter into negotiations on behalf of the Council, in accordance with the Investment Property Portfolio Policy, for the purchase of suitable property or site with any such transaction being subject to completion of necessary due diligence and approval by the Cabinet and Council, depending on the acquisition value.

15. BRIEFING FROM CABINET MEMBERS

The Leader informed Members that the council had responded to a consultation on the parliamentary boundary affecting Cheltenham and responded by saying Springbank should remain within the Cheltenham boundary.

16. DECISIONS TAKEN SINCE THE LAST MEETING OF CABINET

Cabinet Member Clean and Green Environment	Contractor Preconstruction Work- Crematorium Redevelopment	https://democracy.cheltenham.gov.uk/ieDecisionDetails.aspx?ID=900
Cabinet Member Development and Safety	Distribution of Free Printed Material	
Cabinet Member Finance	Part Refurbishment Town Centre East Car Park	https://democracy.cheltenham.gov.uk/ieDecisionDetails.aspx?ID=902

17. LOCAL GOVERNMENT ACT 1972 - EXEMPT BUSINESS RESOLVED THAT

In accordance with Section 100A(4) Local Government Act 1972 the public be excluded from the meeting for the remaining agenda items as it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public are present there will be disclosed to them exempt information as defined in paragraphs 3 and 5, Part (1) Schedule (12A) Local Government Act 1972, namely :

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

Paragraph 5: Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings

18. EXEMPT MINUTES

The exempt minutes of the Special Cabinet meeting held on 28 October were approved and signed as a correct record.

Chairman

Cabinet

Tuesday, 13th December, 2016
6.00 - 7.10 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 Matt Babbage, Councillor Tim Harman and Councillor Jon Walklett

Minutes

1. APOLOGIES

Apologies received from Councillor Clucas.

2. DECLARATIONS OF INTEREST

Councillor Whyborn declared an interest in Agenda item 6 as Chair of the Trustees of St Margaret's Hall.

Similarly Councillor McKinlay declared an interest in Agenda item 6 as the Council's representative on the hall committee.

3. MINUTES OF THE LAST MEETING

The minutes of the meeting held on 6 December would be approved at the next meeting of Cabinet.

4. PUBLIC AND MEMBER QUESTIONS AND PETITIONS

There were no questions or petitions.

5. ACCESSIBILITY ISSUES

Councillor Harman, Chair of the Overview and Scrutiny Committee, was invited to address Cabinet. He referred to an invitation the committee had received to the St Georges and St Vincent Centre where they were given an insight into some of the difficulties faced by disabled people. Following the presentation the committee gave consideration as to what the council could do within its limited powers to address some of the issues. The Chair of O&S thanked the Cabinet Member Clean and Green Environment for his input and then explained that the Committee was seeking an action plan to be produced by Cabinet with actions the council could take within its powers to make Cheltenham a beacon council for disabled access and not just toilets. This would involve working with other providers in businesses to raise awareness of the issues and manage the situation.

In response the Cabinet Member Clean and Green Environment expressed his commitment to public toilet provision in the town. He referred to the “Changing Places” facility and work was ongoing in terms of seeking available funding to make this happen in the town. He understood that it was not just about wheelchair users but also those with profound disabilities where a carer could also be accommodated in the facility so his aim would be to go further and meet the needs of a significant number of people.

Members acknowledged that the private sector had a role to play and the Business Improvement District could raise that awareness.

Members agreed that a formal Cabinet response to the report should be brought back for consideration at a future meeting of Cabinet.

RESOLVED THAT

- 1. the issues raised at Overview and Scrutiny Committee be noted.**
- 2. a formal Cabinet response to the report be brought back for consideration at a future meeting of Cabinet.**

6. PROPERTY LETTINGS AND DISPOSALS TO THE THIRD SECTOR, VOLUNTARY AND COMMUNITY GROUPS

Having declared an interest in this item Councillors McKinlay and Whyborn left the room and did not participate in the debate.

The Cabinet Member Finance introduced the report and explained that as part of this Council's wider ambitions to support a thriving voluntary and community sector, the council enabled Voluntary and Community Sector (VCS) organisations to rent its properties through offering a rent support grant scheme.

She went on to explain that the current policy was adopted in 2010 as set out in paragraph 1.2 of the report and in March 2011 the assessment scheme was approved by Cabinet with five criteria to be met by applicants with a 20% discount available on each and an additional 20% if a registered charity.

The Cabinet Member reported that through this current policy 16 organisations had been supported with a value of £200K per year in rent subsidy. She highlighted that as the current assessment scheme was based on the council's corporate priorities for 2010-11, the criteria did not reflect the current priorities of the Council. She explained that the key aim of this revision was to improve and create greater transparency in the assessment of rental subsidy grant submissions and the value added by the VCS organisations in helping to meet the council's corporate strategy outcomes.

She emphasised that appropriate rent support to community-based organisations and services could support the viability of such organisations and the services they provided to the benefit of the social and economic well-being of the town.

With applicants being able to reach 120% rental discount under the current system, there was a sense that this new approach should be introduced which would enable any rent support grants to be more carefully targeted at those organisations that could demonstrate that they could deliver the best outcomes

at best value to the tax-payer.

She asked Cabinet to consider a twin-phased approach. The maximum rent support grant that any organisation would be able to apply for would be 80% of their current market rent. The rent support grant scheme would not apply to those organisations where, for historical reasons, the rent had been set at less than market level.

That Cabinet retain discretion to award a further grant of **10%**, bringing the maximum rent support grant that any organisation could receive to 90%. This would only be in exceptional cases and any such decision would only be taken after detailed consideration of the organisation's financial and business case for the rent support.

The Cabinet Member stated that the report also set out proposals to update the assessment criteria so that it was more in-line with the council's current priorities and those of its partnerships as set out in sections 3 . Section 4 and 5 of the report set out the new assessment process and principles. She informed that the Asset Management Working Group had been consulted and they resolved to support the recommendations to Cabinet.

The Leader added that this was a valuable policy to the community in terms of the services it provided to residents and not all local authorities had such a policy. He highlighted the rigorous process which had been adapted to the council's objectives.

RESOLVED THAT

- 1. the previous policy "*Policy for Property lettings and disposals to the third sector, voluntary and community groups*" (Agreed by Cabinet in July 2010) and the associated Assessment Tool and Matrix (Agreed by Cabinet in March 2011) be terminated from the date of this meeting.**
- 2. the updated Policy for Property Lettings and Disposals to the Third Sector, Voluntary and Community Groups, attached as appendix 2 be implemented as from the date of this meeting.**
- 3. a new assessment scheme (as detailed in this report and in appendix 3) be adopted for the award of rent support grants to VCS organisations from the date of this meeting.**

7. TOUR OF BRITAIN INITIATIVE

The Cabinet Member Finance introduced the report and said that as part of the Financial Outturn report 2015/16 a budget of £100K was committed towards the hosting of the Tour of Britain for 2017. This was approved by Council in July 2016. The intention has been to maximise the benefits that could arise from hosting the event, whilst minimising the overall costs to the council, through partner contributions, sponsorship and other income streams.

She explained that the race represented a major cycling event for the UK. It

also had the potential to draw a large number of visitors and spectators, bringing considerable economic boost, increased overnight stays and provided the opportunity to showcase the town. She gave the example, of the 2013 Sidmouth to Dartmoor stage which attracted 188,000 day visitors and 62,000 overnight visitors, so a total visitor number of 250,000 who spent a reported £13,950,674 during that stage.

She highlighted that hosting such a major event, did have potential risks relating to weather conditions, success of funding activities and the continued support from other stakeholders and partners. In committing to host the event those risks should be carefully considered and these have been identified throughout the report.

To secure the hosting of the event, the council was required to satisfy contractual logistical requirements that were set out in the 'Host Venue Agreement'. These requirements were significant and involved some obligations that were not within the council's direct control (for example highways matters). The council was currently involved in detailed discussions with the county council to ensure that these requirements could be met by the county council or other appropriate body. She highlighted that it would not be possible to proceed with the contract until the detail of these matters had been resolved.

There was wide support from partners for this event to happen, however the Cabinet Member urged members to note that there remained a risk that appropriate terms or arrangements could not be reached with the race organisers and partner organisations, or if the financial risk profile changed. In these circumstances a report would be brought back to Cabinet setting out the reasons why the contract had not been signed, which would likely result in the event not being held in Cheltenham.

The recommendation being put before Cabinet was not to sign the contract but to allow that delegated authority be given to proceed and do so should all of the considered risks be answered.

Members felt this was an exciting event which should be supported providing that the risks were mitigated. The Cabinet Member said that the race was going through Gloucestershire so it was vital that the county discussions were right.

The Leader added that the Business Improvement District were also supportive of the event. He believed that, if successful, the event could be built upon in the future but acknowledged that there was much work to do.

RESOLVED THAT

the Managing Director Place and Economic Development in consultation with the Cabinet Member Finance and Leader of the Council, subject to the satisfactory finalisation of outstanding contractual issues, be authorised to enter into a suitable contractual agreement with Tour of Britain Limited to host the Tour of Britain finish event on the 9th September 2017.

8. GENERAL FUND REVENUE AND CAPITAL- INTERIM BUDGET PROPOSALS 2017/18 FOR CONSULTATION

The Cabinet Member Finance introduced the report and reminded Members that in the current exceptionally difficult national funding situation, the overriding financial strategy had been, and remained, to drive down the Council's costs.

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

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

The Cabinet Member informed the meeting that the council had taken up the offer of a four year settlement from central government and the decision to grant this was received on 16 November. It should be noted that in applying for a multi-year settlement the Council was guaranteeing a minimum settlement allocation, not a fixed allocation. She referred Members to the table at 2.7 which illustrated the proposed levels of government funding for the council.

Between 2009 and the present there had been an unprecedented squeeze on finances. Government core funding for the council had been reduced from £8.8 million to £3.1 million a year. The proposed settlement for 17/18 was indicating a further reduction of 17.5 % or £0.677 million in cash terms. To address these reductions without cutting services, radical changes had already been embraced in the way services were organised.

With regard to retained business rates In April 2017, a new rating list would come into effect which would impact each business rate property in the borough and, would impact upon the value of business rates collected. Under the Scheme, this volatility was expected to be smoothed by an adjustment to the "tariff" set by central government.

The Cabinet Member highlighted that a significant level of risk remained due to the volume of outstanding business rates appeals which were being processed by the Valuation Office. She reported that the Council had made provision for its share of the cost of outstanding appeals in its financial statements. The level of provision would be reviewed as part of the preparation of the business rates estimates for 2017/18 in January 2017.

The amount of New Homes Bonus (NHB) used to fund the base budget was capped at £1.75 million in 2016/17, with the excess bonus (c. £0.400 million) contributing to the Council's New Initiatives Fund, deferred REST savings, the Community Pride scheme and other one-off supported growth schemes. The interim budget proposals for 2017/18 maintained the capped amount of £1.75 million.

The Cabinet Member explained that for 2018/19 onwards, it was assumed that NHB of c. £1.9 million could be payable. This value reflected the following: the scale of housing development expected in the Borough; that NHB would be awarded for 4 years rather than the current 6 years; and provided for the introduction of some further changes to the scheme which were yet to be determined by government, once this was received further modelling would be carried out and confirmed in the budget proposals for the February Council

meeting.

She reported that for 2013/14 through to 2016/17, the value of grant awarded to the 5 parish councils for Local Council Tax Support was £10,269. Funding for LCTS was “rolled” in to the Revenue Support Grant and the Retained Business Rates Baseline Funding Position. As Government funding reduced, the Council was under increasing pressure to reduce the funding available for Local Council Tax Support available to the parish councils. However, in order to give parish councils a degree of financial stability and give them the assurance they required to set their own precepts, once again it was not proposed to pass on any reductions in 2017/18, although it was likely reductions would commence in 2018/19.

The Cabinet Member said that looking at the uncertainties surrounding the future of NHB, which represented a significant proportion of the council’s income, and the actual final local government settlement which was not likely to be announced until January 2017, and could place a number of the council’s discretionary services at risk, consideration as to the level of council tax increase which was sustainable, without creating an increased risk of service cuts and/or larger tax increases in the future was necessary. Therefore, at this stage the proposal was for an increase in council tax in 2017/18 of £5.00 for the year for a Band D property.

She went on to explain that in preparing the interim budget proposals, a general philosophy of no growth in services unless there was a statutory requirement or a compelling business case for an ‘invest to save’ scheme was being proposed. The full list of proposals for growth, including one off initiatives, was included in Appendix 3.

As in previous years, the budget for the coming year was the result of a great deal of activity and hard work throughout the year. The interim budget proposals for closing the budget gap in 2017/18, which was the result of this work, was detailed in Appendix 4.

The Bridging the Gap programme and the commissioning process had helped to move towards a robust four-year strategy for closing the funding gap. The work done on leisure and culture services, shared services with partner councils, management restructuring and the accommodation strategy, as well as a number of smaller pieces of work, had given the council the opportunity to think ahead over a period of several years, rather than planning its budgets a year at a time.

The Cabinet Member referred to the third recommendation of the report and amended the reference to Section 7 to Section 6. She then wished to put on record her thanks to all staff, particularly the leadership team and the specific support provided to her by the Section 151 Officer.

Finally, the Cabinet Member Finance informed members of a letter that had been sent by the District Councils Network expressing serious concerns about the future of the New Homes Bonus which may go beyond the 6-4 years reduction in order to find £800m for adult social care. It was encouraging district councils to seek support from their local MP by setting out to Government what

NHB had enabled the council to do in terms of investment in supporting infrastructure and the delivery of homes where they were needed most.

The Leader added that this was a sensible approach which should be supported. He reiterated thanks to officers in producing the interim budget proposals for consultation.

RESOLVED THAT

- 1. the interim budget proposals be approved for consultation including a proposed council tax for the services provided by Cheltenham Borough Council of £197.12 for the year 2017/18 (an increase of 2.60% or £5.00 a year for a Band D property).**
- 2. the growth proposals be approved, including one off initiatives at Appendix 3, for consultation.**
- 3. the proposed capital programme at Appendix 6 be approved, as outlined in Section 6.**
- 4. authority be delegated to the Section 151 Officer, in consultation with the Cabinet Member for Finance, to determine and approve any additional material that may be needed to support the presentation of the interim budget proposals for consultation.**
- 5. consultation responses be sought by 13th January 2017.**

9. HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL-REVISED BUDGET 2016/17 AND INTERIM BUDGET PROPOSALS 2017/18 FOR CONSULTATION

The Cabinet Member Finance introduced the report and explained that the Government's rent reduction policy resulted in Cheltenham Borough Homes (CBH) having to make provision over the next four years to mitigate the £6.7 million rental income loss up to 2020. Government proposals beyond this date were unknown.

She explained that the approach CBH had taken was a balanced one, making management and maintenance savings of £1.7 million, realigning the capital programme therefore reducing their outlay up to March 2020 by £2.7 million, the use of reserves totalling £2.2 million also some smaller cost savings of £100,000

CBH were still able to maintain existing service levels, retain the decent homes standard, continue delivery of the major windows and doors replacement, complete the new build programme up to March 2018 whilst leaving £1.5 million in reserves for contingency.

The Cabinet Member added that a number of future challenges due to significant changes in government policy that have not yet be finalised, would have an impact which was yet to be determined, with the details outlined in the report.

Appendix 4 outlined the property improvements and major repairs as part of the capital programme for the next two years. She highlighted that it remained unclear whether the additional operating surpluses forecast in the previous 30 year business plan would be restored after 2020 and there was the potential unknown impact of the high value asset sales. Therefore, until these two key areas became clearer the focus would be on the medium term.

The Cabinet Member Finance thanked CBH's finance team for ensuring that the challenges they faced would still include new builds and deliver the same level of service to tenants.

The Cabinet Member Housing stated that CBH was mindful of the risks as outlined in the risk assessment. He also highlighted the plans and progress section of the report and the wide array of work it was still able to undertake which was of great credit to it as an organisation. This was endorsed by the Leader who thanked CBH for the great work it undertook on behalf of the town.

RESOLVED THAT

- 1. the revised HRA forecast for 2016/17 be noted.**
- 2. the interim HRA budget proposals for 2017/18 (Appendix 2) be approved for consultation including a proposed rent decrease of 1% and changes to other rents and charges as detailed within the report.**
- 3. the proposed HRA capital programme for 2017/18 as shown at Appendix 3 be approved.**
- 4. authority be delegated to the Section 151 Officer, in consultation with the Cabinet Member for Finance, to determine and approve any additional material that may be needed to support the presentation of the interim budget proposals for consultation.**
- 5. Consultation responses be sought by 26th January 2017.**

10. BRIEFING FROM CABINET MEMBERS

The Cabinet Member Housing referred to the briefing note which had been included in the agenda pack and explained that the Safeguarding Review had been postponed due to the strands of work which were ongoing which would better inform the policy once completed. He also referred to the Serious Case Review which would be published that week and he was due to have a meeting with the Director of Children's Services, Gloucestershire County Council and the Detective Superintendent of Public Protection. He undertook to keep Members informed of discussions.

11. APPLICATION FOR DESIGNATION OF A NEIGHBOURHOOD AREA AND NEIGHBOURHOOD FORUM BY THE WEST CHELTENHAM NEIGHBOURHOOD FORUM

The Leader introduced the item and explained that it was being taken as urgent due to the legal period in which a response to the application needed to be provided by the council. The Cabinet Member Development and Safety introduced the update report from the Director of Planning and One Legal which had been circulated in advance of the meeting. He referred to the debate held at the 6 December meeting of Cabinet and the concerns expressed relating to that part of the proposed neighbourhood area between the existing urban area and the Borough boundary at the west of Cheltenham. The issues being that the proposed neighbourhood area would bisect the existing ward boundaries and the emerging West Cheltenham Strategic Allocation as proposed by the emerging JCS main modifications. The Cabinet Member highlighted that on the basis of the regulations Cabinet must make a decision to either refuse the application or approve it. To inform Cabinet, officers had agreed to contact Tewkesbury Borough Council and the relevant parish councils and their response was that Tewkesbury BC and the parishes were currently looking into the issue and would be submitting their own plans in due course. Concern had also been expressed that the proposed neighbourhood area would cover only part of the Strategic Allocation and urged Cheltenham BC to defer making a decision. However, as outlined in the report, a further deferment was not an option.

In terms of tonight's decision the Cabinet Member Development and Safety explained that the concerns expressed last week remained and believed that the application was premature and the proposals were not sufficiently formed to take forward. He expressed his full support for the neighbourhood planning process yet regretfully the application could not be supported as it currently stood and therefore proposed that the application be rejected on the basis that the allocation of West Cheltenham in the main modifications of the JCS had not yet been adopted and the neighbourhood area proposed was only part of the strategy. The Cabinet Member emphasised that if Cabinet chose to reject then nothing precluded the applicant from bringing back an application at a future date. However, if it was accepted in its current form then there could be no certainty of alternative proposals coming forward in the future.

Members expressed their reluctance in not being able to approve the application at the current time but this was due to circumstance and timing. They fully supported the neighbourhood planning process and believed it would be sensible to have something in place as soon as practical.

The Planning Policy Team Leader clarified that there were two separate decisions to be taken. He highlighted that if there was approval for a neighbourhood forum there would have to be a neighbourhood area. His professional advice was that the application met the basic criteria for being a neighbourhood forum, having for example at least 21 members who live or work within the area proposed and a written constitution. He advised that the neighbourhood forum could be accepted by Cabinet but the area could be refused if this did not represent an appropriate area due to the concerns expressed concerning ward and allocation boundaries. Cabinet was empowered to designate a smaller area that that applied for if it considered it appropriate to do so. If Cabinet took the view that it did not recognise the

neighbourhood forum this should be on the grounds that the application for the forum was not valid. In response the Leader said it was not possible to agree the forum for that area as it did not represent an appropriate or recognised neighbourhood area. Utilising ward boundaries would be an appropriate starting point for neighbourhood planning. If Cabinet chose to reject both the application for the forum and the area then clear reasons should be stipulated.

The Cabinet Member Development and Safety stated that it was impossible, in his view, to move forward due to the lack of clarity and thus maintained that the application should be rejected on both points. Members supported this approach and said that it was important to get neighbourhood planning right and for those particularly in West Cheltenham the JCS represented a difficult plan. However Members emphasised their support for the neighbourhood planning process.

The Leader added that the council should be proactive in continuing to work with the people in the area concerned and Tewkesbury BC as well as ward councillors, to support the creation of a designated forum and area.

RESOLVED THAT

- 1. The designation of the West Cheltenham Neighbourhood Forum area for the purpose of preparing a Neighbourhood Development Plan be rejected**
- 2. The designation of the West Cheltenham Neighbourhood Forum as neighbourhood forum for that area be rejected.**
- 3. It be noted that Cabinet is very keen to continue a dialogue on this, to support the creation of a forum and area.**

12. LOCAL GOVERNMENT ACT 1972 - EXEMPT BUSINESS

RESOLVED THAT

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

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

13. HAM HILL

The Cabinet Member Finance introduced the report and explained the background to the land and its current limitations. Members considered the report and

RESOLVED THAT

- 1. the Ham Hill land is marketed for sale and offers sought by sealed bid either for the whole site or for individual parcels, in order to achieve best consideration**
- 2. the Head of Property and Asset Management in consultation with the Borough Solicitor and the Cabinet Member for Finance be authorised to dispose of the Land for 'best consideration'**
- 3. the Borough Solicitor be authorised to conclude such documents as she considers advisable and appropriate to conclude the transaction on the terms negotiated by the Head of Property and Asset Management**

Chairman

**Cheltenham Borough Council
Cabinet – 7th February 2017
Council - 10th February 2017**

Treasury Management Strategy Statement and Annual Investment Strategy 2017/18

Accountable member	Cabinet Member Finance, Councillor Rowena Hay
Accountable officer	Section 151 Officer, Paul Jones
Accountable scrutiny committee	Scrutiny
Ward(s) affected	None
Key Decision	Yes
Executive summary	In accordance with best practice, the Council has adopted and complies with the CIPFA Code of Practice on Treasury Management in the public services. To comply with the code, the Council has a responsibility to set out its Treasury Management Strategy Statement for borrowing and to prepare an Annual Investment Strategy for council approval prior to the start of a new financial year.
Recommendations	<p>Treasury Management Panel has recommended that Cabinet/Council approve the attached Treasury Management Strategy Statement, Annual Investment Strategy for 2017/18 at Appendix 2, 2017/18 Lending list at Appendix 3 and MRP policy statement for 2016/17 and 2017/18 at Appendix 4, including :</p> <ul style="list-style-type: none"> • The general policy objective ‘that Council should invest prudently the surplus funds held on behalf of the community giving priority to security and liquidity’. • That the Prudential Indicators for 2017/18 including the authorised limit as the statutory affordable borrowing limit determined under Section 3 (1) Local Government Act 2003 be approved. • Revisions to the Council’s lending list and parameters as shown in Appendix 3 are proposed in order to provide some further capacity. These proposals have been put forward after taking advice from the Council’s treasury management advisers Capita Asset Services and are prudent enough to ensure the credit quality of the Council’s investment portfolio remains high. • The use of Repo/Reverse Repo is accepted as a form of securitised lending.

- For 2016/17 and 2017/18 in calculating the Minimum Revenue Provision (MRP), the Council will apply a modified Option 1 in respect of supported capital expenditure to repay the debt in equal instalments over 35 years and Option 3 in respect of unsupported capital expenditure, adjusted from 2017/18 by the use of capital receipts to repay debt associated with capital loans as per paragraph 24 in Appendix 4.

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

1. Background

- 1.1 The CIPFA Code of Practice for Treasury Management in Public Services and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement and the Prudential Indicators on an annual basis. The Treasury Management Strategy Statement also incorporates the Annual Investment Strategy as required under the CLG's Investment Guidance.
- 1.2 For the purposes of the Code, CIPFA has adopted the following as its definition of treasury management activities:

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

1.3 The Council will create and maintain, as the basis for effective treasury management:

- A Treasury Management Strategy Statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable Treasury Management Practices (TMP's) setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.4 The local authorities (Capital Finance and Accounting) (England) Regulations 2003, which came into force on 1st April 2004, include provisions relevant to investments. These regulations, together with amendments subsequently made to them (S.I No.534), determine the nature of specific investments, and how they should be treated/accounted for by a local authority. Formal guidance was revised and issued by the Communities and Local Government (CLG) in 2010.

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

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

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

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

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

2.0 Consultation

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

2.2 The strategy is to be approved by the Treasury Management Panel at its meeting on 23rdⁿ January 2017.

Report author	Contact officer: Andrew Sherbourne, andrew.sherbourne@cheltenham.gov.uk 01242 264437
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Appendices	<p>Appendix 1 – Risk Assessment</p> <p>Appendix 2 – Treasury Management Strategy Statement & Annual Investment Strategy 2017/18</p> <p>Appendix 3 – Updated Lending list</p> <p>Appendix 4 - Annual MRP Statement 2017/18</p>
Background information	<p>Section 15(1)(a) of the Local Government Act 2003</p> <p>Cheltenham Borough Council Treasury Management Practices</p>

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	LOBO Loans (£7m) – If the banks choose to exercise their option to recall these loans then CBC would need to have the resources on the day to repay.	Section 151 Officer Paul Jones	24 th January 2015	1	2	2	Accept	If the loans are recalled the council could take out temporary borrowing which is currently much lower than the rates on these loans. Any capital receipts available could also be used to repay debt.	May 2018	Section 151 Officer Paul Jones	

TREASURY MANAGEMENT STRATEGY 2017/18

1. INTRODUCTION

1.1 Background

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

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

CIPFA defines treasury management as:

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

1.2 Reporting requirements

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

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

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

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

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

Scrutiny

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

1.3 Treasury Management Strategy for 2017/18

The strategy for 2017/18 covers two main areas:

Capital issues

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

Treasury management issues

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

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

1.4 Training

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

The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

The Council uses Capita Asset Services, as its external treasury management advisors.

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

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

2. THE CAPITAL PRUDENTIAL INDICATORS 2017/18 – 2019/20

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

2.1 Capital expenditure

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

Capital expenditure	2015/16 Actual £000	2016/17 Revised £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
General Fund	17,897	2,954	22,908	938	938
HRA	6,949	11,613	10,892	10,140	7,804
Total	24,846	14,567	33,800	11,078	8,742

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

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

Capital expenditure	2015/16 Actual £000	2016/17 Revised £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Total	24,846	14,567	33,800	11,078	8,742
Financed by:					
Capital receipts	4,490	4,178	6,725	1,214	939
Capital grants	393	560	734	500	500
Capital reserves	6,979	7,073	6,169	5,852	6,016
3 rd Party Contributions	234	772	960	400	300
Revenue	0	1,984	2,831	2,969	844
Borrowing need for the year	12,750	0	16,381	143	143

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

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

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

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

The Council is asked to approve the CFR projections below:

£000	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Capital Financing Requirement					
Total CFR	85,416	83,660	98,698	96,725	94,887
Movement in CFR	11,545	(1,756)	15,038	(1,973)	(1,838)

Movement in CFR represented by					
Net financing need for the year (above)	24,846	14,567	33,800	11,078	8,742
Less MRP/VRP and other financing movements	(13,301)	(16,323)	(18,762)	(13,051)	(10,580)
Movement in CFR	11,545	(1,756)	15,038	(1,973)	(1,838)

2.3 Affordability prudential indicators

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

2.4 Ratio of financing costs to net revenue stream

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

%	2015/16 Actual	2016/17 Revised	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
General Fund	2.77	4.02	3.93	3.88	3.91
HRA	7.77	7.91	8.10	8.20	8.31
Total	5.61	6.35	5.99	6.41	6.45

2.5 Incremental impact of capital investment decisions on council tax

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

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

£	2015/16 Actual	2016/17 Revised	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Council tax - band D	1.14	0.43	1.11	0.06	0.06

For average weekly housing rents

£	2015/16 Actual	2016/17 Revised	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Housing Rents	NIL	NIL	NIL	NIL	NIL

Decisions on annual rent increases are subject to rent restructuring guidelines set by Central Government. As a consequence the Government have indicated that rent levels will decrease by 1% over the next three years. This method has been used to form part of the 30 year HRA Business Plan.

3. BORROWING

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

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2016, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£000	2015/16 Actual	2016/17 Revised	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
External Debt					
Debt at 1 April	58,925	65,360	64,830	79,686	78,828
Expected change in Debt	6,434	3,170	14,856	(858)	(974)
Actual debt at 31 March	65,360	64,830	79,686	78,828	77,854
The Capital Financing Requirement	85,416	83,660	98,698	96,725	94,887
Under / (over) borrowing	20,056	18,830	19,012	17,897	17,033

Total investments at 31 March					
Investments	20,542	22,660	21,450	20,450	19,450
Investment change	N/A	2,118	(1,210)	(1,000)	(1,000)

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within set limits. One of these is that the Council needs to ensure that its total debt, net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the following two financial years (shown as net borrowing above). This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Section 151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

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

Operational boundary £'000	2016/17 Revised	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Borrowing	107	112	110	108

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

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

The Council is asked to approve the following authorised limit:

Authorised Limit £'000	2016/17 Revised	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Borrowing	117	122	120	118

3.3 Prospects for interest rates

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

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected that at some point, there would be a start to a switch back from bonds to equities after a historic long term trend over about the last twenty five years of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial quantitative easing purchases of bonds, added further impetus to this downward trend in bond yields and rising prices of bonds. The opposite side of this coin has been a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election, has called into question whether, or when, this trend has, or may, reverse, especially when America is likely to lead the way in reversing monetary policy. Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as strong economic growth becomes more firmly established. The expected substantial rise in the Fed. rate over the next few years may make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US would be likely to exert some upward pressure on bond yields in other developed countries but the degree of that upward pressure is likely to be dampened by how strong, or weak, the prospects for economic growth and rising inflation are in each country, and on the degree of progress in the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

Apart from the above uncertainties, downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Monetary policy action by the central banks of major economies reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some countries, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.

- Major national polls:

- Italian constitutional referendum 4.12.16 resulted in a 'No' vote which led to the resignation of Prime Minister Renzi. This means that Italy needs to appoint a new government.
 - Spain has a minority government with only 137 seats out of 350 after already having had two inconclusive general elections in 2015 and 2016. This is potentially highly unstable.
 - Dutch general election 15.3.17;
 - French presidential election April/May 2017;
 - French National Assembly election June 2017;
 - German Federal election August – October 2017.
- A resurgence of the Eurozone sovereign debt crisis, with Greece being a particular problem, and stress arising from disagreement between EU countries on free movement of people and how to handle a huge influx of immigrants and terrorist threats
- Weak capitalisation of some European banks, especially Italian.
- Geopolitical risks in Europe, the Middle East and Asia, causing a significant increase in safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include: -

- UK inflation rising to significantly higher levels than in the wider EU and in the US, causing an increase in the inflation premium in gilt yields.
- A rise in US Treasury yields as a result of Fed. funds rate increases and rising inflation expectations in the USA, dragging UK gilt yields upwards.

- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- A downward revision to the UK's sovereign credit rating undermining investor confidence in holding sovereign debt (gilts).

3.4 Borrowing strategy

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2017/18 treasury operations. The Section 151 Officer will monitor interest rates in the financial markets and adopt a pragmatic approach to changing circumstances.

- if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

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

Treasury management limits on activity

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

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

3.5 Current Portfolio Position

The Council's treasury debt portfolio position at 31st December 2016 comprised:

	Principal £m	Ave. rate %
Fixed rate borrowing	PWLB 49.20	3.66
	Market <u>15.90</u>	<u>4.00</u>
TOTAL DEBT	<u>£65.10m</u>	3.74
TOTAL INVESTMENTS	26.90m	0.63

3.6 Policy on borrowing in advance of need

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

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

3.7 Debt rescheduling

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

- Savings in interest costs with minimal risk
- Balancing the ratio of fixed to variable debt
- Enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility)

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

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

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

3.8 Municipal Bond Agency

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

4. ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

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

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

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

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

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

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

As with previous practice, ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the

Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

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

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

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

Investment instruments identified for use in the financial year are listed below in paragraph 4.2 under the ‘specified’ and ‘non-specified’ investments categories as well as the counterparty limits.

4.2 Specified and Non- Specified Investments

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

SPECIFIED INVESTMENTS

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

The types of investments that will be used by the Council

Investment	Max Sum per institution/group	Maximum period
Debt Management Agency Deposit Facility* (DMADF) <ul style="list-style-type: none"> this facility is at present available for investments up to 6 months 	UNLIMITED	6 months
UK Government Gilts/ Bonds	£2m	2 years
UK Government Treasury Bills	UNLIMITED	1 year
Term deposits with the UK government or with UK local authorities (i.e. local authorities as defined under Section 23 of the 2003 Act) with maturities up to 1 year	£7m	Unlimited
Term deposits with credit-rated deposit takers (banks and building societies), including callable deposits (UK & Non-UK)	£7m	2 years

Repos/Reverse Repo through custodian King & Shaxson	£5m	1 year
Money Market Funds with UK/Ireland/Luxembourg domiciled	£2m per fund	Liquid
Enhanced Money Market funds UK/Ireland/Luxembourg domiciled	£2m per fund	Liquid - 3months - 5 years
Corporate Bonds held in a broker's nominee account (King & Shaxson Ltd)	£2m	2 years to maturity
T-Bills issued by the DMO (Government)	UNLIMITED	1 year
Certificates of deposit (CD's) issued by banks and building societies covered by UK Government (explicit) guarantee	£7m	2 years

Non-specified investments are of greater potential risk and cover deposit periods over one year.

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

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

Specified and Non-Specified Investments

Investment	Specified	Non-Specified
Term deposits with banks and building societies	✓	✓
Term deposits with other UK local authorities	✓	✓
Certificates of deposit with banks and building societies	✓	✓
UK Government Gilts & Bonds	✓	✓
Treasury Bills (T-Bills)	✓	x
Bonds issued by Multilateral Development Banks	✓	✓
Local Authority Bills	✓	x
Commercial Paper	✓	x
Corporate Bonds	✓	✓
*Repo/reverse repo – fixed term deposits with banks and other financial institutions	✓	x
Property Funds	x	✓
AAA rated Money Market Funds /Enhanced Funds	✓	✓
Other Money Market and Collective Investment Schemes	✓	✓

Equities – One off for an App investment	x	✓
Debt Management Account Deposit Facility	✓	x

* A repo is the name for a sale and repurchase agreement; a contract in which a party (cash borrower) sells a security to another, agreeing to buy it back at a later date at a specified price. A reverse repo is purely the cash lenders side of the transaction; lending money to an organisation and receiving high quality collateral against it. As a form of collateralised lending this is based on the GMRA (Global Master Repo Agreement). Should the counterparty not meet our senior unsecured rating then a 102% collateralisation would be required. The acceptable collateral is as follows

- Index linked gilts
- Conventional gilts
- UK Treasury bills
- DBV (Delivery by Value)
- Corporate bonds

4.3 Creditworthiness policy

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

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

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

- Yellow 5 years *
- Dark Pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
- Light Pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months

- Green 3 months
- No colour not to be used

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

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use. UK part nationalised banks such as National Westminster Bank and Royal Bank of Scotland are currently rated as BBB+ but remain on the list as they have the government support at present. However once the majority of these banks shares are sold they will be colour coded as an unsupported bank in line all the other banks, and if the rating falls below A-, will be removed from the lending list.

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

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

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

4.4 Country limits

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

4.5 Council's Banker

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

4.6 Annual Minimum Revenue Provision (MRP) Statement

The annual MRP Statement is disclosed in Appendix 4.

4.7 Balanced Budget Requirement

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

4.8 Reporting on the Treasury Outturn

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

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

4.9 Other Items**4.10 Training**

In CIPFA's Code for Treasury Management, it requires the Section 151 Officer to ensure that all appropriate staff and members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Training requirements will be identified and any shortfalls will be met by Capita or other organisations.

4.11 Treasury Advisors

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

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

The Council appointed Capita Asset Services Ltd as its external advisor in December 2012 which was extended to 30 November 2017. They provide us with information, advice and assistance in all areas of treasury. The Council aims

to have a close working relationship with Capita and will be in contact with their advisors on a regular basis (weekly) and daily if necessary. A detailed schedule of services is listed within the contract. The Council recognises that responsibility for treasury management decisions remains with the Council at all times.

In the coming months of 2017, the Council intends to re-tender the Treasury Advice Contract in partnership with the GO authorities and Gloucestershire County Council.

CHELTENHAM BOROUGH COUNCIL - COUNTERPARTY LIST as at 9th January 2017

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

UK	Abbey National Treasury Services plc	7.0	-	6 months	A
UK	Barclays Bank Plc	7.0	-	6 months	A
UK	Close Brothers Ltd	7.0	-	6 months	A
UK	Goldman Sachs International Bank	7.0	-	6 months	A
UK	HSBC Bank Plc	7.0	-	12 months	AA-
UK	Santander	7.0	-	6 months	A
UK	Standard Chartered Bank	7.0	-	3 months	A+
UK	Sumitomo Mitsui Banking Corporation Europe Ltd	7.0	-	6 months	A
UK	UBS Ltd	7.0	-	6 months	A+
UK	Nationwide Building Society	7.0	-	6 months	A
UK	Coventry Building Society	7.0	-	6 months	A
UK	Leeds Building Society	7.0	-	6 months	A-
UK	Skipton Building society	7.0	-	3 months	A-
UK	Yorkshire Building Society	7.0	-	3 months	A-
UK	Bank of Scotland (Lloyds Banking Group)	7.0	9.0	6 months	A+
UK	Lloyds Bank (Lloyds Banking Group)	7.0	9.0	6 months	A+
UK	Nat West Bank (RBS Group)	7.0	9.0	12 months	BBB+
UK	Royal Bank of Scotland (RBS Group)	7.0	9.0	12 months	BBB+

New

Part Nationalised

Part Nationalised

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

Others:

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

Policy Investments:

UK	Cheltenham Festivals Ltd	0.1		12 months	-
UK	The Gloucestershire Everyman Theatre	0.1		12 months	-
UK	Cheltenham Trust	0.1		12 months	-
UK	Ubico Ltd	0.5		12 months	-
UK	Cheltenham Borough Homes	10.00		Non-Specified	-
UK	Maybe - Buying APP- Equity Shares	0.025		Non-Specified	-
UK	Gloucestershire Airport Ltd - including outstanding loan for Runway Safety project - split 50/50 between CBC & Glos City Council	1.00		6 Years	-

Sovereign rating AA- minimum

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

Australia	Australia & New Zealand Banking Group Ltd	2.0	2.0	12 months	AA-
Australia	Commonwealth Bank of Australia	2.0	2.0	12 months	AA-
Australia	National Australia Banks Ltd	2.0	2.0	12 months	AA-
Australia	Westpac Banking Corporation	2.0	2.0	12 months	AA-
Canada	Bank of Montreal	2.0	2.0	12 months	AA-
Canada	Bank of Nova Scotia	2.0	2.0	12 months	AA-
Canada	Canadian Imperial Bank of Commerce	2.0	2.0	12 months	AA-
Canada	Royal Bank of Canada	2.0	2.0	12 months	AA
Canada	Toronto Dominion Bank	2.0	2.0	12 months	AA-
Finland	Nordea Bank Finland plc	2.0	2.0	12 months	AA-
Finland	OP Corporate Bank plc	2.0	2.0	12 months	AA-
Germany	DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	2.0	2.0	12 months	AA-
Germany	Landwirtschaftliche Rentenbank	2.0	2.0	2 years	AAA
Germany	NRW.BANK	2.0	2.0	2 years	AAA
Netherlands	Bank Nederlandse Gemeenten	2.0	2.0	2 years	AA+
Netherlands	Coöperatieve Rabobank U.A.	2.0	2.0	12 months	AA-
Netherlands	Nederlandse Waterschapsbank N.V.	2.0	2.0	2 years	AAA
Singapore	DBS Bank Ltd	2.0	2.0	12 months	AA-
Singapore	Oversea Chinese Banking Corporation	2.0	2.0	12 months	AA-
Singapore	United Oversea Bank Ltd	2.0	2.0	12 months	AA-
Sweden	Nordea Bank AB	2.0	2.0	12 months	AA-
Sweden	Skandinaviska Enskilda Banken AB	2.0	2.0	12 months	AA-
Sweden	Swedbank AB	2.0	2.0	12 months	AA-
Sweden	Svenska Handelsbanken AB	2.0	2.0	12 months	AA
USA	Bank of New York Mellon, The	2.0	2.0	2 years	AA
USA	JP Morgan Chase Bank NA	2.0	2.0	12 months	AA-
USA	Wells Fargo Bank NA	2.0	2.0	12 months	AA

Not Fitch Rated but Moody's & S&P

Not Fitch Rated but Moody's & S&P

Minimum Credit rating of AA- for Non-UK bank.

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

Annual MRP Statement**Revised MRP Policy for 2016/17 and MRP Policy for 2017/18****Background:**

1. For many years local authorities were required by Statute and associated Statutory Instruments to charge to the Revenue Account an annual provision for the repayment of debt associated with expenditure incurred on capital assets. This charge to the Revenue Account was referred to as the Minimum Revenue Provision (MRP). In practice MRP represents the financing of capital expenditure from the Revenue Account that was initially funded by borrowing.
2. In February 2008 the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [Statutory Instrument 2008/414] were approved by Parliament and became effective on 31st March 2008. These regulations replaced the formula based method for calculating MRP which existed under previous regulations under the Local Government Act 2003. The new regulations required a local authority to determine each financial year an amount of MRP which it considers to be 'prudent'. Linked to this new regulation, the Department of Communities and Local Government (CLG) produced Statutory Guidance which local authorities are required to follow, setting out what constitutes a prudent provision.
3. The CLG Guidance recommends that, before the start of the financial year, a statement of MRP policy for the forthcoming financial year is approved by Full Council. If it is ever proposed to vary the original statement for the current year, a revised statement should be put to the council at that time.
4. The broad aim of the Policy is to ensure that MRP is charged over a period that is reasonably commensurate with the period over which the capital expenditure which gave rise to the debt provides benefits. In the case of borrowing supported by Revenue Support Grant ('Supported Borrowing'), the aim is that MRP is charged over a period reasonably commensurate with the period implicit in the determination of that grant. MRP is not required to be charged to the Housing Revenue Account. Where a local authority's overall underlying need to borrow for capital purposes, known as the Capital Financing Requirement (CFR), is nil or a negative amount there is no requirement to charge MRP.

MRP Options:

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

Option 1 – Regulatory Method:

6. This method replicates the position that would have existed under the previous regulatory environment. MRP is charged at 4% of the Authority's underlying need to borrow for capital purposes, the Capital Financing Requirement (CFR). The formula includes an item known as "Adjustment A" which was intended to achieve neutrality between the CFR and the former Credit Ceiling, used to calculate MRP prior to the introduction of the Prudential System on 1st April 2004. The formula also took into account any reductions relating to the commutation of capital debt made by central government.
7. The latest CLG guidance (effective from 1 April 2012) states that authorities **may** continue to use this method for capital expenditure incurred before 1 April 2008 and supported borrowing, allowing authorities to modify the method if it produces an 'anomalous and disadvantageous result'.

8. This method (which is based on a 4% reducing balance) has been used by the council up until 2015/16 for pre 1 April 2008 and supported borrowing. Under this method however, although the MRP charge reduces each year, the borrowing is never entirely paid off. Consequently, from 2016/17, it is proposed the charge will be based on repaying the debt on a 'straight line' (or equal annual instalment) basis over a 35 year period. This has the advantage of a constant charge which fully repays the debt, which is more prudent. Under the unmodified regulatory method approximately £2.07 million of outstanding debt would still be outstanding after 35 years (see graph 1 below). In addition the effect of this change is that MRP will be lower than it would have been for the first 9 years (with a saving in 2016/17 of around £95,000 in 2016/17), before increasing gradually (see graph 2 below).
9. The annual General Fund MRP charge using this method will be £236,847 starting in 2016/17.

Option 2 – CFR Method:

10. This method simplifies the calculation of MRP by basing the charge solely on the authority's CFR but excludes the technical adjustments included in Option 1. The annual MRP charge is set at 4% of the non-housing CFR at the end of the preceding financial year.
11. The General Fund MRP charge for this method is nil for 2016/17 and 2017/18.

Option 3 – Asset Life Method:

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

The annuity method has the advantage of linking MRP to the benefits arising from capital expenditure, where these benefits are expected to increase over the life of the asset.

13. MRP commences in the financial year following that in which the expenditure is incurred or, in the year following that in which the relevant asset becomes operational. This enables an MRP "holiday" to be taken in relation to assets which take more than one year to be completed before they become operational.
14. The estimated life of the asset will be determined in the year that MRP commences and will not be subsequently revised. However, additional repayments can be made in any year which will reduce the level of payments in subsequent years.
15. If no life can be reasonably attributed to an asset, such as freehold land, the life is taken to be a maximum of 50 years. In the case of freehold land on which a building or other structure is constructed, the life of the land will be treated as equal to that of the structure, where this would exceed 50 years.
16. In instances where central government permits revenue expenditure to be capitalised, the Statutory Guidance sets out the number of years over which the charge to revenue must be made. The maximum useful life for expenditure capitalised by virtue of a direction under s16(2)(b) is 20 years.
17. MRP in respect Finance Leases brought onto the Balance Sheet falls under Option 3.
18. The General Fund MRP charge using this method is estimated at £1.119 million 2016/17 and £0.867 million for 2017/18 (subject to approval of the proposal regarding the repayment of debt relating to capital loans made in paragraph 24 below).

Option 4 - Depreciation Method:

19. The depreciation method is similar to that under Option 3 but MRP is equal to the depreciation provision required in accordance with proper accounting practices to be charged to the Income and Expenditure account.
20. The General Fund MRP charge for this method is nil for 2016/17 and 2017/18.

Conditions of Use:

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

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

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

MRP Policy for 2016/17 and 2017/18:

22. It is proposed that the council adopts
 - the modified Option 1 – repayment over 35 years on a straight line basis - for borrowing incurred before 1 April 2008, which is Supported Borrowing
 - Option 3 for borrowing after 1 April 2008 and Unsupported Borrowing. For Option 3, the annuity method for calculating MRP will be used when applicable as it has the advantage of linking MRP to the benefits arising from capital expenditure, where these benefits are expected to increase over the life of the asset.

Repayment of debt relating to capital loans made:

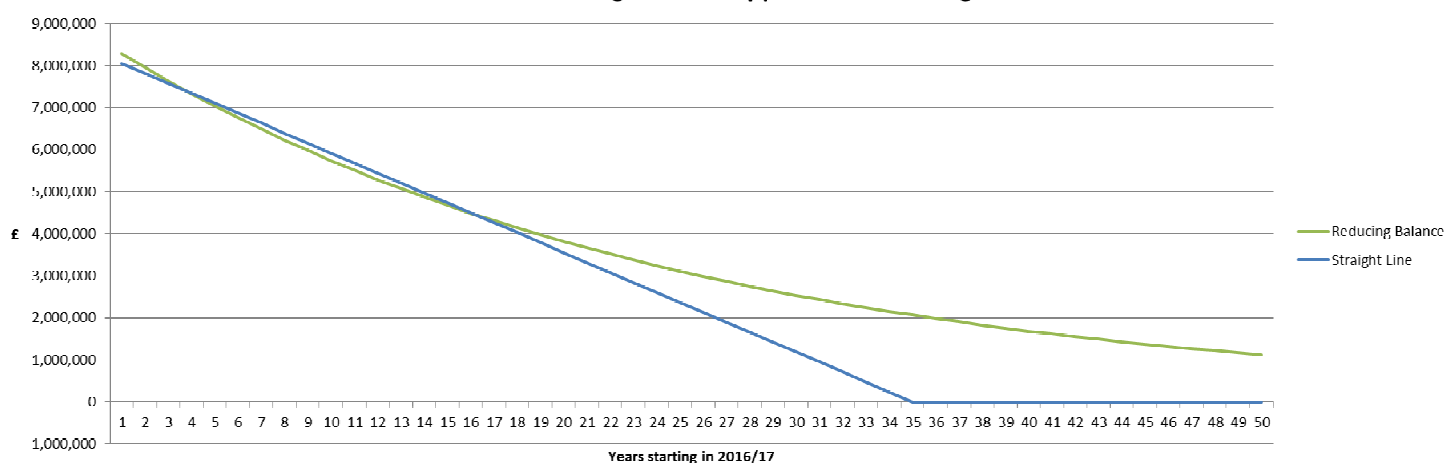
23. In recent years the council has made a number of capital loans to Gloucestershire Airport, The Everyman Theatre and Cheltenham Borough Homes (CBH) funded from prudential borrowing. Currently the council is setting aside MRP to repay this debt over the life of the loans (equivalent to the estimated life of the capital assets) using option 3's annuity method, as permitted by the CLG guidance. The annual repayments from the borrowers (which match the MRP) must be treated as capital receipts, so are used to fund the capital programme in lieu of revenue funding. In this way the impact of these loans on the revenue account is neutral, since the additional MRP is matched by an equivalent reduction in the revenue funding for the capital programme.
24. This policy, although currently neutral on the revenue account, is however constraining the council's ability to make further capital loans should it wish, since this would increase the MRP further, whilst generating more capital receipts than required to fund the capital programme. The capital finance regulations allow the council to use capital receipts to 'repay the principal of any amount borrowed', therefore it is proposed, from 2017/18, to replace MRP provision for repaying the debt on capital loans with set aside of the equivalent amount from usable capital receipts, equal to the annual repayments of principal by the borrowers. This would reduce the capital receipts available to fund the capital programme, but would also reduce MRP by an equivalent amount. The borrowers are contracted to fully repay the loans over their lives in annual instalments, so all of the debt will be repaid. The amount of debt to be repaid by this method in 2017/18 is approximately £236,000.

Table 1
MRP under the CLG Guidance

MRP Options	1 Regulatory Method	2 CFR Method	3 Asset Life Method	4 Depreciation Method
Classifications of Capital Expenditure impacting on the CFR	Capital expenditure incurred before 1 April 2008			
	Supported Capital expenditure incurred after 1 April 2008		Unsupported Capital expenditure incurred after 1 April 2008	
			Expenditure capitalised by virtue of a Direction under s16(2)(b) of the Local Government Act 2003	
MRP Basis	Former regulations 28 and 29	4% of Non-Housing CFR	Equal Annual Instalments of Principal	Depreciation
Aspects of MRP charges	CFR excludes element attributable to Unsupported Capital Expenditure		EIP commences when asset operational	Depreciation MRP commences when asset operational
			Freehold land 50 years.	Depreciation MRP ceases when CFR component is £Nil
			Freehold land with structure >50 years	Depreciation MRP not adjusted for capital receipt
			Capitalisation periods	Depreciation MRP based on proportion of asset financed from "borrowing".
			PFI/Operating Leases brought on Balance Sheet under IFRS	

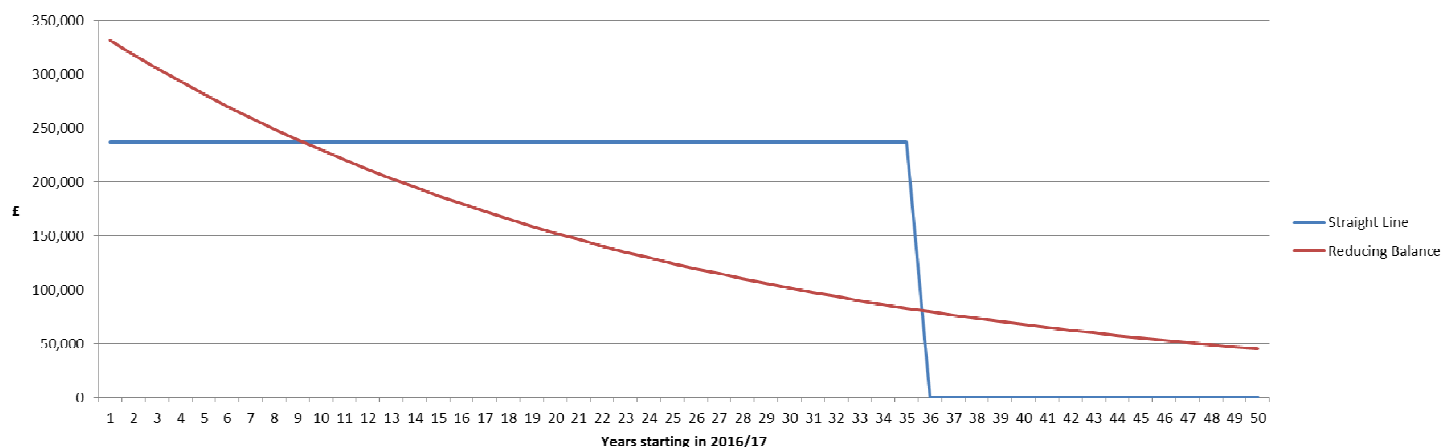
Graph 1

Outstanding CFR on Supported borrowing



Graph 2

MRP on supported borrowing - straight line v. 4% reducing balance methods



GLOSSARY OF TERMS**Bank Rate**

The rate of interest set by the Bank of England as a benchmark rate for British banks.

Bonds

A long-term debt security issued by a company, a financial institution, a local authority, national government or its affiliated agencies. It represents an undertaking to repay the holder the fixed amount of the principal on the maturity date plus a specified rate of interest payable either on a regular basis during the bond's life (coupon) or at maturity.

Borrowing

Loans taken out by the authority to pay for capital expenditure or for the prudent management of the Council's financial affairs which are repayable with interest.

Capital Expenditure

Capital expenditure pays for improvements to existing and new assets used in the delivery of Council services as well as other items determined by Regulation. Capital resources are scarce, costly and also have long term revenue implications over many years and even generations where capital expenditure is funded by borrowing. Hence the requirement of the Prudential Code to ensure what is charged as Capital Expenditure is Prudent, Sustainable and Affordable. The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 as amended. Statute relies on the accounting measurement of cost in International Accounting Standard (IAS) 16 to determine whether expenditure is eligible to be capitalised or whether it should be treated as revenue expenditure. Key to what is eligible as capital spend, are the following words in IAS 16 - 'Costs directly attributable to bringing the specific asset into working condition for its intended use'.

Capital Financing Requirement (CFR)

An authority's underlying need to borrow for a capital purpose.

Capital Market

A market for securities (debt or equity), where companies and governments can raise long-term funds (periods greater than one year). The raising of short-term funds takes place on other markets (e.g. the money market).

Capital Programme

The Capital Programme sets out the Council's capital expenditure plans for the forthcoming financial year as well as for the medium term. It is approved annually at Council and identifies the estimated cost of those schemes, their projected phasing over financial years as well as the method of funding such expenditure.

Certificates of Deposits (CDs)

A certificate issued for deposits made at a deposit-taking institution (generally a bank). The bank agrees to pay a fixed interest rate for the specified period of time, and repays the principal at maturity. CDs can be purchased directly from the banking institution or through a securities broker. An active interbank secondary market exists to buy and sell CDs.

Chartered Institute of Public Finance & Accountancy (CIPFA)

CIPFA is the professional body for people in public finance. As a specialised public services body, they provide information, guidance, and determine accounting standards and reporting standards to be followed by Local Government.

Collective Investment Scheme Structures

Schemes whereby monies from a number of investors are pooled and invested as one portfolio in accordance with pre-determined objectives.

Commercial Paper

A relatively low risk, short-term and unsecured promissory note traded on money markets issued by companies or other entities to finance their short-term cash requirements.

Corporate Bonds

Bonds that are issued by a company or other non-government issuers. They represent a form of corporate debt finance and are an alternative means of raising new capital other than equity finance or bank lending.

Counterparty

One of the parties involved in a financial transaction with which the Council may place investments.

Counterparty / Credit Risk

Risk that a counterparty fails to meet its contractual obligations to the Council to repay sums invested.

Credit Criteria

The parameters used as a starting point in considering with whom the Council may place investments, aimed at ensuring the security of the sums invested.

Credit Default Swaps

A financial transaction which the buyer transfers the credit risk related to a debt security to the seller, who receives a series of fees for assuming this risk. The levels of fees reflect the perceived level of risk.

Credit Rating

A credit rating assesses the credit worthiness of an individual, corporation, or even a country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the subject being able to pay back a loan. Ratings usually consist of a long-term, short-term, viability and support indicators. The Fitch credit rating of F1 used by the Council is designated as “Highest Credit quality” and indicates the strongest capacity for timely payment of financial commitments.

Debt Management Account Deposit Facility (DMADF)

The Debt Management Office provides this service as part of its cash management operations and of a wider series of measures designed to improve local and central government’s investment framework and cash management. The key objective of the DMADF is to provide users with a flexible and secure facility to supplement their existing range of investment options while saving interest costs for central government.

Debt Restructuring

Debt restructuring is a process that allows an organisation to reduce, renegotiate and undertake replacement debt.

Diversification of Investments

The process of creating a portfolio of different types of financial instruments with regard to type, price, risk issuer, location, maturity, etc. in order to reduce the overall risk of the portfolio as a whole.

Duration (Maturity)

The length of time between the issue of a security and the date on which it becomes payable.

External Borrowing

Money borrowed from outside of the Council.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Typical financial liabilities are borrowing and financial guarantees. Typical financial assets include bank deposits, amounts owed by customers, loans receivable and investments.

Fitch/Moody’s/Standard & Poors Credit Ratings

Commercial organisations providing an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. The opinion is usually provided in the form of a credit rating.

Fixed Rate

An interest rate that does not change over the life of a loan or other form of credit.

Floating Rate Notes

A money market security paying a floating or variable interest rate, which may incorporate a minimum or floor.

Housing Revenue Account (HRA)

The HRA is an account of expenditure and income that every local authority housing department must keep in accordance with the Local Government & Housing Act 1989. The account is kept separate or ring fenced from other Council activities. Income is primarily generated by the rents and service charges paid by tenants, while expenditure is on the management and maintenance of the housing stock, and capital financing charges on the HRA's outstanding loan debt.

Interest Rate Risk

Risk that fluctuations in interest rates could impose extra costs against which the Council has failed to protect itself adequately.

Internal Borrowing

Money borrowed from within the Council, sourced from temporary internal cash balances.

Investments

The purchase of financial assets in order to receive income and/or make capital gain at a future time, however with the prime concern being security of the initial sum invested.

Lender Option Borrower Option Loans (LOBOs)

Loans to the Council where the lender can request a change in the rate of interest payable by the Council at pre-defined dates and intervals. The council at this point has the option to repay the loan.

Liquidity

The ability of the Council to meet its financial obligations as they fall due.

Market Loans

Borrowing that is sourced from the market i.e. organisations other than the Public Works Loan Board or a Public Body.

Minimum Revenue Provision (MRP)

This is the amount which must be charged to the authority's revenue account each year and set aside as provision for repaying external loans and meeting other credit liabilities. The prudent amount is determined in accordance with guidance issued by WG. This has the effect of reducing the Capital Financing Requirement (CFR).

Money Market

The market for short-term securities or investments, such as certificates of deposit, commercial paper or treasury bills, with maturities of up to one year.

Money Market Funds

An investment fund which pools the investments of numerous depositors, spreading those investments over a number of different financial instruments and counterparties. Funds with a constant Net Asset Value (NAV) are those where any sum invested is likely to be the same on maturity. Funds with a variable Net Asset Value (NAV) are those where the sum on maturity could be higher or lower due to movements in the value of the underlying investments.

Net Asset Value (NAV)

The market value of an investment fund's portfolio of securities as measured by the price at which an investor will sell a fund's shares or units.

Pooling

The process whereby investments or loans are held corporately rather than for specific projects or parts of the Council, with recharges to those areas for their share of the relevant income and expenditure using an agreed methodology, where such a recharge is required to be made.

Prudential Code for Capital Finance

The system introduced on 1 April 2004 by Part 1 of the Local Government Act 2003 which allows local authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources and that any such borrowing is prudent and sustainable. This requires the preparation and approval of various indicators.

Public Works Loans Board (PWLb)

The Public Works Loans Board is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Refinancing Risk

Risk that maturing borrowing or other financing of capital projects cannot be renewed on terms that reflect existing assumptions and that the Council will suffer extra costs as a result.

Regulatory Risk

Risk that actions by the Council or by any person outside of it are in breach of legal powers or regulatory requirements resulting in losses to the Council, or the imposition of extra costs.

Security

Protecting investments from the risk of significant loss, either from a fall in value or from default of a counterparty.

Sovereign Credit Ratings

The credit rating of a country. It indicates the risk level of the investing environment of a country, taking into account political risk and other factors.

Sterling

The monetary unit of the United Kingdom (the British pound).

Term Deposits

A term deposit is a money deposit at a banking institution that cannot be withdrawn for a certain "term" or period of time.

Treasury Management

Treasury management activities are the management of an organisation's investments and cash flows, its banking, money market and capital market

transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Treasury Bills

Debt securities issued by a government with a short-term maturity of up to 6 months.

UK Government Gilts

Fixed-interest debt securities issued or secured by the British Government. Gilts are always denominated in sterling though the Government occasionally also issues instruments in other currencies in the Eurobond market or elsewhere.

Variable Rate

An interest rate that changes in line with market rates.

Yield

The annual rate of return paid out on an investment, expressed as a percentage of the current market price of the relevant investment.

Cheltenham Borough Council

Cabinet – 7 February 2017

Budget Monitoring Report 2016/17 – position as at December 2016

Accountable member	Councillor Rowena Hay, Cabinet Member for Finance
Accountable officer	Paul Jones, Section 151 Officer
Accountable scrutiny committee	All
Ward(s) affected	All
Key Decision	Yes
Executive summary	To update Members on the Council's current financial position for 2016/17 based on the monitoring exercise at the end of December 2016. The report covers the Council's revenue, capital and treasury management position. The report identifies any known significant variations (minimum £50,000) to the 2016/17 original budget and areas with volatile income trends.
Recommendations	<ol style="list-style-type: none"> 1. Cabinet note the contents of this report including the key projected variances to the 2016/17 budget and the expected delivery of services within budget. 2. Cabinet approve the budget virements to the 2016/17 budget, as detailed in Appendix 7. 3. Cabinet recommend that Council approve a contribution of £110,737 to the Budget Deficit (support) reserve, as detailed in paragraph 10.1.

Financial implications	<p>As detailed throughout this report.</p> <p>Contact officer: Sarah Didcote, sarah.didcote@cheltenham.gov.uk , 01242 264125</p>
Legal implications	<p>None specific directly arising from the recommendations.</p> <p>Contact officer: Peter Lewis, Peter.Lewis@teWKesbury.gov.uk, 01684 272695</p>
HR implications (including learning and organisational development)	<p>The Council continues to monitor vacancies and recruitment. All recruitment activity decisions are based on a business case outlining the impact on the service delivery and/or loss of income generation if the post were to remain unoccupied. In addition, the Council also continues to monitor its capacity to deliver on key projects with regular updates being provided to the Operational Programme Board on a quarterly basis.</p> <p>Contact officer: Julie McCarthy , julie.mccarthy@cheltenham.gov.uk, 01242 264355</p>

Key risks	As outlined in Appendix 1.
Corporate and community plan Implications	Key elements of the budget are aimed at delivering the corporate objectives within the Corporate Business Plan.
Environmental and climate change implications	None.

1. Background

- 1.1** This report provides the third monitoring position statement for the financial year 2016/17. The purpose of this report is to notify members of any known significant variations to budgets for 2016/17 and highlight any key issues, allowing Members to take action if required.
- 1.2** GO Shared Services carry out a regular budget monitoring exercise for services in liaison with Directors and cost centre managers. This identifies any major variations from the current approved budget that are anticipated to occur in the financial year. The current approved budget is the original budget for 2016/17 agreed by Council on 12th February 2016, subject to any amendments made under delegated powers (for example supplementary estimates, virement, etc). Possible significant variations to revenue budgets are outlined in this report.

2. Net revenue position

- 2.1** The table below summarises the net impact of the variances identified at this stage in the financial year, projecting the position to the end of the financial year for all budget variances in excess of £50,000 and areas with volatile income trends, details of which are provided in paragraphs 2.2 to 3.1

Significant budget variances	Overspend / (Underspend)£	para. ref:
Head of Paid Service Directorate		
Recycling – shortfall in income	176,270	2.3
Green Waste – additional income	(19,970)	2.4
Recycling – additional collection costs	50,000	2.5
Ubico – new joiners fee	(45,300)	2.6
Resources Directorate		
Internal Audit – saving in expenditure	(20,000)	2.7
Corporate Fraud Unit – saving in expenditure	(30,000)	2.7
Capital charges – reduction in Minimum Revenue	(104,400)	2.8
Housing Benefit - increased admin subsidy grants	(110,000)	2.9

Environment & Regulatory Services		
Car Parking – Surplus income	(25,000)	2.10
Other		
NNDR –Net increase in NNDR income	(47,937)	2.11
Utility costs – saving in gas premises costs	(25,000)	2.12
Various – net savings	(6,600)	Appendix 7
Use of reserves		
Contribution to Rent allowances reserve	110,000	2.13
Treasury Management	(12,800)	3.1
Total projected underspend for the year	(110,737)	
Contribution to Budget Deficit (Support) Reserve	110,737	10.1
Total Forecast Outturn	-	

Saving from Employee costs

- 2.2** The 2016/17 base budget includes a target of £350,000 from employee related savings to be made throughout the Council during the year. This target has been embedded within individual service budgets, allocated in proportion to existing service salary budgets. This improves accountability and budget monitoring within council services. An assessment of vacant posts (i.e. staff turnover) in the first ten months of the year indicates that this target is likely to be achieved for the financial year.

Waste and Recycling Income

- 2.3** Income from waste and recycling continues to be monitored on a regular basis in conjunction with the Joint Waste Committee. The original 2016/17 budget for recycling, set based upon expected additional income from the new bulking facility, will now not be achieved. Recycling levels have improved since 2015/16, reflecting better commodity prices to CBC following the creation of the bulking facility and generally improved market conditions, mainly on paper, cardboard, steel and aluminium. However, total recycling income for 2016/17 is now forecast to be £482k (£320k in 2015/16) with an underachievement of £176k against the original estimate.
- 2.4** This shortfall is partially offset by an expected surplus in green waste income for the year of £19,970 as a result of increased volume of activity.

Recycling collection costs

- 2.5** There is an overspend in the cost of recycling collection schemes of £50k, due to various cost pressures including an additional vehicle being employed to accommodate a growth in property numbers and inefficient rounds - food waste is also being collected separately to better utilise the

vehicles available. The planned service redesign scheduled for September 2017 will include new vehicles and optimisation of rounds, and provide for increased property numbers for the next 3 to 5 years.

Ubico – Joiners fee income

- 2.6 Ubico have expanded to take on the waste and environmental services of other local authorities. The council has received one off income in 2016/17 of £45,300, representing Cheltenham's share of joiners' fee income from two new partners.

Audit Cotswolds – Internal Audit and Corporate Fraud Unit

- 2.7 As reported in the September budget monitoring report, Audit Cotswolds have delivered an in year saving of £20,000, following a review of the council's audit requirements for 2016/17. Further to this, the Corporate Fraud Unit has supported an under spend of £30,000 in the current year pending the business case for the future of the service, which has now been approved. This has resulted in a total one-off underspend of £50,000.

Capital charges – Minimum Revenue Provision

- 2.8 There is a net saving in the Minimum Revenue Provision (MRP) for the repayment of debt of £104,400, due to slippage in the purchase of vehicles and recycling caddies from 2015/16 to 2016/17 and later years and their funding from capital receipts instead of prudential borrowing. The vehicles and caddies are initially purchased on behalf of the council by Ubico, funded by prudential borrowing and/or capital receipts and then leased back to the company. MRP is payable on any prudential borrowing in the year following that in which the borrowing was taken out.

Housing Benefit Administration Grants

- 2.9 The council has received additional one off housing benefit administration grant funding of £110,000 in respect of universal credits, admin subsidy and new burdens funding. This income will be transferred to the rent allowances reserve to support the future one-off costs of the service, as elements are transferred to the DWP.

Off-street Car Parking Income

- 2.10 There is a likely net surplus of £25,000 in car parking income for the year, based on the position at 31st December and expected trends for the remaining period of the year. This is in addition to the net surplus of £200,000 detailed in the September 2016 budget monitoring report, for which Cabinet approved a corresponding reduction in the contribution from the car parking equalisation reserve for the year.

Business Rates

- 2.11 There is an expected net increase in business rates income of £47,937 for the year, including £41,154 additional section 31 grant funding.

Utility Costs

- 2.12 Based on utility costs incurred in the first seven months of the year, there is an estimated saving in the gas utility budgets across the council properties of £25,000 for the year. The contract will continue to be monitored in the remaining period of the year, as usage can be affected by adverse weather conditions.

Use of Reserves

- 2.13** Financial rule B11.4 provides the Section 151 Officer with delegated authority to approve in year transfers to and from earmarked reserves to support the activities of the Council. In light of the above, the Section 151 Officer recommends that transfer of £110,000 to the rent allowances reserve, as detailed in paragraphs 2.9.

3. Treasury Management

- 3.1** Since the budget monitoring report to 30th September, investment income has marginally improved further and is likely to show a surplus of £12,800 against the 2016/17 budget.

4. Capital

- 4.1** A detailed exercise has been carried out to ensure that capital schemes, approved by Council on 12th February 2016, are being delivered as planned within allocated capital budgets. The monitoring position at 31st December is included as Appendix 2 to this report.

5. Developer Contributions

- 5.1** Detailed work is in progress to ensure that all developer contributions are being properly utilised and that members are informed of expenditure. An update on developer contributions is included in this report at Appendix 3. This information is presented at summary level apart from any areas where spend has occurred in the period to 31st December 2016.

6. Programme maintenance expenditure

- 6.1** A detailed exercise has been carried out to ensure that programme maintenance work, approved by Council on 12th February 2016, is being delivered as planned within the allocated budgets. The monitoring position at 31st December is included as Appendix 4 to this report. Any slippages in schemes or underspend against budget will be transferred to the Programme Maintenance reserve at the year end, to fund future programme maintenance expenditure.

7. Housing Revenue Account (HRA)

- 7.1** A revised forecast for HRA revenue and capital income and expenditure in 2016/17 was presented to Cabinet on 13th December 2016 as part of the interim budget proposals for 2017/18. This included explanation of significant variations to budget that had been identified to 31st October.
- 7.2** The final budget report for 2017/18 is also reported to Cabinet on 7th February 2017 and shows revised forecasts for the current year updated to December 2016. The only amendments to the October figures are a further anticipated saving of £49,600 on repairs and maintenance which now shows an expected outturn of £3,789,000, a reduction of £350,000 against the original budget. Overall capital expenditure is expected to be £74,500 lower at £11,583,100, reducing revenue contributions by the same amount. These variations increase the forecast revenue reserve at 31st March 2017 by £124,100 to £6,176,100.

8. Council tax and Business rates collection

- 8.1** The monitoring report for the collection of council tax and business rates (NNDR) income is shown in Appendix 5. This shows the position at the end of December 2016 and the projected outturn for 2016/17.

9. Sundry debt collection

9.1 The monitoring of aged sundry debts and recovery is shown at Appendix 6.

10. Conclusion

- 10.1 The net effect on the general fund of the variances reported above is that there is a forecast net underspend against the budget of £110,737 for 2016/17. It is recommended that Cabinet and Council approve a contribution of £110,737 to the Budget Strategy (Support) Reserve, based on the position at the end of December 2016.
- 10.2 The continued impact of the changes in government funding arrangements and the economic climate present particular concerns for the Council's budgets. It is clearly important to ensure that budgets continue to be closely monitored over the coming months with a view to taking action at a future date, if necessary, in order to ensure that the Council delivers services within budget.
- 10.3 It will be for Cabinet and Council to decide in July 2017, when outturn is finalised, how to apply any potential further savings. However it is recommended that any underspend identified on outturn be transferred firstly to the Budget Deficit (Support) Reserve and secondly to support general balances, bearing in mind the need to keep the level of reserves robust and the uncertainty surrounding future budget funding gaps, as outlined in the Council's Medium Term Financial Strategy report dated 11th October 2016 .

11. Consultation

11.1 The work undertaken to produce this report has involved consultation with a wide number of services and cost centre managers.

Report author	Contact officer: Sarah Didcote sarah.didcote@cheltenham.gov.uk, 01242 264121
Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Capital Budget Monitoring to 31st December 2016 3. Developer Contributions and Expenditure at 31st December 2016 4. Programme Maintenance Budget Monitoring to 31st December 2016 5. Council Tax and NNDR collection to 31st December 2016 6. Aged Debt Report as at 31st December 2016 7. Budget Virements for approval – 2016/17 budget
Background information	<ol style="list-style-type: none"> 1. Section 25 Report – Council 12th February 2016 2. Final Budget Proposals for 2016/17 – Council 12th February 2016 3. Medium Term Financial Strategy – 11TH October 2016

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1.	If we are unable to take corrective action in respect of reduced income streams then there is a risk that Council will not be able to deliver its budget	Cabinet	June 2010	3	3	9	Reduce	In preparing the budget for 2016/17, SLT to consider the options for offsetting reduced income streams by analysing and reducing the level of expenditure across the Council.	December 2016	SLT	Corporate Risk Register
2.	If the Budget Deficit (Support) Reserve is not suitably resourced insufficient reserves will be available to cover anticipated future deficits resulting in the use of General Balances which will consequently fall below the minimum required level as recommended by the Chief Finance Officer in the Council's Medium Term Financial Strategy.	Cabinet	October 2015	3	3	9	Reduce	In preparing the budget for 2016/17 and in ongoing budget monitoring, consideration will be given to the use of fortuitous windfalls and potential future under spends with a view of strengthening reserves whenever possible.	June 2016	Chief Finance Officer	Corporate Risk Register

Guidance

Types of risks could include the following:

- Potential reputation risks from the decision in terms of bad publicity, impact on the community or on partners;
- Financial risks associated with the decision;
- Political risks that the decision might not have cross-party support;
- Environmental risks associated with the decision;
- Potential adverse equality impacts from the decision;

- Capacity risks in terms of the ability of the organisation to ensure the effective delivery of the decision
- Legal risks arising from the decision

Remember to highlight risks which may impact on the strategy and actions which are being followed to deliver the objectives, so that members can identify the need to review objectives, options and decisions on a timely basis should these risks arise.

Risk ref

If the risk is already recorded, note either the corporate risk register or TEN reference

Risk Description

Please use “If xx happens then xx will be the consequence” (cause and effect). For example “If the council’s business continuity planning does not deliver effective responses to the predicted flu pandemic then council services will be significantly impacted.”

Risk owner

Please identify the lead officer who has identified the risk and will be responsible for it.

Risk score

Impact on a scale from 1 to 4 multiplied by likelihood on a scale from 1 to 6. Please see risk [scorecard](#) for more information on how to score a risk

Control

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

Action

There are usually things the council can do to reduce either the likelihood or impact of the risk. Controls may already be in place, such as budget monitoring or new controls or actions may also be needed.

Responsible officer

Please identify the lead officer who will be responsible for the action to control the risk.

For further guidance, please refer to the [risk management policy](#)

Transferred to risk register

Please ensure that the risk is transferred to a live risk register. This could be a team, divisional or corporate risk register depending on the nature of the risk and what level of objective it is impacting on.

GENERAL FUND CAPITAL PROGRAMME 2016/17 - Monitoring to 31st December 2016

Code	Fund	Scheme	Scheme Description	Budget 2016/17	Revised Budget 2016/17	Forecast Spend 2016/17	Projected Variance	Budget 2017/18	Budget 2018/19	Budget 2019/20	Narrative
				£	£		£	£	£	£	
		RESOURCES									
		Property Services									
CAP601	PB/C/PPMR	Crematorium Scheme: New Build	New cremators	6,316,200	316,200	316,200	-	6,564,800	-	-	Initial procurement work is in progress. Majority of project cost
CAP602	PB	Crematorium: Contingencies	New cremators	882,900	-	-	-	391,100	-	-	likely to fall in 2017/18
CAP603	PB	Crematorium Scheme: Resourcing	New cremators	236,600	118,800	118,800	-	52,200	-	-	
CAP505	PB/GCR	Town Centre acquisitions	Acquisition of Shopfitters	389,400	389,400	424,538	(35,138)	-	-	-	There are additional costs due to unforeseen circumstances including: finding asbestos; and a need to undertake a Party Wall Award (PWA) requiring re-engineering a boundary wall solution; leading to significant contract delays and additional works. Final contract negotiations with the consultant and the Contractor are now underway to minimise projected overspend.
CAP503	GCR	Bus Station	Demolition of existing concrete bus shelter and waiting room and provision of services to supply new café facility	50,000	50,000	49,183	817	-	-	-	Works complete, No external partner found to develop refreshment facilities at the site.
NEW	PB/GCR	Investment Property Portfolio	To increase the Council's property portfolio.	-	-	-	-	10,200,000			
CAP010	GCR	Financial Services GO ERP	Development of ERP system within the GO Partnership	14,700	14,700	-	14,700	-	-	-	Upgrade works still pending
CAP026	GCR	ICT IT Infrastructure	5 year ICT infrastructure strategy	226,400	226,400	226,400	-	100,000	100,000	100,000	Project due for completion in final quarter of 2016-17
	HCR	Telephony	Infrastructure plus the handsets/one off licences	-	60,000	60,000	-	-	-	-	Due for completion in final quarter of 2016-17
		WELLBEING & CULTURE									
		Parks & Gardens									
CAP101	S106	S.106 Play area refurbishment	Developer Contributions	50,000	50,000	50,000	-	50,000	50,000	50,000	To be spent in 2016-17
CAP102	GCR	Play Area Enhancement	Ongoing programme of maintenance and refurbishment of play areas to ensure they improve and meet safety standards	121,400	105,300	105,300	-	80,000	80,000	80,000	Most work to complete in 16-17. Humpty Dumpty scheme may slip into 17-18 to allow time for consultation.
CAP125	GCR	Pittville Park play area	Investment in the play area	134,900	234,000	234,000	-	12,500	-	-	Retention of 2.5% payable Jun 2017.
CAP501	GCR	Allotments	Allotment Enhancements - new toilets, path surfacing, fencing, signage, and other improvements to infra-structure.	579,600	20,000	20,000	-	559,600	-	-	£20k due to be spent 16-17 further expenditure pending outcome of Allotment Strategy and understanding of allotment provision requirements.
CAP121	R/P	Cultural Services Art Gallery & Museum Development Scheme	Council's commitment to new scheme as agreed by Council 20th July 2008	-	-	(6,141)	6,141	-	-	-	Final retention payment less than amount provided for.
CAP126	GCR	Town Hall redevelopment scheme	Preliminary work, subject to Council approving a detailed scheme and a business case	400,000	40,000	-	40,000	360,000	-	-	CBC contribution to a larger scheme, preliminary work on scoping out the development brief for consultancy support has been made.
CAP124	GCR	Town Hall Chairs	Replacement of Town Hall chairs on a like for like basis	5,300	5,900	5,895	5	-	-	-	Completed May 16
		REGULATORY & ENVIRONMENTAL SERVICES									
CAP152	CPR	Civic Pride	Upgrade of Promenade pedestrianised area including remodelling of tree pits, providing seating, re-pointing existing Yorkstone.	75,400	28,500	28,544	(44)	46,900	-	-	Partially complete (phone boxes). Further works to be completed - delivery date unclear, dependent staff availability; the impact of the Tour of Britain; and phasing of other schemes
CAP154	CPR/S106	Civic Pride	St.Mary's churchyard - Public Art Scheme	59,600	20,000	2,652	17,348	39,600	-	-	Works committed, Vacancies in the Townscape Team are delaying programme. Completion possible in Autumn 2017.
CAP155	P	Pedestrian Wayfinding	GCC Pedestrian Wayfinding	48,000	48,000	(920)	48,920	-	-	-	Design complete, ready for tender. Vacancies in the Townscape Team has delayed the planned completion in Q4 2016-17. Project now being revived, completion likely Autumn 2017.
CAP156	S106	Hatherley Art Project	Public Art - Hatherley	11,800	11,800	-	11,800	-	-	-	Project delayed due to vacancies in Townscape Team; now revived, site selected, completion likely in Autumn 2017.
CAP204	CPR	Civic Pride	Improvements to Grosvenor Terrace Car Park (Town Centre East), improving linkages to the High Street, signage and decoration.	115,500	5,000	5,000	-	110,500	-	-	Expenditure is to be linked with forthcoming Car Parking Strategy.

Code	Fund	Scheme	Scheme Description	Budget 2016/17	Revised Budget 2016/17	Forecast Spend 2016/17	Projected Variance	Budget 2017/18	Budget 2018/19	Budget 2019/20	Narrative
CAP201	GCR	CCTV in Car Parks	Additional CCTV in order to improve shopping areas and reduce fear of crime	315,000	15,000	15,000	-	300,000	50,000	50,000	Covers camera upgrade from analogue to digital. Scheme currently 'on hold' pending potential impact of outcome of negotiations with the Police and Crime Commissioner regarding police office move between buildings in Lansdown Road and the partnership agreement relating to Public Realm CCTV.
CAP202	GCR	Car park management technology	The upgrade of the car park management technology at selected sites such as Regent Arcade is essential as the existing management systems and hardware have now reached the end of their life cycle.	37,100	-	-	-	37,100	-	-	Work on Car Parking Strategy document is being commissioned. Major capital works on hold pending outcome. See CAP206 below.
CAP205	GCR	Public Realm Improvements	High Street & Town Centre public realm improvement including repaving work in the High Street and town centre	491,000	85,000	40,253	44,747	406,000	-	-	A range of schemes is being planned but phasing yet to be determined with dependency on timings of developer schemes in town centre.
CAP206	GCR	Car Park Investment	New car park machines to allow additional functionality to be introduced for the benefit of customers	250,000	-	-	-	250,000	-	-	Work on Car Parking Strategy document is being commissioned. Major capital works on hold pending outcome.
CAP221	BCF	Housing Disabled Facilities Grants	Mandatory Grant for the provision of building work, equipment or modifying a dwelling to restore or enable independent living, privacy, confidence and dignity for individuals and their families.	600,000	450,000	450,000	-	500,000	500,000	500,000	Likely spend in 2016-17 c. £450k on current referral rates.
CAP222	GCR	Adaptation Support Grant	Used mostly where essential repairs (health and safety) are identified to enable the DFG work to proceed (e.g. electrical works). Or where relocation is the more cost effective solution.	26,000	-	-	-	15,000	15,000	15,000	Currently no grants are being offered as owners have access to loan funding.
CAP223	PSDH	Health & Safety Grant / Loans	A new form of assistance available under the council's Housing Renewal Policy 2003-06	-	-	-	-	-	-	-	
	PSDH	Vacant Property Grant	Assistance available under the council's Housing Renewal Policy 2003-06	275,200	100,000	67,163	32,837	175,200	-	-	£305k to be used for compulsory purchase of properties in poor condition - offset by income generated through property charges on change of ownership of properties.
CAP224	LAA	Warm & Well	A Gloucestershire-wide project to promote home energy efficiency, particularly targeted at those with health problems	68,400	10,000	10,000	-	58,400	-	-	Likely to be an element of carry forward to 2016-17.
CAP225	PB/HCR	Housing Enabling - St Paul's Phase 2	Expenditure in support of enabling the provision of new affordable housing in partnership with registered Social Landlords and the Housing Corporation	807,800	-	-	-	-	-	-	Scheme complete and delivered under budget.
CAP227	C/S	Housing Enabling - Garage Sites	Expenditure in support of enabling the provision of new affordable housing in partnership with Cheltenham Borough Homes	-	-	-	-	-	-	-	
CAP228	S106	Housing Enabling	Expenditure in support of enabling the provision of new affordable housing in partnership with registered Social Landlords and the Housing Corporation	1,000,000	330,000	330,721	(721)	670,000	-	-	YMCA development schemes - one site has been delayed, and now expect both schemes to be complete during 2017-18. Payment instalments will run into 2016/17 and 2017/18.
CAP301	PB/GCR	OPERATIONS Vehicles and recycling caddies	Replacement vehicles and recycling equipment	2,348,700	196,000	220,000	(24,000)	3,063,000	913,000	404,000	Orders are pending following a review of rounds
CAP302	GCR	Material Bulking Plant	Maximum Project Budget for acquisition cost of creating the materials' bulking plant at the central Depot, required to deliver annual revenue savings of £92k	98,200	-	-	-	-	-	-	Budget retained for further works if required by Ubico
TOTAL CAPITAL PROGRAMME				16,035,100	2,930,000	2,772,588	157,412	24,041,900	1,708,000	1,199,000	
Funded by:											
BCF		Better Care Fund (DFG)		383,000	450,000			500,000	500,000	500,000	
LAA		LAA Performance Reward Grant		68,400	10,000			58,400	-	-	
P		Partnership Funding		48,000	98,000			-	-	-	
PSDH		Private Sector Decent Homes Grant		275,200	100,000			175,200	-	-	
PPMR		Property Planned Maintenance Reserve		474,500	-			474,500	-	-	
S106		Developer Contributions S106		1,103,800	473,800			759,600	50,000	50,000	
HCR		HRA Capital Receipts		-	60,000			-	-	-	
GCR		GF Capital Receipts		5,321,600	1,738,200			5,403,394	745,000	649,000	
PB		Prudential Borrowing		8,360,600	-			16,670,806	413,000	-	
C		GF Capital Reserve		-	-			-	-	-	
				16,035,100	2,930,000	-	-	24,041,900	1,708,000	1,199,000	

S106 Contributions 2015-16 as at 31 December 2016

Detail	Developer Contributions (S106)	YEAR	Balance @ 31/3/16 £	Receipts/ Refunds in year £	Projected Income Jan - Mar 17 £	Expenditure to Date £	Projected Expenditure Jan - Mar 17 £	to revenue £	@ 31/12/16 £	Notes
DEV401	Courts-Kingsditch-Bond Sum Indexed Linked	06/07	(19,800)						(19,800)	
DEV402	St James South-Bond Sum Indexed Linked	06/07	(63,000)						(63,000)	
	Sub-total Bonds		(82,800)	-	-	-	-	-	(82,800)	
DEV406	Rosebay Gardens Grounds Maintenance	13/14	(41,836)						(41,836)	
DEV409	Cox's Meadow Grounds Maintenance Commuted Sum		(54,838)						(54,838)	
DEV410	Manor Park Grounds Maintenance Commuted Sum		(12,967)						(12,967)	
	Sub-total Commuted Sums		(109,641)	-	-	-	-	-	(109,641)	
DEV407	Portland St & North Place MSCP repairs & insurance	14/15	(100,000)						(100,000)	
DEV408	Portland St & North Place compensation claims	14/15	(80,000)						(80,000)	
	Sub-total Misc Deposits		(180,000)	-	-	-	-	-	(180,000)	
DEV002	Berkeley Homes - Thirlestaine Hall	14/15	(433,854)			167,166	163,555		(103,133)	
DEV002	Berkeley Homes - Thirlestaine Hall	14/15	(603,393)						(603,393)	
DEV003	205 Leckhampton Rd - Affordable Housing Contrib'n	15/16	(465,000)						(465,000)	
DEV004	Pegasus Life John Dower House	16/17	-		(470,550)				(470,550)	
	Sub-total Affordable Housing		(1,502,247)	-	(470,550)	167,166	163,555	-	(1,642,076)	
DEV101	Dunalley St-Public Art	10/11	(7,000)						(7,000)	Being delivered by a community group using grant process; fabrication underway there are some design issues pushing completion back into 17-18
DEV102	Rosemullion-Public Art	07/08	(1,341)						(1,341)	
DEV103	75-79 Rowanfield Road-Public Art	08/09	(5,343)						(5,343)	
DEV104	Hatherley Lane (ASDA) - Public Art	10/11	(20,908)						(20,908)	
DEV106	12/13 Hatherley Lane (B&Q) - Public Art	12/13	(53,100)			2,750	3,250		(47,100)	Balance of spend in future years including public art maintenance.
DEV107	Devon Avenue - Public Art	12/13	(27,740)			420	675		(26,645)	Project stalled awaiting full receipt of funds and the project should deliver in 17-18.
DEV109	79 The Park	12/13	(2,557)	2,557					-	Transferred to DEV201
DEV110	Spirax Sarco St Georges Road	13/14	(15,000)			1,000			(14,000)	Funds combined into a Honeybourne line project. Stalled due to staff resource availability during work on the Pittville Play Area project. Project is now up and running; some spend in 17-18 likely, though the project is likely to go beyond that.
DEV111	Public Art - Midwinter site	14/15	(50,000)						(50,000)	
DEV112	Wayfinding - University Pittville Campus	14/15	(25,683)						(25,683)	
	Sub-total Public Art Contributions		(208,671)	2,557	-	4,170	3,925	-	(198,019)	

S106 Contributions 2015-16 as at 31 December 2016

Detail	Developer Contributions (S106)	YEAR	Balance @ 31/3/16 £	Receipts/ Refunds in year £	Projected Income Jan - Mar 17 £	Expenditure to Date £	Projected Expenditure Jan - Mar 17 £	to revenue £	@ 31/12/16 £	Notes
DEV201	S106 Playspace-Adult/Youth	07/08 - 11/12	(33,738)	(29,450)	(202)	18,274	5,000		(39,914)	£2,557 transferred from DEV109 & £202 from DEV206
DEV203	58-60 St Pauls-Adult/Youth	09/10	(3,756)						(3,756)	
DEV204	Dunalley Street-Adult/Youth	10/11	(2,720)						(2,720)	
DEV206	Merowdown-Adult/Youth	10/11	(202)		202				(202)	
DEV207	Charlton Lane-Adult/Youth	10/11	(1,840)						(1,840)	
DEV211	Market Street-Elmfield	07/08	(0)						(0)	
DEV212	07/08 S106 Playspace-Fairview	07/08	(1,690)						(1,690)	
DEV215	S106 Playspace-Leckhampton Lanes	08/09	-						-	
DEV218	S106 Playspace-Whaddon Road	Pre 07/08	-						-	
DEV220	S106 Playspace-Benhall	10/11	-						-	
DEV221	75-79 Rowanfield Road-Benhall	08/09 + 09/10	-						-	
DEV225	St Paul's St Nth	12/13	-						-	
DEV233	S106 Playarea - Beeches	08/09 + 11/12	(471)						(471)	
DEV233	S106 Play area - Beeches	14/15	(1,638)			684			(955)	
DEV245	S106 Playarea - Fairview	12/13	-						-	
DEV251	S106 Playarea - King George V	12/13	(636)			1,272			636	
DEV252	S106 Playarea - Lansdown Crescent	10/11 + 11/12	(1,519)			1,399			(119)	
DEV252	S106 Play area-Lansdown Crescent	15-16	(151)						(151)	
DEV261	S106 Playarea - Prestbury Playing Field	09/10	(760)						(760)	
DEV262	S106 Playarea - Priors Farm	10/11	(7,221)			6,875			(346)	
DEV263	S106 Playarea - Queen Elizabeth II	11/12	(182)						(182)	
DEV267	S106 Playarea - St. Peters/Chelt Walk	16/17	-	(10,261)					(10,261)	
DEV269	S106 Playarea - Springfield Park	11/12	(495)			495			-	
DEV271	S106 Playarea - Winston Churchill Gardens	11/12	(3,939)						(3,939)	
									-	
	Sub-total Play Spaces		(60,956)	(39,712)	-	28,998	5,000	-	(66,669)	
	Total Developers Contributions		(2,144,314)	(37,155)	(470,550)	200,334	172,480	-	(2,279,204)	

PLANNED MAINTENANCE PROGRAMME 2016/17 - to 31st Dec 2016

Code	Scheme	Description	Agreed Budget 2016/17 £	C/fwd from 2015/16 £	Virement during 2016/17 £	Revised Budget 2016/17 £	Actual 6 months 2016/17 £	Committed to date 2016/17 £	Not required 2016/17 £	Under/(Over) spend on Projects £	Comments
REVENUE											
ADB101	Municipal Offices	Upgrade of internal fire doors and replacement of door access control, other general remedial repairs	72,300	14,500	(9,500)	77,300	14,864	13,880	22,000	26,556	£22k of the budget for door access controls on hold due to uncertainty over future plans for Muni.
ADB103	Central Depot	CAD building survey, general remedial repairs	8,000	22,000	4,500	34,500	19,646	780		14,073	Works ongoing
		Civic Amenity Site Steel Doors replacement			12,000	12,000		12,900		(900)	Order placed in October for £11,350, plus £1,550 of remedial works
CCM111	Cemetery & Crematorium	Equipment upgrade, service & maintenance	54,500	29,000		83,500	44,589	4,600		34,311	Works ongoing
CCM111	Cemetery & Crematorium	Redecoration of public areas, access road widening	0	27,000		27,000	701	33,850		(7,551)	Order placed for exit roads, hedge screens and verges
COM101	Oakley Resource Centre	Fire risk assessments consequent on property becoming council responsibility.						250		(250)	Carry out fire risk assessment of newly acquired property Oakley Resource Centre
CPK101	Car Parks - Off Street	General maintenance & refurbishment of Town Centre East	34,000	130,000		164,000	17,308	7,682		139,010	Work commencing 6th February
CUL112	Town Hall	Roof repairs and lights, fire protection works to underside of ballroom floor	151,500	29,500		181,000	19,432	21,428		140,141	Currently at tender/specification stage partly retendered due to contractor not being able to meet spec.
CUL113	Pittville Pump Room	Upgrade of internal fire doors, stonework and annual timber floor treatment	39,000	0	(20,000)	19,000	306	14,398		4,296	Currently at tender/specification stage meetings ongoing with the conservation officer
CUL117	Art Gallery & Museum	Energy reduction schemes, work to rear wall joint and downpipes	23,000	4,000		27,000	320	4,900		21,780	Currently at tender/specification stage
ECD101	Xmas in Cheltenham	General remedial repairs	5,000	0		5,000	5,885	0		(885)	Completed
FIE040	Income & Expenditure on Investment Properties	Fire/Legionella/Asbestos consequential works, EIC certification	90,000	45,000		135,000	29,451	2,434		103,115	Further works being tendered for
FIE040	Income & Expenditure on Investment Properties	12 St James St, provision of rear extension		35,000		35,000	31,370	0		3,630	Completed - retention outstanding of £3,602
OPS111	Arle Nursery	Irrigation pump upgrade, pipework replacements, EIC certification	10,000	8,300		18,300	5,466	0		12,834	Further works being tendered for about 10k of work
OPS121	Parks & Gardens	Pittville aviaries		50,000		50,000	50,000	0		0	Completed
OPS121	Parks & Gardens	Remedial repairs to Pittville bridge, boathouse, Long Gardens lighting	6,000	6,900		12,900	8,299	0		4,601	Stone work still to do to bridges
OPS122	Sports & Open Spaces	Kingham Line Footbridge, Priors Farm Pavilion, QEII playing field, Beeches Pavilion	10,000	3,800		13,800	6,243	2,630		4,927	Further works being tendered for
OPS122	Sports & Open Spaces	Naunton Park Pavilion		85,000		85,000	25,819	49,699		9,482	Works ongoing. Some of the total £85k spend will take place in FY 17/18
REC111	Recreation Centre	General repairs & remedial works, fire alarm system	54,700	26,700		81,400	18,471	25,174		37,755	Orders going out for remainder
REC111	Recreation Centre	New air conditioning system to Gym & Dance Hall		56,700	25,000	81,700		0		81,700	Re-tender depending on building regulations. Work expected to take place in FY 17/18
REC112	Prince of Wales Stadium	General repairs & remedial works	18,000	3,500		21,500	16,576	287		4,637	Orders going out for remainder
REC112	Prince of Wales Stadium	Replacement of defective grasscrete car park panels		80,000	31,400	111,400	94,797	0	6,400	10,203	Retention of £6k plus final invoices expected
REG119	Public Convenience	Remedial repairs Montpellier and Pittville Park WC's	16,000			16,000	-8,995	0		24,995	Retentions from prior year (-£9k) £16k of budget currently at tender stage
RYC004	Recycling centres	Replacement of compactors		90,000		90,000		0		90,000	Going out to tender
RYC004	Recycling centres	Replacement of storage containers & bins		10,000		10,000	0	0		10,000	Going out to tender
										0	
	TOTAL PROGRAMMED MAINTENANCE		592,000	756,900	43,400	1,392,300	400,548	194,892	28,400	768,460	

Council Tax and Business Rates Collection Rates 2016-2017

Appendix 5

Business Rates 2016/2017

Current Year Charges - 2016/2017				The collection rate for the end of December is above the target. We are monitoring the position closely but are optimistic that we can achieve the year end target.
Monitoring Period	% Collected at 31.12.2016	Target 31.12.2016	2016/2017 Target	
	85.06%	83.50%	98.50%	
Comparison with 2015/2016	31.12.2015		% Collected 31.03.2016	
	83.02%		98.47%	

Previous Years Charges Outstanding in 2016/2017				The arrears outstanding at the end of December are below the target and we are optimistic that we can achieve the year end target.
Monitoring Period	Amount outstanding at 31.12.2016	Target 31.12.2016	2016/2017 Target	
	£656,962	£690,000	£590,000	
Comparison with 2015/2016	Amount outstanding at 31.12.2015		Amount outstanding at 31.03.2016	
	£953,069		£640,394	

Council Tax 2016/2017

Current Year Charges - 2016/2017				The collection rate for the end of December is above the target and we are optimistic that we can achieve the year end target.
Monitoring Period	% Collected at 31.12.2016	Target 31.12.2016	2016/2017 Target	
	85.97%	85.85%	98.18%	
Comparison with 2015/2016	As at 31.12.2015		% Collected 31.03.2016	
	85.85%		98.17%	

Previous Years Charges Outstanding in 2016/2017				The arrears outstanding at the end of December are slightly above the target level but we are optimistic that we can achieve the year end target. We are monitoring the position closely and working with council tax payers having difficulty in paying
Monitoring Period	Amount outstanding at 31.12.2016	Target 31.12.2016	2016/2017 Target	
	£1,348,236	£1,320,000	£1,190,000	
Comparison with 2015/2016	As at 31.12.2015		Amount o/s 31.03.2016	
	£1,348,041		£1,144,562	

			No. Outstanding Invoices	Value of Invoices in Payment Plans	Value of Invoices with Halted Recovery *	Value of Invoices with Legal	Value of Invoices awaiting Credit Notes **	Value of Invoices for Write Off ****	Customer Credits ***								
CostC	CostC (T)									Not Due	0-30	1-3 Mths	3-6 Mths	6 mth - 1 Yr	1 - 2 Yrs	2 Yrs+	Total
ADB103	Cheltenham Depot		14	£0.00	£0.00	£12,061.57	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£12.48	£0.00	£12,074.05
BAL100	General Fund Balance Sheet		47	£1,570.13	£0.00	£4,821.00	£0.00	£0.00	-£2,204.48	£0.00	£0.00	£0.00	£0.00	£360.00	£0.00	£0.00	£4,546.65
BUC001	Building Control - Fee Earning Work		2	£0.00	£1,560.00	£0.00	£0.00	£0.00	£0.00	£0.00	£1,044.00	£0.00	£0.00	£0.00	£0.00	£0.00	£2,604.00
CCM001	Cemetery, Crematorium and Churchyards		197	£0.00	£0.00	£20,458.00	£0.00	£0.00	-£143.00	£27,776.00	£65,304.00	£12,101.00	£2,679.00	£1,195.00	£3,031.00	£1,910.00	£134,311.00
COM101	Oakley Resource Centre		8	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£37,528.50	£9,000.00	£0.00	£0.00	£0.00	£0.00	£46,528.50
COR001	Corporate Management		1	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£21,464.72	£0.00	£0.00	£0.00	£0.00	£0.00	£21,464.72
CPK001	Car Parks - Off Street Operations		1	£40.89	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£40.89
CUL107	Art Gallery & Museum Operations		1	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£20,262.54	£0.00	£0.00	£0.00	£0.00	£20,262.54
DEV001	Development Control - Applications		2	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£7,500.00	£7,500.00	£0.00	£0.00	£0.00	£0.00	£0.00	£15,000.00
ENF101	Cheltenham Environmental Fund- Townscape		1	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£360.00	£0.00	£0.00	£360.00
FIE040	Income and Expenditure on Investment Properties and Changes in Their Fair Value		74	£23,640.71	£2,086.12	£2,741.97	£296.09	£0.00	£0.00	£6,559.32	£187,851.33	£2,278.33	£2,625.00	£308.33	£810.00	£260.00	£229,457.20
FRM101	Flood Risk Management		1	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£720.00	£0.00	£0.00	£0.00	£0.00	£720.00
GBD001	Community Welfare Grants		1	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£8,694.09	£0.00	£0.00	£0.00	£0.00	£0.00	£8,694.09
HOS004	Housing Standards		5	£0.00	£1,118.13	£945.30	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£2,063.43
OPS001	Parks & Gardens Operations		3	£853.33	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£853.33
OPS002	Sports & Open Spaces Operations		9	£972.40	£0.00	£469.74	£0.00	£0.00	£0.00	£0.00	£3,441.67	£0.00	£48.60	£0.00	£0.00	£0.00	£4,932.41
OPS004	Allotments		696	£0.00	£25.14	£0.00	£0.00	£168.58	£0.00	£40,623.68	£0.00	£84.37	£0.00	£0.00	£0.00	£0.00	£40,901.77
OPS101	Arle Road Nursery Operations		2	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£4,124.56	£0.00	£0.00	£0.00	£0.00	£4,124.56
PLP006	Trees		1	£0.00	£0.00	£744.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£744.00
PLP101	Joint Core Strategy		1	£0.00	£3,317.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£3,317.00
PLP102	Development Task Force		1	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£4,726.32	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£4,726.32
REC101	Recreation Centre Operations		2	£0.00	£181.30	£339.20	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£520.50
REG001	Environmental Health General		1	£3,895.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£3,895.00
REG002	Licensing		43	£0.00	£2,209.00	£0.00	£641.06	£0.00	£0.00	£2,584.83	£5,586.80	£7,568.90	£0.00	£0.00	£0.00	£0.00	£18,590.59
REG003	Animal Control		1	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£20.00	£0.00	£0.00	£0.00	£20.00
REG012	Air Quality		1	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£6,000.00	£0.00	£0.00	£6,000.00
REG018	Pest Control		2	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£5,983.20	£0.00	£0.00	£0.00	£0.00	£0.00	£5,983.20
RYC004	Recycling Centres		11	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£54,206.88	£3,037.72	£257.40	£0.00	£0.00	£0.00	£0.00	£57,502.00
RYC008	Bulking Facility		3	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£46,539.01	£0.00	£0.00	£0.00	£0.00	£0.00	£46,539.01
SPP002	Community Alarms		1013	£29,319.34	£247.38	£0.00	£283.36	£0.00	-£13.68	£156.45	£0.00	£0.00	£0.00	£28.76	£0.00	£0.00	£30,600.00
STC011	Abandoned Vehicles		7	£0.00	£0.00	£2,620.00	£0.00	£0.00	£0.00	£192.00	£2,401.66	£96.00	£0.00	£0.00	£0.00	£0.00	£5,115.66
TAC101	AGM Trading Account		2	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£7,556.24	£0.00	£0.00	£0.00	£0.00	£0.00	£7,556.24
TGI040	Capital Grants and Contributions Receivable		1	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£4,261.67	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£4,261.67
TRW001	Trade Waste		530	£72,131.43	£107.50	£761.28	£0.00	£0.00	-£3.25	£3,947.54	£59,775.88	£156.72	£1,051.70	£0.00	£0.00	£0.00	£137,500.00
General Fund Total			2685	£132,423.23	£10,851.57	£45,962.06	£1,220.51	£168.58	-£2,364.41	£152,534.69	£409,613.57	£110,745.07	£6,424.30	£8,252.09	£3,853.48	£2,170.00	£881,500.00
HRA100	Repairs and Maintenance		1012	£63,575.22	£56,381.58	£11,658.56	£20.01	£16,029.78	-£146.98	£4,450.66	£7,982.65	£17,230.68	£11,421.30	£15,952.46	£47,490.74	£53,573.98	£305,600.00
HRA110	Supervision and Management		1	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£461.61	£0.00	£0.00	£0.00	£461.61
HRA200	Dwelling Rents		1	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£3,628.90	£0.00	£0.00	£0.00	£0.00	£3,628.90
HRA210	Non-dwelling Rents		159	£6,547.06	£1,411.82	£190.00	£10.00	£0.00	£3,506.35	£31,514.82	£0.00	£10.00	£310.00	£1,227.43	£183.69	£44,911.17	£44,911.17
HRA221	Service Charges to Leaseholders		437	£78,115.37	£76,997.03	£16,610.85	£0.00	£0.00	-£242.20	£0.00	£70.11	£457.19	£25,913.82	£5,212.01	£39,906.58	£27,579.57	£270,620.33
HRA235	HRA Other Income		9	£0.00	£0.00	£0.00	£0.00	£20.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£160.00	£180.00
HRA Total			1619	£148,237.65	£134,790.43	£28,459.41	£30.01	£16,049.78	-£389.18	£7,957.01	£39,567.58	£21,316.77	£37,806.73	£21,474.47	£88,624.75	£81,497.24	£625,422.65
Grand Total			4304	£280,660.88	£145,642.00	£74,421.47	£1,250.52	£16,218.36	-£2,753.59	£160,491.70	£449,181.15	£132,061.84	£44,231.03	£29,726.56	£92,478.23	£83,667.24	£1,507,277.39
Previous month's position			3426	£241,938.87	£152,461.09	£79,471.28	£2,688.77	£5,874.18	-£1,668.50	£103,869.20	£211,012.74	£80,201.21	£26,386.16	£53,982.70	£80,107.27	£91,060.70	£1,127,385.67

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* Value of Invoices with Halted Recovery - invoices with issues to be resolved before payment / further recovery action e.g. service disputed, bounced direct debits, with bailiffs, etc.

** Value of Invoices Awaiting Credit Note - credit notes have to be authorised on Agresso, until they are authorised the invoices remain outstanding but a complaint code is used to mark them appropriately.

*** Customer Credits - accounts where customers have paid in advance of an invoice, or in error.

**** No write offs to date.

Costc	Costc(T)	Account	Account(T)	VIREMENT		Report Reference
				2016/17 Budget	Reason	
RYC006	Recycling Collection Schemes	R5005	TPP - Minor Contract Fees	50,000	Additional vehicle cost of recycling collection	
RYC004	Recycling Centres	R9241	Sale of glass	1,800)		
RYC004	Recycling Centres	R9242	Sale of paper	2,000)		
RYC004	Recycling Centres	R9243	Sale of Textiles	22,400)		
RYC004	Recycling Centres	R9244	Sale of cardboard	16,300)		
RYC004	Recycling Centres	R9245	Sale of cans	500)		
RYC004	Recycling Centres	R9246	Sale of other materials	42,100)		
RYC005	Bring Sites	R9241	Sale of glass	4,200)		
RYC005	Bring Sites	R9244	Sale of cardboard	12,200)		
RYC005	Bring Sites	R9245	Sale of cans	3,700)		
RYC005	Bring Sites	R9246	Sale of other materials	4,300)		
RYC006	Recycling Collection Schemes	R9241	Sale of glass	32,200)		
RYC006	Recycling Collection Schemes	R9242	Sale of paper	100,300)	£176,270 reduction in recycling income	
RYC006	Recycling Collection Schemes	R9244	Sale of cardboard	15,000)		
RYC006	Recycling Collection Schemes	R9245	Sale of cans	15,100)		
RYC006	Recycling Collection Schemes	R9246	Sale of other materials	11,100)		
RYC008	Bulking Facility	R9221	Sundry Income	364,000)		
RYC008	Bulking Facility	R9241	Sale of glass	-43,000)		
RYC008	Bulking Facility	R9243	Sale of Textiles	-22,400)		
RYC008	Bulking Facility	R9242	Sale of paper	-107,000)		
RYC008	Bulking Facility	R9244	Sale of cardboard	-200,086)		
RYC008	Bulking Facility	R9245	Sale of cans	-52,000)		
RYC008	Bulking Facility	R9246	Sale of other materials	-11,400)		
RYC008	Bulking Facility	R9246	Sale of other materials	-42,500)		
WST001	Household Waste	R9221	Sundry Income	7,456)		
RYC002	Green Waste	R9212	Garden Bins - Annual	-19,970	Additional garden waste income	
SUP010	Internal Audit	R4400	Services - Professional Fees	-20,000	contract savings	
SUP105	Corporate Fraud Unit	R4400	Services - Professional Fees	-30,000	contract savings	
COR001	Corporate Management	R9102	Contributions - Other Organisations	-45,300	ubico joining fee Stroud and GCC	
CPK001		R9352	Car parking income	-25,000	Additional car parking income	
BAL103	Capital Charges	B8110	GF balance - MRP for repayment of debt	-104,400	saving mrp 16/17	
various	council owned premises	R2101	Gas premises costs	-25,000	saving in gas utility costs	
TGI018	Non-domestic rates income and expenditur	R9080	Redistributed NNDR	-6,783	increase in NNDR income	
TGI020	Non-ringfenced Government Grants	R9009	S31 NDR compensation grant	-41,154	increase in NNDR Section 31 Income	
FIE030	Interest and Investment Income	R9501	Interest receivable on short term investments	-12,800	net additional interest receivable	
LTC002	Council Tax Support Administration	R9015	CT benefits admin subsidy	-14,900	additional DCLG new burdens funding grant	
SUP035	Insurances	R2800	Insurances - Premises	-24,800	saving on insurance contract	
TOU002	Tourist/Visitor Information Centre	R9209	Sales - Advertising	1,000)		
ESR001	Highways Agency Verges & Trees	R9209	Sales - Advertising	7,500)	£19,800 reduction in sponsorship income	
OPS002	Sports & Open Spaces Operations	R9209	Sales - Advertising	11,300)		
PLP102	Development Task Force	R9102	Contributions - Other Organisations	-2,500	increased contribution towards Cheltenham Development Task Force employee costs	
FIE040	Income and Expenditure on Investment Pro	R9404	Rents - Other Property	-800	Increase in Arle Nursery rental income	
DEV001	Development Control - Applications	R6280	Grants	3,000	Reinstate Civic Awards Budget grant	
SUP009	Accountancy	R4534	IT - Maint Agreements	1,600	increase in software maintenance costs	
SUP033	Central Purchasing	R4531	IT - Purchase of Software	2,600	E-procurement portal costs Y1 and Y2	
ADB101	Cheltenham Municipal Offices	R2300	Business Rates	2,400	BID Levy 16/17	
CPK001	Car Parks - Off Street Operations	R2300	Business Rates	1,000	BID Levy 16/17	
CPK001	Car Parks - Off Street Operations	R2300	Business Rates	4,900	BID Levy 16/19	
CSM001	Cultural - Service Management and Support	R1006	Salaries - Superannuation	-12,000	Saving in closed pension scheme costs	

Costc	Costc(T)	Account	Account(T)	VIREMENT		Report Reference
				2016/17 Budget	Reason	
HOM001	Homelessness	R1007	Salaries	1,500	Additional staffing costs	
SUP040	Built Environment	R1000	Salaries - Basic Pay	3,200	Additional staffing costs	
CCM001	Cemetery, Crematorium and Churchyards	R1000	Salaries - Basic Pay	7,500	Additional staffing costs	
CCM001	Cemetery, Crematorium and Churchyards	R1006	Salaries - Superannuation	900	Additional staffing costs	
Use of reserves						
CUL107	Art Gallery & Museum Operations	R4400	Professional fees	10,000	Contribution to TCT to fund cost of depot storage review re museum collection	
CSM001	Cultural - Service Management and Support	R5004	TPP - Major External Contractors	30,600	Contribution to TCT to fund decommissioning costs	
BAL104	Balances and Reserves	B8240	GF balance - Transfers to/from earmarked reserves	-40,600	Contribution to TCT funded by culture reserve	
HBA001	Housing Benefit Administration	R9014	New Burdens grant			
HBP001	Rent Allowances	R9013	Discretionary HB Grant	-110,000	housing benefit grant income received	
BAL104	Balances and Reserves	B8240	GF balance - Transfers to/from earmarked reserves	110,000	Contribution to HB Rent allowances reserve	
TGI018	Non-domestic rates income and expenditur	R9080	Redistributed NNDR	-47,937	net additional NNDR and section 31 grant income	
BAL104	Balances and Reserves	B8240	GF balance - Transfers to/from earmarked reserves	47,937	Contribution to Business Rates retention reserve	
PUT101	Royal Well Bus Node	R2004	R & M of Build Programmed	-59,600	Response maintainance costs covered by capital budget	
BAL104	Balances and Reserves	B8240	GF balance - Transfers to/from earmarked reserves	59,600	Contribution to Property R & R Reserve	
				-110,737		
BAL104	Balances and Reserves	B8240	GF balance - Transfers to/from earmarked reserves	110,737	Contribution to budget deficits (support) reserve	
				0		

Cheltenham Borough Council

Cabinet – 10 January 2017

Review of Hackney carriage Fares

Accountable member	Cabinet Member Development & Safety – Cllr Andrew McKinlay
Accountable officer	Director of Environment – Mike Redman
Ward(s) affected	All
Key Decision	No
Executive summary	<p>Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 permits the council to set fares for hackney carriage, or taxi, vehicles licensed by it.</p> <p>The council has adopted a fare formula which is used annually to calculate the running costs of a licensed hackney carriage vehicle.</p> <p>This report seeks permission to adjust the current maximum fares.</p>
Recommendations	<p>Cabinet is recommended to:</p> <ol style="list-style-type: none"> 1. Approve the proposed maximum fare increase for hackney carriages; and 2. Delegate authority to the Director of Environment to carry out the necessary advertising requirements to comply with section 65 of the Local Government (Miscellaneous Provisions) Act 1976; and 3. Subject to there being no substantive amendments being made following consultation, delegate authority to the Director of Environment to adopt the proposed fares.

Financial implications	<p>There are no financial implications for the Council in raising the hackney carriage fees. Approving the rate increase will make taxi journeys more expensive for consumers, but if the fares do not keep pace with the actual running costs of a hackney vehicle, then operators may be tempted to cut costs, or cease trading, leading to dangerous or insufficient provision of taxis.</p> <p>Contact officer: Myn Cotterill, Myn.Cotterill@cheltenham.gov.uk, 01242 774958</p>
Legal implications	<p>As detailed in the report.</p> <p>Contact officer: Vikki Fennell, Vikki.Fennell@tewkesbury.gov.uk, 01684 272015</p>
HR implications (including learning and organisational development)	<p>There are no direct HR implications identified in this report.</p> <p>Contact officer: Carmel Togher, Carmel.Togher@cheltenham.gov.uk, 01242 775215</p>

Key risks	As identified in Appendix 1
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1. Background

- 1.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 permits the council to set the maximum fares for hackney carriage vehicles licensed by it.
- 1.2 The council has adopted a hackney carriage fare formula which is used annually to calculate the running costs of a licensed hackney carriage vehicle. The formula calculates the difference in running costs between the previous year and the current year to produce a percentage increase or decrease which is applied to the maximum fare.
- 1.3 There has not been a fare increase since November 2013 due to the fact that the percentage increases in 2014 (0.45%) and 2015 (2.38%) were too small to be practically reflected. However, the cumulative percentage increase since the last fare adjustment in 2013 has resulted in a proposed 6% increase.
- 1.4 Appendix 2 sets out the calculations for the proposed fare increase. It will be noted that the percentage increase across the three rates varies slightly. This is due to the nature and complexity of the calculations required to reflect the proposed change on the fare card whilst at the same time keeping to round numbers.
- 1.5 This report is seeking Cabinet's approval of the fare increase as set out in Appendix 2.

2. Cheltenham Halcrow Formula

- 2.1 In 2010 the Licensing Committee approved a fare formula for calculating hackney carriage fares.
- 2.2 The formula's index is based on a set of assumptions which reflect the costs which will be incurred by a good owner-driver who spends whatever is necessary to operate and maintain his hackney carriage to a high standard.
- 2.3 The said index components are:
 - a) Vehicle Cost
 - b) Replacement Parts
 - c) Tyres
 - d) Service Labour
 - e) Fuel
 - f) Insurance
 - g) Miscellaneous
 - h) Average National Earnings
- 2.4 The above index developed for use in Cheltenham involves calculating the sum of two component parts, operating costs and average national earnings, in a formula as follows:

CHANGE Index = CHANGE Costs + CHANGE Earnings
- 2.5 The formula is designed to compare the index costs from the previous year with the costs for the current year, calculate the overall difference and produce a figure indicating either an increase or decrease in the overall costs.

3. Consultation

- 3.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 prescribes that the Council must consult if it proposes to set or vary hackney carriage fares.
- 3.2 It must do so by publishing a notice in a local newspaper setting out the variation and specifying a period and means of objecting. The specified period cannot be less than 14 days.

- 3.3** If no objections are made or any made are withdrawn, the proposed fares will take effect on the specified date. However, if objections are made and not withdrawn, the council must set a further date, not later than two months after the initial date, on which the proposed fares shall come into force with or without modifications as decided after consideration of any objections.

4. Alternative options considered

- 4.1** The council can decide not to increase hackney carriage fares as part of this review although this option is not considered desirable.
- 4.2** Due to the fact that the percentage increase reflects the costs which will be incurred by a good owner-driver who spends whatever is necessary to operate and maintain his hackney carriage, a failure not to increase the fares may result in Hackney carriages operating at a loss.

Report author	Contact officer: Louis Krog, louis.krog@cheltenham.gov.uk, 01242 77 5004
Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Calculations for the proposed fare increase
Background information	<ol style="list-style-type: none"> 1. Cheltenham Borough Council 2013 hackney carriage fares 2. Local Government (Miscellaneous Provisions) Act 1976

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 decides not to approve the recommended increase in fares, licence holders will be unable to recover their costs and earn a proper living, which could result in the council being legally challenged which could adversely affect the council's reputation.	Director of Environment	December 2016	2	3	6	Reduce	Approve fare increase in accordance with report recommendation		Louis Krog	
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											

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CURRENT TARIFF

<p>Name : TARIFF 1</p> <p>Date: 05/11/12</p> <p>Soiling charge: £50.00</p> <p>Wait: 36 (secs)</p> <p>Flag fall: £2.40 A</p> <p>Initial yardage: 176 B</p> <p>Unit thereafter: 176 C</p> <p>Price unit : 0.2</p> <p>Initial Waiting Time (secs): 36</p>	<p>Name : TARIFF 2</p> <p>Date: 05/11/12</p> <p>Soiling charge: £50.00</p> <p>Wait: 30</p> <p>Flag fall: £3.00</p> <p>Initial yardage: 176</p> <p>Unit thereafter: 176</p> <p>Price unit : 0.25</p> <p>Initial Waiting Time (secs):</p>
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Nov-16

<p>Name : TARIFF 1</p> <p>Soiling charge: £50.00</p> <p>Wait: 51 (secs)</p> <p>Flag fall: £2.60 A</p> <p>Initial yardage: 251 B</p> <p>Unit thereafter: 251 C</p> <p>Price unit : 0.3 D</p> <p>Initial Waiting Time (secs): 51</p>	<p>Name : TARIFF 2</p> <p>Soiling charge: £50.00</p> <p>Wait: 51</p> <p>Flag fall: £3.20</p> <p>Initial yardage: 201</p> <p>Unit thereafter: 201</p> <p>Price unit : 0.3</p> <p>Initial Waiting Time (secs):</p>
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Distance (miles)	TARIFF 1			TARIFF 2	
	Current	Proposed	% Change	Current	Proposed
Flag	£2.40	£2.60	8.33%	£3.00	£3.20
1	£4.20	£4.70	11.90%	£5.25	£5.60
2	£6.20	£6.80	9.68%	£7.75	£8.30
3	£8.20	£8.90	8.54%	£10.25	£11.00
4	£10.20	£11.00	7.84%	£12.75	£13.70
5	£12.20	£13.10	7.38%	£15.25	£16.10
6	£14.20	£15.20	7.04%	£17.75	£18.80
7	£16.20	£17.30	6.79%	£20.25	£21.50
8	£18.20	£19.40	6.59%	£22.75	£24.20
9	£20.20	£21.50	6.44%	£25.25	£26.60

10	£22.20	£23.60	6.31%	£27.75	£29.30
Average +/- %			7.89%		

	Name :	TARIFF 3
	Date:	05/11/12
(secs)	Soiling charge:	£50.00 36 (secs)
A	Flag fall:	£4.20 A
B	Initial yardage:	176 B
	Unit thereafter:	176 C
D	Price unit :	0.35
30	Initial Waiting Time (secs):	36

	Name :	TARIFF 3
(secs)	Soiling charge:	£50.00
	Wait:	51 (secs)
A	Flag fall:	£4.40 A
B	Initial yardage:	143 B
C	Unit thereafter:	143 C
D	Price unit :	0.3 D
51	Initial Waiting Time (secs):	51

TARIFF 3			
% Change	Current	Proposed	% Change
6.67%	£4.20	£4.40	4.76%
6.67%	£7.35	£8.00	8.84%
7.10%	£10.85	£11.60	6.91%
7.32%	£14.35	£15.20	5.92%
7.45%	£17.85	£19.10	7.00%
5.57%	£21.35	£22.70	6.32%
5.92%	£24.85	£26.30	5.84%
6.17%	£28.35	£30.20	6.53%
6.37%	£31.85	£33.80	6.12%
5.35%	£35.35	£37.40	5.80%

5.59%	£38.85	£41.30	6.31%
6.38%			6.40%

CHELTENHAM

CURRENT TARIFF

Name : TARIFF 1 Date: 05/11/12 Soiling charge: £50.00 Wait: 36 (secs) Flag fall: £2.40 A Initial yardage: 176 B Unit thereafter: 176 C Price unit : 0.2 Initial Waiting Time (secs): 36	Name : TARIFF 2 Date: 05/11/12 Soiling charge: £50.00 Wait: 30 (secs) Flag fall: £3.00 A Initial yardage: 176 B Unit thereafter: 176 Price unit : 0.25 D Initial Waiting Time (secs): 30	Name : TARIFF 3 Date: 05/11/12 Soiling charge: £50.00 Wait: 36 (secs) Flag fall: £4.20 A Initial yardage: 176 B Unit thereafter: 176 C Price unit : 0.35 Initial Waiting Time (secs): 36
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Proposed - February 2017

Name : TARIFF 1* Soiling charge: £50.00 Wait: 51 (secs) Flag fall: £2.60 A Initial yardage: 251 B Unit thereafter: 251 C Price unit : 0.3 D Initial Waiting Time (secs): 51	Name : TARIFF 2** Soiling charge: £50.00 Wait: 51 (secs) Flag fall: £3.20 A Initial yardage: 201 B Unit thereafter: 201 C Price unit : 0.3 D Initial Waiting Time (secs): 51	Name : TARIFF 3*** Soiling charge: £50.00 Wait: 51 (secs) Flag fall: £4.40 A Initial yardage: 143 B Unit thereafter: 143 C Price unit : 0.3 D Initial Waiting Time (secs): 51
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Distance (miles)	TARIFF 1			TARIFF 2			TARIFF 3		
	Current	Proposed	% Change	Current	Proposed	% Change	Current	Proposed	% Change
Flag	£2.40	£2.60	8.33%	£3.00	£3.20	6.67%	£4.20	£4.40	4.76%
1	£4.20	£4.70	11.90%	£5.25	£5.60	6.67%	£7.35	£8.00	8.84%
2	£6.20	£6.80	9.68%	£7.75	£8.30	7.10%	£10.85	£11.60	6.91%
3	£8.20	£8.90	8.54%	£10.25	£11.00	7.32%	£14.35	£15.20	5.92%
4	£10.20	£11.00	7.84%	£12.75	£13.70	7.45%	£17.85	£19.10	7.00%
5	£12.20	£13.10	7.38%	£15.25	£16.10	5.57%	£21.35	£22.70	6.32%
6	£14.20	£15.20	7.04%	£17.75	£18.80	5.92%	£24.85	£26.30	5.84%
7	£16.20	£17.30	6.79%	£20.25	£21.50	6.17%	£28.35	£30.20	6.53%
8	£18.20	£19.40	6.59%	£22.75	£24.20	6.37%	£31.85	£33.80	6.12%
9	£20.20	£21.50	6.44%	£25.25	£26.60	5.35%	£35.35	£37.40	5.80%
10	£22.20	£23.60	6.31%	£27.75	£29.30	5.59%	£38.85	£41.30	6.31%
	Average +/- %		7.89%			6.38%			6.40%

* Tariff 1: Mon – Sat, 7am to 8pm

** Tariff 2: Mon – Sat, 8pm – 7am and all day Sunday and all day public holidays and 6pm – 11pm on both Christmas Eve and New Year's Eve

*** Tariff 3: From 11pm on Christmas Eve until 7am on 27th December and from 11pm on New Year's Eve until 7am on 2nd January

