



CHELTENHAM

BOROUGH COUNCIL

Notice of a meeting of Cabinet

**Tuesday, 11 September 2018
4.30 pm**

Municipal Offices, Promenade, Cheltenham, GL50 9SA

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

Agenda

SECTION 1 : PROCEDURAL MATTERS		
1.	APOLOGIES Cabinet Member Housing, Councillor Peter Jeffries	
2.	DECLARATIONS OF INTEREST	
3.	MINUTES OF THE LAST MEETING Minutes of the meeting held on 10 July 2018	(Pages 3 - 12)
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.	DISCRETIONARY BUSINESS RATE RELIEFS Report of the Cabinet Member Finance	(Pages 13 - 18)

6.		HOUSING INVESTMENT PLAN Report of the Cabinet Member Housing	(Pages 19 - 32)
7.		PROPERTY LEASEHOLD DISPOSAL - PART OF THE MARY GODWIN UNDER FIVES PAVILION, WYMAN'S LANE, CHELTENHAM Report of the Cabinet Member Finance (the meeting will need to go into exempt session if Members wish to discuss the exempt appendices)	(Pages 33 - 42)
		SECTION 6 : BRIEFING SESSION • Leader and Cabinet Members	
8.		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	
9.		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 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"	
10.		EXEMPT MINUTES Exempt minutes of the meeting held on 10 July 2018	(Pages 43 - 44)

Contact Officer: Rosalind Reeves, Democratic Services Manager, 01242 774937
Email: democratic.services@cheltenham.gov.uk

Cabinet

**Tuesday, 10th July, 2018
6.00 - 7.05 pm**

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

Minutes

1. **APOLOGIES**
Councillor Flo Clucas

2. **DECLARATIONS OF INTEREST**
There were no declarations of interest.

3. **MINUTES OF THE LAST MEETING**
The minutes of the meeting held on 12 June were approved and signed as a correct record.

4. **PUBLIC AND MEMBER QUESTIONS AND PETITIONS**
None.

5. **HOUSING AND HOMELESSNESS STRATEGY**
The Cabinet Member Housing introduced the report which set out how the council intended to meet the housing needs of the communities within Cheltenham over the next five years. The vision was to increase the availability, quality, suitability and affordability of accommodation, and to create communities that were safer, stronger and healthier. It focused on homelessness which was not a particular problem in the town but it acknowledged that people came into the borough and there were measures that could be put in place to address this.
The action plan was ongoing and at September Cabinet a report would be brought on housing investment- a cabinet working group monitored this. He explained that councillors elected in May 2018 had inputted into the conversation around the strategy which was comprehensive and broad ranging and included both what was currently undertaken and aspirations for the future. It was a manifesto commitment to invest in housing in the town. Primary focus was young people and families, particularly those in private rented accommodation to ensure the security and quality of accommodation was adequate.

Finally the Leader stated that this strategy was massively significant for the town and the council was committed to making it work. He wished to thank all those who had been involved in producing the strategy. Affordability remained a big issue nationally and this was a key part of getting something to work for Cheltenham.

RESOLVED THAT

The Housing & Homelessness Strategy 2018-23 be adopted.

6. FOOD SAFETY SERVICE PLAN

The Cabinet Member Development and Safety introduced the report and explained that the council was required to produce a Food Safety Service Plan under the Framework Agreement with the Food Standards Agency. Local Authorities were required to consider and approve the Plan to help ensure local transparency and accountability.

The Food Safety Service Plan was the Council's expression of commitment to the delivery of an improving cost effective and efficient regulatory food service. It was an annual operational plan, giving details of how Cheltenham was going to execute its statutory food safety functions within the Public Protection service.

The Cabinet Member reported that it had been a successful year and there was sufficient resource in place to deliver the plan. He then highlighted the following:

- As at 31 March 97% of rated food businesses in Cheltenham were broadly compliant
- 847/876 food businesses in the town were rated 3 or higher for food which represented a 7 % increase on last year
- The overall intervention rate of 92.7 % interventions against the authority's self-set target of 100% was a significant achievement

This therefore reflected a successful year in terms of oversight and complied with all the necessary standards.

RESOLVED THAT

The food safety service plan for 2018-19 be approved.

7. AWARD OF A RENT SUPPORT GRANT TO A CHELTENHAM VOLUNTARY AND COMMUNITY SECTOR ORGANISATION

The Cabinet Member Finance introduced the report and explained that the council enabled voluntary and community sector to rent its properties through offering a rent support grant scheme. Applications were scored against four criteria with the amount of subsidy awarded being proportionate to the degree to which the applicant met the criteria.

Applications for rent support grants had been received from Hesters Way Neighbourhood Project for two properties, one for the Neighbourhood Charity Shop in Hesters Way Road and The Living in Devon Avenue as shown in appendix 2 & 3.

RESOLVED THAT

1. the following rent support grants be approved :

Applicant	Recommended rent support grant
Hesters Way Neighbourhood Project Neighbourhood Charity Shop 16-18 Hesters Way Road	A rent support grant of 36% of current market rent totalling £2,160 per annum.
Hesters Way Neighbourhood Project The Living Room Rowanfield Exchange	A rent support grant of 62% of the current market rent totalling £2,790

2. the Strategy and Engagement Manager be authorised to enter into rent support grant agreements with the applicants.

8. **FINANCIAL OUTTURN 2017/18 AND BUDGET MONITORING TO JUNE 2018**
The Cabinet Member Finance introduced the report which highlighted the Council's financial performance for the previous year which set out the General Fund and Housing Revenue Account (HRA) revenue and capital outturn position for 2017/18. The information contained within the report had been used to prepare the Council's Statement of Accounts for 2017/18.

She explained that 2017/18 had been another challenging year for balancing the books due to continued Government funding arrangements and changes, together with the economic climate, which presented ongoing concern for the council's budgets.

She highlighted the following :

- An underspend of £403k had been achieved due to the hard work and sound financial management by officers and partners via savings, reducing costs and generating income where possible. This would be transferred to the budget strategy support reserve pending decisions for its use in 2018/19 and future years.
- **Waste and Recycling-exceptional, one-off expenditure had been incurred due to the implementation of the new regime**
- **Cemetery and Crematorium-there had been a loss of income due to problems with the current facility but the new build remained on track and within budget**
- **There had been an increase in returns from investments**
- **There was a proposal to support the Christmas lights with match funding from the Business Improvement District**
- One carry forward request supported by Cabinet and for Council approval was £7k to allow for identity cards and software to be

integrated in the new sound system.

The Cabinet Member Housing wished to refer Members to section 12 of the report and the reduction in bad debt requirement due to the late roll out of universal credit. He highlighted that this would still be needed.

The Leader reiterated the thanks to officers and welcomed the contribution of the BID to host a Christmas lights switch on event.

RESOLVED THAT

Council be recommended to

1. Receive the financial outturn performance position for the General Fund, summarised at Appendix 2, and note that services have been delivered within the revised budget for 2017/18 resulting in a saving (after carry forward requests) of £403,179.
2. Approve £7,000 of carry forward requests (requiring member approval) at Appendix 5.
3. Approve the use of the budget saving of £403,179 as detailed in Section 3.
4. Approve a further allocation of £15k towards Contactless Donation Points, funded via a contribution from the Homelessness earmarked reserve, as detailed in para 8.2.
5. Approve a 2018/19 contract fee adjustment of £200,000 to Ubico Ltd, funded from General Balances, as detailed in para 13.5.
6. Note the annual treasury management report at Appendix 7 and approve the actual 2017/18 prudential and treasury indicators.
7. Note the capital programme outturn position as detailed in Appendix 8 and approve the carry forward of unspent budgets into 2018/19 (section 7).
8. Note the position in respect of Section 106 agreements and partnership funding agreements at Appendix 9 (section 9).
9. Note the outturn position in respect of collection rates for council tax and non-domestic rates for 2017/18 in Appendix 10 (section 10).
10. Notes the outturn position in respect of collection rates for sundry debts for 2017/18 in Appendix 11 (section 11).
11. Receive the financial outturn performance position for the Housing Revenue Account for 2017/18 in Appendices 12 to 13 and approves the carry forward of unspent budgets into 2018/19 (section 12).
12. Note the budget monitoring position to the end of June 2018 (section 13).

9. REVIEW OF THE COUNCIL'S PERFORMANCE AT END OF 2017-18

The Leader introduced the report which summarised how the council performed in regard to the published milestones as set out in the 2017-18 action plan agreed by Council on 27 March 2017.

He highlighted that there was one red milestone which related to the council working with the County Council to develop a sustainable approach to managing highway matters in Cheltenham. He explained that the County had been consulting with all districts in view of the current contract with Amey ending in April 2019. He recognised the positive work the County had undertaken in terms of work on the High Street and Boots Corner and wished that more of this successful collaboration could be undertaken.

The Leader then highlighted that milestones on amber were principally complex projects which were running to tight timescales e.g. paving on the High Street, Community Infrastructure Levy, West Cheltenham.

He informed Cabinet that the report had been submitted to Overview and Scrutiny and issues raised there had been logged in the report.

RESOLVED THAT

The review of performance in 2017-18 be noted.

10. APPROPRIATION OF LAND AT MONKSCROFT VILLAS FROM 'OPEN SPACE' TO HOUSING (AUTHORITY FOR THE APPROPRIATION OF OPEN SPACE)

The Cabinet Member Finance introduced the report which sought a Cabinet decision on incorporating land currently considered General Fund Open Space and to appropriate this to HRA Housing in order to form part of a wider plot area for development. She explained that the site had an access road off Princess Elizabeth Way. The land was held as open space and was not accessed by the public. The appropriation would create additionality when linked to the adjacent Monkscroft site in order to provide new homes for social tenants. She reported that two objections had been received in response to the advertisement of the appropriation but these were not relevant.

RESOLVED THAT

The Head of Property, in consultation with the Cabinet Member Finance and the Borough Solicitor, be authorised to appropriate the site from open space to housing in order to provide additionality when linked with the adjacent Monkscroft villas site in order to provide much needed social housing in Hesters Way Ward.

11. NOMINATIONS TO OUTSIDE BODIES

The Chief Executive introduced the report and explained that following each Selection Council, and at other times when vacancies arose, the Leader/Cabinet took the opportunity to nominate and, in limited cases, appoint persons to various roles within bodies external to the Council. Also the opportunity was taken to nominate persons to other bodies such as Joint Committee and other bodies/groups.

She added that a nomination/appointment to an outside body was referred to Council for determination where consensus on that nomination/appointment could not be achieved between the political Group Leaders.

The Leader highlighted the broad cross party input in to the process. He wished to put on record his thanks to David Lawrence for his contribution on behalf of the council as company director at Gloucestershire Airport.

He added that there was a lack of clarity with regard to the nature of the Hesters Way nominations and this would be resolved at Council.

In terms of the Pates Grammar School Foundation Trust he informed Members that Lloyd Surgenor would be reappointed but he had been asked to defer the second appointment as the Trust would like the council to also consider its nominee.

The Leader explained that the South West Audit Partnership had not been included in this list of nominations but there were two council appointments. Firstly, one at company level which was the Executive Director Finance and Resources and secondly a Member role. In respect of the latter he wished to see the Chair of Audit Committee be appointed to this role.

RESOLVED THAT

- 1. Cabinet make nominations/appointments to the outside bodies as set out in Appendix in accordance with the following principles:**
 - **All nominations are made on the basis that the nominee/appointee is a representative of Cheltenham Borough Council insofar as that is compatible with any overriding legal duty to the outside body;**
 - **Cabinet/the Leader reserves the right at any time to withdraw/terminate a nomination/appointment which it has made; and**
 - **a nomination/appointment to an outside body is referred to Council for determination where consensus on that nomination/appointment cannot be achieved between the political Group Leaders**
- 2. Cabinet makes appointments to joint committees as set out in Appendix 2B; and**
- 3. Cabinet notes the Cabinet Member responsibilities for the bodies/groups listed in Appendix 2C.**
- 4. The nominations/appointments Cleeve Common Trust and Friends of Leckhampton Hill be referred to Council for determination as consensus cannot be achieved between all the political groups on the council.**

12. ARLE NURSERY STRATEGIC REVIEW

The Cabinet Member Finance introduced the report which considered the business case for retaining Arle Nursery site, selling it or developing it to be a fully-fledged garden centre for the public. Each option assessed the community, economic, environmental, legal, HR and technological implications. A detailed financial assessment of each option was also provided. The recommendation supported the delivery of additional affordable housing units which was a priority for the Cabinet.

Thanks were given to Mark Sheldon and Emma Morgan for their work on this project.

The Leader added that discussions on the site had taken place over some time and a mixed public realm planting scheme had been agreed in December 2017. The decision to dispose of the nursery was a logical one and opening up the possibility for housing was vital for the town.

RESOLVED THAT

1. Option 2 be approved i.e. dispose of Arle Nursery site, and procure the plants for our public realm planting externally; and
2. the Head of Property and Asset Management, in consultation with the Cabinet Member Finance, be authorised to determine the most appropriate means of disposing of the property (in one or more parts) in order to obtain best consideration, and to enter into such negotiations as he considers necessary to achieve that outcome
3. the Executive Director, Finance and Assets, in consultation with the Cabinet Member Finance, be authorised to accept an offer (or offers, if sold in more than one part) for the purchase of the property (in one or more parts) which in his reasonable opinion (following receipt of supporting professional advice) represents the best consideration that can reasonably be obtained for the site overall;
4. the Borough Solicitor be authorised to conclude such documents as she considers reasonably necessary or advisable to reflect the terms agreed under paragraph 3 above

13. BRIEFING FROM CABINET MEMBERS

The Cabinet Member Development and Safety referred to the health and safety briefing note included in the agenda pack. He explained that a formal report was presented to Cabinet every 3 years. To note was the fact that commercial services were now offered, demand for which was on the increase.

The Cabinet Member Clean and Green Environment referred to the County Council's incinerator project and explained that prior to the construction of the incinerator discussions had taken place on how waste would be transported to the site. The Joint Waste Team had advised that a waste transfer station would be provided and therefore waste collection vehicles would not be required to

travel to junction 12 of the M5. The consistent advice received was key to the service redesign of the waste and recycling service in Cheltenham and vehicle procurement as vehicles were purchased on the basis that they would not leave the borough. The County Council cabinet were now however discussing a plan for direct delivery of waste. He expressed his anger at the suggestion that CBC would bear the cost of this particularly given the inaccurate advice it had received. He therefore sought legal advice which allowed him to move the following motion at the Joint Waste Committee meeting on 19 June :

“Having received the report from the Joint Waste Team the Joint Waste Committee agree that the direct delivery of waste from Tewkesbury Borough and Cheltenham Borough Councils to Javelin Park is not a viable option either financially, practically or environmentally.

We recommend that Gloucestershire County Council ensure that all districts have appropriate waste transfer arrangements in place for each district in advance of the hot commissioning of Javelin Park.”

He informed that all other voting districts favoured the motion and he urged the County council to abandon their plan for direct delivery. In addition he explained that a review of the operation of household recycling centres was underway from which the Joint Waste committee had excluded the Swindon Road site. The plan was to limit the operating times of their sites which would have a direct impact on the cost of running the operation at the Depot due to additional trade.

The Cabinet Member Clean and Green Environment explained that the new build at the Cemetery and Crematorium was on time and on budget and he wished to put on record his thanks to officers and all those involved in the project.

The Cabinet Member Development and Safety referred to the closure of Boots Corner on 28 June. Amey staff had been on site initially but drivers were ignoring the TRO and driving through albeit in a reducing number. Discussions had taken place with the County council on how to address this and formal proposals to improve signage and bringing forward warning letters and fines would be forthcoming. Concern had been expressed on social media that the public were not heeding the advice. On a positive note there appeared to be very little adverse impact on major routes of the displacement of traffic. It was early days but it was a promising start.

On behalf of the Cabinet Member Healthy Lifestyles the Cabinet Member Finance updated Members on the progress of the Town Hall development as since council allocated £2.2 million much consultation and work had taken place. There were now five options - concepts which required further consideration. The Cabinet Member wished to put on record her thanks to everyone involved.

14. CABINET MEMBER DECISIONS TAKEN SINCE THE LAST MEETING OF CABINET

Leader	Ubico Business Plan 2018-
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	2019
Cabinet Member Healthy Lifestyles	Wilson Opening Hours

**15. 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)

16. PROPERTY ACQUISITION

The Cabinet Member Finance introduced the report and explained the background to the proposals. Members considered the proposal and

RESOLVED THAT

The recommendations be approved.

Chairman

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Cheltenham Borough Council Cabinet – 11 September 2018 Discretionary Business Rate Reliefs

Accountable member	Councillor Rowena Hay, Cabinet Member Finance
Accountable officer	Jayne Gilpin, Head of Revenues and Benefits
Ward(s) affected	All
Key/Significant Decision	Yes
Executive summary	<p>At the Spring Budget 2017, the Government announced relief schemes to help business ratepayers facing large increases in bills as a result of the 2017 revaluation of business premises. A fund of £271,000 was made available to the Council in 2017/18 to design its own Local Revaluation Support Scheme for businesses most affected by increased rates bills.</p> <p>Approval is being sought for the Executive Director Finance and Assets, in consultation with the Cabinet Member for Finance, to determine a revised percentage to be applied in respect of 2017/18 rate liabilities so that the unspent balance of £35,000 can be allocated to businesses.</p>
Recommendations	<p>Cabinet is recommended to</p> <ol style="list-style-type: none"> 1. Authorise the Executive Director Finance and Assets, in consultation with the Cabinet Member for Finance, to determine a revised percentage relief level for the Local Revaluation Support in 2017/18 as detailed in section 2.4 of this report.

Financial implications	<p>The Government allocated a specific sum of money to billing authorities for each of the four years 2017/18 to 2020/21 to fund a locally designed relief scheme as set out in para 1.4. The Government initially advised that any unspent funds would have to be returned at the end of each financial year but has now advised that they can be spent up to 30 September in the following year. The council therefore has until 30th September 2018 to utilise the 2017/18 fund and make final awards, as detailed in section 2 to this report.</p> <p>Contact officer: Sarah Didcote</p> <p>sarah.didcote@cheltenham.gov.uk, 01242 264125</p>
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Legal implications	<p>There are no specific legal implications arising from the report recommendation. The general legal context remains as referenced in the February 2018 Cabinet report.</p> <p>Contact officer: peter.lewis@teWKesbury.gov.uk, 01684272012</p>
HR implications (including learning and organisational development)	<p>There are none associated with this report</p> <p>Contact officer: @cheltenham.gov.uk, 01242</p>
Key risks	See appendix 1
Corporate and community plan Implications	None
Environmental and climate change implications	None
Property/Asset Implications	<p>There is nothing in this report which impacts on Council properties</p> <p>Contact officer:</p>

1. Background

- 1.1 In the 2017 spring budget the Government announced three new relief schemes to support businesses facing the steepest increases in their business rates bills as a result of the revaluation of business premises from April 2017.
- 1.2 As these reliefs are a temporary measure, the government is not changing business rates legislation; it expects billing authorities to use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 to grant relief.
- 1.3 The Government has allocated a specific sum of money to billing authorities for each of the four years 2017/18 to 2020/21 to fund a locally designed relief scheme. This Council has been allocated the following amounts:

Amount of discretionary fund awarded (£000s)			
2017-18	2018-19	2019-20	2020-21
271	132	54	8

- 1.4 The Council can set its own qualifying conditions and the amount of relief to be awarded to local businesses, provided there has been an increase in the amount of business rates payable due to the revaluation.

2. Local Revaluation Support 2017/18

- 2.1 The Local Revaluation Support Scheme for 2017/18 was approved by Cabinet on 12th September 2017 and an amendment to increase the percentage awarded was approved by Cabinet on 13th February 2018.
- 2.2 The funding available for 2017/18 is £271,000. The relief level was originally set at 50% of the increase in rates payable in 2017/18 compared to 2016/2017. As only £140,000 had been spent, the relief level was increased from 50% to 85% of the increase, in February 2018. This resulted in the total amount awarded being increased to £236,000 and supported over 300 local businesses. This left a balance of £35,000 to allow for further applications being received.
- 2.3 Several press enquiries have recently been made to the Council and the Ministry for Housing Communities and Local Government (MHCLG) regarding the allocation of any unspent 2017/18 funding. When the funds were originally allocated Councils were advised that any underspend during 2017/18 would have to be returned however MHCLG have confirmed that the Council now has until 30th September 2018 to utilise the 2017/18 fund and make final awards.
- 2.4 To enable the total relief awarded to businesses in 2017/18 to be as close as possible to the £271,000 provided by Government, taking into account fluctuations in awards due to Rateable Value changes between now and 30th September 2018, authority is being sought for the Executive Director Finance and Assets in consultation with the Cabinet Member for Finance, to determine the revised percentage to be applied for 2017/18.

2.5 Once determined, revised bills will be issued to businesses to reflect the increased relief for 2017/18 which must be awarded by 30th September 2018.

2.6 This scheme will apply to 2017/18 business rate bills only.

3. Local Revaluation Support 2018/19

3.1 Local Revaluation Support Relief will continue to be available in 2018/19 and the funding available is £132,000. Awards will continue to be made in accordance with Cabinet approval on 13th February 2018.

4. Alternative options considered

4.1 Funding is available for designing and implementing a local business rate relief scheme to businesses hardest hit by the impact of revaluation described in this report. If the policy is not approved and implemented the funding must be returned to the Government.

5. Consultation and feedback

5.1 Gloucestershire County Council as a precepting authority receiving funding via the business rates retention system were consulted on the design of the scheme.

6. Performance management – monitoring and review

6.1 A review will be undertaken later this year with further modelling to design a revised scheme for future years based on the Government funding available.

Report author	Contact officer: Jayne Gilpin, Head of Revenues and Benefits Jayne.gilpin@cheltenham.gov.uk, 01242 264323
Appendices	1. Risk Assessment
Background information	1. Section 47 Local Government Finance Act 1988, as amended by clause 69 of The Localism Act 2011 2. MHCLG Business Rates information letter 4/2017 containing guidance in pubs and supporting small businesses relief. www.gov.uk/government/uploads/system/uploads/attachment_data/file/620750/BRIL_4-2017_Spring_Budget_update.pdf

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	
1	If the policy is not approved the funding will have to be returned to the government and local businesses will suffer	ED Fin and Assets	28/08/2018	2	1	2	Accept	Cabinet Approves the report recommendations		Head of Rev and Bens		
2	If more local revaluation support is awarded than the funding received from Government the council will be required to cover the cost	ED Fin and Assets	28/08/2018	2	3	6	Accept and Monitor	The amount of relief available to businesses does not allocate all of the funding. Monitoring will be undertaken monthly		Jayne Gilpin		
<p>Explanatory notes</p> <p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>												

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Cheltenham Borough Council
Cabinet – 11 September 2018
Council – 15 October 2018
Housing Investment Plan

Accountable member	Peter Jeffries – Deputy Leader & Cabinet Member for Housing
Accountable officer	Tim Atkins – Managing Director Place & Growth
Ward(s) affected	All
Key / Significant Decision	Yes
Executive summary	<p>The delivery of high quality housing for all sectors of the community continues to be a significant challenge to most parts of the UK. Delivery of new homes and in particular affordable homes continue to be well below the level of need. The growth of the economy relies heavily on a diverse and healthy housing market.</p> <p>In March 2018 the Council approved the Place Strategy for Cheltenham, which identifies business growth and housing delivery as priorities. In particular, it sets out aspirations to increase the number of affordable, accessible, safe and secure housing, and to build strong, healthy and inclusive communities. These aspirations are echoed in the Council’s Housing & Homelessness Strategy, which was approved by Cabinet in July 2018.</p> <p>The proposals detailed within this report set out what the Council plans to do in order to bring about the required step change in the delivery of housing. If approved, these proposals will provide a range of benefits to Cheltenham, not least an increase in the provision of affordable homes and the delivery of private rented homes to be let on a long-term basis, thereby providing more households with greater security of tenure. A full list of benefits are detailed within Section 3 of this report.</p>
Recommendations	<p>That Cabinet agrees and recommends Council to:</p> <p>a) approve a grant of £300,000 to Cheltenham Borough Homes Limited (‘CBH’) to enable it to fund the costs set out in section 3.2 of the report to support the development of this initiative.</p> <p>b) subject to tax and treasury management advice being provided to the satisfaction of the Executive Director Finance and Assets (Section 151 officer), to approve the council entering into an appropriate credit / loan agreement with CBH for up to £100 million to finance the capital costs of delivery of the new housing by CBH.</p> <p>c) delegate authority to the Executive Director Finance and Assets to, in consultation with the Borough Solicitor and Cabinet Member Housing, agree the use of commuted sums paid to the council in lieu of affordable housing to enable the provision of ‘additionality’ as detailed in section 2.5 of the report.</p> <p>d) approve the council sourcing loan finance of up to £100 million to be used for onward lending to CBH to finance the capital costs of it delivering the housing as set out in this report.</p> <p>That Cabinet agrees to:</p>

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- 1) delegate authority to the Executive Director Finance and Assets to, in consultation with the Managing Director Place and Growth and Cabinet Member Housing and Cabinet Member Finance, sign off viability assessments received from CBH
- 2) delegate authority to the Executive Director Finance and Assets to, in consultation with the Cabinet Member Housing and Cabinet Member Finance, approve the drawdown of funds by CBH
- 3) delegate authority to the Executive Director Finance and Assets to, in consultation with the Managing Director Place and Growth and Cabinet Member Housing and the Borough Solicitor, prepare and conclude the required agreements between the council and CBH.

Financial implications	As contained in the report and appendices. Contact officer: Paul Jones. E-mail: paul.jones@cheltenham.gov.uk Tel no: 01242 775154
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<p>Legal implications</p>	<p>The Authority is permitted under Section 24 of the Local Government Act 1988 and a general consent issued by the Secretary of State, to provide CBH with financial assistance for the purposes of, or in connection with, the acquisition, construction, conversion, rehabilitation, improvement, maintenance or management (whether by that person or another) of any property which is or is intended to be, privately let as housing accommodation.</p> <p>Privately let accommodation is defined as any accommodation occupied as housing accommodation in pursuance of a lease, licence or statutory tenancy where the immediate landlord is a person other than a local authority.</p> <p>Section 1 of the Local Government Act 2003 (2003 Act) gives the Authority the power to borrow for any of its functions and for the prudent management of its financial affairs. The 'general power of competence' under Section 1 of the Localism Act 2011 is a function for this purpose. The 2003 Act only permits a local authority to borrow for capital expenditure and not revenue expenditure. Therefore, the Authority can only borrow to on-lend to CBH to fund capital expenditure.</p> <p>To avoid the giving of unlawful state aid, the financial assistance to CBH in relation to the proposals for private rented properties can only be provided on market terms.</p> <p>Financial assistance to be used by CBH for affordable, social and intermediate housing can be given by the Authority on preferential terms due to a decision by the European Commission that permits state aid in respect of "services of general economic interest" (the SGEI decision). Social housing falls within the description of a SGEI service and there is no limit on the amount of aid that can be given. There needs to be a specific "entrustment" of the SGEI service in an agreement which needs to contain a number of matters specified by the SGEI Decision. External legal advice has been obtained which advises that the Authority and CBH enter into a Deed of Entrustment which covers the requirements of the SGEI Decision.</p> <p>The Authority and CBH will need to enter into additional agreements to document the terms of the financial assistance. CBC is advised to seek security for repayment of the loan by obtaining a fixed first legal charge on the properties provided together with additional security over non-fixed assets such as rental income.</p> <p>CBH is considered to be a 'teckal' company and Regulation 12 of the Public Contracts Regulations 2015 allow for contracts to be awarded to teckal companies without a procurement process provided that the conditions set out in that Regulation are fulfilled. One condition is that more than 80% of the activities of the company are carried out in performance of tasks entrusted to it by the "controlling" authority. External legal advice has confirmed that it is highly likely that 80% or more of CBH's turnover would be in relation to its ALMO agreements with the Council and there is also a credible argument that the new housing could count towards the 80% threshold and that the Deed of Entrustment referred to above, can document that entrustment.</p> <p>The report refers to the potential for the Authority transferring land to CBH for the purposes of developing housing. When potential sites have been identified, advice should be sought from One Legal at an early stage. Advice will be required on the relevant powers to transfer the land (which will depend upon whether the land is held in the HRA or general fund, whether the housing to be provided will be provided at affordable or market rents, and the proposed terms of the transfer). The council's title will also need to be investigated to check for any issues that may affect the proposed use.</p> <p>As stated above, there are currently clear powers to provide funding to CBH for the purposes of acquiring or constructing housing for rent under the provisions of Sections 24 and 25 of the Local Government Act 1988. While the Government's position has been to discourage local authorities setting up housing companies to avoid the HRA debt cap or avoid the right to buy, specialist external legal advice has confirmed that the Authority has clear reasons for taking the actions described in this Cabinet Report which do not relate to these issues (see sections 2, 3, 4 and</p>
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<p>Legal Implications Continued</p>	<p>Appendix 1). This external advice has confirmed that while the Government's view has not been put on a statutory footing, a local authority should never act with the purpose of frustrating a statutory right, such as the right to buy.</p> <p>The report refers to the use of commuted sums received from planning obligations secured under "S106 agreements". The relevant S106 Agreement will need to be reviewed to determine how the contributions may be used.</p> <p>Contact Officer: Donna Ruck donna.ruck@teWKesbury.gov.uk</p> <p>Tel no: 01684 272696</p>
<p>HR implications (including learning and organisational development)</p>	<p>At this stage of the proposed strategy there are no direct HR implications. However as the programme progresses further advice and guidance should be sought from the HR manager / advisor.</p> <p>E-mail: julie.mccarthy@cheltenham.gov.uk</p> <p>Tel no: 01242 264355</p>
<p>Key risks</p>	<p>As detailed at Appendix 1 of this report. Further risks will be captured accordingly as they emerge during the development and implementation phases of this initiative.</p>
<p>Corporate and community plan Implications</p>	<p>These proposals support the Council's Place Strategy, as detailed within this report.</p>
<p>Environmental and climate change implications</p>	<p>A step change in the delivery of housing will support the JCS and emerging Cheltenham Plan, which will help to ensure that delivery is provided in a planned way and is consistent with JCS and local plan aspirations, taking account of wider issues such as the environment.</p>
<p>Property/Asset Implications</p>	<p>In the event of any Council owned land being sold to CBH then:-</p> <ul style="list-style-type: none"> a) If the land is held in the General Fund it would be sold at market value, b) If the land is held in the HRA it could be sold at nil or market value, depending on the purpose for which it is to be used <p>Contact officer Dominic Stead, Head of Property Services</p> <p>E-mail: Dominic.stead@cheltenham.gov.uk</p> <p>Tel no: 01242 264151</p>

1. Background and Context

1.1 Since 2010 Council support has assisted Cheltenham Borough Homes (CBH) in the construction of 102 new units with a further 12 acquired. Following the introduction of self-financing to the HRA in 2012, the company has also managed the delivery of a further 49 units (39 constructed and 10 acquired) for the Council using HRA resources. These give a range of tenures including shared ownership and both social and affordable rented. Whilst these numbers are encouraging, they must

be set against the backdrop of Right to Buy losses in the same period. Since the extension of RTB discounts in 2012 the Council has been required to sell 130 properties to its tenants.

- 1.2 Over 2,200 households in Cheltenham are currently on the waiting list for affordable housing. The 2015 Strategic Housing Market Assessment suggested the need for 231 more affordable homes per year with an overall housing requirement of 546 homes per year throughout the JCS period. These numbers cannot be provided solely by Section 106 provision, which only delivered 110 affordable homes in the three years to March 2017.
- 1.3 The 30 year HRA business plan currently shows there are resources available for further development but in the medium term this is restricted in scale by the debt cap set by the Government and the complex regulation around the use of capital receipts from RTB sales. Although the council is currently bidding for additional headroom, this will not be enough to bring about the much needed step change in housing delivery, such as increasing the provision, accessibility and security of tenure within the private rented sector.
- 1.4 The challenges in the housing market are far reaching across the UK. In Cheltenham it is predicted that by 2029 there will be proportionately fewer under18s than over 65s living in the Borough. This is partly due to the high cost of housing and the lack of affordable, quality rented accommodation on secure tenancies, as well as access to jobs. The aspirations for business growth anticipate increased business space with the need to attract and retain talent to take the additional jobs created. This will require more accessible, secure and affordable homes in Cheltenham.
- 1.5 Members will recall the motion made at the Council meeting of the 16th October 2017, which received unanimous support for action to tackle the housing crisis facing under 35's who face particular supply issues:-
 - Most cannot afford to buy a home in Cheltenham
 - The rental market is expensive and offers little security

Councils across the UK are struggling to meet land supply quotas for housing, which adds pressure to potential development sites and may lead to unplanned expansion of our towns.

1.6 Cheltenham's Place Aspirations

In March 2018 the council approved the Place Strategy for Cheltenham which identifies business growth and housing delivery as priorities. It sets out two key aspirations and actions to address these far reaching challenges:

Housing:

Aspiration: We will increase the numbers of affordable, accessible, safe and secure housing.

Action: A review of options for a step change in the pace of delivery of housing (including housing that is affordable) and a collective approach to reducing homelessness.

Community cohesion:

Aspiration: We will build strong, healthy and inclusive communities.

Action: Commitment to create socially sustainable communities in both new residential developments and in our existing communities and increase opportunities for community-based health and wellbeing projects.

- 1.7 It is clear that these aspirations cannot be achieved by market forces alone. The current system is failing to meet need at multiple levels. This paper proposes a step change in the council's role within housing provision and the growth agenda - looking not only at the provision of affordable homes, but across the whole housing spectrum, to support the overarching growth agenda for Cheltenham, to ensure that it is a town where everyone thrives.

2 The Proposal

2.1 In order to create inclusive and sustainable communities, it is proposed that the Council should consider the development of a complete range of rental homes from social and affordable through to market and premium rents. This will enable the council to deliver more inclusive and sustainable schemes, and potentially make more significant contributions to the place shaping agenda. Where sites are acquired and a larger number of homes can be delivered – this could be achieved with a balance of tenures, property types and sizes, providing a much more sustainable and inclusive mix. This is illustrated by the following diagram: with the product proposed in the top half and the delivery options in the bottom half:-



2.2 Not only does this approach offer the scope to provide schemes that have a better social balance, it also allows the delivery of affordable and social rents to be supported by commercial rents and sales. As part of a delivery strategy, it will considerably extend the range of sites and properties that can be considered. For example, stalled sites and some of the strategic allocations could be considered, focusing not just on the affordable element; this would become part of the wider scheme that the Council/ CBH could deliver.

2.3 The Council could also use this strategy to tackle stalled development sites, where arguments of viability for the delivery of the affordable housing are being or have been used. Where there are strong grounds to do so, the council has a number of other options to support land assembly to bring forward important sites.

2.4 It is recommended that the Council enters into a loan agreement with CBH, whereby the Council would grant CBH a loan facility of up to £100million, each tranche to be repaid over 40 years. This loan would be backed by Council borrowing, such as from the Public Works Loan Board.

2.5 These funds would then be used by CBH to develop/acquire additional housing units across the rental spectrum described above. Where appropriate, commuted sums from Section 106 agreements held by the Council in lieu of affordable housing would also be used to support the initiative. These sums would be used in circumstances that would support the provision of additional affordable

homes over and above that which would be provided through market forces alone - for instance, where there are viability issues on a site that would otherwise lead to a reduction in the provision of affordable housing.

- 2.6 This scale of funding would potentially enable CBH to bid for a range of sites including zones / areas of larger and strategic sites, giving scope for significant 'place shaping' with a wider range of tenures, housing types and rental ranges. This could also include the purchase of Section 106 requirements at a significant discount below market value with the Council retaining nomination rights.
- 2.7 In addition, CBH could pursue the development of other smaller sites, either owned by the Council or third parties, as well as purchasing existing properties on the open market. Should properties be bought from the open market, CBH will follow the same parameters as detailed in the Leader's scheme of delegation of Executive Functions.

3 Reasons for recommendations

- 3.1 The benefits of the proposal can be summarised as follows:-
- Aligns with the Council's Place Strategy, and Housing & Homelessness Strategy
 - Potential to deliver over 500 homes across the full range of tenures.
 - In addition to the delivery of much needed affordable homes, entrance into the 'private market' offering a new exciting product; giving high quality and secure tenancy for a commercial rent.
 - Taking a long term investment in Cheltenham will provide numerous social benefits whilst also providing a sound commercial investment, offering an ongoing return and growing asset base.
 - New Homes Bonus and increased Council Tax base through delivery of additional housing.
 - Provides a financial return for the Council. The Council to provide loan funding such as via PWLB with the General Fund to benefit from the interest margin on the rate charged to CBH
 - External funds, including Homes England funding, could bring additionality but delivery also has the potential to be funded by the 'commercial end' of this housing spectrum.
- 3.2 This initiative will require pump priming to fund additional CBH officer support and external professional fees to: -
- a) Establish appropriate corporate and tax structures to support the step change in delivery.
 - b) Finalise the loan agreement.
 - c) Review and implement structures to manage new supply (both affordable and in particular market rentals).
- 3.3 It is recommended this is funded from unapplied capital contributions currently held by the Council.

4 Why CBH

- 4.1 Since its incorporation in April 2003, the company has a strong track record in letting, maintaining and managing the Council's stock. Following the award of a three star assessment by the Audit Commission in 2007, CBH was established as a registered provider with the Homes and Communities Agency. It then commenced a development programme to build CBH stock with the financial backing of the Council. More recently CBH has managed a number of developments for the Council within the HRA.
- 4.2 The benefits of using the company as the delivery vehicle for this initiative include:-
- Existing housing company wholly owned by the Council

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- Greater influence by the Council over the lettings of homes (i.e. in accordance with the Council's Allocations Scheme) and the type of tenures on offer (i.e. in accordance with the Council's Tenancy Strategy).
 - Robust governance and strong financial controls
 - Has already worked in partnership with the Council to deliver a new build programme
 - In-house team with significant development experience
 - Trusted Not-for-Profit landlord
- 4.3 Advice from external lawyers has confirmed the ability of CBH to develop and manage a private rented portfolio. They also considered the alternative of creating a new local housing company to carry out this activity and identified a clear advantage in using CBH, given that the company is already established with a sound governance structure in place. There would be no need to incorporate a new company and then create new financial arrangements for that company.
- 4.4 It should be noted that rented social housing owned and managed by CBH in its capacity as a Registered Provider will not carry any right to buy benefits as they will not be council owned. CBH will therefore make it clear at the granting of a tenancy (and on the joining in of any new joint tenant) that the tenancy is being let in CBH's name, that the tenancy is an assured tenancy, and that the statutory right to buy under the Housing Act 1985 will not apply to the tenancy.
- 4.5 In addition, any right to acquire (which carries lesser discounts) would only apply in specific circumstances; such as if the land was purchased with public funds – so whether it applies will have to be considered on a property by property basis.
- 4.6 The Government welcomes local authorities taking innovative approaches to get homes built in their area, and it wants to see more local authorities get building. The government has previously discouraged local authorities setting up delivery vehicles for the purposes of avoiding the HRA debt cap and the right to buy. The Government reiterated its desire to see tenants of wholly owned companies have access to schemes which give them an opportunity to become homeowners in its recently published Social Housing Green Paper. Most notably, this is through the Voluntary Right to Buy scheme. In the Green Paper, the Government also acknowledged that while 'generally, local authorities should deliver new affordable housing through their Housing Revenue Account' there are some situations where this is not possible, such as 'where the Housing Revenue Account cannot sustain new building (para 154)'. It should be noted that the recently published consultation on the use of right to buy receipts reiterates that bodies in which a local authority has a controlling interest (such as CBH) cannot use retained right to buy receipts.
- 4.7 The Council's intention in supporting this initiative is to provide additional housing, for the reasons articulated in sections 1 and 2. The Council has recently delivered new council housing through its HRA and has a pipeline of development which is currently being progressed. Moreover the Council is seeking to increase its HRA borrowing capacity in order to raise the HRA debt cap and deliver more affordable homes within the HRA. However, not all of this new build activity can be conducted in the HRA, nor would delivery in the HRA meet the Authority's strategic aim to deliver a mix of housing tenures and affordability options within the borough. The Authority is monitoring the Voluntary Right to Buy pilot currently underway and, bearing in mind that CBH is an RP, will assess its application to the new housing being developed outside of the HRA, as referred to in Appendix 1.

5 Financing arrangements

- 5.1 The following are key details of the proposed loan with Cheltenham Borough Homes:
- The total loan facility is for £100m.
 - The loan can be used for the acquisition and/or construction of additional new homes including the acquisition of land as required.

- Each loan term is 40 years on an annuity basis.
- The facility will be available for a period of 10 years from the date of signing.
- The £100m can be drawn down in tranches over this period.
- The rate of interest payable on loans advanced to deliver affordable housing will be fixed at 0.25% above the published Public Works Loan Board (PWLB) annuity rate, where applicable. This will generate a yearly interest income stream to the Council in the region of £25,000 for every £10m borrowed, guaranteed annually for the duration of the 40 year loan (i.e. circa £1m) with the potential for an element of this interest income to be ring-fenced for supporting housing delivery.
- Where borrowing is taken to develop privately rented units the rate of interest will be fixed at the current market rate.
- The loan will be secured against the new Cheltenham Borough Homes dwellings, incorporating a five year revaluation period to consider any changes to the value of the property portfolio and to manage any risks arising therefrom.
- When bidding CBH will adhere to financial criteria that ensure financial viability and the ability to comfortably repay associated loans i.e. a positive NPV (Net Present Value) over 40 years and annuity loans repaid by year 40.
- A detailed loan agreement will be in place with stringent covenants to protect the interests of the Council.

5.2 The provision of the loan is in accordance with the Council's medium term financial strategy, capital strategy and treasury management strategy and complements both income generation and the delivery of affordable homes.

6 Governance

6.1 Full Council is requested to approve the funding levels (up to £100m) with Cabinet delegating to the Executive Director Finance and Assets (S151 Officer) in consultation with the Managing Director Place and Growth and Cabinet Members for Housing and Finance the sign off of viability statements for each acquisition/development.

6.2 The programme will be led by a Council senior responsible officer and reporting arrangements for the programme will include:-

- Oversight by Cabinet Member Working Group, which will agree an Outcomes Framework for the delivery groups to follow.
- Strategic Housing Development Group (SHDG) to develop business cases for review by the Working Group on an individual basis (membership to be agreed).
- Council-CBH Housing Supply Review Group (operational) will consider all potential supply opportunities.
- Potential for collaboration and resource shaping across Council and CBH property related activity.
- Legal powers and tax impact for each scheme to be confirmed by professional advice.
- A review of CBH governance arrangements to ensure proposals are appropriately accommodated and managed.

7. Other options considered

7.1 Relying on market forces alone to deliver more housing.

This option is not acceptable as it would mean that significant challenges in the delivery of housing are likely to remain, particularly with regard to the delivery of affordable housing. In addition, all indications show that there is a current undersupply of private rented homes, and in the main this supply offers only short term tenancies of 6 to 12 months. By intervening in the market, the Council can increase standards, improve accessibility and provide private rented homes on a long term let basis.

7.2 Setting up a new local housing company as the Council’s main delivery vehicle.

As referred to in Section 4 above, consideration has been given to the option of setting up a new local housing company to carry out the activities proposed in this report. Having considered the advice from external lawyers, our view is that there is a clear advantage in CBH delivering the Council’s objectives on our behalf, given that the company is already established with a sound governance structure in place, and is able to manage a portfolio of private rented housing. Having CBH as our key delivery vehicle means that there will be no need to incorporate a new company and then create new financial and governance arrangements for that company.

8. Consultation

The proposals within this report are the culmination of a number of discussions between senior officers of the Council, CBH and the Cabinet Member for Housing. These proposals are fully supported by both organisations.

9. Performance Monitoring and Review

A Strategic Housing Development Group, along with a Council-CBH Housing Supply Group, will be set up to enable delivery of these proposals. These will be overseen by a separate Cabinet Member Working Group, as detailed within Section 6 of this report.

Report author	Steve Slater – Executive Director (Finance & Resources) CBH Martin Stacy – Lead Commissioner, Housing Services
Appendices	Appendix 1 – Risk Register
Background information	1. HRA 30 year Business Plan 2. CBH Budgets and Plans 2018/19

Risk Assessment

Appendix 1

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 there is a fall in property values, which results in negative equity (i.e. the value of the outstanding loans is greater than the value of the properties), then the Council could face a capital loss in the event that CBH ceases to continue.	Executive Director – Finance & Assets	21.8.18	5	1	5	Reduce	Due diligence will be carried out by the CBC's finance team.	ongoing	Chief Executive Officer (CBH)	
	If CBH is unable to make its loan repayments to the Council on time, then the Council may be unable to make its own loan repayments.	Chief Executive (CBH)	21.8.18	5	2	10	Reduce	CBH will undertake financial scrutiny arrangements on an ongoing basis to reduce this risk. Due diligence will be carried out by CBC finance team	ongoing	Executive Director – Finance & Assets	
	If CBH's governance arrangements do not take account of the step change in delivery of affordable housing, and in particular, the provision of private	Chief Executive (CBH)	21.8.18	4	3	12	Reduce	There will be a review of CBH's governance arrangements to ensure the proposals detailed within this report are appropriately	2018/19	Managing Director – Place & Growth	

	rented accommodation, then desired outcomes may not be met (i.e. the number of homes delivered, quality of management, achieving value for money, etc).								accommodated and managed. The allocation of monies to pump prime this initiative will include the funding of a project manager to take account of all relevant issues prior to implementation.			
	If the Council approves the funding of this method of housing provision it could be challenged on the basis that it is seeking to circumvent other government objectives as detailed in this report.	Managing Director – Place & Growth	22.8.18	4	2	8	Reduce	<p>Any challenge would be defended on the basis that:</p> <p>There are currently clear powers to provide funding to CBH for the purposes of acquiring or constructing housing for rent under the provisions of Sections 24 and 25 of the Local Government Act 1988.</p> <p>The council is already seeking to maximise housing provision through its HRA, thereby enabling right to buy. Any new housing provision, as</p>	Ongoing	Chief Executive (CBH)		

								<p>detailed within this report, will be in addition to what the council is able to deliver within the HRA This approach supports the Government's desire to see local authorities taking innovative approaches to getting more new homes built.</p> <p>CBH will make it clear at the granting of a tenancy (and on the joining in of any new joint tenant) that the tenancy is being let in CBH's name, that the tenancy is an assured tenancy, and that the statutory right to buy under the Housing Act 1985 will not apply to the tenancy.</p> <p>The council and CBH will monitor the outcome of the government's piloting of their voluntary right</p>		
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								to buy programme for housing associations. Should the programme be rolled out nationwide, we will seek to implement, as necessary.			
	If there are legislative changes within the 10 years draw down period which have an adverse impact on these initiatives (e.g. a change in the powers to provide funding to RPs) then the ability to deliver the initiatives may be affected	Managing Director – Place & Growth	22.8.18	4	3	12	Accept	The council and CBH will monitor any legislative changes, assess its impact, and where appropriate seek approval to bring about any proposed changes to our course of action, in response to new legislative requirements.		Managing Director – Place & Growth	
	If there is in an increase in build or land costs, this may impact on the number of units that can be delivered	Chief Executive (CBH)	22.8.18	3	3	9	Accept	CBH will ensure best value is delivered; both in the potential acquisition of land and in the tendering of contractors for the provision of new build.		Managing Director – Place & Growth	

Cheltenham Borough Council

Cabinet 11 September 2018

Grant of Lease to Mary Godwin Under Fives

Authority to Dispose of Open Space

Accountable member	Cabinet Member for Finance, Councillor Rowena Hay
Accountable officer	Head of Property & Asset Management, Dominic Stead
Ward(s) affected	Swindon Village
Key/Significant Decision	No
Executive summary	<p>The Mary Godwin Under Fives Club has been occupying part of the pavilion at Wyman's Lane for c.30 years.</p> <p>The club provides childcare for approximately 15 children and has an overall Ofsted rating of 'good'.</p> <p>In order to provide certainty to both parties, it is suggested that a lease is put in place to document the respective rights and responsibilities. It is also proposed that the lease could be terminated by either party upon giving 12 months' notice. This would allow both parties flexibility in the future.</p>
Recommendations	<p>That Cabinet RESOLVES</p> <ol style="list-style-type: none"> 1. the disposal of part of the pavilion shown edged red on the attached plan (currently in occupation by the prospective tenant) by way of a new lease for a term of 10 years (contracted out of the Landlord and Tenant Act 1954), subject to any objections received. 2. to charge a rent of £2,150 per annum exclusive of business rates, service charge, utilities and insurance and upon such other terms as the Head of Property and Asset Management may direct.

Financial implications	<p>The rental agreed will provide CBC with £2,150 of rental income per annum. However, with there being a new lease in place the prospective tenant will be eligible to apply for third sector rental assistance.</p> <p>The Lease will be granted for a term of 10 years. Therefore, this ensures that this council will continue to receive monies for this open space for potentially a longer period of time whilst reserving their right to take back occupation should it be required.</p> <p>Contact officer:</p> <p><i>Andrew Knott@cheltenham.gov.uk, 01242-264121</i></p>
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Legal implications	<p>The Council is under a Page 34 obligation under section 123 of the Local Government Act 1972 to secure the best consideration reasonably obtainable.</p> <p>In addition, where the property is public open space the Council must advertise the proposed disposal for 2 consecutive weeks in a local newspaper and consider relevant objections.</p> <p>Contact officer: rose.gemmell@teWKesbury.gov.uk, 01684 272014</p>
HR implications (including learning and organisational development)	<p>Not applicable.</p> <p>Contact officer: , @cheltenham.gov.uk, 01242</p>
Key risks	<p>At lease end the premises may not be returned to the Borough in an appropriate condition.</p>
Corporate and community plan Implications	<p>The granting of a new Lease to Mary Godwin's Under Fives Club contributes to the Council's corporate objectives of:</p> <p>Being able to lead a healthy lifestyle</p> <p>The enjoyment of a strong sense of community</p>
Environmental and climate change implications	<p>None.</p>
Property/Asset Implications	<p>As outlined in this report.</p> <p>Contact officer: Dominic.Stead@cheltenham.gov.uk</p>

1.2 Background

- 1.1 The Mary Godwin Under Fives Club has been occupying part of the pavilion at Wyman’s Lane for c.30 years.
- 1.2 The club provides childcare for approximately 15 children and has an overall Ofsted rating of ‘good’.

In order to provide certainty to both parties, it is suggested that a lease is put in place to document the respective rights and responsibilities. It is also proposed that the lease could be terminated by either party upon giving 12 months’ notice. This would allow both parties flexibility in the future.

2.0 Consultation and Feedback

- 2.1 As the property is public open space the Council must advertise the proposed disposal for 2 consecutive weeks in a local newspaper and consider relevant objections. The advertisement was placed in the local newspaper on 16th August 2018 for two consecutive weeks. It has been agreed the Council will split the costs (circa £750) 50:50 with the prospective tenant.
- 2.2 It is not anticipated that there will be any objections from members of the public given the fact the nursery has been in occupation for c.30 years, but any objections will be reported and considered at the cabinet meeting.

3.0 Performance management – monitoring and review

- 3.1 The Head of Property & Asset Management will negotiate the detail of the terms and the Borough Solicitor will prepare and execute the lease.
- 3.2. The lease and property will be managed by the Property and Asset Management team, in conjunction with the Green Spaces team, to ensure all terms and obligations are met.
- 3.3 Lease details will be entered onto Uniform guaranteeing all future rent reviews and renewals will be executed pursuant to the leases. Regular meetings will be held with the tenants to understand their requirements and concerns. The property will be inspected on a periodic basis to ensure that it complies with Health and Safety regulations and remains in good condition to safeguard the property value.

Report author	Contact officer: Asset Management Surveyor harry.lea@cheltenham.gov.uk 01242-264112
Appendices	1. Appendix 1 (exempt) 2. Appendix 2 - Risk Assessment (exempt) 3. Proposed Lease Plan

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REV.	DATE	DESCRIPTION	BY


CHELTEMHAM
 BOROUGH COUNCIL
 Property & Asset Management
 Promenade, Cheltenham, Gloucestershire
 Tel: 01242 264201 Fax: 01242 264159

PROJECT
 Mary Godwin Pavilion

TITLE
 Asset Condition Survey

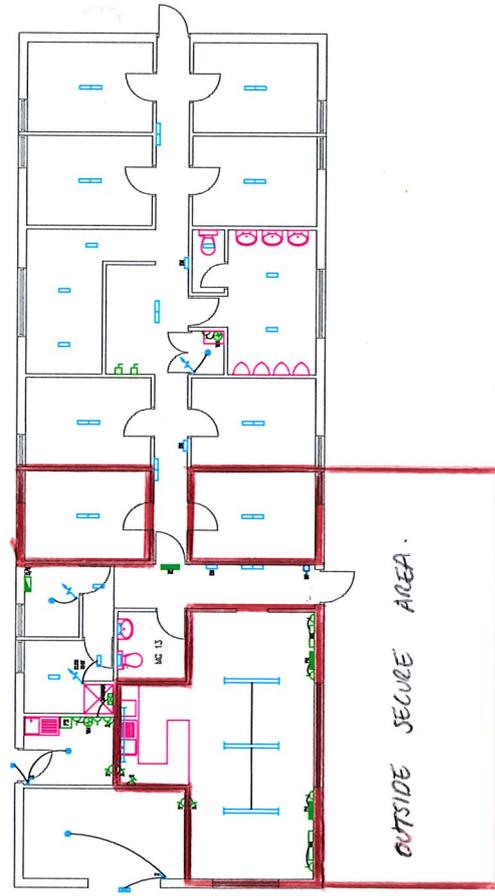
CLIENT

ISSUE DATE	REVISION DATE

DRAWING STATUS	
ORIGINAL SCALE	PRELIMINARY
1:100 / A2	TENDER
	CONSTRUCTION
	RECORD

DRAWN	DATE	REV.

DRAWING NO.
 P00358/09/01



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