



Notice of a meeting of Council

Monday, 25 March 2019
2.30 pm
Council Chamber, Municipal Offices

Membership	
Councillors:	Garth Barnes, Bernard Fisher (Chair), Roger Whyborn (Vice-Chair), Victoria Atherstone, Matt Babbage, Paul Baker, Dilys Barrell, Angie Boyes, Nigel Britter, Jonny Brownsteen, Flo Clucas, Chris Coleman, Mike Collins, Stephen Cooke, Iain Dobie, Wendy Flynn, Tim Harman, Steve Harvey, Rowena Hay, Alex Hegenbarth, Karl Hobley, Sandra Holliday, Martin Horwood, Peter Jeffries, Steve Jordan, Chris Mason, Paul McCloskey, Andrew McKinlay, Tony Oliver, Dennis Parsons, John Payne, Louis Savage, Diggory Seacome, Malcolm Stennett, Jo Stafford, Klara Sudbury, Simon Wheeler, Max Wilkinson, Suzanne Williams and David Willingham

Agenda

1.	APOLOGIES	
2.	DECLARATIONS OF INTEREST	
3.	MINUTES OF THE LAST MEETING Minutes of the meeting held on 18 February 2019	(Pages 3 - 36)
4.	COMMUNICATIONS BY THE MAYOR	
5.	COMMUNICATIONS BY THE LEADER OF THE COUNCIL	
6.	TO RECEIVE PETITIONS	
7.	PUBLIC QUESTIONS These must be received no later than 12 noon on Tuesday 19 March 2019.	
8.	MEMBER QUESTIONS These must be received no later than 12 noon on Tuesday 19 March 2019.	
9.	CAPITAL, INVESTMENT, TREASURY AND MRP STRATEGIES AND STATEMENTS 2019/20 Report of the Cabinet Member Finance	(Pages 37 - 84)

10.	DRAFT CORPORATE STRATEGY 2019-2023 Report of the Leader	(Pages 85 - 106)
11.	THE PREPARATION OF A STATEMENT OF COMMON GROUND FOR GLOUCESTERSHIRE Report of the Leader	(Pages 107 - 114)
12.	APPOINTMENT OF MAYOR ELECT AND DEPUTY MAYOR Report of the Chief Executive	(Pages 115 - 122)
13.	NOMINATIONS TO OUTSIDE BODIES Report of the Chief Executive	(Pages 123 - 128)
14.	COUNCIL DIARY 2019-20 Report of the Cabinet Member Corporate Services	(Pages 129 - 144)
15.	NOTICES OF MOTION	
16.	ANY OTHER ITEM THE MAYOR DETERMINES AS URGENT AND WHICH REQUIRES A DECISION	
17.	LOCAL GOVERNMENT ACT 1972 -EXEMPT INFORMATION The committee 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)	
18.	EXEMPT MINUTES Exempt Minutes of the meeting held on 18 February 2019.	(Pages 145 - 148)

Contact Officer: Bev Thomas, Democracy Officer, 01242 264246
Email: democratic.services@cheltenham.gov.uk

Pat Pratley
Chief Executive

Council

Monday, 18th February, 2019
2.30 - 7.30 pm

Attendees	
Councillors:	Bernard Fisher (Chair), Roger Whyborn (Vice-Chair), Victoria Atherstone, Matt Babbage, Paul Baker, Nigel Britter, Jonny Brownstein, Flo Clucas, Mike Collins, Stephen Cooke, Iain Dobie, Wendy Flynn, Tim Harman, Rowena Hay, Alex Hegenbarth, Karl Hobley, Martin Horwood, Peter Jeffries, Steve Jordan, Chris Mason, Tony Oliver, Dennis Parsons, John Payne, Louis Savage, Diggory Seacome, Malcolm Stennett, Jo Stafford, Klara Sudbury, Simon Wheeler, Max Wilkinson, Suzanne Williams and David Willingham

Minutes

1. APOLOGIES

Apologies were received from Councillor McCloskey, Boyes, Barnes, Coleman, McKinlay, Barrell, Harvey and Holliday.

2. DECLARATIONS OF INTEREST

Councillor Babbage declared an interest in agenda item 13 as an employee of an energy company.

3. MINUTES OF THE LAST MEETING

The minutes of the last meeting held on 21st January 2019 were approved and signed as a correct record.

4. COMMUNICATIONS BY THE MAYOR

The Mayor explained that he had made a visit to the new crematorium which was fantastic and a credit to Cheltenham.

5. COMMUNICATIONS BY THE LEADER OF THE COUNCIL

The Leader informed Members that Councillor Rowena Hay would be replacing Councillor Wendy Flynn on Planning Committee. Councillor Flynn would now act as substitute.

6. TO RECEIVE PETITIONS

There were none.

7. PUBLIC QUESTIONS

1.	Question from Linda Hope to the Cabinet Member Development and Safety, Councillor Andrew McKinlay
	Cheltenham has a unique Regency Character that has attracted visitors for decades. Are the council really giving enough consideration to preserving this as the recent developments around Boots Corner are ugly, driving in is impossible

	and parking non-existent.
	Response from Cabinet Member
	<p>One of the tenets of the Cheltenham Transport Plan was to learn from previous mistakes and thus there was a commitment that in delivering any change, there wouldn't be any significant alterations to roads or demolition of buildings, as occurred with the road widening at St Margaret's many years ago.</p> <p>The works at Boots' Corner are only temporary and whilst I agree that 'astroturf' may not be to everyone's taste, the works have demonstrated that by removing through traffic and creating enhanced public space, more people are using that space and staying longer.</p> <p>The recent Business Improvement District survey prior to Christmas, which was carried out independently by Enventure Research, identified that '<i>... Almost nine in ten (88%) respondents said that it was very easy (51%) or quite easy (37%) to travel through or around Cheltenham</i>' – suggesting the view that driving is impossible is not supported empirically.</p> <p>The Cheltenham Transport Plan has not resulted in the loss of any parking in the town and data suggests that parking patronage remains positive. GCC has also created additional blue badge bays on-street to over-compensate for those spaces removed as part of the trial.</p>
2.	Question from Adam Lillywhite to the Cabinet Member Development and Safety, Councillor Andrew McKinlay
	<p>Despite repeated and strenuous denials by Cllr McKinley that the reason for keeping Boots Corner closed is not the potential development of the Municipal offices, Q36 of the public question from the public questions of 21/1/2019 clearly identifies the high priority rated 16 and rated red in the Task Force risk register,</p> <p><i>"If GCC are unable to close Boots Corner (inner Ring Road) to through traffic then it would significantly reduce the development potential of the Municipal Building and Royal Well and may render the development as Marginal, as it would only allow the Municipal Building to be remodelled without the holistic benefit of Royal Well."</i> (Ref Cheltenham Task Force risk TF. 12)</p> <p>Given the extensive Economic and Environmental case presented to Councillors in the extraordinary meeting on 21st Feb and the officer who wrote the CTP update report being the MD of the task force, will you please outline why this Risk was not presented to the Councillors or included in the risk assessment, Appendix 1 of that meeting.</p>
	Response from Cabinet Member
	<p>The development potential for the Municipal Offices includes the opportunity to create some world class public space, but this can only be seriously considered if the town embraces traffic removal as a precursor.</p> <p>We are not yet at that stage, as the Cheltenham Transport Plan has been delivered in a phased manner, so there seems little point in flagging risks relating to a separate project that may never materialise.</p>
3.	Question from Adam Lillywhite to the Cabinet Member Development and Safety, Councillor Andrew McKinlay
	At the Extraordinary Council meeting 21/1/2019 I asked a supplementary question

	<p><i>'Why are the officers of this council so intent on masking the adverse impacts of the Boots Corner scheme whilst at the same time accentuating any potential benefits from developments many of which are unrelated to the phase 4 closure.</i></p> <ol style="list-style-type: none"> <i>1. The Boots Corner usage table is totally misleading, increase figures are only reported for the period of the Music and Literature festivals against a base that was not during a festival.</i> <i>2. The detailed data for traffic flows has not been released, traffic increase graphics exclude the street probably most heavily affected, St Georges Street.</i> <i>3. The Nitrogen Dioxide map is for 2017, so is not relevant.</i> <i>4. Serious detrimental impacts on residential areas are dismissed or not addressed.</i> <i>5. Economic activity from completed developments separate to the closure are inaccurately claimed as being dependent.</i> <p><i>How can CBC members or the public be expected to make a reasonable decision without the necessary information and from a report that is so blatantly intended to mislead them?'</i></p> <p>In response the Cabinet Member said he did not agree with my analysis and Members had all the relevant information required.</p> <p>The Cabinet Member now has the time to investigate the five points raised and I would be grateful for a response to each one.</p>
	<p>Response from Cabinet Member</p>
	<ol style="list-style-type: none"> Boots Corner footfall data and methodology is publically available at https://www.cheltenham.gov.uk/info/47/cheltenham_development_task_force/1452/boots_corner_trial_closure_data <p>The dates for which data has been collected are:</p> <ul style="list-style-type: none"> - Week 1 commencing 11th June; - Week 2 commencing 2nd July; - Week 3 commencing 8th October; - Week 4 commencing 14th November (not yet analysed or published) <p>Unsurprisingly, there were events taking place during all of these weeks, that's the nature of life in Cheltenham:</p> <ul style="list-style-type: none"> - Week 1: food and drink festival 15-17th June; - Week 2: Music festival, Midsummer fiesta on 7th July; - Week 3: Literature festival, Promenade market on 12th October; - Week 4: November Races 16-18th November. <p>In all cases, it's difficult to assess the impact of the events on Boots' Corner at the times sampled (the hours beginning 8 a.m., 12.30 p.m. and 5 p.m.). For example, with the Literature Festival focussed on Montpelier Gardens, would that lead to a positive or negative impact on the footfall around Boots' Corner?</p> <p>There are many other 'external' factors which impact the counts, e.g. the World Cup was taking place during the second week and there is evidence of a drop in footfall coinciding with England games; the weather, whilst generally good,</p>

	<p>deteriorated markedly during the last days of the third week.</p> <p>So, in order to try to provide a balanced view, we have commissioned surveys covering a number of weeks and averaged out post-closure data across all the weeks sampled. And that's also why we have sampled three periods during the day and looked at individual periods separately to look for inconsistencies in the data.</p> <p>We are currently analysing data for the week commencing 14th November and expect to be able to release that soon. Again there will be differences in the underlying conditions – for example, John Lewis had opened by this date, other major shops had opened / re-opened and, of course Christmas was approaching. On the other hand days were colder and darker.</p> <p>2. We await the release of the raw data by colleagues from GCC and will request this.</p> <p>3. The map and data is updated in line with DEFRA guidance and we anticipate the 2018 data being uploaded shortly.</p> <p>4. The GCC lead cabinet member report considered by this Council in January 2019 did not identify serious detrimental impacts on residential areas. It identified a range of measures which were fully documented in that report.</p> <p>5. The developments cited were measured against the original Treasury Green Book analysis, which itself was produced to support the initial bid to the Department for Transport's Local Sustainable Transport Fund. Whilst other impacts associated with the Cheltenham Transport Fund were noted, these were clearly not measured against the original base case.</p>
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8. MEMBER QUESTIONS

1.	Question from Councillor Chris Mason to the Cabinet Member Corporate Services, Councillor Alex Hegenbarth
	Please could the Cabinet Member confirm the cost to the new audio system recently installed in the Council Chamber and Pittville Room?
	Response from Cabinet Member
	<p>Council agreed a budget of £75,000 for the new audio system recently installed in the Council Chamber and Pittville Room and the spend to date is £66,608.16.</p> <p>In a supplementary question, Councillor Mason questioned whether the Cabinet Member thought this was money well spent given the number of problems that had been experienced with the new system.</p> <p>The Cabinet Member advised that with any new system a number of teething problems could be expected, however, a meeting had been set with VP Bastion (the supplier of the system) and a number of Council officers to try and resolve the issues experienced.</p>
2.	Question from Councillor Chris Mason to the Cabinet Member Development and Safety, Councillor Andrew McKinlay
	Income from the Council's off-street car parks is an important revenue stream, which may be affected by a reduction in cars entering the town. Could the Cabinet

	Member please update the Council on the results of any modelling that has been conducted to assess the impact resulting from a reduction in the number of people using the car parks?										
	Response from Cabinet Member										
	<p>I would willingly consider any evidence in support of Cllr Mason's view that there has been a reduction in the number of people using CBC car parks, but this has not been provided.</p> <p>I can also confirm that there has been no reduction in income from the Council's off-street car parks, indeed, quite the reverse (see table below). This suggests that visitor numbers to the town have increased, in addition to which Stagecoach has recently advised that Cheltenham bus journeys have increased by 4%, compared to a national decline of 2%.</p> <table border="1"> <tr> <th>Year</th><th>Gross Off-Street Parking Income</th></tr> <tr> <td>2017</td><td>£3,798,072</td></tr> <tr> <td>2018</td><td>£4,224,852</td></tr> <tr> <td>Increase</td><td>£426,780</td></tr> <tr> <td>%Variance</td><td>+11.24%</td></tr> </table> <p>For context, it is worth noting that the Council's strategic approach to car parking provision, adopted in 2017 with support from a cross-party working group, does not seek to prioritise car parking income generation, or access to the town by car over other more sustainable transport modes. The approved objectives of our Car Parking and Access strategy are as follows:-</p> <ul style="list-style-type: none"> • To ensure the provision of adequate parking up to 2031, that is delivered effectively, logically and at a competitive cost; • To encourage access by more sustainable transport alternatives, including walking, cycling and public transport; • To assist traffic management, minimising congestion and its associated environmental impacts; • To enhance the visitor experience and thereby help to optimise the economic growth of the town. • To maintain, or increase current parking revenue, to help fund other environmental services which benefit the well-being of Cheltenham and its economy. <p>In a supplementary question, Councillor Mason noted that one of CBC's objectives is to reduce the number of vehicles coming into the town centre which would, in turn, mean less revenue for car parking. He, therefore, queried whether any modelling had been done?</p> <p>The leader confirmed that it is not the intention to prevent people coming into the town centre but instead provide car parking at the first point of contact, as such, they were supportive of initiatives such as the park and ride which reduce traffic but still encourage people to travel into the town centre. He explained that GCC were renewing their transport plan this year and as part of the consultation process they</p>	Year	Gross Off-Street Parking Income	2017	£3,798,072	2018	£4,224,852	Increase	£426,780	%Variance	+11.24%
Year	Gross Off-Street Parking Income										
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	would be discussing parking with them.
3.	Question from Councillor Stephen Cooke to the Cabinet Member Development and Safety, Councillor Andrew McKinlay
	<p>It was previously agreed that the funds accrued by CBC as a result of fines levied on unauthorised vehicles driving through Boots Corner would be put to good use, for example to improve walking and cycling infrastructure in Cheltenham. Could the cabinet member responsible please tell members:</p> <p>a) how much money has now been taken in fines by GCC and how much of this has been passed on to CBC</p> <p>b) what projects the money has been spent on and</p> <p>c) how much money has been spent on each?</p>
	Response from
	<p>Unfortunately I must correct the assumption. No funds were ever expected to accrue to CBC; the funds are collected by GCC as the highways authority. GCC has previously stated that once the high costs associated with running the enforcement scheme have been recouped, any surplus will be made available for highways works. These schemes are not designed to make a surplus, but rather to help ensure compliance; so generally, the enforcement is aimed at covering costs. Members wishing to put forward works for consideration should do so through their Local Highways Manager, as they currently do, for schemes funded from the capital programme.</p> <p>a) I have requested this information from GCC, but to date do not have an answer. No monies will be passed over to CBC.</p> <p>b) I am not aware that any monies have been allocated to projects to date.</p> <p>c) Not applicable.</p> <p>In a supplementary question, Councillor Cooke questioned whether it was accepted that extending the walking and cycling parts of the Honeybourne line South of Landsdown Road and upgrading the High Street further would be a good use for the money accrued to the borough?</p> <p>The Leader confirmed that none of the money accrued goes to the borough and is retained by GCC, however, they are keen that this is spent in Cheltenham. Whilst the fine money would not go far in terms of making improvements to the High Street he was entirely supportive of it going towards walking and cycling initiatives.</p>
4.	Question from Councillor Stephen Cooke to the Cabinet Member Clean and Green Environment, Councillor Chris Coleman
	<p>The public will welcome the response of CBC to the Consultation on Rubbish and Recycling conducted over the festive holiday period implying that the Swindon Road recycling centre will stay open (press release of 5th February 2019). Can the Cabinet member responsible confirm:</p> <p>a) that the press release is accurate and the Swindon Road recycling centre will now remain open for the general public to use</p> <p>b) if there is a move to weekly recycling collections that the practicalities of this will be re-examined, particularly with regard to household vs kerbside vs depot sorting of material for recycling?</p>
	Response from
	<p>a) Yes and I am not aware of any inaccurate Cheltenham Borough Council press releases being published. Cheltenham's household recycling centre will remain open and we will be looking to improve the recycling and re-use</p>

	<p>opportunities available to the public in the coming months.</p> <p>b) Cheltenham's kerbside sort recycling service is proving popular with residents so much so that the recent consultation exercise showed strong support for the introduction of a more frequent recycling service at kerbside. The government's waste and resources strategy published in October 2018 promotes kerbside separation of recycling materials to ensure that the recycling opportunities for precious resources are maximised. Cheltenham has already improved its kerbside recycling service back in October 2017 and we will be aiming to further improve both the kerbside recycling service and other recycling and re-use opportunities in Cheltenham going forward. Our success to date is thanks to the support of the residents of Cheltenham who separate out recycling materials and present them at kerbside to be recycled rather than throw recyclable materials into the refuse bin. I would like to thank residents for their support and encourage members to help promote the recycling message.</p> <p>In a supplementary question, Councillor Cooke explained that during the previous consultation a more detailed explanation of the questions being asked of residents enabled a better response. He therefore queried whether, in future consultation, the Cabinet Member was going to include a more comprehensive explanation of the questions people might be expected to answer with regards to recycling?</p> <p>The Leader firstly wished to reiterate that it was never true the recycling centre would close. He also explained that the responses to the previous consultation were available and that further consultation would be conducted which would explore the issues in more detail.</p>
5.	<p>Question from Councillor Stephen Cooke to the Cabinet Member Clean and Green Environment, Councillor Chris Coleman</p> <p>The opening of the new crematorium in Cheltenham is welcome. It will end the regrettable situation whereby families had to arrange for their loved ones to be cremated elsewhere causing additional stress and inconvenience at a time of mourning. Now this episode is thankfully over can the cabinet member responsible tell members:</p> <p>a) how many deceased Cheltonians were sent elsewhere for cremation during the time that cremation facilities were not available</p> <p>b) what was the additional cost</p> <p>c) whether this cost was borne by CBC or the families of the deceased and</p> <p>d) if there is a resultant financial shortfall to CBC how is this to be made up?</p>
	<p>Response from Cabinet Member</p> <p>I am pleased to be able to report that the Council's new £8.5 million Crematorium is scheduled to open on time and within budget on 27th February, 2019, with booked cremation services recommencing on 4th March.</p> <p>a) Our excellent Bereavement Services team provides funeral services on behalf of bereaved families from a wide catchment area, primarily through bookings placed by local funeral directors, with whom we have liaised closely on the design and facilities offered by the new Crematorium. The Council does not keep records relating specifically to Cheltonians, as our service covers a wide catchment area.</p> <p>From 2nd October, 2018 until 12th February, 2019, we have provided for 237 funeral services, with funeral directors and their clients having booked</p>

	<p>services with us whilst fully aware that the cremations will need to happen at another crematorium, with our chapel facilities acting as a 'funeral service venue' only. We believe that the choice of crematorium should rightly be left to the families to decide, rather than our bereavement service and the process is easier for all concerned where funeral directors arrange this directly with their clients. Families have never been obliged to have a service at Cheltenham with the cremation happening elsewhere, it has been their choice to make this arrangement.</p> <p>b) The additional costs to the authority relating to our cremation process shutdown, involved both direct and indirect costs, including income foregone as a result of cremations not taking place at our own facility. In total, it is estimated that the authority will have an anticipated service deficit in the financial year 2018-19 of £447.1k, as reported to Cabinet in October 2018.</p> <p>c) Where services were disrupted in an unplanned way as a direct result of the failure of the Council's old crematorium plant, this provided only limited opportunity for bereaved families to make alternative arrangements. As a result, the Council offered to convey the deceased to alternative sites for cremation and paid for the additional transportation costs, as well as providing our chapel service free of charge. This has previously been reported to both the Crematorium member working group, Overview and Scrutiny Committee and Cabinet.</p> <p>Where families booked chapel services understanding that the cremation would need to take place elsewhere, our normal fees have applied.</p> <p>In these cases, CBC has not incurred additional costs, as we have not had to facilitate any coffin transportation. Funeral directors have taken responsibility for organizing and transporting 'post service' for cremations, as we have made it clear from the outset that we are only acting as a venue until the new facility is operational.</p> <p>d) The cost of the new crematorium is being funded in part through capital from the sale of car parking land at North Pace/Portland Street (£1 million), with the remainder being taken out as a loan over 25 years from the Public Works Loan Board. This has been secured at a rate below that originally allowed for in the business plan, helping to offset some of the income shortfall arising as a result of the partial close down of the cremation service this year</p> <p>In addition, increased service fee charges were introduced prior to the borrowing being drawn down, temporarily increasing the surplus which is normally generated each year (this was before the safety-related decision to close down the cremation process completely).</p> <p>Unfortunately, there will be a significant revenue shortfall in 2018-19 as a result of the safety issues with the cremation plant, but officers are confident that this will be recovered over the next few years, as confidence in the service is rebuilt.</p> <p>Prior to the problems with the facility, Bereavement Services typically ran at a revenue surplus in the order of £700k per annum.</p>
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	<p>In a supplementary question, Councillor Cooke questioned whether it was the original intention to increase the cost of the cremations and what the total spend on the new crematorium was?</p> <p>The Leader explained that the increase in charges had nothing to do with the closure of the previous crematorium, they were put in place for the opening of the new crematorium and agreed before any issues were experienced. He further confirmed that the crematorium was an £8.5 million project.</p>
6.	Question from Councillor Stephen Cooke to the Cabinet Member Development and Safety, Councillor Andrew McKinlay
	<p>The closure of Boots corner has had the effect of displacing traffic on to other roads some of which have become new 'rat runs'. One of those affected is Rodney Road which has become a new 'Boots Corner' close to the entrance of the flagship John Lewis store in the High Street. As well as being unpleasant for shoppers this area has become a poorly-demarcated 'shared space' and is perceived by many as dangerous.</p> <p>How does the cabinet member responsible plan to rectify this situation and by when?</p>
	Response from Cabinet Member
	<p>This was covered in the GCC lead cabinet member report brought to full Council on 21st January 2019 and I cite from page 11 of that report:</p> <p>1. Investigation into options for traffic calming on Rodney Road.</p> <p>GCC are clearly intent on taking action and I have requested details, but understand that currently, designs are being assessed by the highways team.</p> <p>In a supplementary question, Councillor Cooke questioned whether the Cabinet Member had any indication of when the issues experienced on Rodney Road might be resolved?</p> <p>The Leader explained that they were in the hands of the County Council with regards to the process. He advised that there were two added complications as Scott Tompkin's at GCC was in the process of leaving to go to Warwickshire and GCC are changing their highways contractors, they were therefore awaiting the exact detail of how things were going to be taken forward.</p>
7.	Question from Councillor Stephen Cooke to the Cabinet Member Development and Safety, Councillor Andrew McKinlay
	<p>The public have questioned some of the figures quoted to justify the closing of Boots Corner. Please can the cabinet member responsible:</p> <p>a) share the methodology of data collection including where and when figures for walking and cycling were collected</p> <p>b) indicate the time periods during which 'before and after' measurements were taken</p> <p>c) clarify what adjustments were taken to correct for confounding factors that could have affected the data obtained including the opening of new department stores, school and other holidays, sporting events and festivals?</p>
	Response from Cabinet Member
	<p>Boots Corner footfall data and methodology is publicly available at: https://www.cheltenham.gov.uk/info/47/cheltenham_development_task_force/1452/</p>

boots_corner_trial_closure_data

The dates for which data has been collected are:

- Week 1 commencing 11th June;
- Week 2 commencing 2nd July;
- Week 3 commencing 8th October; and
- Week 4 commencing 14th November (not yet analysed or published)

Unsurprisingly, there were events taking place during all of these weeks, but that's the nature of life in Cheltenham:

- Week 1: food and drink festival 15-17th June;
- Week 2: Music festival, Midsummer fiesta on 7th July;
- Week 3: Literature festival, Promenade Market on 12th October; and
- Week 4: November Races 16-18th November.

In all cases, it's difficult to know the impact of the events on Boots' Corner at the times sampled (the hours beginning 8 a.m., 12.30 p.m. and 5 p.m.). For example, with the Literature Festival focussed on Montpellier Gardens, would that lead to a positive or negative impact on the footfall at and around Boots' Corner?

There are many other 'external' factors which impact the counts, e.g. the World Cup was taking place during the second week and there is evidence of a drop in footfall coinciding with England games; the weather, whilst generally good, deteriorated markedly during the last days of the third week.

So, in order to try to provide a balanced view, we commissioned surveys covering a number of weeks and averaged out post-closure data across all the weeks sampled. And that's also why we have sampled three periods during the day and looked at individual periods separately to look for inconsistencies in the data.

We are currently analysing data for the week commencing 14th November and expect to be able to release it soon. Again, there will be differences in the underlying conditions – for example, John Lewis had opened by this date, other major shops had opened / re-opened and, of course Christmas was approaching. On the other hand, days were colder and darker.

These weeks were chosen to fall outside of school holiday periods. We also did our best to avoid major town events, but this just wasn't possible. However, this shows the nature of our thriving town; events were taking place across all four weeks where data was collected.

We're using these figures to give us an early indication of how the closure and changes to the public space may be affecting movement in the area. Of course, we're also aware that other factors, such as events and the weather may have an impact too.

In a supplementary question, Councillor Cooke questioned whether the Cabinet Member accepted that there were issues that effect the recorded numbers i.e. if you put a bike rack in place then it is inevitably going to increase the number of people passing by with a bicycle.

The Leader explained that by installing bike racks they were meeting a need and it

	was their intention to provide a better service for those walking and cycling.
8.	Question from Councillor Louis Savage to the Cabinet Member Development and Safety, Councillor Andrew McKinlay
	How many FOBT operators are currently licensed within the Borough? Can the Cabinet Member provide an estimate as to the number of FOB terminals currently operational?
	Response from Cabinet Member
	Cheltenham Borough Council does not licence Fixed Odds Betting Terminals (FOBTs) per se. We are responsible for licensing betting shops and licensed betting shops are permitted in law to make available up to a maximum of 4 FOBTs. There are 16 licensed betting shops in Cheltenham. Each of these betting shops is allowed up to a maximum of 4 FOBTs. There are therefore estimated to be 64 FOBTs currently operational in Cheltenham.
9.	Question from Councillor Louis Savage to the Cabinet Member Development and Safety, Councillor Andrew McKinlay
	Can the Cabinet Member assure members that the council will be ready for the change in the law from April, initiated by central Government, reducing the maximum stake placed at FOBTs from £100 to £2?
	Response from Cabinet Member
	The regulation of stakes and prizes relating to FOBTs does not fall within the Council's remit; it is the responsibility of the Gambling Commission and Department for Digital, Culture, Media & Sport. The reduction in FOBT stakes has been brought about due to a change in the law that will place a duty on the manufacturers and operators of FOBTs to make the necessary arrangements, in order to comply with the reduced stakes. In this respect, there is nothing for the Council to do to prepare for the change. The Council's licensing section does proactively inspect all licensed betting shops in Cheltenham and through this process, will help to ensure that the new stakes requirements are complied with.
10.	Question from Councillor Paul Baker to the Cabinet Member Clean and Green Environment, Councillor Chris Coleman
	In response to my question at the 10th December Council meeting in regard to the use of single use plastic I was advised that 'other partner organisations have been asked to report back to Members in the New Year on actions planned for 2019/2020. Have we had those responses yet ?
	Response from Cabinet Member
	Further responses have not been received from partner organisations yet however it was concluded that to better progress this issue in a meaningful way a meeting would be organised with representatives from all the partner organisations to seek agreement on the best way forward. Officers are currently trying to identify suitable diary dates to enable this to take place as soon as possible.
11.	Question from Councillor Paul Baker to the Cabinet Member Clean and Green Environment, Councillor Chris Coleman
	I would like to congratulate Plastic Free Cheltenham (PFC) on their efforts to raise awareness of the problems associated with single use plastic and on their forthcoming litter pick in Pittville Park. Would the Council be willing to display leaflets from PFC in its buildings and various partner outlets to help raise awareness of this issue?
	Response from Cabinet Member

	<p>I have always welcomed initiatives that help improve the environment and the Council is very willing to have leaflets left in reception areas to promote local events and initiatives.</p> <p>At my request, officers have already met with Plastic Free Cheltenham to determine how we can best work together to optimise the reduction in single use plastics across the town. A meeting is already being arranged with partner organisations and a representative from Plastic Free Cheltenham to ensure the Council is doing all it can to help reduce the use of single use plastic.</p>
12.	Question from Councillor Paul Baker to the Cabinet Member Clean and Green Environment, Councillor Chris Coleman
	<p>Following the recent publication by Government on the issue of recycling can I ask what opportunities were presented to Local Authorities to deal with this issue and what new initiatives we are looking to introduce in the coming year ?</p>
	Response from Cabinet Member
	<p>Whilst the government's waste and resources strategy was published in October 2018, we are waiting for the government consultation promised on these issues and we will have a much clearer idea of the direction of travel once these consultation exercises have taken place.</p> <p>In the meantime, the Council is looking to further improve its already successful kerbside recycling service by working to introduce weekly recycling collections. In addition to this, following the response from the public to our own consultation exercise, we will be seeking to improve the recycling and re-use opportunities available at the household recycling centre.</p> <p>I believe we need to introduce better recycling opportunities in our parks and the town centre and also encourage local businesses to recycle more of their waste. These initiatives will be taken forward in consultation with members and the public.</p>

9. **ADOPTION OF GAMBLING ACT POLICY STATEMENT**

The Leader, introduced the report, he advised that the authority were required to produce the policy statement every 3 years and that the responses to the recent consultations had been taken into consideration. He confirmed that the policy statement had already been agreed by Cabinet.

He reported that a section on 'Local Area Profiles' had been added and they were committed to engaging with the County Council's Public Health Team to develop local area profiles for Cheltenham. He further explained that 'Local Risk Assessments' had been added, he confirmed that this set a requirement for all gambling operators to undertake local risk assessments for their licensed premises. He further advised that the section on exchange of information had been updated to reflect the recent changes to data protection and privacy laws. He acknowledged the recent changes in national legislation with regards to fixed odds betting terminals and confirmed that during routine inspections they would ensure this was being adhered to.

Members wished to thank officers for their hard work in producing the policy statement. They agreed that whilst gambling was important to Cheltenham's economy it was essential that it was regulated and the necessary support networks put in place. It was noted that the Local Government Association had

recently published a paper titled 'tackling gambling related harm' and agreed CBC should follow best practice guidance.

Members welcomed engagement with the County Council's Public Health Team and the government's decision to reduce the maximum limit on fixed odds betting terminals given the seriousness of gambling addiction.

RESOLVED (with one abstention) THAT

- 1. The proposed changes to the Statement of Principles and associated consultation responses be noted; and**
- 2. The Gambling Act Policy Statement be approved.**

10. FINAL HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS 2019/20

The Cabinet Member Finance introduced the report. She advised that there had been significant changes in the Government Housing Policy during the year, most notably the abolition of the HRA debt cap. She explained that this coupled with the certainty on rent policy until 2025, would have a positive impact on HRA resources, enabling the Council to increase investment in new build and stock improvements. The Cabinet Member finance also made the following comments:

- Rents would again be reduced by 1% and the Government had confirmed that rent policy would then revert back to the previous guidelines of allowing annual increases of up to CPI + 1% per annum for the following 5 years before a further review.
- The 30 year HRA Business Plan has been updated to reflect:
 - The anticipated revenue outturn for 2018/19;
 - The current development programme for the period from April 2019 to March 2022;
 - Contingency budgets for market acquisitions and the purchase of new affordable units on sites where Section 106 planning agreements are in place; and
 - A refreshed assessment of the 30 year "need to spend" on existing stock for both capital and revenue expenditure.
- CBH had taken a balanced approach in order to maintain existing service levels, retain the decent homes standard, continue delivery of the major windows and doors replacement, complete the new build programme, and deliver the new showers programme.
- With regards to UC, she advised that CBH were conducting a proactive campaign to provide support and information to all tenants affected by these changes.
- Significant variations within the 2018/19 revised forecast greater than £30,000 have been identified in budget monitoring reports and were summarised at 5.1 of the report.
- She explained that a new agreement for the HRA grounds maintenance work undertaken by Ubico would commence in April 2019 and that those facing an increase in charges would be protected by transitional arrangements with increases being phased in over three years.

- She reported that garage rents would be increased by 3% from April 2019 in line with the Retail Price Index.
- Significant changes to the HRA greater than £30,000 in 2019/20 as compared to the revised forecast for 2018/19 were itemised in the table at 6.5.
- Revenue contributions totalling £8,436,600 would be required to fund capital expenditure in the year, reducing revenue reserves to £1,568,100 at 31st March 2020.
- CBH had made substantial progress to modernise and transform the housing management and maintenance services delivered to tenants.
- The capital programme would require CBH to carry out procurement on behalf of the council.
- The proposed funding of the capital programme, together with a statement of balances on the major repairs reserve, was shown at Appendix 3. She advised that the main sources of funding remained the major repairs reserve and contributions from the revenue account. The Government's policy to stimulate Right to Buy had also increased the availability of capital receipts and that a proportion of those receipts were only retained by the Council if they were used to fund new affordable housing within 3 years. She reported that further borrowing would be required in 2020/21 and 2021/22.
- She confirmed that 1 in 10 homes in Cheltenham were managed by CBH and they also provided a multitude of other services including advice for people dealing with benefits and money issues and support for people looking to find work and training opportunities.

The Cabinet Member Finance thanked all of CBH's finance team for ensuring that despite the challenges they faced, they still delivered the same level of service to tenants. She reiterated that the budget provides additional resources to support a significant increase in the pace and scale of new supply within the HRA and complements the resources also made available to CBH through the Housing Investment Plan to deliver new market rented units.

In the debate that followed, Members made the following comments:

- CBH provided an exemplary service and Members had huge confidence in both how they build houses and invest money.
- Of note was the fact that 99% of all emergency, urgent and routine repairs were completed on target, with 93% being resolved on the first visit. Some Members highlighted that you wouldn't get the same level of service in many private and social housing service providers.
- There was inevitably a need to invest in more housing and Members agreed that they had a great housing provider to do that.
- The Cabinet Member housing wished to place on record his thanks to all the staff at CBH for the service they provide.
- The Cabinet Member housing confirmed that each spend in the £100 million allocated for future works would come via the governance arrangements as set out in the report on a case by case basis.

RESOLVED (unanimously) THAT

- a) the revised HRA forecast for 2018/19 be noted.**

- b) the HRA budget proposals for 2019/20 (shown at Appendix 2) be approved including a proposed rent decrease of 1% and changes to other rents and charges as detailed within the report.**
- c) the proposed HRA capital programme for 2019/20 as shown at Appendix 3 be approved.**

For (32) Atherstone, Babbage, Baker, Britter, Brownsteen, Clucas, Collins, Cooke, Dobie, Fisher, Flynn, Harman, Hay, Hegenbarth, Hobley, Horwood, Jeffries, Jordan, Mason, Oliver, Parsons, Payne, Savage, Seacome, Stafford, Stennett, Sudbury, Wheeler, Whyborn, Wilkinson, Williams, Willingham

11. FINAL GENERAL FUND REVENUE AND CAPITAL BUDGET PROPOSALS 2019/20 (INCLUDING SECTION 25)

The Cabinet Member Finance introduced the report which summarized the revised budget for 2018/19 and the Cabinet's final budget proposals and pay policy statement for 2019/20. Her budget statement is attached in full to these minutes.

The budget was seconded by Councillor Jordan.

The following questions were then raised by Members and responses given:

- Cheltenham Community Lottery-the Cabinet Member Healthy Lifestyles explained that the council had been receiving advice on this from Aylesbury council and there were now 60 councils nationwide operating a lottery. A technical report on this would be submitted to Cabinet on 5 March setting out how this would operate. The estimate was that it could raise between £90- £100k a year and this would be used for strictly local charitable purposes. The proposal for next year would be for any money raised to be allocated to No Child Left Behind.
- Budget support reserve-confirmation was received from the Cabinet Member Finance that the total use of this reserve in the proposed budget amounted to £256k. In terms of plans to build the reserve back up again she confirmed that the strategy was to put all windfall into this reserve and this practice would continue until the government had announced its decision on business rates retention.
- Planned maintenance budget –the Cabinet Member confirmed that this was a rolling programme with works allocated in terms of priority.

Group Leaders were invited to address Council.

Councillor Harman, Conservative group leader thanked the Cabinet Member Finance and all officers for their significant contributions in preparing the budget proposals. He also thanked Paul Jones in his role as S151 Officer for his assistance in working through the conservative group amendments.

He wished to table the following two amendments as laid out below.

Amendment 1

CAPITAL & ONE-OFF

- Reallocate Boots Corner reserve. Save £1.8m.
- Invest in repaving the High St. Cost £1.5m contribution.
- Invest in anti-Loan Sharking campaign with Gloucestershire Credit Union. Cost £10k.
- Balance to capital reserve

REVENUE

- Move to 4-yearly elections. Save £35k pa.
- Reduce number of Cllrs to 30. Save £55k pa.
- Additional recycle bring site collections at peak times of year. Cost £10k pa.
- Balance and any temporary timing differences to budget reserve shortfall, with intention of using contribution toward part funding future weekly recycling service. £80k pa.

Amendment 2

- Town Centre Bus/Coach Station
- Cycling hub
- Additional blue badge disabled parking
- Fully pedestrianise High St.
- Initial project investigation & planning work. Funded by £250k from Boots Corner reserve.

Speaking to amendment one Cllr Harman highlighted the plight of those vulnerable to loan sharks and believed the £10k one-off funding proposed would, together with the monies allocated by the County Council, assist the Credit Union in providing financial advice to those in difficulties. He then referred to the council's bring sites being overwhelmed particularly over holiday periods which could be addressed via additional collections at a proposed £10k. He felt that by reducing the cost of democracy i.e reducing the number of Councillors and having four yearly elections would drive efficiencies and signal to the public that Councillors were prepared to change.

Referring to amendment two Councillor Harman felt it was important to look at the needs of the town with more sustainable transport and an expansion of current park and ride facilities. This was particularly relevant given the indirect link to junction 10 and the bid in to central government. The proposal to fund

exploratory work up to £250k with regard to further investment in the town centre in terms of central bus/coach station and a cycling hub would start the process.

The Mayor invited the Leader of the PAB group to address Council. Councillor Stennett wished to thank both the Cabinet Member Finance for her statement and officers for their work in bringing forward this budget at a time of constraint.

Council adjourned from 3.55-4.25 pm.

Councillor Harman formally proposed the amendments. The amendments were seconded by Councillor Babbage. In seconding the amendments Councillor Babbage said that the focus was on investing in the High Street by making funds available now to start improvements.

He highlighted that whilst the amount of money being proposed for investing in an anti-loan sharking campaign with Gloucestershire Credit Union was small this would effectively match the funding from GCC.

The other element he wished to highlight was the additional recycling at bring sites since at peak times of year, such as Christmas and bank holidays. Additional collections were required to greatly improve the situation.

Responding to the first amendment the Leader said his group could not support it. Firstly the council had only recently debated Boots corner and had given a firm indication to progress it. It would therefore be improper to remove the funding. If Boots Corner was confirmed as a permanent scheme it was essential that the council properly invested in that area of the High Street and the High Street as a whole. That was why it would look at achieving this collectively with the County Council.

In terms of supporting the anti-loan sharking campaign he referred to the fact that the Gloucestershire Credit Union had received an allocation from the Community Pride fund in September 2018. The Cabinet Member Finance stated that she had invited the union to a meeting but this had not been progressed on their side. Whilst he was sympathetic to its cause it was not appropriate at this stage since no information had been supplied as to how this funding had been spent. CBH was already involved in this area.

The Leader confirmed that the group did not favour four yearly elections nor reducing the number of councillors as this would represent a false saving. In any event, reducing the number of councillors to save money could only be as a result of a full local government boundary commission review.

The Leader recognised that recycling bring sites had been an issue at some peak times due to shortages of Ubico qualified drivers with the focus being to complete household collections as a priority. To address this the council was currently examining reducing garden waste collections for two weeks after Christmas in order for Ubico to have capacity to address such issues.

The following comments were made on the amendment:

- Some Members felt that reducing the number of councillors to 30 would increase workload of existing ward Members which would then make becoming a councillor more inaccessible in terms of time commitment involved and preclude, for example, those working full time and with young families. Having two ward members also provided contingency. Having a diverse council was important but by reducing the number of councillors this would make it harder to achieve. Companionship in the ward, fill in gaps other commitments was important.
- It was important to recognise that the funding concerned was specifically allocated to improve the quality of the public realm in the High Street which was separate to the Boots Corner issue.

Councillor Harman referred back to a meeting he had held with the credit union who felt that they did not have enough provision for the need in Cheltenham. Aggressive marketing companies existed and the situation was complex for those who were exposed to this such as those with gambling addictions.

In summing up Councillor Harman emphasised that his group had a different set of priorities for the High Street. There was a log jam over Boots Corner when really there were other challenges to be addressed and he believed the amendment would improve the position of Cheltenham.

In response to the amendment the Cabinet Member Finance referred to the loan sharking campaign and the letter Councillors had received. She reiterated how she had offered to meet with the group and felt it would be irresponsible to consider granting them more funding whilst there was no knowledge of how the community pride funding which had been awarded had been spent. In any event CBH were actively promoting their work in targeting loan sharks.

On reducing the number of councillors she believed the impact would be significant with the increase in case work and community work. In responding to a Members' comment on the reduction in the number of County Councillors she believed that the case work of a County Councillor and a Borough Councillor was not comparable.

Upon a recorded vote amendment 1 was LOST

Voting

For (6) :Councillors Babbage, Cooke, Harman, Mason, Savage and Seacome

Against (25) :Councillors Atherstone, Baker, Britter, Brownsteen, Clucas, Collins, Dobie, Fisher, Flynn, Hay, Hegenbarth, Hobley, Jeffries, Jordan, Oliver, Parsons, Payne, Stafford, Stennett, Sudbury, Wheeler, Whyborn, Wilkinson, Williams and Willingham

Abstention (0)

Councillor Harman formally moved the second amendment. The amendment was seconded by Councillor Babbage.

In seconding amendment 2 Councillor Babbage clarified that this was separate to the Boots Corner trial but funding from the Boots Corner reserve could potentially be used to change the road layout in front of WHSmith. This amendment concerned a project to allocate funding for building a bus and coach station for Cheltenham. He referred to the commitment Gloucester had recently made to sustainable travel in this regard with its new bus station. This project would have huge benefits and include provision for a cycling hub to demonstrate Cheltenham's commitment to cycling in the town. A central bus station would also release pressure of buses on Royal Well and additionally would remove traffic away from Pittville Street as it was not ideal buses used that route through the town. This would facilitate the full pedestrianisation of the High Street from the Promenade up to Bath Road to include the Rodney Road section with Winchcombe Street which would greatly benefit the street scene and add to the accessibility of the town centre by including more disabled parking bays.

The amendment was to start off exploring options of this work by allocating up to £250k. He hoped that Members would see the merits of this proposal.

In responding to the amendment the Leader was sympathetic to issues with regard to improving the town transport system including encouraging cycling and looking at buses in the town however would not support the amendment. He stated that as part of the Boots Corner trial there had been an increase in blue badge parking and this would increase further. He was supportive of upgrading the High Street as much as possible in conjunction with the County Council but there were restrictions on what could be done. He would make sure that the individual items could be looked at as part of the review of transport around the town and town centre.

Members made the following comments on the amendment:

- It was suggested that the cycling hub could be considered at the next meeting of the cycling and walking group.
- Members recognised there was a need for a better transport network and more focus on cycling and walking but could not support the amendment in this vague format.
- The civic society had said that they would like the town to consider a fully pedestrianised High Street from Sainsburys to the Brewery and there would be a north south route to enable this to happen although the location of this was not yet known.
- The correct location of a bus station was critical.
- Whilst Members felt the ideas should be considered they did not believe that transport planning should be considered during the budget setting process nor should it be funded by moving money from the Boots Corner reserve. They referred to the Connecting Cheltenham agenda as a more appropriate place to develop the ideas.
- The cycling hub was welcomed but a Member felt this could be undertaken in association with the redevelopment of Cheltenham Spa station, since this major transport interchanges were where cycling hubs were usually located.
- Pedestrianisation of the High Street was important but this should include more investment in retail outlets in the Lower High Street which, as an area, had potential.

As proposer of the amendment Councillor Harman thanked Members for supporting the ideas proposed and was pleased that debate had been provoked. It was an embryonic idea at this stage and he would discuss with his group how this could be progressed.

The Cabinet Member Finance felt that many of the ideas in the amendment would be best examined in the framework of Connecting Cheltenham for which the Systra report was expected in the spring.

Upon a recorded vote amendment 2 was LOST

Voting

For (5) :Councillors Babbage, Cooke, Harman, Mason, Seacome

Against (24): Councillors Atherstone, Baker, Britter, Brownsteen, Clucas, Collins, Dobie, Fisher, Flynn, Hay, Hegenbarth, Hobley, Jeffries, Jordan, Oliver, Parsons, Payne, Savage, Stafford, Sudbury, Wheeler, Whyborn, Wilkinson, Williams and Willingham

Absentions (1): Councillor Stennett

In seconding the budget the Leader stated that much of what Cheltenham had been doing was an attempt to mitigate against what was happening nationally. This was particularly true on the financial side where the council had been developing innovative ways of raising extra funding. Property investments made by the council were bringing in extra income of £1 million per annum meaning 11% on council tax. Investment in Cheltenham was a significant feature of this administration, giving the example of the high street improvement works and the new crematorium and the significant £100m investment in housing. He acknowledged that this did involve taking calculated risks but it was the right thing to do. He congratulated officers and the Cabinet Member Finance on leading on this.

Members then debated the substantive motion and the following points were raised by Members and responses given:

- Members welcomed the new ways of generating income streams to avoid rationalisation of services.
- It was noted that nothing had been specifically mentioned with regards to the urban gulls despite commitment from the Cabinet Member Development and Safety. Assurance was sought that this had not been lost. The Cabinet Member Finance confirmed that this was not a budget growth item but the task group had requested £10k that was already within the budget to help alleviate the gull problem. The Cabinet Member had agreed the £10k would be allocated as and when a plan of action was brought forward.

In summing up following the debate the Cabinet Member Finance believed this was a good budget for Cheltenham working within the financial constraints. She expressed her sincere thanks to each and

every member of staff that worked for Cheltenham Borough Council and for those bodies who worked in partnership without whom the budget could not have been achieved. She paid particular thanks to the Executive Director Finance and Assets for lobbying the minister on behalf of the authority with regard to the negative impact of the revenue support grant (RSG) and changes to the new homes bonus which resulted in no changes to new homes bonus and additional transitional RSG funding.

Upon a recorded vote on the substantive motion the recommendations were CARRIED.

RESOLVED THAT

- 1. the revised budget for 2018/19 be approved.**
- 2. Having considered the budget assessment by the Section 151 Officer at Appendix 2 the following recommendations be agreed :**
- 3. the final budget proposals be approved including a proposed council tax for the services provided by Cheltenham Borough Council of £209.08 for the year 2019/20 (an increase of 2.99% or £6.07 a year for a Band D property), as detailed in paragraphs 4.18 to 4.23.**
- 4. the growth proposals be approved, including one off initiatives at Appendix 4.**
- 5. the savings / additional income totalling £1,677,600 and the budget strategy at Appendix 5 be approved.**
- 6. the use of reserves and general balances be approved and the projected level of reserves, as detailed at Appendix 6 be noted.**
- 7. It be noted that the Council will remain in the Gloucestershire business rates pool for 2019/20 (paragraphs 4.5 to 4.17).**
- 8. the recommendations made by the Independent Remuneration Panel (IRP), as detailed in paragraph 5.14 be noted.**
- 9. the Pay Policy Statement for 2019/20 be approved, including the**

continued payment of a living wage supplement at Appendix 9.

10. the Medium Term Financial Strategy (MTFS) detailed in Section 5 and Appendix 10 be approved.

11. a level of supplementary estimate of £100,000 for 2019/20 as outlined in Section 13 be approved.

Voting

For (25) : Councillors Atherstone, Baker, Britter, Brownsteen, Clucas, Collins, Dobie, Fisher, Flynn, Hay, Hegenbarth, Hobley, Jeffries, Jordan, Oliver, Parsons, Payne, Stafford, Stennett, Sudbury, Wheeler, Whyborn, Wilkinson, Williams and Willingham

Against (0)

Absentions (5): Councillors Babbage, Cooke, Harman, Mason and Seacome

12. COUNCIL TAX RESOLUTION

The Cabinet Member Finance introduced the report and explained that the Council was required to formally approve the total Council Tax for residents of Cheltenham, including the Council Tax requirements of the precepting organisations Gloucestershire County Council (GCC) and Gloucestershire Police.

RESOLVED (unanimously) THAT

the formal Council Tax resolution at Appendix 2 be approved and the commentary in respect of the increase in Council Tax at Paragraph 6 of Appendix 2 be noted.

For (28) Councillors Atherstone, Babbage, Baker, Britter, Brownsteen, Clucas, Cooke, Dobie, Fisher, Flynn, Harman, Hay, Hegenbarth, Jeffries, Jordan, Mason, Oliver, Parsons, Payne, Seacome, Stafford, Stennett, Sudbury, Wheeler, Whyborn, Wilkinson, Williams, Willingham

13. NOTICES OF MOTION

Proposed by Councillor Wilkinson

Seconded by Councillor Atherstone

Motion to declare a Climate Emergency

Humans have already caused irreversible climate change, the impacts of which are being felt around the world. Global temperatures have already increased by 1 degree Celsius from pre-industrial levels. Atmospheric CO2 levels are above 400 parts per million (ppm). This far exceeds the 350 ppm deemed to be a safe level for humanity;

In order to reduce the chance of runaway Global Warming and limit the effects of Climate Breakdown, it is imperative that we as a species reduce our CO2eq (carbon equivalent) emissions from their current 6.5 tonnes per person per year to less than 2 tonnes as soon as possible;

Individuals cannot be expected to make this reduction on their own. Society needs to change its laws, taxation, infrastructure, etc., to make low carbon living easier and the new norm;

Carbon emissions result from both production and consumption;

Cheltenham Borough Council has already shown foresight and leadership when it comes to addressing the issue of Climate Breakdown, having led on recycling issues, delivered a local plan with strong environmental policies and through promoting sustainable transport options.

Unfortunately, while current plans and actions locally are making a difference, they are not enough. The world is on track to overshoot the Paris Agreement's 1.5°C limit before 2050;

The IPCC's Special Report on Global Warming of 1.5°C, published last month, describes the enormous harm that a 2°C rise is likely to cause compared to a 1.5°C rise, and told us that limiting Global Warming to 1.5°C may still be possible with ambitious action from national and sub-national authorities, civil society, the private sector, indigenous peoples and local communities;

Councils around the world are responding by declaring a 'Climate Emergency' and committing resources to address this emergency.

Full Council believes that:

All governments (national, regional and local) have a duty to limit the negative impacts of Climate Breakdown, and local governments that recognise this should not wait for their national governments to change their policies. It is important for the residents of Cheltenham and the UK that all settlements commit to carbon neutrality as quickly as possible;

Urban areas like Cheltenham are uniquely placed to lead in reducing carbon emissions, as they are in many ways easier to decarbonise than rural areas – for example because of their capacity for heat networks and mass transit;

The consequences of global temperature rising above 1.5°C are so severe that preventing this from happening must be humanity's number one priority; and,

Bold climate action can deliver economic benefits in terms of new jobs, economic savings and market opportunities (as well as improved well-being for people worldwide).

Full Council calls on the Cabinet to:

Declare a 'Climate Emergency';

Pledge to make Cheltenham carbon neutral by 2030, taking into account both production and consumption emissions;

Call on Westminster to provide the powers and resources to make the 2030 target possible;

Work with other governments (both within the UK and internationally) to determine and implement best practice methods to limit Global Warming to less than 1.5°C;

Continue to work with partners across the town, county and region to deliver this new goal through all relevant strategies and plans;

Report to Full Council within six months with the actions the Council will take to address this emergency.

References:

Fossil CO2 & GHG emissions of all world countries, 2017:

<http://edgar.jrc.ec.europa.eu/overview.php?v=CO2andGHG1970-2016&dst=GHGpc>

World Resources Institute: <https://www.wri.org/blog/2018/10/8-things-you-need-know-about-ipcc-15-c-report>

The IPCC's Special Report on Global Warming of 1.5°C:

<https://www.ipcc.ch/report/sr15/>

Including US cities Berkeley:

<https://www.theclimatemobilization.org/blog/2018/6/13/berkeley-unanimously-declares-climate-emergency> and Hoboken:

<https://www.theclimatemobilization.org/blog/2018/4/25/hoboken-resolves-to-mobilize>, and the C40 cities: <https://www.c40.org/other/deadline-2020>

Scope 1, 2 and 3 of the Greenhouse Gas Protocol explained:

<https://www.carbontrust.com/resources/faqs/services/scope-3-indirect-carbon-emissions>

Councillor Babbage firstly wished to declare a personal interest as he works for an energy company.

As proposer of the motion, Councillor Wilkinson gave an overview of the issue. He explained that each generation has a duty to improve the situation for future generations. By passing this motion which would declare a climate emergency and commit Cheltenham to becoming carbon neutral in 12 years, he hoped Cheltenham would make a small but meaningful contribution to achieving a better outlook for future generations. He stressed that as elected politicians Councillors must use everything at their disposal to make a real difference. He advised that according to UN statistics we have just 12 years to avert a climate catastrophe and as such, the situation was more stark than ever. On a global scale, vulnerable people were losing their homes, Africa was experiencing severe drought and flooding and Pacific islanders were being forced to abandon their homes, all because of the actions of the developed world. He also acknowledged that the developing world were struggling, for example in Australia, urban areas were being forced to adapt to increasing wild fires and flooding and even in the UK extreme weathers had impacted on the elderly. He stressed the importance of joining with other councils to declare a climate emergency and calling on Westminster to provide the powers and resources to allow Cheltenham to make a meaningful change locally in order to make a positive contribution to the international fight.

Councillor Atherstone seconding the motion stressed the importance of investing in schemes such as a local carbon transport plan. She acknowledged that they needed to be realistic and would not be able to achieve these ambitious targets alone but needed to both collaborate with local communities and business and encourage support from GCC to address infrastructure and transport challenges. She suggested CBC consider subsidies to purchase electric vehicles, provide enticing benefits for car pooling, improve the safety on pedestrian and cycle routes, invest in paving and introduce increased park and ride facilities. She reiterated the importance of acting now in order to reduce the production and consumption of carbon emissions.

In the debate that followed, Members made the following comments:

- Members agreed that doing nothing was not an option, they acknowledged that whilst the Council were taking a number of steps to reduce their carbon footprint, they were not doing enough, and as a Council they needed to be civic leaders. Some Members felt it imperative that the Council be ambitious in its objectives, particularly given that air pollution leads to around 40,000 premature deaths a year.
- One Member questioned what the current carbon position for the town was and what measures CBC were proposing to take to become carbon neutral. Some Members were concerned that 11 years was an extremely tight timescale to become carbon neutral. Following the outcome of the Council's recent peer review, Members raised concerns about the potential money and resource implications of the initiative and queried whether the Council should just be considering their statutory responsibilities. Some Members agreed that they needed to be realistic about what CBC could achieve and thought it would be beneficial to see a plan of what was being proposed in order to deliver these objectives following conversations with the Cabinet Member Finance and the Chief Executive about the available resources.
- Members noted the impact that the heating and cooling of homes has on carbon emissions, they reasoned that by ensuring new homes were wind proof, water tight and properly insulated they could reduce the emissions. They also suggested that more research be done into the potential for using wave power and suggested further engagement with schools. They supported CBH in installing solar panels on the roofs of social and council housing.
- Members acknowledged the considerable benefits that greenspace and planting can have on carbon capture and acknowledged that a lot could be achieved by simply changing the way we do things. For example, by planting more trees and using perennial plants in flower beds.
- Members further noted the benefits of plant-based diets on the environment and suggested more plant-based food be sold at the Council's leisure facilities. Alternative suggestions included investing further in the park and ride, reassessing the Council's utility supplier and progressing the Council's move from the Municipal offices. Others suggested reviewing CBC's planning regulations and making a requirement for all industrial buildings to have solar panels.

- It was suggested that a Cabinet Member working group be set up to find ways to help introduce carbon saving measures in the Council's operations.
- One Member acknowledged that over population significantly contributes to climate change and that particularly in the developing world there needed to be more education in birth control measures.
- One Member suggested that the remit of the cycling and walking working group be extended to include all forms of sustainable travel and that the working group be used as a way of taking these ideas forward from a travel point of view.
- One Member acknowledged that there were also socio-economic issues that affect global warming, and that third world countries do not have the luxury of using alternatives to fossil fuels. They noted that emerging nations want the same living standards as the developed world and will inevitably burn fossil fuels in order to get there. As such, they stressed the importance of lobbying the government to get the rest of the world to take it more seriously.
- It was noted that Members should be aware of the unattended consequences of such initiatives, for example, the UK had reduced its carbon footprint in terms of electricity production but this had pushed electric prices up and caused lots of business to relocate overseas.
- The Leader was sympathetic to the case being made and agreed that Cabinet would look at what needed to be done in order to achieve the objectives as set out in the motion, he advised that they would bring a report back to Council in 6 months time.
- Councillor Wilkinson thanked Members for their comments and reiterated the importance of being ambitious in their targets and emphasised the importance of calling on Westminster to provide the powers and resources to make the 2030 target possible.

The motion was unanimously passed.

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

None.

15. LOCAL GOVERNMENT ACT 1972 -EXEMPT INFORMATION RESOLVED THAT

"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. A PROPERTY MATTER

The Leader introduced the report on the property matter in the absence of the Cabinet Member Development and Safety.

Members asked questions which were answered by the Leader and the Managing Director Place and Growth and then debated the report in full.

RESOLVED (unanimously)

To adopt the recommendations.

Bernard Fisher
Chairman

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Mayor, Members

I have great pleasure in presenting the revised general fund budget for 2018/19 and the final budget proposals for 2019/20.

For some years now, we have been working to a Medium Term Financial Strategy that sets out our financial situation over a rolling five-year period. Planning for several years at a time became even more important, when the Government announced that it was going to phase out the revenue support grant over four years and give councils a bigger share of the income from business rates.

Funding Settlement

As members will recall this council took up the four year settlement funding offer in order to bring some guaranteed stability of at least a fixed amount for those years albeit decreasing to zero in 2019/20.

The final financial settlement, was announced on the 29th January 2019, there were some changes made from the draft budget proposals, the most significant changes and announcements proposed in the settlement were:

- The announcement that Gloucestershire was not successful in its application to pilot 75% Business Rates Retention (BRR) in 2019/20;
- No changes in the way that the New Homes Bonus (NHB) is calculated and the baseline target will remain at 0.4%. This equates to an additional £228,797 NHB in 2019/20;
- The distribution of £180m business rates retention levy pro-rata to the 2013/14 Settlement Funding Assessment. This equates to an additional £42,893 in 2019/20;
- An upward adjustment to the 2017/18 tariff for business rates revaluation which resulted in a reduction in retained business rates of £81k;
- Fair Funding Review and Retained Business Rates consultations on new funding methodology from 2020/21 which closes on 21st February 2019;
- Confirmation to the removal of 'negative Revenue Support Grant (RSG)' in 2019/20.

Additional pressures outlined in Appendix 4 have been funded by the additional funding, which will result in a revised net budget requirement of £14.831m as detailed in Appendix 3.

Business rates

The redistribution of business rates income, has become an important part of our lives, to the extent that business rates are a major source of income,

The idea that local councils can share more fully in the proceeds of business rates is very attractive, especially for towns like Cheltenham which are likely to see substantial economic growth over the next few years not least the new West Cheltenham development.

But it must aware the devolution of business rates income to local authorities has introduced a very large element of risk into council finances that wasn't there before.

I am disappointed to say that Gloucestershire was not successful in its bid to become a pilot area again this year for the new 75% retention rate, it is interesting to note that government decided to award this to other authorities including Northamptonshire, Somerset, Worcestershire and Buckinghamshire. (note to self all struggling authorities)

Under the current pilot arrangement which ends on the 31st March this year, 100% of growth is shared locally, with 30% going to the District's, 50% to the County Council and 20% to the Strategic Economic Development Fund. Current projections suggest that the overall pilot gain in 2018/19 is now circa £14m. After allowing for the creation of a £1.4m 'risk reserve', the benefit to Cheltenham Borough Council is estimated to be circa £640k and Council approved that this would be ring-fenced to fund one-off economic growth initiatives specific to Cheltenham.

The move to local business rates retention is still I believe a positive one albeit we have faced a series of obstacles in trying to make it a success. ~~There are~~ significant levels of risk due to the volume of outstanding business rates appeals which ~~are~~ ^{Page 32} processed by the Valuation Office. Where appeals are successful, refunds of business rates may be repayable back to the 2010/11 financial year, which reduces the business rates yield in the year in which the refund is made. The Council has made provision for its share of the cost of outstanding appeals in its financial statements. The level of provision has been reviewed as part of the preparation of the business rates estimates for 2019/20.

New Homes Bonus

If I could turn to the new homes bonus, this year there are no changes in the way that the New Homes Bonus is calculated and the baseline target will remain at 0.4%.

There have long been concerns as to the sustainability of this funding stream, and in 2017/18 the Government changed the calculation for the award of the grant. Prior to 2017/18 the grant comprised six annual tranches, reducing to five in 2017/18 and four thereafter. A baseline of 0.4% housing growth was introduced under which no New Homes Bonus grant is paid.

MHCLG recently consulted on further proposed changes to the current New Homes Bonus scheme which is intended to incentivise house building within local authority boundaries and may include an increase in the baseline target although the scheme has remained unchanged in 2019/20.

It is likely that further changes will be implemented post 2020 although NHB is not currently included as an element of the FFR. It is this Council's belief that NHB in its current format, does not equate to the needs of the authority and the Council will continue to lobby on this front.

Council Tax

I believe we have a serious responsibility to protect services not just in 2019/20 but beyond. There is no doubt that any additional council tax income, will strengthen the council's finances substantially and reduce our dependence on reserves. It will directly benefit Cheltenham residents by reducing the budget gap we have to bridge in future years and thereby protecting services from cuts.

With increased pressure for the cap on public sector pay to be lifted and the need for inward investment in the Borough through specific events and marketing of the Town, the Cabinet has had to consider what level of increase in council tax is sustainable, without creating an increased risk of service cuts and/or larger tax increases in the future.

Therefore, the Cabinet is proposing a 2.99% increase in council tax in 2019/20 ; an increase of £6.07 for the year for a Band D property.

I am not minimising the significance of any tax increase, but we need to keep this in perspective. The County Council and the Police tax increase this year is far greater than we are proposing. I think our proposed 18 pence a week increase is a price people will be prepared to pay for their services and their quality of life.

It is very clear that the Government in future financial settlements will assume we have made this increase. Therefore not doing it will affect our funding for years to come.

The uncertainty surrounding the future of New Homes Bonus, the fair funding review and the reset in the business rates post 2020 which represents a significant proportion of our income, places a greater reliance on council tax as our main source of income.

Collection fund In accordance with the Local Authorities Funds (England) Regulations 1992, the Council has to declare a surplus or deficit on the collection fund by 15th January and notify major preceptors accordingly. This Council's share of the collection fund surplus for 2018/19 is £110,500 which will be credited to the General Fund in 2019/20. Collection fund surpluses arise from higher than anticipated rates of collection of the council tax collection rates, my thanks to the team for all their efforts.

Roundup

In the current exceptionally difficult national funding situation, the Cabinet's overriding financial strategy has been, and is, to drive down the Council's net costs via a commercial mindset. This

Cabinet's aim is to hold down council tax as far as possible, while also protecting frontline services, identify savings through reorganization of service delivery or raising additional income, an immensely challenging task in the present climate.

How have we done that,

This budget has been prepared under a general philosophy of no growth,

Firstly a major focus for the longer term is closing the gap as set out in the MTFS, The MTFS indicates broadly how the Council will close the projected funding gap over the period 2019/20 to 2022/23. In future years, it includes targets rather than necessarily specific worked up projections of cost savings and additional income to allow the Executive leads autonomy and flexibility. Engaging with stakeholders will be crucial when it comes to developing a sense of ownership in local decision-making and service delivery. Working with stakeholders will allow the council to fine tune services based on actual needs. Holding adequate information upon which to base the allocation of scarce resources is essential to address under-met needs.

The commercial strategy was adopted by Full Council in February 2018 with the vision "to become an enterprising and commercially focused Council which people are proud to work for and which others want to work with. We will use our assets, skills and infrastructure to shape and improve public services and enable economic growth in the Borough. We shall generate significant levels of new income for the Council working towards the objective of enabling it to become financially sustainable by the financial year 2021/22".

it includes the relocation strategy, sharing management and staff costs where possible, commercial asset rationalization which includes the depot. The MTFS indicates broadly how the Council will close the projected funding gap over the period 2019/20 to 2022/23. It is based on the building blocks of place and economic growth; organizational change; and finance and assets. The detailed schedule of target savings is provided in greater detail within Appendix 5.

The cabinet believes that the longer term approach to closing the funding gap is fundamentally through economic growth and investment together with the effective use of our assets to this end cabinet worked with the executive finance officer and introduced last year a commercial strategy which sits alongside the MTFS, in addition resources will be geared towards supporting and delivering major benefits to the Town in North West and West Cheltenham.

I am also proposing that we make full use of the New Homes Bonus of £1.468 million to support this revenue budget,

A budget support reserve was created in 2015 for the specific purpose of providing more resilience, should short term challenges be faced, today my proposal is to draw on this reserve, having been successful with some major redevelopments that in the long term will benefit our Towns economy enormously Because these are short term challenges the use of £256 thousand of this reserve I would suggest is preferable to cuts in service.

Given the expectations on councils to make a significant contribution to reducing the national budget deficit, this Council faces a significantly more challenging financial position in the early years of the MTFS. The latest projections indicate a gap of £2.787m for the period 2020/21 to 2022/23, primarily as a result of the baseline funding allocation reset proposed in 2020 whereby the growth generated from business rates since 2013/14 will be redistributed based on need under the fair funding review.

This council is aspirational and horizon scanning in the approach it takes to delivering its services, and supporting those it works with in partnership to ensure Cheltenham is a vibrant and desirable place to live, work and invest.

However, recognising the change in the council's short to medium term finances has required an alternative approach to be taken over the next ~~four financial~~ **Page 34** years with a focus on delivering services within approved budgets and enhancing the services to ensure it is able to meet any unforeseen costs in the future and also mitigate known risks and forecast cost pressures, particularly those arising from changes in the way local government is financed post 2019/20.

Capital programme

The proposed capital programme for the period 2018/19 to 2020/21 is at Appendix 7.

The strategy for the use of the council's capital resources is led by our corporate priorities. The existing programme includes sums for infrastructure investment to be funded from capital receipts and the purchase of new vehicles through Ubico. It also includes the allocations agreed by the Council in April 2015 to facilitate the redevelopment to the Town Hall and the Crematorium, and an earmarked contribution to public realm works within the Town Centre.

In addition the capital programme sets aside an allocation for enhancing our property portfolio with the aims of delivering economic growth and regeneration.

Supporting the artistic, heritage and cultural life of the town as economic drivers will remain a core focus, it all helps to show that Cheltenham is a town with a vision, backed up with a new Place Strategy.

Investing in our services that contribute to our income is imperative, the proposals for the new crematorium is one example, of a commitment to provide a facility, that is fit for purpose to deliver a first class service to our residents and the businesses that use it.

Pay Policy

Before I conclude, Section 38 of the Localism Act requires local authorities to produce pay policy statements which should include the authority's policy on pay dispersion, we are also required on an annual basis to reaffirm our support for the Living Wage and for paying the supplements necessary to implement it. I am proposing that we do so now in these budget resolutions.

Mayor, may I pause here to reflect on where we have come from, got to and a plan for the future.

Since 2010, CBC like other councils has faced unprecedented fiscal challenges with:

- A double-dip recession
- Stunted economic growth
- Government cuts in funding
- Rising demand for services, with increased costs
- Welfare reform and stagnant wage growth

The negative experience of CBC's Icelandic Bank investments and double dip recession meant the financial environment was challenging; core funding was cut by £5.7m, from £8.8m to £3.1m, with further reductions through to 2019/20.

In addition, during 2013/14, £11m investments performed at 0.4% return which was poor; the base rate was 0.5%.

All of those events could have seen this authority shrink to providing the very bare minimum of services to the residents of our Town, this administration did not consider that was an acceptable option, and I believe the majority of members would agree.

How could we change for the future ?

Our finance and assets department initiated an audit of assets, worked with Grant Thornton and treasury advisers to develop a sound roadmap that fostered financial structuring and investment options planning. Options were defined into three categories: continuing as we are, take a commercial approach, or seek greater collaboration to secure the council's future.

To continue as we were would mean CBC would have had to rely heavily on fees and charges, further streamlining, or significant service cuts, including reducing our staff and skills base. we were keen to explore alternatives delivering growth, income and revenue streams, together with tangible

improvements. A bold shift to collaboration and commercialisation was needed to deliver expectations.

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I would like to highlight some of the changes and outcomes achieved

Treasury Management

With investment and interest rates remaining low in the medium-term, CBC demonstrated skilled treasury management and cash-flow performance. Returns from traditional fixed-term cash deposits are minimal, so growth was met through diversification into alternative investment sources, such as pooled property funds, multi-asset funds, including bond and equity markets, which alongside LGPS up-front payments has generated half a million in additional revenue.

Debt restructuring and minimum revenue provision reviews have enabled CBC to make significant savings on debt repayments. For example, in 2018 CBC arranged 38 loans, receiving £41.867m from the Public Works Loan Board to finance four commercial property acquisitions. In the business case, the annuity loans rate to borrow funds over 40yrs was 2.81% and on the day the loans were agreed the annuity rate stood at 2.78%. However, a decision was made to take out a basket of maturity loans from 3yrs to 40yrs, resulting in interest savings of £937k against taking out a 40yr annuity loan and achieving an average borrowing rate of 2.57%.

Our commissioned services have made significant savings for this authority

Since 2011/12 to date Ubico contributions on waste and recycling is over 1 million

The Cheltenham Trust since 2013/14 savings stand at £832,300

Go shared services now known as Publica have since 2012 given savings of £433,900

Turning to our shared services

South West Audit Partnership delivered savings of £73,400

One Legal savings of £113,500

Investments in our Public realm in partnership with the County Council & European Structural & investment fund supported by the BID and Development Taskforce brought in almost 1 million pounds to support the High Street revitalization.

February 2018 saw the introduction of our commercial strategy that is at the heart of our mindset to be more commercially focused and financially sustainable, CBC is in the top 10 local authority property acquisitions ratings for 2018 and its net income from its property investment portfolio is £1.7m per annum, projected to rise to £2m by 2022/23 all of it invested in Cheltenham.

So turning to the future with just a small bite of things to come,

Our commercial journey continues, with initiatives including:

- Making Cheltenham the 'Cyber Capital' of the UK, through the creation of the UK's first cyber park.
- Building three new industrial units to meet demand with projected net yields of 6%.
- Community Lottery: launching 2019.
- Options review for new depot provision - current site is at saturation point, so it's key to ensure waste and recycling services continue efficiently into the future. Current site re-development has a potential yield of 5%-6%.
- Working with Professor Paul Courtney from the University of Gloucestershire, to optimise social value from procurement spend.

• A new £8.5m crematorium, provided through borrowing on an 'invest to save' basis opening on-time and on-budget in March 2019; investment underpinning a long term revenue stream and valued local service.

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• Car parking – strategic consultancy review by Ove Arup Ltd completed in 2017, resulting in tariff restructuring to help secure objectives, such as modal travel shift and investment in infrastructure. This has seen CBC off-street parking income rise by £680k (17.7%) to £4.5 million in 2018, whilst bus travel is up by 5,000 journeys per week (4%) against a national average decline of 2%.

• Vacant Municipal Offices space, available for small business lets from August 2019.

• Leading Public Sector commercial consultant, David Elverson providing training, mentoring and coaching for staff, to foster new commercial initiatives to fruition through a 'bottom up solutions' approach.

• Working with our ALMO, Cheltenham Borough Homes, implement an approved £100m housing investment plan, creating affordable homes and support wider regeneration. National press coverage - Inside Housing.

• Expansion of 'Marketing Cheltenham' in 2019 (established in 2017), a growing service led by CBC, Cheltenham BID and Cheltenham Tourism Partnership to further boost the visitor economy.

The Minster Box Park provision creative arts small business hub.

In summary Mayor I believe that rather than have cuts we need to be brave and bold to achieve what I have just said, this is a –

balanced budget, despite a huge cut in Government grant.

The local economy strengthened.

Car parks Invested in

Front line services protected

More efficiency savings.

Skilled Treasury Management,

Commercial investment

I have heard it said from the other side of the chamber that this administration has no vision for Cheltenham whilst the opposition may say this, there is never a suggestion of meaningful alternatives, I believe I have set out today that we very much do have a vision and have led the way.

We as Liberal Democrats have aspirations for the long-term future of Cheltenham, a festival spa town, to deliver and maintain the very best quality of life for its people. Cheltenham was named by the Telegraph as the best place to raise a family in the UK and the New York Times dubbed it as a destination enjoying cultural renaissance. CBC prides itself as being the custodian and provider of local services, enabling the town to continue developing its compelling marketplace offer.

"Success is not final there is always more to do, caution leads to mediocrity, an appetite for risk allows for growth: it is the courage to continue that counts."

Mayor, I have pleasure in proposing the general fund revenue & capital budget for 2019/20

Cheltenham Borough Council Council – 25th March 2019

Capital, Investment, Treasury and MRP Strategies and Statements 2019/20

Accountable member	Cabinet Member for Finance, Councillor Rowena Hay
Accountable officer	Executive Director Finance and Assets (Section 151 Officer), Paul Jones
Accountable scrutiny committee	Treasury Management Panel
Ward(s) affected	All
Key Decision	Yes
Executive summary	<p>In December 2017, CIPFA published updates to the Prudential Code and The Treasury Management Code of Practice. The new Prudential Code requires the Council to approve a Capital Strategy on an annual basis in advance of the forthcoming financial year. The Ministry of Housing, Communities and Local Government (MHCLG) have also updated statutory guidance on treasury management which has resulted in changes to the Treasury Management Strategy and the introduction of a separate Investment Strategy. For 2019/20 a new set of strategic documents require Council approval: The Council's Capital Strategy, Investment Strategy and Treasury Management Strategy.</p> <p>In accordance with best practice, the Council has adopted and complies with the CIPFA Code of Practice on Treasury Management and the Prudential Code by relevant Capital Finance Regulations.</p>
Recommendations	<p>That Council considers and approves the following :</p> <ul style="list-style-type: none"> • The Capital Strategy 2019/20 at Appendix 2 • The Investment Strategy 2019/20 at Appendix 3 • The Treasury Management Strategy Statement 2019/20 at Appendix 4 • The Minimum Revenue Provision (MRP) Statement 2019/20 at Appendix 5
Financial implications	<p>The financial implications are reported in appendices 2 – 5.</p> <p>Contact officer: Andrew Sherbourne, andrew.sherbourne@cheltenham.gov.uk, 01242 264337</p>

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 Local authorities in England are legally obliged to “have regard” to the CIPFA Treasury Management Code and the Prudential Code by relevant Capital Finance Regulations.
- 1.2 Local authority investment decisions have made headlines over the past year with the financial press questioning the role of local authorities investing in property and assets as a means to generate income to compensate for the reduction in government funding. Investing in property and other assets is nothing new for Cheltenham Borough Council whom has historically held major assets such as retail sites and commercial property for some time now. In recent years however the emphasis on using these assets to generate a commercial yield has become much greater and this has involved some councils investing in property outside of its area. The scaling up of investments by local councils has been brought to the attention of the Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA resulting in changes to the Treasury Management Code and the Prudential Code.
- 1.3 Following consultations in February and August 2017, CIPFA published its new 2017 guidelines of Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes and the Prudential Code for Capital Finance in Local Authorities just before the end of 2018. The Council is now required to prepare and approve four strategies/statements:
 - Capital Strategy;
 - Investment Strategy;
 - Treasury Management Strategy Statement; and a
 - MRP Statement

2. Consultation

- 2.1 Each strategy is attached at Appendices 2 - 5 based on information relating to the Council's local circumstances with accompanying information and advice supplied by the Council's treasury advisors Arlingclose Limited.
- 2.2 The Treasury Management Strategy Statement has been recommended for approval by the Treasury Management Panel at its meeting on 25th February 2019 to Council. Given the significance of importance, and to allow time for them to be written, the Leader and Cabinet Member for Finance have agreed that the Capital Strategy, Investment Strategy and the MRP Statement are to be reported direct to Full Council for consideration and formal approval.

Report author	Contact officer: Andrew Sherbourne, andrew.sherbourne@cheltenham.gov.uk 01242 264437
Appendices	Appendix 1 – Risk Assessment Appendix 2 – Capital Strategy 2019/20 Appendix 3 – Investment Strategy 2019/20 Appendix 4 – Treasury Management Strategy Statement 2019/20 Appendix 5 – MRP Statement 2019/20
Background information	Section 15(1)(a) of the Local Government Act 2003 Cheltenham Borough Council Treasury Management Practices

Risk Assessment

Appendix 1

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	LOBO Loans - If £7m of these loans are recalled by the banks if they choose to exercise their option then we would need to have the resources on the day to repay. Alternative borrowing arrangements at today's current rates would be favourable for the Council	ED Finance & Assets 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 2020	ED Finance & Assets Paul Jones	
	If the assumptions made within the strategies change, then the aspirations within the capital programme may become unaffordable.	ED Finance & Assets Paul Jones	13 th March 2019	3	2	6	Accept	The Treasury Management Strategy and Prudential and Treasury Indicators reflect various assumptions of future interest rate movements and Government support for capital expenditure. These will be continually monitored and any necessary amendments will be made in accordance with the Strategy		ED Finance & Assets Paul Jones	

	If tenants exercise break-clauses and/or not renew leases, then there may be an impact on income projections and net returns.	Simon Hodges	15 th August 2018	2	3	6	Accept	Should tenants serve notice, the Council will have 6 months prior notice to find new tenants.		Simon Hodges	
	If thorough due diligence is not undertaken when pursuing commercial property investments, the Council may not meet all of the criteria set out within its capital and investment strategies.	ED Finance & Assets Paul Jones	13 th March 2019	4	2	8		Due diligence is of paramount importance. All of our commercial investments have individual business cases that are subject to thorough risk assessment and stress testing and we also stress test the whole investment portfolio to ensure all risks are captured and properly controlled. Where appropriate to the size and scale of the project we also commission independent technical, legal, accounting, risk management, property, taxation advice		Simon Hodges	

1. INTRODUCTION

- 1.1** The purpose of the Council's Capital Strategy is to document the principles and framework that underpin its longer-term capital investment and expenditure proposals. The Capital Strategy is a new requirement for Councils to produce from April 2018 following the publication of the revised Prudential Code for Capital Finance in Local Authorities 2018.
- 1.2** Cheltenham Borough Council's Capital Strategy forms a key part of the Council's overall Corporate Planning Framework. It provides a mechanism by which the Council's capital investment and financing decisions can be aligned with the Council's over-arching corporate priorities and objectives over a medium term planning horizon.
- 1.3** The Strategy sets the framework for all aspects of the Council's capital expenditure; including planning, prioritisation, management and funding. The Strategy has direct links to the Council's Asset Management Strategy, Commercial Strategy, Investment Strategy and Treasury Management Strategy and forms a key part of the Council's Medium Term Financial Strategy (MTFS).
- 1.4** In particular, the Capital Strategy demonstrates how we will deliver the 5 key priorities for the Council:
- We will work toward making Cheltenham the Cyber Capital of the UK; a national first, which will deliver investment in homes, jobs, infrastructure and enable the Council to deliver inclusive growth for our communities.
 - Deliver a number of Town Centre and wider public enhancements that will continue the revitalisation of the town ensuring its longer-term viability as a retail and cultural destination.
 - Deliver enhancements to our environmental services and develop the way we commission these services.
 - We will be seeking new opportunities to bring in additional resources e.g. introduction of Cheltenham lottery as well as leveraging more value from our assets and commissioned providers to deliver our £100m housing investment plan.
 - Improve the way services and information are accessed by residents and businesses by maximising new technology opportunities and different ways of working the outcome of which will contribute towards our financial self-sufficiency.
- 1.5** Capital expenditure is where the Council spends money on assets, such as land, property or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

2. WHAT IS OUR CAPITAL STRATEGY

- 2.1** The key aims of the Capital Strategy are to:
- provide a clear context within which proposals for new capital expenditure are evaluated to ensure that all capital investment is targeted at meeting the

Council's Vision and Priorities;

- Deliver projects that focus on delivering revenue benefits in the form of spend to save, spend to earn or generate growth in revenue income;
- set out how the Council identifies, programmes and prioritises capital requirements and proposals arising from business plans, the Asset Management Plan (AMP) and other related strategies;
- consider options available for funding capital expenditure and how resources may be maximised to generate investment in the area and to determine an affordable and sustainable funding policy framework, whilst minimising the ongoing revenue implications of any such investment;
- identify the resources available for capital investment over the MTFS planning period; and
- establish effective arrangements for the management of capital expenditure including the assessment of project outcomes, budget profiling, deliverability, and the achievement of Value for Money.

2.2 Put simply, our Capital Strategy aims to invest and deliver for the residents of the Borough:

- We have invested in commercial property which provides for an ongoing sustainable income stream to deliver front-line services, whilst also having a direct impact of the safe-guarding of much needed office accommodation within the town centre;
- We are delivering the affordable homes which the market fails to provide and we will prioritise those people on our Housing Register;
- Public Realm High Street investment focussed on supporting the revitalisation of the high street, complemented by the flagship concept store opening for John Lewis, and the redevelopment of the Brewery Quarter;
- We have invested in a new suite of waste and recycling vehicles to enhance and deliver the service requested by our residents;
- We have invested and delivered a new sport and play hub at leisure@;
- We have invested in a new £8.5 million crematorium, on time and within budget, which will deliver services for future generations.

2.3 Beyond the above, our Capital Strategy will also help us meet our need to upgrade and maintain:

- Operational buildings;
- Infrastructure in the Borough;
- Our vehicle fleet;
- Our ICT infrastructure.

- 2.4** In 2019/20, the Council is planning capital expenditure of £19.37m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2017/18 actual £000	2018/19 forecast £000	2019/20 budget £000	2020/21 budget £000	2021/22 budget £000
General Fund services	7,919	14,752	2,807	1,109	411
Council housing (HRA)	9,016	9,775	16,562	16,313	10,867
Capital investments	0	43,083	0	0	0
TOTAL	16,935	67,610	19,369	17,422	11,278

- 2.5** The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately, and includes the building of 105 new homes over the forecast period.

3. CAPITAL PROGRAMME NEEDS AND PRIORITIES

- 3.1** Underlying the capital strategy is the recognition that the financial resources available to meet corporate priorities are constrained in the current economic and political climate. Central government support for revenue and capital investment has reduced significantly over the last few years. Along with these reductions is the recognition that the Council must rely more on internal resources and seek ways in which investment decisions can be either self-sustaining or generate positive returns both in terms of meeting corporate objectives and producing revenue savings.
- 3.2** The Asset Management Plan (AMP) includes significant backlog maintenance issues across the Council's property portfolio. To provide the necessary investment needed to bring them up to current standards would require a level of investment that is currently unaffordable within the revenue resources of the Council. The Council may wish to prioritise the disposal of any surplus assets which would generate capital resources via capital receipts. These receipts, alongside private sector investment, can be prioritised to maximise outputs with minimal ongoing future revenue costs.
- 3.3** Economic Investment – The Council will continue to seek investments that generate longer term growth. These projects will yield a combination of revenue generation (business rates, property rental or interest), jobs and capital infrastructure investment. Based on sound business cases the Council will aspire to make acquisitions to assist with strategic site assembly for the delivery of investment projects.
- 3.4** Housing – A significant element of past resources (capital receipts and S106 contributions) have been applied to the housing market in the Borough. This work will continue to deliver a commitment from the Cabinet to facilitate the delivery of building affordable new homes and bring void properties back into use, in partnership with Cheltenham Borough Homes. Significant progress has been made in this area and

additional funds along with a strategic delivery partner will enhance this project.

- 3.5** Employment – The council is keen to work with other Government agencies and private developers to create long term employment opportunities through capital investment. Such investments will also appraise the ability to generate new business rate income.
- 3.6** Corporate Property – To reduce its backlog maintenance liability the Council needs to rationalise its office accommodation and other operational estate. This is either in the form of commercially letting an element of its existing office accommodation or through the sale of surplus assets. Such action would contribute to ongoing revenue savings and / or capital receipts respectively.
- 3.7** Leisure, Culture & Tourism - A major part of the Borough's economy is based on leisure, culture and tourism. To support such areas the Council will consider the investment in infrastructure projects that bring in significant third party investment. The Council will work with its partners to bid to attract third party funding into its offering, where available.
- 3.8** ICT – The Council will be undertaking appropriate investment and replacement into ICT hardware and software on a case by case basis along with its Publica partners. The primary focus will be on improving the use of technology on an “invest to save” basis.
- 3.9** The Council's capital investment falls within, and needs to comply with, the “Prudential Code for Capital Finance in Local Authorities” (The Code). Under the Code local authorities have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver their capital plans and programmes.
- 3.10** The Council has various mechanisms in place which seek to ensure that there is an integrated approach to addressing cross-cutting issues and developing and improving service delivery through its capital investment in pursuance of the Council's over-arching aims. These include:
- Democratic decision-making and scrutiny processes which provide overall political direction and ensure accountability for the investment in the capital programme;
 - The Council which is ultimately responsible for approving investment and the capital programme;
 - The Cabinet which is responsible for setting the corporate framework and political priorities to be reflected in the capital programme; the Cabinet will continue to receive regular performance and monitoring reports which are subject to scrutiny;
 - Officer Groups which bring together a range of service interests and professional expertise;
 - An integrated service and financial planning process, including the corporate performance management framework. Within this framework, all proposals for capital investment are required to demonstrate how they contribute to the achievement of the Council's aims and priorities. This includes an evaluation process for investment proposals which ensures cross-cutting appraisal of projects which are aligned to the Council's key aims and priorities and deliver on the efficiency and value for money agendas.

4. RESOURCING STRATEGY

- 4.1 The Council's current approach to capital financing is geared towards ensuring the maximisation of resources available to the Council. As such funding is applied in order from the following sources:
- Specific grants (e.g. Growth Fund, Better Care Fund)
 - S106 monies (developer contributions) / Partnership funding
 - Useable capital receipts
 - Revenue Contributions for Capital Outlay (RCCO)
 - Reserves
 - Prudential Borrowing
- 4.2 This enables the Council to maintain a greater degree of flexibility, as usable capital receipts can only be used to finance capital spending, whereas both revenue and reserves can be used for both capital and revenue purposes.
- 4.3 In order to progress new capital schemes not already identified within the capital programme, the Council will need to prioritise the use of available resources which could involve the disposal of existing assets or prudential borrowing on a scheme by scheme basis.
- 4.4 Whilst predominately linked to financing of the Housing Capital Programme, capital receipts derived from 'Right to Buy Sales' have been used in the past to support affordable housing provision.
- 4.5 The Prudential Code for Capital Finance in Local Authorities commenced throughout Great Britain in April 2004. The code allows councils to undertake unsupported borrowing to meet its objectives if this is considered to be affordable, prudent and sustainable, measured using prudential indicators. The code enables authorities to take greater control of their investment in the capital assets such as local authority housing, office accommodation, and infrastructure which are central to the delivery of quality local public services. The arrangements provide a flexible framework within which they can be procured, managed, maintained and developed. When considering the potential use of prudential borrowing, the Council must satisfy itself that the borrowing will be undertaken to deliver specific key priorities or be used to finance projects which will provide on-going revenue savings in excess of the financing costs (invest to save).
- 4.6 Given the pressure on the Council's revenue budget in future years, prudent use will be made of this discretion in cases where there is a clear financial benefit, such as "invest to save", "spend to earn" or major regeneration schemes which do not increase expenditure levels in the longer term.
- 4.7 Such schemes will focus on clear priorities, attracting significant third party investment and those that generate revenue benefits in future financial years - namely income, interest, council tax or business rate yield.
- 4.8 The Council will continue to consider on a cautious and prudent basis the extent to which prudential borrowing may be undertaken to fund new capital investment, which generates returns over and above the revenue costs of the debt.
- 4.9 New sources of funding are also being identified through the Local Economic Partnership (LEP) working on a County Region basis. The strategy, the outcomes of which inform the Medium Term Financial Strategy, is intended to consider all potential

funding options open to the Council and to maximise the financial resources available for investment in service provision and improvement within the framework of the MTFS.

- 4.10** The Council will continue to work with the private sector to utilise redundant assets and vacant land to bring them into a useful economic purpose to facilitate regeneration and employment creation.
- 4.11** The Council will continue to work with Local Health Partners and other public agencies to consider sharing facilities to the mutual benefit of all parties.
- 4.12** Capital receipts from asset disposal represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment as and when received. The Council's property estate is mainly held for operational service requirements and administrative buildings although it does have a significant commercial investment portfolio. This estate is managed through the Asset Management Plan which identifies property requirements and, where appropriate, properties which are surplus to requirements and which may be disposed.
- 4.13** The Council will continue to maintain a policy of not ring-fencing the use of such capital receipts to fund new investment in specific schemes or service areas, but instead, to allocate resources in accordance with key aims and priorities, subject to the following exceptions:
- capital receipts received in respect of right to buy sales will be wholly invested in the provision of additional housing;
 - any receipts from the sales of properties previously acquired for site assembly where borrowing has previously incurred will be used to repay the debt incurred on that particular acquisition.
- 4.14** Council resources will be allocated to programmes based on asset values to manage the long term yield and revenue implications. Capital receipts and reserves will be focused on those assets with short term life span (e.g. vehicles and IT investments) and the unsupported borrowing on long term assets (e.g. land and buildings).
- 4.15** All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing and leasing). The planned financing of the above expenditure is as follows:

Table 2: Capital financing

	2017/18 actual £000	2018/19 forecast £000	2019/20 budget £000	2020/21 budget £000	2021/22 budget £000
External sources	1,229	2,053	850	850	8,837
Own resources	11,023	15,072	18,106	10,073	711
Debt	4,683	50,485	413	6,499	1,730
TOTAL	16,935	67,610	19,369	17,422	11,278

- 4.16** Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP) as detailed in Appendix 5. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Table 3: Replacement of debt finance

	2017/18 actual £000	2018/19 forecast £000	2019/20 budget £000	2020/21 budget £000	2021/22 budget £000
Own resources	1,342	1,465	2,031	2,374	2,318

- 4.17** The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £42.132m during 2019/20. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	31.3.2018 actual £000	31.3.2019 forecast £000	31.3.2020 budget £000	31.3.2021 budget £000	31.3.2022 budget £000
General Fund services	30,962	79,632	121,764	119,391	117,073
Council housing (HRA)	56,439	56,789	56,789	63,288	65,019
TOTAL CFR	87,401	136,421	178,553	182,679	182,092

- 4.18** *Asset management:* To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place.
- 4.19** *Asset disposals:* When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive capital receipts in the coming financial year as follows:

Table 5: Capital

	2017/18 actual £000	2018/19 forecast £000	2019/20 budget	2020/21 budget	2021/22 budget
GF Asset sales	1.145	0.172	0	0	0
HRA Asset sales	2.031	3.000	2.000	2.000	2.000
Loans repaid	0.236	0.243	0.250	0.256	0.264
TOTAL	3.412	3.415	2.250	2.256	2.264

5. Treasury Management

5.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing. Due to decisions taken in the past, the Council currently has £112.876m borrowing at an average interest rate of 3.26% and £18.755m treasury investments at an average rate of 2.13%.

5.2 Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0% to 3.0%).

5.3 Projected levels of the Council's total outstanding debt which comprises borrowing are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31.3.2018 actual £000	31.3.2019 forecast £000	31.3.2020 budget £000	31.3.2021 budget £000	31.3.2022 budget £000
Debt	64,346	112,886	155,951	155,290	153,979
Capital Financing Requirement	87,401	136,421	178,553	182,679	182,092

5.4 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

5.5 Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £17m at each year-end. This benchmark is currently £17m and is forecast to remain the same over the next three years.

Table 7: Borrowing and the Liability Benchmark

	31.3.2018 actual £000	31.3.2019 forecast £000	31.3.2020 budget £000	31.3.2021 budget £000	31.3.2022 budget £000
Outstanding borrowing	72,086	121,595	161,951	159,290	155,979
Liability benchmark	54,039	102,895	143,255	140,593	140.286

5.6 The table shows that the Council expects to remain borrowed above its liability benchmark. The liability benchmark is the total amount borrowed less investments held at year end or forecast. The Council wishes to have a treasury investment portfolio which achieves significant revenue income.

5.7 Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt

	2018/19 limit £000	2019/20 limit £000	2020/21 limit £000	2021/22 limit £000
Authorised limit - total external debt	205,000	217,000	217,000	215,000
Operational boundary - total external debt	195,000	207,000	207,000	205,000

5.8 Investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

5.9 The Council’s policy on treasury investments is to prioritise security and liquidity over yield; that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8: Treasury management investments

	31.3.2018 actual £000	31.3.2019 forecast £000	31.3.2020 budget £000	31.3.2021 budget £000	31.3.2022 budget £000
Near-term investments	13,736	10,805	10,530	10,530	10,530
Longer-term investments	4,435	8,435	8,435	8,435	7,435
TOTAL	18,171	19,240	18,965	18,965	17,965

- 5.10 Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Executive Director Finance Assets and his staff, who must act in line with the treasury management strategy approved by Full Council. Quarterly reports on treasury management activity are presented to cabinet. The Treasury Management Panel is responsible for scrutinising treasury management decisions.

6. THE CAPITAL PROGRAMME

- 6.1** The Capital Programme is laid out in a separate report to Cabinet and Council each financial year as part of the annual budget setting process. The report reflects the most recent forecasts of expenditure based on Government announcements.
- 6.2** Annually capital bids are invited for assessment and consideration. In preparing the annual capital programme, new schemes will be appraised using the assessment against corporate priorities and objectives business case template.
- 6.3** The annual capital programme contains a projection of the capital investment required over a 4 year period. Typically, the capital programme consists of 4 areas of expenditure (i) replacement of vehicles (ii) replacement of ICT equipment / infrastructure (iii) housing grants for disabled facilities adaptations and (iv) to enable the provision of increased affordable housing.

Investments for Service Purposes

- 6.4** The Council makes investments to assist local public services, including making loans to the Council's subsidiaries and other local service providers that provide services to promote economic growth. In light of the public service objective, the Council is willing to take more risk than with treasury investments; however, it still plans for such investments to generate a small surplus after all costs.
- 6.5 Governance:** Decisions on service investments are made by Full Council under the guidance of the Executive Director Finance and Assets. Most loans are capital expenditure and purchases will therefore also be approved as part of the capital programme.

7. PROGRAMMED MAINTENANCE

- 7.1** The Council's Planned Maintenance Programme for property is reviewed annually and the programme includes the following types of expenditure:
- Planned – cyclical, programmed maintenance work for buildings based on regular condition surveys
 - Routine – includes electrical and mechanical installation service contracts for the maintenance of infrastructure e.g. security/fire alarms and lifts
 - Reactive – emergency / ad-hoc / unplanned expenditure.
- 7.2** The Council budgets for an annual revenue contribution of £600k (2019/20) to the Planned Maintenance Reserve and an £200k contribution (2019/20) to the Capital Reserve. In order to assess the longer-term maintenance obligations, it is considered necessary for a programme covering the next 10 years to be estimated to ensure adequate resources are in place to mitigate known and expected liabilities. It should be noted that maintenance expenditure can only be funded from revenue sources.

8. COMMERCIAL ACTIVITIES

- 8.1 Local authorities have a key role in facilitating the long term regeneration and economic growth of their local areas and they may wish to hold investments to facilitate this. When determining whether to acquire, the Council needs to recognise the contribution the asset will make. The contribution could be classified as direct service delivery and/or place-making, for example economic growth, business rates growth, responding to market failure or sustainability of certain asset classifications.
- 8.2 With central government financial support for local public services declining, the Council invests in commercial property mainly for financial gain. Total commercial investments are currently valued at £76.309m, providing a net return after all costs of 2.78% for 2018/19 and a predicted return of 3.47% for 2019/20. The net yield is calculated to be 5.25% for both 2018/19 and 2019/20.
- 8.3 With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The Priorities for the Council when acquiring property interests for investment purposes are detailed below and each property will be assessed on a case by case basis:
- **Covenant Strength** - in the case of a let property, the quality of the tenant and, more importantly, their ability to pay the rent on time and in full. The Council's primary reason and objective for this strategy is financial gain. It is however worth noting that the Council, as a public body, may not wish to invest in properties where the occupiers are generally seen to be undertaking a business which is contrary to its corporate values.
 - **Lease length** - in the case of a let property, the unexpired length of the term of the lease or a tenant's break clause is of key importance in ensuring that the landlord's revenue stream is uninterrupted. The Council will take into consideration the risks associated with a tenant vacating and the potential to attract good quality replacement tenants at acceptable rental levels. Generally occupiers are moving away from 25 year leases which were more common back in the late twentieth century with 10 to 15 years now becoming more acceptable unless some form of lease break provisions are included in favour of the tenant.
 - **Rate of return** - the rate of return from the property (for example through annual rental incomes) will need to be equivalent or better to the returns that could be earned from alternate investments, such as placing monies on deposit, following adjustment for risks and potential growth. The property will also need to produce an annual return in excess of the cost of PWLB borrowing (principle and interest payments). The Council will therefore aim to achieve a minimum net yield of 5%, excluding the cost of debt financing (principle and interest) but including other expenses.
 - **Risk** - rate of return needs to be balanced against risk. In general, the higher the return from an investment, the higher level of risk that it carries. For example, a higher return may lead to longer voids at lease end or lower covenant strength of tenant and therefore higher risk of default, or over-rented against current market rents and risk of lower future income.
 - **Lease Terms** - The terms of leases vary and even those held on an "Institutionally acceptable basis" can be very different in nature particularly as such leases have developed over time. The Council is seeking to invest in modern leases with full repairing and insuring obligations on the Tenant and a full Service Charge recovery to include any management fees where applicable. This will ensure a certain income/return to the Council.
 - **Growth** - property has the potential for both revenue and capital growth. The Council will take into account that potential when assessing the strength of the

investment opportunity. Property values can fall as well as rise and mechanisms to minimise revenue reductions should be identified. Generally the nature of standard, institutional leases is that rent review clauses are upward only which protects landlords from any downward pressure on rental income giving some security as to the level of income. However, this can lead to over-renting in a downward market and the Council needs to be aware of this at lease end or tenant forfeiture.

- **Location** - should a tenant default or vacate, the location of the property is the key factor in influencing the ability to re-let and find another tenant. Location is also important when considering future redevelopment or regeneration opportunities. The Council will be able to undertake inspections and to deal with any management issues without the need to employ specialists or agents. Preference should be given to properties located within Cheltenham or in close proximity such as Gloucestershire Airport. This does not prevent investment outside of Cheltenham, subject to the appropriate justification and business case and correct governance procedure.
- **Sector** - information as to the sector of use of the property (e.g. office, retail, industrial, leisure) will assist in deciding on the risks associated with specific properties and the mix of sectors within the portfolio. It is essential that the overall portfolio is balanced with no overall exposure to one particular asset classification.
- **Building Age and Specification** - in the case of a let property, whilst the Council, as an investor, may be principally concerned with the characteristics of the tenant and lease, the age and specification of the property will also affect the ability of the Council to let or sell the property in the future, or the costs incurred to bring the property up to a lettable standard at the end of an existing lease. It must also be taken into consideration in respect of the cost of protecting the investment. An example of this would be the undertaking of repairs and refurbishment if the cost cannot be fully recovered from the tenant. Any permitted development rights will also be a consideration for the future.

8.4 In summary, the strategy for acquiring investment property assets is therefore to:

- Seek property let to tenants who are of strong covenant strength and sound financial standing with at least more than five years remaining on an FRI lease.
- Minimise risk.
- Maximise rental income and minimise management costs to ensure the best return is generated, thus making a positive contribution to the MTFS.
- Identify opportunities for future growth, redevelopment or regeneration via property in commercially popular or development areas.
- Prioritise Cheltenham and Gloucestershire.
- Pursue opportunities to increase returns and improve the investment value of commercial assets.

8.5 Governance: Decisions on commercial investments are made by the Cabinet and Full Council in line with the criteria and limits approved by Full Council in December 2016. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

8.6 Further details on commercial investments and limits on their use are on pages 2 of the investment strategy report.

9. Revenue Budget Implications

9.1 Although capital expenditure is not charged directly to the revenue budget, interest

payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Financing costs (£m)	2,093	2,447	3,015	3,016	2,992
Proportion of net revenue stream	6.26%	7.05%	8.68%	8.92%	8.51%

- 9.2 Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Executive Director Finance and Assets is satisfied that the proposed capital programme is prudent, affordable and sustainable as detailed in paragraph 10.4 below.

10. CONCLUSION

- 10.1** The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Executive Director Finance and Assets is a qualified accountant of fellowship status with 20 years' experience. The Managing Director Place and Growth has over 30 years' experience in regeneration and development industry, and has worked in both the private and public sectors, in a delivery and advisory capacity. The Head of Property Services and Asset Management has over 25 years' experience in the public/private retail estate market. The Council pays and actively encourages staff to study towards relevant professional qualifications.
- 10.2** Where Council employed staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. The Council employs other specialist advisers to advise upon specific, extra-ordinary transactions as required. Examples of such transactions include property acquisitions, and loans to third parties. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 10.3** Given that the Council's capital resources are diminishing, the importance of working with external partners to jointly fund schemes is recognised. The Council has well established working relationships with other major public service bodies at a single-service level, for instance the provision of new affordable housing, where the Council not only works with Cheltenham Borough Homes and the other Housing Authorities in Gloucestershire, but also with active Registered Social Landlords and the private sector.
- 10.4** All capital investment must be sustainable in the long term through revenue support

by the Council or its partners. All capital investment decisions consider the revenue implication both in terms of servicing the finance and running costs of the new assets. The impact of the revenue implications is a significant factor in determining approval of projects. The use of capital resources has been fully taken into account in the production of the Council's MTFS.

- 10.5** The Council continues to make significant strides forward in ensuring that a more coherent approach to capital planning and asset management is taken.

Investment Strategy Report 2019/20

Cheltenham Borough Council

Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy is a new report for 2019/20, meeting the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

Treasury Management Investments

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure. These activities lead to a cash surplus at various points of the year which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £26.3m and £32.0m during the 2019/20 financial year.

Contribution: The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

Further details: Full details of the Authority's policies and its plan for 2019/20 for treasury management investments are covered in a separate document – the treasury management strategy - which is available via the Council's website.

Service Investments: Loans

Contribution: Subject to a business case, the Council will lend money to its subsidiaries. The Council also lends money to support local public services and stimulate local economic growth. These include loans to organisations and residents within the Borough which support the priorities of the Council.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as below in table 1. Most of the loans made in the past have been to subsidiaries Cheltenham Borough Homes (CBH) and Gloucestershire Airport which is 50% shared with Gloucester City Council.

Table 1: Loans for service purposes in £

Category of borrower	31.3.2018 actual £			2019/20
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Charities	587,275	0	587,275	700,000
Cheltenham Borough Homes	6,673,245	0	6,673,245	27,000,000
Gloucestershire Airport	632,061	0	632,061	1,750,000

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The loans that the Council has made are limited to specific service areas and subsidiaries and the likelihood of non-payment is minimal. There is no history of non-payment and no evidence to suggest that there will be any default against the loans granted. As a result, no allowance for loss has been included against the loan balances. Should any indication be given that there is a risk of default then the risk will be assessed and a provision established at that time. Should a loan default, the Authority will make every reasonable effort to collect the full sum lent and recover any overdue repayments.

In addition to the loans granted the Council has included provision in its Treasury Management Strategy to loan up to £500,000 to both Ubico Limited and Cheltenham Borough Homes (CBH) and up to £100,000 to Publica Group (Support) Limited, Cheltenham Festivals and The Cheltenham Trust should any company require our support. The Council is a shareholder in Gloucestershire Airport, Ubico and SWAP (South West Audit Partnership) and a shared owner in Publica. In these cases, the loan facility is to enable the Council to be able to provide a loan for short-term cash flow purposes.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding service loans by undertaking credit checks and ensuring that appropriate legal documentation is in place to secure the Council's money.

The Council also receives independent financial advice on its financial dealings from Arlingclose Limited.

Service Investments: Shares

Contribution: The Council has a £1 shareholding in Ubico Ltd. Ubico Ltd is wholly-owned by seven local authorities and operates as a not for profit enterprise. Ubico Ltd is an environmental services company which provides household and commercial refuse collection, recycling, street cleansing, grounds maintenance and fleet maintenance services to the Council. Also the Council has £435,222 shareholding in Gloucestershire Airport which equates to 50%. The other 50% is retained by Gloucester City Council.

Security: One of the risks of investing in shares is that they could fall in value meaning that the initial outlay may not be recovered. The Council has no other shareholdings.

Table 2: Shares held for service purposes in £

Category of company	31.3.2018 actual £			2019/20
	Amounts invested at cost	Gains or losses	Value in accounts	Approved Limit
UBICO	1	-	1	1
Gloucestershire Airport	435,222	0	435,222	435,222
TOTAL	435,223	0	435,223	435,223

Risk assessment: the Council has not invested into Ubico or Gloucestershire Airport to generate a financial return. The Council has invested purely to support service provision. Ubico is a cost sharing company – any surplus generated within Ubico is returned to the partner Councils [shareholders] similarly with any deficit met by the Councils. Through regular budget monitoring and sound financial management by Ubico and transparency within calculation of contract sums, the risk of any financial loss is mitigated.

Liquidity: the Council has not invested into Ubico or Gloucestershire Airport to generate a financial return. The Council has invested purely to support service provision. The Council has no intention to dispose of its investment in the foreseeable future.

Non-specified Investments: Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition. The fair value of Gloucestershire Airport has not yet been assessed, however is likely to be significantly in excess of the cost of the shares as indicated in table 2 above.

Commercial Investments: Property

Investment Property is defined in the CIPFA code of practice on Local Authority Accounting as property (land or buildings, or both) held solely to earn rentals or for capital appreciation, or both. The Council holds a number of assets which it classifies as Investment Properties.

Contribution: The Council owns a number of Investment Properties within Cheltenham, with the intention of generating a revenue income to support the revenue budget.

Table 3: Property held for investment purposes in £

Property	Purchase Price ¹	01.4.17	31.3.2018 actual £		31.3.2019
		Value in accounts £	Gains or (losses)	Value in accounts £	Expected value £
Investment Property within Cheltenham	Various	33,316,000	0	33,316,000	76,309,381

During 2018/19 the council purchased four commercial properties costing £42.935m, the value at 31st March 2019 is currently being assessed for the year end accounts.

Security: In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

A fair value assessment of the Authority's investment property portfolio is made each year as part of the final accounts process. Investment Property is valued at market value.

The fair value of the Authority's investment property portfolio is included in the Statement of Accounts, based upon 'market value'. The Council's Investment Property is held primarily to generate a stable income stream to support the revenue budget. Should a property be sold any profit/loss on disposal will be recognised at that point. The Council has no plans to dispose of any Investment Property in the near future.

Risk assessment: The Council aims to generate a revenue return from its Investment Property assets which is greater than the return generated by its Treasury Management activity. It is understood that the fair value of property will fluctuate, although it is anticipated that the revenue returns in 2019/20 will remain constant. The Authority assesses the risk of movement in asset values before entering into and whilst holding property investments and mitigates the risk by purchasing property with secure tenants on long leases.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. To ensure that the Council has cash funds that can be accessed when they are needed, the Treasury management policy includes the provision of liquid investments should the Council be in need of cash. It is not anticipated that the Council would need to sell any Investment Property at short notice.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Authority and are included here for completeness.

The Authority is a shareholder of Ubico Ltd and Gloucestershire Airport Ltd, and owner by guarantee and is a joint partner in Publica Group (Support) Limited (¼ owner). In both cases, should the company overspend the Council would be liable for its share of the additional costs. In both companies, sound financial management and budgetary control mitigate the risk that additional sums will be required without adequate notice.

Proportionality

The Authority is dependent on investment activity to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives of the Authority is dependent on achieving the expected income from treasury investments over the lifecycle of the Medium Term Financial Plan. Should it fail to achieve the expected income targets, the Authority will be required to draw additional balances from reserves, or generate savings elsewhere within the budget to continue to provide its services.

Table 4: Proportionality of Investments in £

	2017/18 Actual	2018/19 Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget
Gross service expenditure*	32,431,185	35,014,275	34,904,403	35,602,491	36,314,541
Investment income	2,368,158	3,778,787	4,851,409	4,851,409	4,851,409
Proportion	7.3%	10.8%	13.9%	13.6%	13.4%

* Excluding Housing Benefit payments.

Borrowing in Advance of Need

Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority has plans to borrow in 2019/20 to invest in new capital schemes. Any funds borrowed will be in relation to specific schemes and based upon the cash required for the chosen schemes. There are no plans to borrow in advance of need.

Capacity, Skills and Culture

Summary of knowledge and skills available to the authority:

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Executive Director Finance and Assets is a qualified accountant of fellowship status with 20 years' experience. The Managing Director Place and Growth has over 30 years' experience in regeneration and development industry, and has worked in both the private and public sectors, in a delivery and advisory capacity. The Head of Property Services and Asset Management has over 25 years' experience in the public/private retail

estate market. The Council pays and actively encourages staff to study towards relevant professional qualifications.

Where Council employed staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. The Council employs other specialist advisers to advise upon specific, extra-ordinary transactions as required. Examples of such transactions include property acquisitions, and loans to third parties. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

The Council has experience of investing in commercial property in recent years. The Council's property service's officers have the following qualifications or status:

- BSc Hons Real Estate Management
- Member Royal Institute Chartered Surveyors
- Royal Institute Chartered Surveyors Registered Valuer
- Member Chartered Institute of Public Finance and Accountancy

The Council's legal team, provided by One Legal, have experience of carrying out legal due diligence checks, particularly for commercial property acquisitions, and the legal officers have the following qualifications or status:

- Chartered Legal Executive
- Solicitor
- Para-Legals

The Property and Legal teams work together with the Finance team to support the Council's Executive Director Finance and Assets in developing investment proposals for the Council. External specialist advice is obtained when required to support these teams.

The Council has previously invested in a range of diversified commercial properties which are delivering a sustainable revenue stream to the Council. Any further investment in non-treasury management transactions will be set out in this, or future iterations of this strategy.

Scrutiny Arrangements:

The Cabinet will make decisions or make recommendations to full Council on new investments that are not part of Treasury Management Activity.

Financial Performance is reported quarterly to Cabinet. This will include the financial performance of the Treasury management function and any other revenue generating investments.

Treasury Management performance is reported at half-year and year-end to the Treasury Management Panel and to full Council.

The Council's internal audit provider (South West Audit Partnership Ltd) regularly audits the Council's treasury management activity and its processes and procedures for approving investment and performance management. SWAP report to the Council's Audit Committee.

Investment Indicators

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to and any guarantees the Authority has issued over third party loans.

Table 5: Total investment exposure in £

Total investment exposure	31.03.2018 Actual	31.03.2019 Forecast	31.03.2020 Forecast
Treasury management investments	23,507,142	26,262,700	24,000,000
Service investments: Loans	7,835,879	7,591,327	7,293,442
Service investments: Shares (at cost)	435,224	435,224	435,224
Commercial investments: Property	33,316,000	76,309,381	76,309,381
TOTAL INVESTMENTS	65,094,245	110,598,632	108,038,047
Commitments to lend ¹	0	0	0
TOTAL EXPOSURE	65,094,245	110,598,632	108,038,047

¹ This excludes the potential loan facility offered to Ubico Limited, Publica Group (Support) Limited and Cheltenham Trust for cash flow purposes.

How investments are funded: Government guidance is that these indicators should include how investments are funded. The Council's plans for borrowing are limited to a small number of schemes – which are primarily for service delivery – which do not form part of this report. As a result, investments funded by borrowing can be presented as follows:

Table 6: Investments funded by borrowing in £

Investments funded by borrowing	31.03.2018 Actual	31.03.2019 Forecast	31.03.2020 Forecast
Treasury management investments	0	0	0
Service investments: Loans	8,125,879	7,884,011	7,588,891
Service investments: Shares	0	0	0
Commercial investments: Property	9,948,271	52,510,123	51,380,671
TOTAL FUNDED BY BORROWING	18,074,150	60,394,134	58,969,562

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 7: Investment rate of return (net of all costs)

Investments net rate of return	2017/18 Actual	2018/19 Forecast	2019/20 Forecast
Treasury management investments	0.68%	1.98%	2.30%
Service investments: Loans			
Cheltenham Borough Homes	0%	0%	0%
Gloucestershire Airport	0%	0%	0%
Everyman Theatre	0%	0%	0%
St Margarets Hall	3%	3%	3%
Service investments: Shares	0%	0%	0%
Commercial investments: Property yield/contribution (net of borrowing)	£1,747,275	£3,197,217	£2,647,693
Commercial investments: Property	5.24%	2.78%	3.47%

Net Yield: This indicator calculates the annual profit (income minus costs) generated by an asset, divided by its price. The costs that you would normally consider include agent fees, insurance, an allowance for repairs, an allowance for voids (the property being empty), service charge and ground rent. In order to provide consistency across the property portfolio, net yield is used to assess the returns.

Table 8: Net yield on commercial property investments

Net Yield	2017/18 Actual	2018/19 Forecast	2019/20 Forecast
Commercial investments: Property	5.86%	5.25%	5.25%

TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20

1. Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

2. Economic Background

The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20.

The UK economic environment appears relatively soft, despite seemingly strong labour market data. Uncertainty surrounding Brexit and global growth is damaging consumer and business sentiment. GDP growth slowed markedly in Q4 2018 and has not recovered in Q1 2019. Arlingclose's view is that the UK economy faces a challenging outlook as the country exits the European Union and Eurozone/global economic growth softens, notwithstanding a possible short-term bounce in activity should a Brexit deal be agreed.

Domestic cost pressures have eased over the past few months due to a fall in oil prices. Wage growth has picked up in recent months

Following the Bank of England's decision to increase Bank Rate to 0.75% in August 2018, no change to monetary policy has been made since. The Bank's Monetary Policy Committee's bias towards tighter monetary policy remains, but appears to have eased a little on the back of slower global and UK growth/inflation expectations. Policymakers are unlikely to raise Bank Rate unless there is a withdrawal arrangement and the prospect of a transitionary period.

While US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2%-2.25% in September. Markets continue to expect one more rate rise in December, but expectations are fading that the further hikes previously

expected in 2019 will materialise as concerns over trade wars drag on economic activity.

3. Credit outlook

The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The Bank of England did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

4. Interest rate forecast

The Bank of England's Monetary Policy Committee has maintained expectations of a slow rise in interest rates over the forecast horizon from the current level of 0.75%. Arlingclose's central case incorporates the likelihood of the MPC raising rates in the last quarter of 2019 after an extended period of uncertainty or a delay to Brexit.

Following the increase in Bank Rate to 0.75% in August 2018, the Authority's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during the end of 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. The possibility of a "no deal" Brexit still hangs over economic activity (*at the time of writing this commentary in mid-March*). As such, the risks to the interest rate forecast are considered firmly to the downside.

5. Balances

On 31st December 2018, the council held £112.886m of borrowing and £16.467m of investments. This is set out in further detail at Appendix 2. Forecast changes in these sums are shown in the balance sheet analysis in the table below.

Table 1: Balance sheet summary and forecast

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
General Fund CFR	30,962	79.632	121.764	119.391	117.073
HRA CFR	56.439	56.789	56.789	63.288	65.019
Total CFR	87.401	136.421	178.553	182.679	182.092
Less: External borrowing	(71,642)	(112.709)	(162.065)	(159.403)	(158.092)
Internal borrowing	15.759	14.712	16.488	23.276	24.000
Less: Usable reserves	(32.118)	(24.540)	(23.085)	(22.487)	(23.472)
Less: Working capital	(1.244)	(8.986)	(12.213)	(18.719)	(16.574)
Investments	17.603	18.814	18.810	17.930	16.046

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. The Authority has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to £44m over the forecast period.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2019/20.

6. Borrowing Strategy

- 6.1** The Authority currently holds £112.886m of loans, an increase on the previous year, as part of its strategy for funding previous year's capital programmes by PWLB loans. The balance sheet forecast in table 1 shows that the Authority expects to borrow up to £44m in 2019/20 in respect of asset purchases. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £217m for 2019/20.

The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs

over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2019/20, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.

6.2 Sources of borrowing:

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except our local) Pension Fund
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Authority has previously raised the majority of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

LOBOs: The Authority holds £7m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £2m of these LOBOS have options during 2019/20, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

7. Investment Strategy

7.1 Introduction

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has averaged £26m, and levels at around £24m are expected to be maintained in the forthcoming year

7.2 Objectives

Both the CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim

to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

7.3 Negative interest rates

If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Given the increasing risk and low returns from short-term unsecured bank investments, the Authority aims to remain with a diversified investment portfolio. This is especially the case for the estimated £8m that is available for longer-term investment. The majority of the Authority's surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit, money market funds and Pooled Funds. This diversification will represent a continuation of the strategy over the coming year.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£7m 5 years	£7m 20 years	£7m 50 years	£5m 20 years	£5m 20 years
AA+	£7m 5 years	£7m 10 years	£5m 25 years	£4m 10 years	£5m 10 years
AA	£7m 4 years	£7m 5 years	£5m 15 years	£4m 5 years	£5m 10 years
AA-	£7m 3 years	£7m 4 years	£5m 10 years	£3m 4 years	£5m 10 years
A+	£7m 2 years	£7m 3 years	£5m 5 years	£3m 3 years	£5m 5 years
A	£7m 13 months	£7m 2 years	£5m 5 years	£3m 2 years	£3m 5 years

A-	£7m 6 months	£7m 13 months	£5m 5 years	£2m 13 months	£3m 3 years
None	£2m 6 months	£2m 6 months	n/a	n/a	n/a
MMF Pooled funds	£3m per fund				

7.4 Credit rating

Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment as part of a diversified pool in order to spread the risk widely.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing, formerly known as housing associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services; they retain the likelihood of receiving government support if needed.

Pooled funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Operational bank accounts

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 Councils 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.

Policy investments

Over the years the Authority has provided cash-flow cover for a number of third-party organisations linked to the Authority. The following limits are set for 2018/19:

- | | |
|------------------------------------|-------------------------------|
| • Cheltenham Festivals | £100k up to one year duration |
| • Gloucestershire Everyman Theatre | £100k up to one year duration |
| • Ubico Limited | £500k up to one year duration |
| • The Cheltenham Trust | £100k up to one year duration |
| • Publica Group | £100k up to one year duration |
| • Cheltenham Borough Homes | £27m Non-specified duration |
| • Cheltenham Borough Homes | £500k up to one year |
| • Gloucestershire Airport Limited | £1.75m Non-specified duration |

Renewable Energy investments

Over recent years significant investments from Local Authorities in the Renewable Energy markets has occurred by way of investing in an energy bond. Currently the

council has approved the use of Corporate Bonds and has used them on a regular basis but only for a maximum of two years previously. To be able to potentially invest in Green Renewable energy recommendation was made following consultation with members of the Treasury Management Panel on the 5th June 2017 and approved by Council on 24th July 2017 that up to £2m in relation to Green Investment bonds can be invested up to 5 years.

7.5 Risk assessment and credit ratings

Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

7.6 Other information on the security of investments

The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations, in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

7.7 Specified investments

The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

7.8 Non-specified investments

Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-specified investment limits

	Cash limit
Total long-term investments	£15m
Total investments without credit ratings or rated below A- (except UK Government and local authorities)	£10m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£10m

7.9 Investment limits

The Authority’s revenue reserves available to cover investment losses are forecast to be £30.15 million on 31st March 2018. In order that no more than 25% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £7 million. A group of banks under the same ownership will be treated as a single organisation for

limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£7m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£7m per group
Any group of pooled funds under the same management	£5m per manager
Foreign countries	£4m per country
Registered providers	£5m in total
Unsecured investments with building societies	£5m in total
Loans to unrated corporates – Renewable Energy	£5m in total
Money Market Funds	£10m in total

7.10 Liquidity management

The Authority uses purpose-built cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

8 Non-Treasury Investments

Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the CLG Guidance, the Authority may also purchase property for investment purposes and may also make loans and investments for service purposes. Such loans and investments will be subject to the Authority's normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy.

9. Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

9.1 Security

The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	Target
Portfolio average credit rating	A

Interest rate exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2018/19	2019/20	2020/21
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	100%	100%	100%

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Maturity structure of borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
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 above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than 364 days: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2018/19	2019/20	2020/21
Limit on principal invested beyond year end	£10m	£10m	£10m

10. Other Items

There are a number of additional items that the Authority is obliged by CIPFA or MHCLG to include in its Treasury Management Strategy.

10.1 Policy on the use of financial derivatives

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

10.2 Policy on apportioning interest to the HRA

On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow

(adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each year and interest transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.

10.3 Markets in Financial Instruments Directive

The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

10.4 Investment training

The needs of the Authority's treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Officers regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA.

10.5 Investment advisers

The Authority appointed Arlingclose Limited as treasury management advisers for three years plus the option for a further two years after a joint tender with Gloucestershire County Council, South Gloucestershire Council and the Forest of Dean District Council back in December 2017. The Authority receives specific advice on investment, debt and capital finance issues.

10.6 Investment of money borrowed in advance of need

The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £217m. The maximum period between borrowing and expenditure is expected to be two years, although the Authority is not required to link particular loans with particular items of expenditure.

10.7 Financial Implications

The budget for investment income in 2019/20 is £472k, based on an average investment portfolio of £23 million at an interest rate of 2.05%. On top of this interest received on third parties loans amounts to £278,200. The budget for debt interest to be paid in 2019/20 is £3.694 million, based on an average debt portfolio of £115.258 million at an average interest rate of 3.21%. The HRA will reimburse the General Fund £1.571m for its share of the debt it holds as at 1st April 2019. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

10.8 Alternative options

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Annex A – Arlingclose Limited Economic & Interest Rate Forecast February 2019

Underlying assumptions:

- The uncertain political situation surrounding Brexit has produced the prospect of divergent paths for UK monetary policy.
- Recent political manoeuvrings appear aimed at avoiding the worst-case Brexit scenarios, which may suggest reduced downside risks to the economic outlook and the interest rate forecast, although it is too soon to reflect this in the Arlingclose forecast.
- The MPC bias towards tighter monetary policy remains, but appears to have eased a little on the back of slower global and UK growth/inflation expectations. Policymakers are unlikely to raise Bank Rate unless there is a withdrawal arrangement and the prospect of a transitionary period.
- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for stronger growth following an extension to Article 50 or a withdrawal agreement as business investment/general confidence recovers. The potential for severe economic outcomes in the short term is uncomfortably higher than it should be. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialise.
- The UK economic environment appears relatively soft, despite seemingly strong labour market data. Uncertainty surrounding Brexit and global growth is damaging consumer and business sentiment. GDP growth slowed markedly in Q4 2018 and has not recovered in Q1 2019. Our view is that the UK economy faces a challenging outlook as the country exits the European Union and Eurozone/global economic growth softens, notwithstanding a possible short term bounce in activity should a Brexit deal be agreed.
- Cost pressures have eased due to a fall in oil prices. The apparent tight labour market risks longer term domestically-driven inflationary pressure whatever the external inflation effects. Wage growth has picked up in recent months.
- Global economic growth has eased and the economic/political outlook has prompted central banks to reduce expectations for on-going monetary tightening. Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon. Our central case incorporates the likelihood of the MPC raising rates in the last quarter of 2019 after an extended period of uncertainty or a delay to Brexit.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on a Brexit transitional period. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.

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Minimum Revenue Provision Statement 2019/20

Where the Authority finances capital expenditure by borrowing, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's (MHCLG's) *Guidance on Minimum Revenue Provision* (the Guidance) most recently issued in 2018.

The broad aim of the Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods:

- For capital expenditure incurred before 1st April 2008, MRP will be determined in accordance with the former regulations that applied on 31st March 2008, modified to a more prudent basis as permitted by the Guidance. Since 2016/17 such MRP has been based on repaying the non-housing debt in equal annual instalments over a 35 year period (this is Option 1 in the Guidance).
- For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments or equal to the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate for the life of the asset, starting in the year after the asset becomes operational (Option 3 of the guidance).

MRP on purchases of freehold land will be charged over 50 years, *except* where the land is subsequently held for sale as part of an Investment / economic development / regeneration project (in which case no MRP will be charged, the debt being repaid by applying the capital receipts / sale proceeds when received), or where the land is being held for future council development (in which case the MRP will be based on the asset life of the building(s) resulting from the development, commencing the year after those building(s) become operational).

MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

No MRP will be charged in respect of assets held within the Housing Revenue Account.

Capital expenditure incurred during 2019/20 will not be subject to a MRP charge until 2020/21 or until the year after an asset becomes operational.

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2019, the budget for MRP and voluntary revenue overpayments (or VRP) has been set as follows:

	31.03.2019 Estimated CFR £m	2019/20 Estimated MRP/VRP £m
Capital expenditure before 01.04.2008	7.229	0.226
Capital expenditure after 31.03.2008	64.560	1.629
Loans to other bodies repaid in instalments	7.843	0.013
Voluntary overpayment	n/a	0.163
Total General Fund	79.632	2.031
Housing Revenue Account	56.789	Nil
Total	136.421	2.031

Overpayments: In earlier years, the Authority has made voluntary overpayments of MRP that are available to reduce the revenue charges in later years. It is planned to make a further £163,394 overpayment (known as Voluntary Revenue Provision or VRP) in 2019/20.

MRP Overpayments	£
Expected balance 31.03.2019	726,093
Planned overpayment/(drawdown) 2019/20	163,394
Forecast balance 31.03.2020	889,487

Cheltenham Borough Council

Council – 25th March 2019

Draft Corporate Strategy 2019-2023

Report of the Leader of the Council

Accountable member	Leader of the Council, Cllr. Steve Jordan
Accountable officer	Strategy and Engagement Manager, Richard Gibson
Accountable scrutiny committee	All
Ward(s) affected	All
Key Decision	No
Executive summary	The draft corporate strategy 2019-23 was endorsed by Cabinet on 5 th March 2019. It is now put before Council for approval
Recommendations	Council approve the draft corporate strategy 2019-23 (appendix 2) and uses this as a basis for monitoring the Council's performance over the next three years.
Financial implications	<p>None as a direct result of this report. The corporate strategy has been developed alongside the Medium Term Financial Strategy to ensure that there are sufficient budgets in place to deliver the priorities as proposed. In addition, the corporate plan will be reviewed on an annual basis to take into account our changing budgetary position.</p> <p>Contact officer: Paul Jones, Executive Director Finance and Assets E-mail: paul.jones@cheltenham.gov.uk Tel no: 01242 775154</p>
Legal implications	<p>The corporate strategy 2019-23 is the "corporate strategy" for the purposes of the Local Authorities (Functions and Responsibilities) Regulations 2000. The Executive is responsible for preparing the strategy which must then be submitted to and approved by council.</p> <p>Contact officer: Peter Lewis E-mail: Peter.Lewis@tewkesbury.gov.uk Tel no: 01684 272012</p>
HR implications (including learning and organisational development)	<p>Capacity to deliver the strategy will remain a key focus for the Executive Leadership Team. Effective forward planning, use of project management techniques, re-prioritising work streams are some of the tools available to ensure that there is adequate resource available to deliver the strategy.</p> <p>Contact officer: Julie McCarthy HR Manager – Operations Publica E-mail: Julie.McCarthy@publicagroup.uk Tel no: 01242 264355</p>

Key risks	<p>We recognise that if the council does not establish prioritised, realistic and achievable ambitions there will be continued pressure on organisational capacity and staff to maintain core services, and a risk of a perception of poor performance due to over ambitious or ill-informed planning.</p> <p>The Executive Leadership Team is responsible for the management of the risks associated with the delivery of the corporate strategy and where appropriate, risks are included on the corporate risk register.</p> <p>Elected members will have oversight of the corporate risk register through Overview and Scrutiny Committee and through Audit Committee.</p> <p>Risks associated with the delivery of specific projects will be managed as part of our programme and project management arrangements.</p>
Corporate and community plan Implications	The corporate strategy sets out the framework for our corporate priorities.
Environmental and climate change implications	The corporate strategy sets out the council's commitment to reducing carbon emissions and adapting to the impacts of climate change.

1. Background – the LGA Peer Challenge

- 1.1** The Local Government Association (LGA) undertook a peer challenge review of the council in November 2018. The review took place between 13 and 16 November. The Peer Challenge Team spent 4 days on-site and spoke to more than 100 people including a range of council staff together with councillors and external stakeholders. The team gathered information and views from more than 50 meetings, focus groups and phone calls, plus additional research and reading. They collectively spent more than 260 hours to determine their findings – the equivalent of one person spending nearly 7 weeks in CBC. Their recommendations are below:
- Be clear what you want and prioritise.
 - Strengthen contract management arrangements.
 - Devise a coherent programme around regeneration and deprivation with nominated leads.
 - Strengthen governance and project management arrangements for the Cyber Park.
 - Continue to invest in and further improve the relationship with Gloucestershire County Council.
 - Sustain the momentum that has been generated by the modernisation programme.
 - Housing delivery will need focus and capacity.
 - Review inherent financial risks and build levels of reserves to withstand future uncertainty.
 - Develop an economic growth / skills strategy; engaging in this with local businesses and linking with business marketing.
 - Strengthen the role of members.
 - Strengthen Place Governance.
- 1.2** The peer challenge report has now been circulated to participants and is also now available on the council's website.

2. Draft Corporate Plan 2019-2023

- 2.1** Following on from the Peer Challenge feedback, this year we are proposing a new look for our plan that reflects the intentions to be clearer about what we are going to focus on and the reasons why.

- 2.2** The starting point for the new plan is Cheltenham's place vision; this is the collective commitment to ensure that Cheltenham is a place where everyone thrives supporting by a thriving economy, a thriving cultural offer and thriving communities. We have made sure that the commitments in this plan support this vision.
- 2.3** We have taken stock of our organisation and involved a wide range of staff, elected members and external partners in discussions about the purpose of our organisation and how we want the organisation to look and feel.
- 2.4** As part of this, we have taken time to consider our strengths, weaknesses, opportunities and threats whilst also reflecting on our external environment.
- 2.5** With our better understanding of the council, we have been able to develop a new corporate plan that will guide us over the next three years through defining what we are trying to achieve - our purpose, how we will go about our work – our principles, and what we are going to focus on over the next three years – our priorities.

3. Proposed purpose

We want to make Cheltenham an even greater place for all; a place that is celebrated for its strong economy, its vibrant cultural offer and a place where our communities benefit from inclusive growth.

4. Proposed Principles

- We will achieve inclusive growth so all our communities can benefit and prosper from investments made in the borough.
- We will be commercially focused where needed and become financially self-sufficient to ensure we can continue to achieve value for money for the taxpayer.
- We will use data and technology, including insight from our customers, residents, businesses and visitors to help us make the right business decisions.
- We will provide strategic co-ordination across Cheltenham's agencies, partnerships and networks to drive the delivery of the Place Vision.
- We will work in ways that encourage equal collaboration at all levels and we will take time to listen, understand and respect each other to ensure what we do is appropriate and empowering.
- We will invest in and develop our people so they can continue to provide excellent services to residents and are prepared to meet the opportunities and challenges ahead.

5. Proposed priorities

- Making Cheltenham the Cyber-Capital of the UK.
 - Continuing the revitalisation and improvement of our vibrant town centre and public spaces.
 - Achieving a cleaner and greener sustainable environment for residents and visitors.
 - Increasing the supply of housing and investing to build resilient communities.
 - Delivering services to meet the needs of our residents and communities.
- 5.1** We will also supplement the 3 year longer-term plan with a specific 1 year plan that will set out the details of the projects that will contribute to the delivery of the priorities and their supporting performance indicators.
- 5.2** In addition, each Service Manager will be asked to produce a service plan that will illustrate the link between service delivery and the corporate priorities.

6. Consultation and feedback

- 6.1** The draft action plan was considered by the Overview and Scrutiny committee on 11 February 2019. The following observations were made.

Observation	Response
Cllr. Parsons would like to a more explicit link in the plan to the need for Cheltenham to retain and attract young people	The plan contains many commitments that the council will that will help retain and attract young people: <ul style="list-style-type: none"> • A priority on becoming the cyber-capital of the UK • More affordable housing • The ongoing revitalisation of the town centre • Developing a cultural strategy • A focus on cycling and walking • A focus on modernising the council and embracing new technology solutions.
Cllr. Parsons would like to see more reference to council's role in promoting healthy lifestyles	The council has a very important role in promoting healthy lifestyles; this is delivered both strategically through its role in shaping and delivering the Gloucestershire health and wellbeing strategy, and operationally through the work of various teams including public protection, enforcement, and the strategy and engagement team. Much of the activity will be included in these team's service plans. There is now a specific reference to our work improve local air quality and health in the town.
Cllr. Willingham suggested that the council could be more ambitious about the wording of the cyber park priority and not limit our ambitions to Cheltenham just being cyber capital of the UK.	Noted, but no change proposed currently to the wording of the priority.
Cllr. Sudbury suggested that the council's approach to growth should not just be about cyber and that other parts of the economy need to be nurtured as well.	Whilst prioritising cyber investment, the council will also retain its balanced approach to the local economy and will nurture a wide range of sectors. The plan itself references the need to focus on retail and cultural sectors.
Cllr. Sudbury suggested that the plan should include a measure about our work on homelessness prevention.	Now included
Cllr. Sudbury suggested that the plan should include reference to the importance of Friends of groups	Now included

7. Next Steps

- 7.1** The corporate strategy sets out our priorities, key areas of work and how success will be measured and provides the basis for monitoring the council's performance over the next three years.
- 7.2** To promote accountability, the Executive Leadership Team will receive quarterly performance reports that will set out progress made against corporate strategy milestones.
- 7.3** Monitoring reports will be brought to the Overview and Scrutiny Committee and it is suggested that this is done at least half-yearly. In addition, the annual report detailing performance from the previous financial year will be brought in June to Council for consideration.

Report author	Richard Gibson Strategy and Engagement Manager 01242 264280 richard.gibson@cheltenham.gov.uk
Appendices	1. Risk assessment 2. Draft Corporate Strategy action plan 2019-23

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
CR75	CR75 - If capacity to deliver key projects is achieved by diverting necessary resources away from either core services or other provider commitments, then there is a risk of not being able to deliver all of the business as usual expectations including a failure to comply with internal controls that could in turn impact on our reputation and finances.	Pat Pratley		4	5	20	Reduce	The risk score remains high and continues to be a focus for the Executive Leadership Team (ELT). The ELT is now at full complement following the review in 2017/18 having successfully recruited to the Exec Director People and Change post. The modernisation programme #wearecbc includes for a review of the staffing structure below the ELT level. That review will take account of the Council's key priorities, together with the skills, capacity and capability needed to deliver so as to inform the most appropriate operating model for the Council going forward. That review is timetabled to be completed by April 2020.	31.3.19	Pat Pratley

Corporate Plan 2019-23

We want to make Cheltenham an even greater place for all; a place that is celebrated for its strong economy, its vibrant cultural offer and a place where our communities benefit from inclusive growth.



CHELTEMHAM
BOROUGH COUNCIL

Follow our progress:
www.cheltenham.gov.uk



Welcome

Welcome to Cheltenham Borough Council's corporate plan which sets out our intentions about what we are going to focus on and the reasons why.

Our starting point for our plan is Cheltenham's place vision which is a collective commitment of the Council and its partners to ensure that Cheltenham is a place where everyone thrives, supported by a thriving economy, a thriving cultural offer and thriving communities. We have made sure that the commitments in this plan support this vision.

Our corporate plan will guide us on our journey over the next three years through defining what we are trying to achieve - our purpose, how we will go about our work – our principles, and what we are going to focus on over the next three years - our priorities.

The production of our plan has involved a wide range of staff, elected members and external partners to ensure that our key priorities are the things that will make the biggest difference to Cheltenham's communities, businesses and residents.

WE HOPE YOU ENJOY READING ABOUT OUR PLANS FOR THE FUTURE.





極度乾燥 (しなさい)
Superdry Store.

Our principles

The delivery of this corporate plan will be guided by the following 6 principles:



We will achieve inclusive growth so all our communities can benefit and prosper from investments made in the borough.



We will provide strategic co-ordination across Cheltenham's agencies, partnerships and networks to drive the delivery of the Place Vision.



We will be commercially focused where needed and become financially self-sufficient to ensure we can continue to achieve value for money for the taxpayer.



We will work in ways that encourage equal collaboration at all levels and we will take time to listen, understand and respect each other to ensure what we do is appropriate and empowering.



We will use data and technology, including insight from our customers, residents, businesses and visitors to help us make the right business decisions.



We will invest in and develop our people so they can continue to provide excellent services and are prepared to meet the opportunities and challenges ahead.

Key priority

MAKING CHELTENHAM THE CYBER CAPITAL OF THE UK

We will work towards making Cheltenham the cyber capital of the UK; a national first, which will deliver investment in homes, jobs, infrastructure and enable the Council to deliver inclusive growth for our communities.



Working with others we will attract cyber related businesses and secure Cheltenham's position as a cyber and digital innovation hub for the UK.



We will secure the investment needed to ensure successful delivery of the Cyber Park and supporting infrastructure, investing today to create the jobs for tomorrow.



We will ensure that all our communities benefit from future investments by working with them to regenerate their neighbourhoods and improve their living, working, education and leisure facilities.

HOW SUCCESS WILL BE MEASURED

- Securing the investment and approval to create a Cyber capital for the UK
- Through measuring the social value of investments made.

Cyber Central Vision



- / A new cyber capital for the UK
- / A catalyst for growth and change in Gloucestershire
- / A pioneering new community for Cheltenham



Key priority

CONTINUING THE REVITALISATION AND IMPROVEMENT OF OUR VIBRANT TOWN CENTRE AND PUBLIC SPACES

Deliver a number of Town Centre and wider public enhancements that will continue the revitalisation of the town ensuring its longer-term viability as a retail and cultural destination.



We will continue to invest in our high street and public spaces for the benefit of people living, working and visiting Cheltenham.



We will work with partners to develop a cultural strategy that will build on what is best about our current offer and make the most of future opportunities, national and international, to ensure a wider social benefit.



Work collaboratively to develop and gain approval for a new Cheltenham transport plan including support for cycling and walking projects that will also improve local air quality and health in the town.

HOW SUCCESS WILL BE MEASURED

- Work with partners to produce a cultural strategy for Cheltenham to maximise opportunities.
- Increases in the visitor economy
- Higher retail occupancy rates

Key priority

ACHIEVING A CLEANER AND GREENER SUSTAINABLE ENVIRONMENT FOR RESIDENTS, BUSINESSES AND VISITORS

Deliver enhancements to our waste, recycling, street cleaning and grounds maintenance services and improve the way we commission these services.



Deliver a modern, fit for purpose strategic waste facility and an improved recycling centre to support more efficient and environmentally friendly management of waste and recycling services that also supports economic regeneration.



Implement improvements to the recycling service available to residents, businesses and visitors by reviewing existing services and generate additional income through commercial opportunities to reinvest in waste and recycling services.



Review street cleansing and grounds maintenance, and implement innovative service improvements to support the revitalisation of the town centre whilst also working with local amenity and friends of groups to enhance our public spaces, parks and gardens.

HOW SUCCESS WILL BE MEASURED

- Increase in public satisfaction
- Number of our parks that have Green Flag status
- Increase in recycling rates





Key priority

INCREASING THE SUPPLY OF HOUSING AND INVESTING TO BUILD RESILIENT COMMUNITIES

We will be seeking new opportunities to bring in additional resources e.g. introduction of Cheltenham lottery as well as leveraging more value from our assets and commissioned providers to deliver our £100m housing investment plan.



We will continue to work with our partners to proactively tackle homelessness and rough sleeping.



We will work with partners and Cheltenham Borough Homes to increase the supply of affordable homes across the borough and enable more private rented homes to be let on a long term basis. We will develop plans for the delivery of new homes and sustainable improvements to the west of Cheltenham.



With our partners we will develop a community-based approach that achieves inclusive growth and tackles inequality to ensure all our communities benefit from the improvements and investments we make.

HOW SUCCESS WILL BE MEASURED

- Work with partners to increase the supply of new homes in the Borough
- Measure social value of community investments made
- Number of successful homelessness preventions

Key priority

DELIVERING SERVICES TO MEET THE NEEDS OF OUR RESIDENTS AND COMMUNITIES

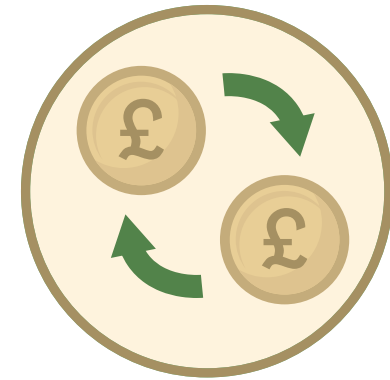
Improve the way services and information are accessed by residents and businesses by maximising new technology opportunities and different ways of working. The outcome of which will contribute towards our financial self-sufficiency.



Increased self-service options to allow customers to do business with the Council 24/7 enabling quick and efficient transactions.



Streamlined customer journeys increasing customer satisfaction and creating efficiencies.



The Council to become financially self-sufficient to help ensure sustainable investment in high quality front-line services

HOW SUCCESS WILL BE MEASURED

- The Council has become financially self-sufficient
- More residents transacting with the Council through self-service channels
- Improved resident satisfaction with services



Cheltenham Borough Council**Council – 25th March 2019****The Preparation of a Statement of Common Ground for Gloucestershire**

Accountable member	Leader
Accountable officer	Director of Planning
Ward(s) affected	All
Key/Significant Decision	Yes/No
Executive summary	<p>This report sets out the progress made by the Gloucestershire Leaders Board in respect of the creation of a strategic planning framework for the County to 2050 and beyond. The report specifically recommends the preparation of a Statement of Common Ground (SoCG); a non-statutory document to be adopted by each of the constituent authorities and relevant partner organisations.</p> <p>Working in the context of a SoCG will help ensure effective, coordinated spatial planning for the long term future of Gloucestershire through collective working to prepare a strategic framework for the County to 2050 and beyond which will avoid duplication of effort, potential conflicts and deliver cost efficiencies through joint commissioning.</p>
Recommendation	The Council works in partnership with the five other Local Planning Authorities, Gloucestershire County Council and the GFirst Local Enterprise Partnership to develop a Strategic Planning Framework for Gloucestershire, to 2050 and beyond, via the preparation of a ‘Statement of Common Ground’.
Financial implications	<p>The Borough Council has committed to a financial contribution in the sum of £10,000 per annum towards the cost of the Strategic Planning Coordinator. This is to be funded within current budgets. Any additional budget requirements will be brought forward for consideration as they arise.</p> <p>Contact officer: Andrew Knott, Andrew.knott@publicagroup.uk, 01242 264121</p>

<p>Legal implications</p>	<p>Section 33A(1) of the Planning and Compulsory Purchase Act 2004 which is in respect of the duty to co-operate in relation to the planning of sustainable development provides that each person who is a local planning authority, county council and certain other bodies (such as the Environment Agency and Homes and Communities Agency) must co-operate with each other and local enterprise partnerships in maximising the effectiveness with which certain activities are undertaken. These activities are the preparation of local development plans (including development plan documents) and any activities that can reasonably be considered to prepare the way for/support for such activities so far as relating to a strategic matter.</p> <p>A strategic matter for the duty is sustainable development or use of land that has or would have a significant impact on at least two planning areas and sustainable development or use of land in a two-tier area if the development or use is a county matter or has or would have a significant impact on a county matter.</p> <p>Under sections 19(1B) to (1C) of the 2004 Act, each local planning authority must identify strategic priorities for development and use of land in the authority's area and policies to address those priorities must be set out in the local authority's development plan documents (taken as a whole).</p> <p>Paragraph 20 of the National Planning Policy Framework (2019) sets out the matters that strategic policies should provide for and under paragraph 27 it is stated that in order to demonstrate effective and on-going joint working, strategic policymaking authorities should prepare and maintain one or more statements of common ground, documenting the cross-boundary matters being addressed and progress in cooperating to address these. These should be produced using the approach set out in national planning guidance, and be made publicly available throughout the plan-making process to provide transparency.</p> <p>When soundness of plans are tested under the NPPF (2019) one element of this under paragraph 35 is that the plan should be deliverable over the plan period, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground. Therefore, although not a statutory document, statements of common ground dealing with these matters will be expected when plans are at examination. The formal approval of the Statement of Common Ground will remain the responsibility of each of the parties to it.</p> <p>Contact officer: cheryl.lester@teWKesbury.gov.uk, 01684 272013</p>
<p>HR implications (including learning and organisational development)</p>	<p>None at this time, however specialist officer resources will be required from across the district and county planning teams to develop the detail of a Gloucestershire Strategic Planning Framework. Consideration is currently being given to the human resource need arising and whether this can be accommodated from within existing planning teams or whether budgetary provision will be required. Should additional resourcing be required these will be considered by Leadership Gloucestershire and the individual councils.</p>

Key risks	Collaboration across all the six districts and county council is required to ensure effective, coordinated spatial planning for the long term future of Gloucestershire. To not engage in this work would risk Cheltenham not having an active contribution on issues which may have a direct implication for the Borough.
Corporate and community plan Implications	Joint working as set out in this report responds to the Councils Place Vision, taking a co-ordinated and collaborative approach to considering the long term growth needs of the County and its implications and opportunities for Cheltenham. By working through a SoCG we can enhance our collaboration with key partners in the delivery of the Corporate Plan.
Environmental and climate change implications	The SoCG will contain matters relating to the environmental, social and economic outputs of the area. In itself it will not be subject to the same requirements for a Sustainability Appraisal in the same way that a Statutory Planning Document does. A Sustainability Appraisal that encompasses a Strategic Environmental Assessment as required by EU Directive (2001/42/EC) will still be required to be produced for the local plan documents.
Property/Asset Implications	Not relevant at this time

1. Background

- 1.1** In summer 2018 the Gloucestershire Economic Growth Joint Committee (GEGJC) set up a Leaders' Board intended to review current joint planning arrangements and to consider the best mechanism to deliver strategic planning within the county. Comprising senior Members of each of the District Councils, the County Council, the GFirst Local Enterprise Partnership, and other bodies, the Leaders Board is supported by a Strategic Planning Coordinator for the County, funded jointly by all the districts and county council. The Borough Council is represented on the Gloucestershire Leaders Board by the Leader and Chief Executive.
- 1.2** The Leaders Board has discussed a more coordinated approach to long term spatial planning in Gloucestershire, taking account of the engagement drawn from the recent 2050 conversation. Such an approach could provide an agreed broad vision for the future growth of the County which would support development plan preparation, avoid duplication and potential conflict between plans and fulfil the duty to cooperate. This partnership approach could also better coordinate infrastructure requirements and associated funding whilst delivering potential savings through joint commissioning of development plan evidence bases.

2. Proposal for a Gloucestershire Statement of Common Ground

- 2.1** The Leaders Board has discussed the type of strategic plan that is appropriate for Gloucestershire, and has concluded that the most appropriate model would be through the preparation of a non-statutory Statement of Common Ground (SoCG). This would allow the statutory Local Planning Authorities to continue to deliver current and future spatial plans and policies, and retain local interpretation, whilst enabling them to work together to coordinate future strategic planning in the county and maximise resource efficiency.
- 2.2** The SoCG needs to support the ambition for Gloucestershire as developed through the Gloucestershire 2050 conversation. Work is ongoing regarding the future governance of Gloucestershire 2050 arising from the concordant identifying a number of growth boards, published via the following link <http://glos2050.com/>. The SoCG and its outcomes should look to support the work that in due course will flow from the Growth Boards.
- 2.3** This approach will also allow the Local Authorities to look beyond their plan periods and link into conversations regarding Gloucestershire 2050 to seek to meet aspirations for growth and infrastructure and link more effectively in a joined up manner with cross county boundary conversations. Furthermore, effective cooperation enables strategic policy-making authorities and infrastructure providers to establish whether additional strategic cross-boundary infrastructure is required. The statement would be evidence that the strategic policy-making authorities have sought agreement with the relevant bodies and, in relation to the Community Infrastructure Levy, it can form part of the evidence base for the Infrastructure Funding Statement.
- 2.4** The SoCG was established by the National Planning Policy Framework (2018). It would be required to be produced and agreed between the six local planning authorities, the County Council, the GFirst Local Enterprise Partnership and other key parties as appropriate. It would set out the agreed position in respect of cross boundary strategic planning issues, demonstrating that the 'Duty to Cooperate' has been fulfilled, but it can also be used to set out a long term agreed vision for the broad location of development within the county, having regard to influences from beyond our county boundaries.
- 2.5** The NPFF 2018 sets out the details expected to be covered within a SCG, which are as follows:
1. A spatial portrait and narrative of the geography of the area and the key strategic matters being addressed by the statement, for example meeting the housing need and economic growth for the area and key environmental issues such as flood protection, climate change impact reduction, air quality etc.;

2. Details of the plan-making authorities responsible for joint working detailed in the statement, along with any others engaged in the process and the associated governance arrangements for the cooperation process, including how the statement will be maintained;
3. The housing requirements in any adopted and (if known) emerging strategic policies relevant to housing within the area covered by the statement as well as a view of the future growth necessary;
4. An understanding of the distribution of housing and economic growth needs in the area as agreed through the plan-making process, or the process for agreeing the distribution of need (including unmet need) across the area;
5. A record of where agreements have (or have not) been reached on key strategic matters, including the process for reaching agreements on these; and
6. Any additional strategic matters to be addressed by the statement which have not already been addressed, including a brief description how the statement relates to any other statement of common ground covering all or part of the same area.

2.6 The detail and scope of the statement would be proportionate to the matters being addressed but would seek to tackle the key issues facing the County and the aspirations for strategic growth and infrastructure requirements.

2.7 In addition to the NPPF requirements, the SCG would:

1. Draw from existing and developing local plans and plan development processes to provide an agreed joined up picture of growth within Gloucestershire
2. Include the broad aspirations of partners for the promotion of growth within Gloucestershire
3. Provide an agreed approach between all agencies to allow cooperation in delivery of plans and infrastructure
4. Improve strategic planning coordination, cooperation and communication to avoid potential conflict between plans and partners ensuring Gloucestershire can speak with 'one voice', which is so important for Government dialogue and associated funding bids

3. Alternative options considered

3.1 The experience gained through the development of the Gloucester, Cheltenham and Tewkesbury Joint Core Strategy clearly demonstrates that Cheltenham cannot plan in the context of its own borough boundaries, but must have due regard to its neighbours and the allocation of development that takes account of sustainability considerations, connectivity and the demands for infrastructure. The work undertaken as part of the Gloucestershire 2050 conversation reinforces this at a county scale and the need to work more collaboratively is now set out in government policy via the National Planning Policy Framework.

3.2 The Gloucestershire Councils could decide to not progress the preparation of the Statement of Common Ground. This course of action has been discussed and discounted by the Leaders' Board. Failure to maximise the opportunity created through the creation of an effective Strategic Planning Framework for Gloucestershire County would mean that opportunities for effective strategic development discussions are lost. The opportunity to save resources through joint commissioning of an effective evidence base may also be lost. Alternative options have therefore not been considered.

4. Consultation and feedback

- 4.1 Regard has been given to the engagement on the Gloucestershire 2050 conversation, including engagement with members.

Report author	Contact officer: tracey.crews@cheltenham.gov.uk, 01242 264126
Appendices	1. Risk Assessment
Background information	None

Council Report risk template

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
	Collaboration across all the six districts and county council is required to ensure effective, coordinated spatial planning for the long term future of Gloucestershire. To not engage in this work would risk Cheltenham not having an active contribution on issues which may have a direct implication for the Borough.	Director of Planning	15/03/2019	4	1	4	Reduce	Review strategic planning risk held on corporate risk schedule		Director of Planning	N/A

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Cheltenham Borough Council

Council – 25 March 2019

Nominations for Mayor Elect and Deputy Mayor Elect 2019-20

Accountable member	Leader, Councillor Steve Jordan
Accountable officer	Chief Executive, Pat Pratley
Accountable scrutiny committee	n/a
Ward(s) affected	None directly
Significant Decision	No
Executive summary	<p>Councillor Roger Whyborn has served as Deputy Mayor since last year's Annual Council Meeting and Members will be asked to elect him as Mayor at this year's Annual Meeting.</p> <p>The Members shown towards the head of the Order of Precedence in Appendix 2 have been approached to ascertain if they are willing and able to have their name put forward for appointment as Deputy Mayor for 2019-2020. Councillor Sandra Holliday indicated a willingness to put her name forward as Deputy Mayor subject to no other eligible councillor wishing to do so.</p>
Recommendations	<p>Council note</p> <ul style="list-style-type: none"> i) The Order of Precedence in Appendix 2 ii) That Councillor Roger Whyborn and Councillor Sandra Holliday will be put to the Annual Council Meeting for election as Mayor and Deputy Mayor respectively for the Municipal year 2019 - 2020.

Financial implications	<p>The allowances for Mayor and Deputy Mayor have been included in the budget for 2019/20.</p> <p>Contact officer: Paul Jones, paul.jones@cheltenham.gov.uk,</p>
Legal implications	<p>Whilst the Council operates the Rules Relating To Order Of Precedence Of Members as a local convention, the Council has final discretion as to which members it appoints as its Mayor and Deputy Mayor (Council chairman and vice-chairman).</p> <p>Contact officer: Peter Lewis, peter.lewis@teWKesbury.gov.uk, 01684 272012</p>
HR implications (including learning and organisational development)	<p>None</p> <p>Contact officer: Julie McCarthy julie.mccarthy@cheltenham.gov.uk, 01242 264355</p>

Key risks	None
Corporate and community plan Implications	The Mayor and Deputy Mayor promote the corporate and community objectives in carrying out their role as civic heads.
Environmental and climate change implications	None

1. Background

- 1.1 The rules relating to order of precedence of Members were amended by Council on 17 March 2008 and are attached as Appendix 1 and are set out in Appendix J in the Council's Constitution.
- 1.2 As part of that change it was agreed that once a councillor has achieved the office of Mayor they should remain at the bottom of the Order of Precedence in date order and should not be eligible to hold the office again unless all those above them on the Order of Precedence have chosen not to accept the honour or do not qualify for selection.
- 1.3 In addition it was agreed that a Member would not be eligible for consideration as Mayor unless they had a minimum of four years service prior to taking up office and a minimum of 3 years service prior to becoming Deputy Mayor.

2. Reasons for recommendations

- 2.1 The Council's Constitution provides that the Mayor and Deputy Mayor shall be elected at the Annual Council Meeting.
- 2.2 The Constitution also provides that in order to assist the Council the Chief Executive will maintain a list of members (called the "Order of Precedence") showing members' total service on the authority and, if appropriate their period of service since they served the Borough as its Mayor. This list is attached as Appendix 2.
- 2.3 Whilst the Council must formally make these appointments at the Annual Council Meeting, in accordance with the Constitution, the Order of Precedence is presented to the first Council meeting in the calendar year. On this occasion it has become necessary to present this at the second meeting in the calendar year.

3. Alternative options considered

- 3.1 All the councillors with more service than Councillor Holliday formally declined to have their names put forward for the position of Deputy Mayor.

4. Consultation and feedback

- 4.1 Not applicable.

Report author	Contact officer: Bev Thomas, Democracy Officer Beverly.Thomas@cheltenham.gov.uk, 01242 264246
Appendices	1. Rules relating to order of Precedence of Members 2. Order of Precedence

THE RULES RELATING TO THE ORDER OF PRECEDENCE OF MEMBERS

1. The Chief Executive (or the Monitoring Officer on his or her behalf) will maintain a list of all members showing their precedence in terms of:

- their service on Cheltenham Borough Council,

and this list will be referred to as “The Order of Precedence”. It is only of relevance in the determination of the succession of the posts of Mayor and Deputy Mayor.

2. To be eligible for consideration as Mayor a member must have had a minimum of four years service prior to taking up office.
3. To be eligible for consideration as Deputy Mayor a member must have had a minimum of three years service prior to taking up office.
4. The Deputy Mayor appointed to serve as such in a particular municipal year will be elected Mayor for the following municipal year provided he or she is willing, and remains eligible, to accept that office.
5. If the Deputy Mayor is unwilling or ineligible to accept nomination as Mayor, the nomination will be offered by the Chief Executive , following consultation with the Monitoring Officer, to members in accordance with The Order of Precedence until a member is able to accept the nomination.
6. Not later than 31st December in any year the Chief Executive (or the Monitoring Officer on his or her behalf) will approach the member at the head of The Order of Precedence (other than the Deputy Mayor) to ascertain if he or she is willing to accept nomination as Deputy Mayor for the next municipal year.
7. If the member approached by, or on behalf of, the Chief Executive is unwilling or unable to accept the nomination, the Chief Executive (or the Monitoring Officer on his or her behalf) will approach members in accordance with The Order of Precedence until a member is able to accept the nomination.

The Chief Executive will inform the Council of the member’s willingness to accept nomination at its first ordinary meeting in the new calendar year.

8. The fact that a member approached by, or on behalf of, the Chief Executive is unwilling or unable to accept nomination as Deputy Mayor for a particular municipal year, shall not prevent that member being approached again in accordance with The Order of Precedence.
9. Where members have equal periods of service, a member with unbroken service on Cheltenham Borough Council will take precedence over a member with broken service.
10. Members who have served the borough as Mayor will be moved to the bottom of the Order of Precedence and will only be considered for selection if no other member is interested in taking on the position of Deputy Mayor/Mayor or is eligible to do so.

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11. The precedence between members who notwithstanding paragraph 9 have equal periods of service on Cheltenham Borough Council shall be decided by lot conducted prior to the first ordinary meeting of the Council following municipal elections.
12. Any questions arising as to the application of these rules shall be determined by the Chief Executive, following consultation with the Monitoring Officer, and in consultation with the Group Leaders.

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Councillor	Ward	Political party	Next up for election	Date of election/period of service	Eligible service for Mayor 2019	Previous Mayor
McKinlay, Andrew	Up Hatherley	Lib Dem	2022	1991	28	0
Jordan, Steve A	All Saints	Lib Dem	2020	1986-1992, 1994, 1995-1999, 2002	28	0
Holliday, Sandra J	St. Mark's	Lib Dem	2022	1996	23	0
Seacome, Diggory C	Lansdown	Conservative	2020	2000	19	0
Stennett, Malcolm	Prestbury	PAB	2020	2000	19	0
Britter, Nigel C	Benhall & The Reddings	Lib Dem	2022	2002	17	0
Coleman, Chris	St. Mark's	Lib Dem	2020	2002-2008, October 2010	14	0
Hay, Rowena	Oakley	Lib Dem	2020	2002-2006, 2010	13	0
Baker, Paul	Charlton Park	Lib Dem	2022	1983-1992	13	0
Whyborn, Roger *	Up Hatherley	Lib Dem	2020	2008	11	0
Jeffries, Peter *	Springbank	Lib Dem	2022	2010	9	0
Williams, Suzanne *	Springbank	Lib Dem	2020	2012	7	0
Harman, Tim *	Park	Conservative	2020	2012	7	0
Harvey, Steve	Charlton Park	Lib Dem	2020	1995-1999, 2016	7	0
Clucas, Flo *	Swindon Village	Lib Dem	2022	2014 -	5	0
Wilkinson, Max *	Oakley	Lib Dem	2022	2014 -	5	0
Mason, Chris *	Landsdown	Conservative	2022	2014 -	5	0
Payne, John *	Prestbury	PAB	2022	2014 -	5	0
Babbage, Matt *	Battledown	Conservative	2022	2014 -	5	0
Savage, Louis	Battledown	Conservative	2020	May 2015 -	4	0
McCloskey, Paul	Charlton Kings	Lib Dem	2020	2016	3	0
Oliver, Tony	Warden Hill	Lib Dem	2020	2016	3	0
Parsons, Dennis	Pittville	Lib Dem	2020	2016	3	0
Collins, Mike	Benhall & The Reddings	Lib Dem	2020	2016	3	0
Hobley, Karl	St. Paul's	Lib Dem	2020	2016	3	0
Willingham, David	St. Peter's	Lib Dem	2020	2016	3	0
Hegenbarth, Alex	All Saints	Lib Dem	2022	2017 (May)	2	0
Dobie, Iain A P	Warden Hill	Lib Dem	2022	2018	1	0
Brownsteen, Jonny	St. Paul's	Lib Dem	2022	2018	1	0
Barrell, Dilys M J	Park	Lib Dem	2022	2018	1	0
Atherstone, Victoria M	St. Peter's	Lib Dem	2022	2018	1	0
Horwood, Martin, C	Leckhampton	Lib Dem	2022	2018	1	0
Cooke, Stephen G	Leckhampton	Conservative	2020	2018	1	0
Stafford, Jo	Pittville	Lib Dem	2022	2018	1	0
Boyes, Angie	Charlton Kings	Lib Dem	2022	2018	1	0
Barnes, Garth W	College	Lib Dem	2022	1976-1983, 1990-1998, 2002	15	2003/04
Flynn, Wendy L	Hesters Way	Lib Dem	2020	2002	5	2013/14
Wheeler, Simon	Hesters Way	Lib Dem	2022	2002	4	2014/15
Sudbury, Klara *	College	Lib Dem	2020	2008	1	2017/18
Fisher, Bernard *	Swindon Village	Lib Dem	2020	2008	0	2018/19

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Cheltenham Borough Council Council – 25 March 2019 Nominations to Outside Bodies

Accountable member	Leader, Councillor Steve Jordan
Accountable officer	Chief Executive, Pat Pratley
Ward(s) affected	None directly
Key Decision	No
Executive summary	<p>Following each Selection Council, and at other times when vacancies arise, the Leader/Cabinet takes the opportunity to nominate and, in limited cases, appoint persons to various roles within bodies external to the Council. Also the opportunity is taken to nominate persons to other bodies such as Joint Committees and other bodies/groups such as the Cheltenham Development Task Force.</p> <p>Following the resignation by Councillor Flynn from Publica on 14 February, Group Leaders were informed of the vacancy for a Non-Executive Director on the Publica board on 15 February 2019 and were invited to submit nominations by 13 March 2019.</p> <p>Two nominations were received for Councillor Babbage and Councillor McCloskey. As consensus was not achieved between the political groups this appointment is referred to Council for determination.</p> <p>Therefore, Council is asked to agree the appointment of a Non-Executive Director to the Publica Board.</p>
Recommendations	<p>Council nominate</p> <p>1. One person to be the Council's Non-Executive Director on the Publica Board</p>
Financial implications	<p>There are no financial implications associated with this report.</p> <p>Contact officer: Paul Jones E-mail: paul.jones@cheltenham.gov.uk Tel no: 01242 264365</p>

Legal implications	<p>See body of the report.</p> <p>Appointments/nominations to outside bodies are made in accordance with the Council Constitution. Guidance for Members appointed to outside bodies can be found at Part 5G of the Constitution.</p> <p>Contact officer: Peter Lewis E-mail: peter.lewis@teWKesbury.gov.uk Tel no: 01684 272012</p>
HR implications (including learning and organisational development)	<p>No HR implications arising for the report</p> <p>Contact officer: Julie McCarthy , HR Manager –Operations, Payroll & Support Centre. julie.mccarthy@publicagroup.uk, 01242 26 4355</p>
Key risks	Members appointed should be aware of their roles and responsibilities.
Corporate and community plan Implications	Supports all the community priorities and supports community engagement.
Environmental and climate change implications	None

1. Background

- 1.1** The external bodies to which nominations/appointments are made comprise a variety of organisations and groups. A traditional distinction can be drawn between incorporated and unincorporated bodies; the former being distinct legal entities such as companies, having a legal personality and a framework imposing obligations upon those who become involved by appointment; the latter being bodies which, albeit without formal legal foundation, play an important role in representing interests within the local community. Involvement in these unincorporated organisations will often carry few or no legal obligations on those appointed.
- 1.2** In the majority of cases the authority decides who to nominate to the outside body concerned and it is then for that body to decide on whether to accept the nomination and make the appointment. There are some limited exceptions to this, such as Cheltenham Borough Homes, Gloucestershire Airport, Publica and the Cheltenham Trust where the Council has the right (by virtue of its interests in those companies) to make the nominations/appointments to the boards of directors.

2. Legal context

- 2.1** With regard to outside bodies, whilst nominations/appointments are made on the general basis that the nominee/appointee is the council's representative on the outside body, it is important to note that in many cases the overriding duty is to the outside body. For example, a company director has a primary duty of care towards the company and to act in the best interests of the company as a whole and a trustee must act in accordance with the trust deed and uphold the trust's objectives.
- 2.2** The council is able to indemnify members (and officers) in the course of their activities on outside bodies provided they are acting within the scope of their authority as council representatives. Outside bodies, such as companies, that are legal entities in their own right must have their own appropriate insurance arrangements in place. It is important that members (and officers) clarify the position in each particular case.
- 2.3** Under the executive functions set out in Part 3E of the Council's constitution, the Leader has the power to make nominations/appointments to outside bodies where they relate to an executive function or revoke such nominations/appointments provided there is Group Leader agreement. Where there is not group leader agreement the decision is referred to Council.

3. Nomination/appointment of external persons

- 3.1** Historically the council has nominated/appointed external persons to some outside bodies. On 29th June 2006 Council specifically agreed that 'All nominees are elected Members of Cheltenham Borough Council unless there are exceptional reasons justifying the appointment of a non Member'. Relevant examples of outside bodies to whom external persons have been appointed are; Gloucestershire Airport, Pate's Grammar School Foundation. The reasons for these appointments have been the specialist knowledge skills and experience that have been brought to the outside body and/or the lack of Member nomination to that body.
- 3.2** External persons are not, of course, subject to the Code of Members' Conduct nor are they under any general obligation to act in the best interests of the council or the broader public interest. Also, they are not covered by the council's insurance. Whilst these factors do not prevent the nomination of external persons they should be borne

in mind when considering whether to make such nominations/appointments.

4. Reasons for recommendations

4.1 It is in the interests of the council to ensure representation on Publica.

5. Alternative options considered

5.1 None

6. Consultation and feedback

6.1 Group Leaders were advised of a vacancy on the Publica Board on 15 February 2019. Two nominations were received and as consensus was not achieved between the political groups this appointment was referred to Council for determination.

Report author	Bev Thomas, Democracy Officer, 01242 264246 beverly.thomas@cheltenham.gov.uk One Legal
Appendices	1. Risk Assessment
Background information	1. Constitution Part 5G

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 elected members are not aware of their roles and responsibilities they may compromise their position		10 July 2018	3	2	6	Control	Ensure members are aware of guidance set out in Constitution Ensure members understand their role on the outside body and have a copy of relevant constitution or terms of reference of the body concerned		Democratic Services Team Leader	
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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Cheltenham Borough Council

Council – 25 March 2019

Council Diary September 2019 to August 2020

Accountable Member	Cabinet Member Corporate Services, Councillor Alex Hegenbarth
Accountable officer	Democratic Services Officer, Sophie McGough
Accountable scrutiny committee	Not applicable
Ward(s) affected	All
Significant Decision	No
Executive summary	<p>The proposed diary of Council meetings for September 2019 to August 2020 is attached as Appendix 2.</p> <p>The dates and times for the Cabinet are shown for information only as it is for the Leader of the Council to determine the Cabinet meeting dates. However, they follow the pattern of time and frequency followed in previous years.</p> <p>If it is necessary to make any subsequent amendments to the draft diary, these will be reflected in the published diary.</p>
Recommendations	1. To approve the draft Council Diary of meetings for September 2019 – August 2020.

Financial implications	<p>No financial implications.</p> <p>Contact Officer: Paul Jones, Tel 01242 264123 E-mail paul.jones@cheltenham.gov.uk</p>
Legal implications	<p>No specific legal implications arising from the recommendation.</p> <p>Contact Officer: Peter Lewis, Tel 01684 272012 E-mail peter.lewis@teWKesbury.gov.uk</p>

HR implications (including learning and organisational development)	<p>Start and end times of council meetings may impact on officer working hours which may need to be adjusted through flexible working practices e.g. use of flexitime. Additional paid hours may be considered providing any additional cost implications are met within existing budgets. Managers will need to be aware of potential health and safety risks for late evening meetings. This will particularly apply during the winter months for officers returning to their vehicles and travelling home outside normal day light hours.</p> <p>Contact Officer: Julie McCarthy, (Publica Group Ltd)</p> <p>Tel 01242 264355, E-mail: julie.mccarthy@publicagroup.uk</p>
Key risks	None
Corporate and community plan Implications	The diary of council meetings supports the democratic process.
Environmental and climate change implications	None

1. Background

1.1. The diary followed a similar rationale to that adopted in previous years i.e;

- As far as possible meetings of a particular committee are scheduled on the same day of the week.
- With the occasional exception of the regulatory Planning and Licensing meetings, Easter, August and Whitsun half terms and Friday evenings will be avoided wherever possible.
- Evening meetings have been scheduled for 6 pm to facilitate Members' attendance after the working day.
- The start time for planning view meetings is again omitted to give greater flexibility in arranging an appropriate start time dependent on the time of the year and number of sites to be visited.
- Three regular meetings of the Standards Committee have been scheduled in the diary per year. Due to the nature of the committee, there may be a need for ad hoc meetings during the year to deal with specific issues or for meetings to be rescheduled.
- The dates and times for the Cabinet are shown for information only as it is for the Leader of the Council to determine the Cabinet meeting dates. However, they follow the pattern of time and frequency followed in previous years.
- Seven meetings have been scheduled for Overview and Scrutiny Committee. These are timetabled to cover key events during the year likely to require scrutiny involvement including the budget consultation, review of the corporate strategy and agreeing the annual work plan.
- As there will be borough elections in May 2020, annual and section Council will take place on Monday 18th May at 14:30.

2. Consultation and Feedback

- 2.1 The draft diary was circulated to Councillors and Officers in February as part of the consultation and feedback was also sought from Cheltenham Borough Homes to avoid any clashes and a few minor changes made.
- 2.2 As requested, provisional dates have been included for the Informal Cabinet/Executive Leadership Team meetings. These, however, are subject to change and can be rescheduled as the Cabinet sees fit.
- 2.3 Generally, once a working group has been established it will be permitted to schedule meetings at a time to suit those Members involved. The Asset Management and Treasury Management working group meetings are included in the diary but others will be set up as required.
- 2.4 Regarding Council meetings, a June and July Council meeting has again been scheduled for 2020 to avoid too long a gap from the March meeting; however, if both are not required then one will be cancelled.
- 2.5 Consideration has been given to party conference dates and meetings avoided during these times as far as possible. For reference, party conference dates are as follows:
Lib Dem: 14th – 17th September 2019, Conservative: 29th September – 2nd October 2019.

3. Performance Management – Monitoring and Review

- 3.1 Any feedback on the diary during the year can be noted for consideration in future years.

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Appendices	1. Risk Assessment 2. Draft Council Diary September 2019 – August 2020

Risk Assessment

Appendix 1

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the dates for Council meetings are not fixed by the Council before the start of or at the first meeting in the New Municipal Year then the Council will not be meeting the requirements of the Constitution.	Democratic Services Team Leader	2019	3	2	6	Reduce	Approve the diary at the March meeting of Council.	March 19	SMC	
	If dates for other meetings are not scheduled in advance there could be problems in arranging meetings in terms of Member, officer and facilities.	Democratic Services Team Leader	2019	3	2	6	Reduce	Approve the diary with a full list of meetings as early as possible.	Mar 19	SMC	

September 2019

Start of School Term 1		
<i>(please note the school term dates and holidays listed in the diary are those set by Gloucestershire County Council and may vary for individual schools)</i>		
Monday 2		
Tuesday 3	Members Seminar	6.00pm
Wednesday 4	Licensing – Full	6.00pm
Thursday 5	Constitution Working Group	6.00pm
Friday 6		
Monday 9	Overview and Scrutiny	6.00pm
Tuesday 10	Cabinet	6.00pm
Wednesday 11	CBH Audit & Risk	5.00pm
Thursday 12		
Friday 13		
Monday 16		
Tuesday 17		
Wednesday 18	Audit	6.00pm
	Planning View	
Thursday 19	Planning	6.00pm
Friday 20		
Monday 23	Treasury Management Panel	6.00pm
Tuesday 24	Informal Cabinet/ Executive Leadership Team	6.00pm
Wednesday 25	Public Art Panel	6.00pm
	CBH BOARD HWRC	5:30pm
Thursday 26	Asset Management Working Group	6.00pm
Friday 27		
Monday 30		

October 2019

Tuesday 1		
Wednesday 2		
Thursday 3	Budget Scrutiny Working Group	6.00pm
Friday 4		
Monday 7	Appointments	6. 00pm
	<i>Deadline for Council Motions</i>	<i>12 noon</i>
Tuesday 8	Cabinet	6.00pm
	<i>Deadline for Council Questions</i>	<i>12 noon</i>
Wednesday 9	Licensing – Miscellaneous	6.00pm
Thursday 10		
Friday 11		
Monday 14	Council	2.30pm
Tuesday 15	Planning View	
	Informal Cabinet/ Executive Leadership Team	6.00pm
Wednesday 16	Standards	2.00pm
	CBH ANNUAL GENERAL MEETING HWRC	5.00pm
Thursday 17	Planning	6.00pm
Friday 18		
Monday 21	Overview and Scrutiny	6.00pm
Tuesday 22		
Wednesday 23	Members Seminar	6.00 pm
Thursday 24		
Friday 25		
School Half Term (28th Oct – 1st Nov)		
Monday 28		
Tuesday 29		
Wednesday 30		
Thursday 31		

November 2019

Friday 1		
Start of School Term 2 (4th Sept – 20th Dec)		
Monday 4		
Tuesday 5	Cabinet	6.00pm
Wednesday 6	Licensing - Miscellaneous	6.00pm
Thursday 7		
Friday 8		
Saturday 9		
Sunday 10	Remembrance Sunday	
Monday 11		
Tuesday 12	Budget Scrutiny Working Group	6.00pm
Wednesday 13		
Thursday 14	Asset Management Working Group	6.00pm
Friday 15		
Monday 18	Overview and Scrutiny	6.00pm
Tuesday 19	Planning View Informal Cabinet/ Executive Leadership Team	 6.00pm
Wednesday 20		
Thursday 21	Planning	6.00pm
Friday 22		
Monday 25	Treasury Management Panel	6.00pm
Tuesday 26		
Wednesday 27	Public Art Panel CBH BOARD HWRC	6.00pm 5.30pm
Thursday 28	Members Seminar	6.00pm
Friday 29		

December 2019

Monday 2	<i>Deadline for Council Motions</i>	<i>12 noon</i>
Tuesday 3	Cabinet <i>Deadline for Council Questions</i>	6.00pm <i>12 noon</i>
Wednesday 4	Licensing - Full	6.00pm
Thursday 5		
Friday 6		
Monday 9	Council	2.30pm
Tuesday 10	Informal Cabinet/ Executive Leadership Team	6.00pm
Wednesday 11	CBH BOARD AWAY DAY	
Thursday 12		
Friday 13		
Monday 16	Members Seminar	6.00pm
Tuesday 17	Cabinet (Budget Proposals) Planning View	6.00pm
Wednesday 18		
Thursday 19	Planning	6.00pm
Friday 20		
Start of School Christmas Holidays		
Monday 23		
Tuesday 24		
Wednesday 25	Christmas Day	
Thursday 26	Boxing Day	
Friday 27		
Monday 30		
Tuesday 31		

January 2020

Wednesday 1	New Year's Day	
Thursday 2		
Friday 3		
Start of School Term 3 (6th Jan – 14th Feb)		
Monday 6		
Tuesday 7	Budget Scrutiny Working Group	6. 00pm
Wednesday 8	Licensing – Miscellaneous	6.00pm
Thursday 9		
Friday 10		
Monday 13		
Tuesday 14	Planning View Informal Cabinet/ Executive Leadership Team	6.00pm
Wednesday 15		
Thursday 16	Planning	6.00pm
Friday 17		
Monday 20	Treasury Management Panel	6.00pm
Tuesday 21	Cabinet	6.00pm
Wednesday 22	Audit	6.00pm
Thursday 23		
Friday 24		
Monday 27	Overview and Scrutiny	6.00pm
Tuesday 28		
Wednesday 29	Public Art Panel CBH BOARD HWRC	6.00pm 5:30pm
Thursday 30	Members Seminar	6.00 pm
Friday 31		

February 2020

Monday 3		
Tuesday 4		
Wednesday 5	Licensing - Miscellaneous	6.00pm
Thursday 6		
Friday 7		
Monday 10	<i>Deadline for Council Motions</i>	<i>12 noon</i>
Tuesday 11	Cabinet (Budget)	6.00pm
	<i>Deadline for Council Questions</i>	<i>12 noon</i>
Wednesday 12	Standards	2.00pm
Thursday 13		
Friday 14		
School Half Term (17th Feb – 21st Feb)		
Monday 17	Council (Budget)	2.30pm
Tuesday 18	Informal Cabinet/ Executive Leadership Team	6.00pm
	Planning View	
Wednesday 19		
Thursday 20	Planning	6.00pm
Friday 21	Additional Council if Required	2.30pm
Start of School Term 4 (24th Feb – 3rd April)		
Monday 24	Overview and Scrutiny	6.00 pm
Tuesday 25		
Wednesday 26		
Thursday 27	Members Seminar	6.00pm
Friday 28		

March 2020

Monday 2		
Tuesday 3	Cabinet	6.00pm
Wednesday 4	Licensing - Full	6.00pm
Thursday 5		
Friday 6		
Monday 9	Appointments	6.00pm
Tuesday 10	Race Week Starts	
Wednesday 11		
Thursday 12		
Friday 13	Gold Cup	
Monday 16	<i>Deadline for Council Motions</i>	<i>12 noon</i>
Tuesday 17	Planning View Informal Cabinet/ Executive Leadership Team <i>Deadline for Council Questions</i>	6.00pm 12 noon
Wednesday 18	Constitution Working Group	6.00pm
Thursday 19	Planning	6.00pm
Friday 20		
Monday 23	Council	2.30pm
Tuesday 24	Audit	6.00pm
Wednesday 25	Public Art Panel CBH BOARD HWRC	6.00pm 5:30pm
Thursday 26	Asset Management Working Group	6.00pm
Friday 27		
Monday 30		
Tuesday 31	Members Seminar	6.00pm

April 2020

Wednesday 1	Licensing - Miscellaneous	6.00pm
Thursday 2		
Friday 3		
School Easter Holidays (6th April – 17th April)		
Monday 6		
Tuesday 7	Cabinet	6.00pm
Wednesday 8		
Thursday 9		
Friday 10	Bank Holiday	
School Easter Holidays		
Monday 13	Bank Holiday	
Tuesday 14	Planning View	
Wednesday 15	Members Seminar	6.00 pm
Thursday 16	Planning	6.00pm
Friday 17		
Start of School Term 5 (20th April – 22nd May)		
Monday 20	Overview and Scrutiny	6.00 pm
Tuesday 21	Informal Cabinet/ Executive Leadership Team	6.00 pm
Wednesday 22		
Thursday 23	Budget Scrutiny Working Group	6.00pm
Friday 24		
Monday 27		
Tuesday 28		
Wednesday 29	Licensing – Miscellaneous	6.00pm
Thursday 30		

May 2020

Friday 1		
Monday 4	Bank Holiday	
Tuesday 5		
Wednesday 6		
Thursday 7	Borough Elections	
Friday 8		
Monday 11		
Tuesday 12		
Wednesday 13		
Thursday 14		
Friday 15		
Monday 18	Annual and Selection Council	2.30pm
Tuesday 19	Planning View Informal Cabinet/ Executive Leadership Team	6.00pm
Wednesday 20	Inauguration of the Mayor (Town Hall)	6.30 pm
Thursday 21	Planning	6.00pm
Friday 22		
School Half Term Starts (25th May - 29th May)		
Monday 25	Bank Holiday	
Tuesday 26		
Wednesday 27	Public Art Panel	6.00pm
Thursday 28	Members Seminar	6.00 pm
Friday 29		

June 2020

Start of School Term 6 (1 st June – 20 th July)		
Monday 1		
Tuesday 2		
Wednesday 3	Licensing - Full	6.00pm
Thursday 4		
Friday 5		
Monday 8	Treasury Management Panel	6.00pm
	<i>Deadline for Council Motions</i>	<i>12 noon</i>
Tuesday 9	Cabinet	6.00pm
	<i>Deadline for Council Questions</i>	<i>12 noon</i>
Wednesday 10		
Thursday 11		
Friday 12		
Monday 15	Council	2.30pm
Tuesday 16	Planning View	
	Informal Cabinet/ Executive Leadership Team	6.00pm
Wednesday 17		
Thursday 18	Planning	6.00pm
Friday 19		
Monday 22	Overview and Scrutiny	6.00pm
Tuesday 23	Asset Management Working Group	6.00pm
Wednesday 24		
Thursday 25		
Friday 26		
Monday 29	Members Seminar	6.00pm
Tuesday 30		

July 2020

Wednesday 1	Licensing - Miscellaneous	6.00 pm
Thursday 2	Budget Scrutiny Working Group	6.00pm
Friday 3		
Monday 6		
Tuesday 7	Cabinet	6.00pm
Wednesday 8	Standards	2.00pm
Thursday 9		
Friday 10		
Monday 13	<i>Deadline for Council Motions</i>	<i>12 noon</i>
Tuesday 14	Planning View Informal Cabinet/ Executive Leadership Team <i>Deadline for Council Questions</i>	6.00pm 12 noon
Wednesday 15	Members Seminar	6.00 pm
Thursday 16	Planning	6.00pm
Friday 17		
Monday 20	Council	2.30pm
Start of School Summer Holidays		
Tuesday 21		
Wednesday 22	Audit	6.00pm
Thursday 23		
Friday 24		
School Summer Holidays		
Monday 27		
Tuesday 28		
Wednesday 29	Public Art Panel	6.00pm
Thursday 30		
Friday 31		

August 2020

School Summer Holidays		
Monday 3		
Tuesday 4		
Wednesday 5	Licensing - Miscellaneous	6.00pm
Thursday 6		
Friday 7		
School Summer Holidays		
Monday 10		
Tuesday 11		
Wednesday 12		
Thursday 13		
Friday 14		
School Summer Holidays		
Monday 17		
Tuesday 18	Planning View Informal Cabinet/ Executive Leadership Team	6.00pm
Wednesday 19		
Thursday 20	Planning	6.00pm
Friday 21		
School Summer Holidays		
Monday 24		
Tuesday 25		
Wednesday 26		
Thursday 27		
Friday 28		
Monday 31	Bank Holiday	

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