



Notice of a meeting of Council

Wednesday, 29 July 2020

4.00 pm

**Virtual WEBEX video conference via YouTube -
<https://www.youtube.com/user/cheltenhamborough>**

Membership	
Councillors:	Roger Whyborn (Chair), Sandra Holliday (Vice-Chair), Victoria Atherstone, Matt Babbage, Paul Baker, Garth Barnes, Dilys Barrell, Angie Boyes, Nigel Britter, Jonny Brownsteen, Flo Clucas, Chris Coleman, Mike Collins, Stephen Cooke, Iain Dobie, Bernard Fisher, Wendy Flynn, Tim Harman, Steve Harvey, Rowena Hay, Alex Hegenbarth, Karl Hopley, 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 The minutes of the meeting held on 20 July 2020 will be considered at the next meeting.	
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 Thursday 23 July 2020. **Questions must relate directly to the business of this meeting**	
8.	MEMBER QUESTIONS These must be received no later than 12 noon on Thursday 23 July	

	2020. **Questions must relate directly to the business of this meeting**	
9.	FINANCIAL OUTTURN 2019/2020 AND BUDGET MONITORING REPORT APRIL-JUNE 2020 Report of the Cabinet Member Finance	(Pages 3 - 58)
10.	ADOPTION OF REVISED SEXUAL ENTERTAINMENT VENUE POLICY Report of the Cabinet Member Development and Safety	(Pages 59 - 118)
11.	NOTICES OF MOTION	
12.	ANY OTHER ITEM THE MAYOR DETERMINES AS URGENT AND WHICH REQUIRES A DECISION	

Contact Officer: Bev Thomas, Democratic Services Team Leader, 01242 264246

Email: democratic.services@cheltenham.gov.uk

Gareth Edmundson
Chief Executive

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Cheltenham Borough Council

Cabinet – 28th July 2020

Council – 29th July 2020

Financial outturn 2019/20 and budget monitoring to June 2020

Accountable member	Councillor Rowena Hay, Cabinet Member for Finance
Accountable officer	Paul Jones, Executive Director Finance and Assets (Section 151 Officer)
Accountable scrutiny committee	All
Ward(s) affected	All
Key Decision	No
Executive summary	<p>Whilst this annual report's primary function is to update Members on the previous year's financial performance, it would be negligent to ignore the significant financial impact that COVID-19 has had on the Council's finances. Section 13 of this report has been written to update Members on the financial impact on the Council of the COVID-19 pandemic and to assess the level of funding provided versus the impact on Council resources. Members are asked to review the Section 151's assessment of the going concern report (reported to the Audit, Compliance and Governance Committee on 22nd July 2020) alongside this report.</p> <p>In accordance with financial rule A11.3, the Section 151 Officer is responsible for providing regular reports to the Cabinet on the Council's finances and financial performance. This report highlights the Council's financial performance for the previous year which sets out the General Fund and Housing Revenue Account (HRA) revenue and capital outturn position for 2019/20. The information contained within this report has been used to prepare the Council's Statement of Accounts for 2019/20.</p> <p>Financial rule B10.1 states that carry forward of planned underspend of revenue budgets into the following financial year will only be allowed with the agreement of the Section 151 Officer, in order to meet the needs of approved service delivery. Financial rule B10.3 states that all other carry forward requests, including budget underspends that have been carried forward in previous financial years, will be subject to full Council approval at the financial outturn meeting held after the year end.</p> <p>The Council's Treasury Management Policy requires the Section 151 Officer to report to members annually, by the 30th September, on the treasury management activities and treasury management indicators for the previous financial year. This report also seeks to meet this requirement.</p>
Recommendations	<p>I therefore recommend that Cabinet approve the following recommendations to Council:</p> <ol style="list-style-type: none"> 1. That Council receives the financial outturn performance position for the General Fund, summarised at Appendix 2, and notes that whilst services have been delivered in 2019/20, there was an overspend of £47,518.56 against the approved budget which has been met from general balances (after carry forward

requests).

That furthermore Council:

2. Notes £191,552 of carry forward at Appendix 5.
3. Notes the annual treasury management report at Appendix 7 and note the actual 2019/20 prudential and treasury indicators.
4. Notes the capital programme outturn position as detailed in Appendix 8 and approve the carry forward of unspent budgets into 2020/21 (section 7).
5. Notes the position in respect of Section 106 agreements and partnership funding agreements at Appendix 9 (section 9).
6. Notes the outturn position in respect of collection rates for council tax and non-domestic rates for 2019/20 in Appendix 10 (section 10).
7. Notes the outturn position in respect of collection rates for sundry debts for 2019/20 in Appendix 11 (section 11).
8. Receives the financial outturn performance position for the Housing Revenue Account for 2019/20 in Appendices 12 to 13 (as detailed in Section 12) and approves the carry forward, virement and reclassification of budgets in 2020/21 as set out in paragraphs 12.8 to 12.10.
9. Notes the budget monitoring position to the end of June 2020 (section 13).

Financial implications	As detailed throughout this report. Contact officer: Paul Jones, paul.jones@cheltenham.gov.uk, 01242 264365
Legal implications	<i>None directly arising from the report recommendations.</i> Contact officer: One Legal – legal.services@tewkesbury.gov.uk, 01684 272012
HR implications (including learning and organisational development)	Employee capacity must be kept under review to ensure that any additional work is adequately resourced. If budget pressures mean monies for additional resource is not permissible a review of current projects and service delivery options will need to take place. Contact officer: Julie McCarthy, julie.mccarthy@publicagroup.uk, 01242 264355
Key risks	As outlined in Appendix 1.
Corporate and community plan Implications	Key elements of the budget are aimed at delivering the corporate objectives in the Corporate Business Plan.

Environmental and climate change implications	None.
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1. Background

- 1.1 The impact of COVID-19 on Local Authorities across the Country is difficult to gauge due to different demographics, resources and demands. There has been significant lobbying on behalf of councils from the Local Government Association (LGA), the Districts Council Network (DCN), Society of District and Council Treasurers (SDCT) and the County Councils Network (CCN), to ensure adequate funding is given to Councils to cover their losses, which were estimated at in excess of £10Billion across the sector by the LGA.
- 1.2 From March 2020 the Council has identified significant adverse COVID-19 impacts on in year finances for both the General Fund and the HRA. Section 13 of this report sets out some of those impacts where known and identifies some mitigating action to protect the resources the Council has to continue to run its services. It is requested that Members review the Section 151's assessment of the going concern report (reported to the Audit, Compliance and Governance Committee on 22nd July 2020) alongside this report.
- 1.3 This report draws together the financial outturn position for 2019/20 for the General Fund and Housing Revenue Account (HRA) revenue and capital budgets, details reserve movements, summarises requests for carry forward of budgets approved by the Section 151 Officer under delegated powers and those requiring member approval.
- 1.4 In accordance with financial rule A11.3, the Section 151 Officer is responsible for providing regular reports to the Cabinet on the Council's finances and financial performance.
- 1.5 A summary of the actual General Fund outturn position by service is contained in Appendix 2.
- 1.6 A summary of the outturn position by cost centre within each service is contained in Appendix 3. Information is presented in the same format as used in the draft statement of accounts, in accordance with the CIPFA Code of Practice 2019/20.

2. General Fund Revenue Outturn 2019/20

- 2.1 The budget monitoring report to the end of December 2019, considered by Cabinet on 11th February 2020, projected the expected delivery of services within budget. The Cabinet made recommendations to full Council at the budget setting meeting, which were approved, for a number of budget virements as part of the revised budget 2019/20.
- 2.2 COVID-19 has created the most challenging financial environment that the Council has ever faced. Coupled with the continued impact of the changes in government funding arrangements and the economic climate present particular concerns for the Council's budgets moving forward. Given the proposed front-loaded cuts in Central Government funding, the Section 151 Officer recommended that any future underspends or fortuitous windfalls are earmarked for transfer to either general balances or the budget strategy (support) reserve. Whilst this option has not presented itself this year, it is of paramount importance that the Council aims to keep the level of its reserves robust.
- 2.3 The recorded additional expenditure in respect of COVID-19 in 2019/20 was £72,798. The total amount received from Central Government in 2019/20 was £50,043. The non-collection fund losses from income were circa £400k, with the largest contributor to that figure being lost income from car parking which has been met via a contribution from the car parking equalisation earmarked reserve. The income figure reported includes estimates for lost income from the

Cheltenham Trust and Gloucestershire Airport. It is not yet clear whether the announcement made on 2nd July 2020 from the Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG), in respect of income losses, will apply to those that occurred in 2019/20.

- 2.4 It is therefore pleasing to report that despite the documented issues above, the reported overspend for 2019/20 is £47,518.56 which has been met from general balances.
- 2.5 A number of reported savings are the result of delays or slippage in carrying out particular tasks which are still necessary and will need to be completed in the 2020/21 financial year. Where this applies, requests for carry forwards are documented in Appendix 5 to this report.
- 2.6 A full explanation of all variances that exceed £50,000 is contained within Appendix 4.

3. The Medium Term Financial Strategy (MTFS)

- 3.1 The Government's policy of phasing out revenue support grant and in due course potentially allowing councils to benefit from a higher share of business rates created a need for this Council to develop a long-term strategy which was significantly different from that followed in past years.
- 3.2 COVID-19 has had a compelling impact on that strategy which has clearly presented a new risk given the volatility of the economy. An element of that risk has been offset in 2020/21 through Section 31 grants to compensate council's for a package of reliefs and discounts that were announced at the beginning of the pandemic.
- 3.3 The move to local business rates retention may not be so positive post COVID-19 as it is clear that the economy will take many years to recover. The Government's desire is to make sure that the system is fair and that there is a balance between incentives and managing risks – business rates retention will create another obstacle in the Government's commitment to unite and level up the country.
- 3.4 The scale of potential budget savings as a result of COVID-19 will require significant work to deliver them within the agreed timescales and there is a danger that this could divert management time from the delivery of services to the delivery of savings. Regular progress meetings to monitor the delivery of savings will need to be matched with performance against the corporate strategy action plan to ensure that resources are used to best effect and prioritised
- 3.5 Some of our income-streams like car parking may never return to the levels pre-COVID and so the work continues to look at alternative options to replace that income through the use of our significant asset portfolio. Focus has therefore been expedited to look at re-focussing and re-energising our asset portfolio to ensure they are being used to maximum effect.
- 3.6 The Section 151 Officer is in the process of reviewing the capital programme and the council's existing asset base in order to assess the potential for generating additional capital receipts. Depending on the tools provided by Central Government (e.g. capitalisation directive) it may be permissible to apply capital resources to fund revenue expenditure. In addition it may be advantageous to apply capital receipts to repay debt, thus reducing the Minimum Revenue Provision (MRP) commitment which currently represents £2.062m expenditure in the current financial year 2020/21

4. Budget carry forward requests

- 4.1 At the year end, a number of budget holders requested 'carry forward' of unspent budgets. Requests fall into two categories and have been dealt with as follows:
- 4.2 Some requests are in respect of goods and services ordered but not received by 31st March 2020. Some relate to items of expenditure not yet incurred due to slippage in work programmes but still planned to be spent in line with the original intention of the budget. Others are amounts of

grant funding which have been allocated but not yet been taken up by their intended beneficiaries. In line with previous practice, these have been reviewed by the Executive Leadership Team and approved by the Section 151 Officer, under delegated powers (financial rule B10.1). A list of the approved carry forward of budgets totalling £191,552, for which expenditure is in line with the original approved purpose, is contained in Appendix 5. In accordance with the Service Reporting Code of Practice (SeRCOP), a transfer was made to a 'carry forward' reserve in 2019/20 (Appendix 6) and transfers will be made from the 'carry forward' reserve in 2020/21 to the appropriate cost centres in order that members and officers have a clear indication of the total budget, including carry forwards, available for 2020/21.

5. Treasury Management / Prudential Indicators

- 5.1** Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services. This Council has adopted the code and complies with its requirements, one of which is the receipt by Cabinet and Council of an Annual Review Report after the financial year end. The detailed treasury report, as approved by the Treasury Management Panel at its meeting on 6th July 2020, is attached at Appendix 7.

6. Business Rates Retention Scheme (BRRS)

- 6.1** One of the key documents in the budget setting process is the estimate of business rates yield which is reported in the National Non Domestic Rates return (NNDR1) which is submitted to the Ministry of Housing, Communities and Local Government (MHCLG). The NNDR1 return was submitted to MHCLG by the deadline of 31st January 2019 and the budget was based on the figures within that return.
- 6.2** The table below reflects the actual performance against the revised budget with an overall positive variance for the year of £74,977 when taking into account the Gloucestershire Business Rates pooling arrangement.

	2019/20 Original Budget £	2019/20 Revised Budget £	2019/20 Actual £	2019/20 Variance £
Retained business rates per NNDR1	21,993,793	21,993,793	21,993,793	-
Tariff payable to government	(18,936,362)	(18,936,362)	(18,936,362)	-
Grant to compensate for government decisions	1,651,218	1,766,755	1,791,881	25,126
Estimated levy payable to government after Pool surplus/deficit	(311,468)	(443,370)	(393,519)	49,851
Net retained business rates	4,397,181	4,380,816	4,455,793	74,977
Less Baseline Funding (target level of net retained rates)	(2,795,889)	(2,795,889)	(2,795,889)	-
Net surplus on business rates against baseline funding	1,601,292	1,584,927	1,659,904	74,977
Deficit adjustment re 2017/18	73,117	73,117	73,117	-
Deficit adjustment re 2018/19	(178,287)	(178,287)	(178,287)	-
One-off adjustments re previous years' deficits	(105,170)	(105,170)	(105,170)	-
Net retained business rates (after one-off deficit adjustments)	4,292,011	4,275,646	4,350,623	74,977
Transfer to BRR earmarked reserve	-	-	-	-
Drawdown from BRR earmarked reserve to fund previous deficits	42,893	43,085	243,085	200,000
Net movement on BRR earmarked reserve	42,893	43,085	243,085	200,000

6.3 A further transfer of £200,000 has been made from the Business Rates Retention (BRR) earmarked reserve in respect of the Cyber Central costs incurred in the year. The balance on this reserve will be used to fund future budget gaps which arise as a result of the accounting arrangements for the Retained Business Rates Scheme as reported to Cabinet / Council previously and economic growth initiatives within the borough.

6.4 The Government's policy of phasing out revenue support grant and in due course allowing councils to benefit from a higher share of business rates creates a need for this Council to develop a long-term strategy which is significantly different from that followed in past years. Since 2013 the Council has had a direct financial interest in economic and business growth in the borough, and will have a larger stake in it under the Government's proposals for reforming business rates.

7. Capital Outturn 2019/20

- 7.1** The outturn position in respect of General Fund capital is contained in Appendix 8. Members are asked to note the outturn position and, where there is slippage, approve the carry forwards into 2020/21 requested by officers.

8. Reserves

- 8.1** The Section 151 Officer has, under delegated powers (financial rule B11.4), authority to make transfers to and from these operational reserves in accordance with the intention of the reserve as determined by the Council's Reserves Policy and Protocol. The transfers approved by the Section 151 Officer for 2019/20 are set out in the outturn performance position schedules at Appendix 2 and 3.
- 8.2** Appendix 6 also details the reserves held by the Council, states their purpose and indicates the balance at 31st March 2020. In setting the budget for 2020/21 a review of reserves was undertaken to assess whether the levels were appropriate and in line with the policy for reserves and balances; and also whether they took into account the needs and risks of the organisation and the prevailing economic conditions.
- 8.3** In assessing the adequacy of reserves and balances for 2020/21 the Section 151 Officer used a risk based approach to assess the appropriate level of general balances which calculated the optimum level to be £1.219m. At the year end, the General Fund Balance stands at £1.273m and therefore is marginally above the optimum level recommended by the Section 151 Officer.
- 8.4** An assessment of the Council's earmarked reserves has been made in line with the fiduciary duty of the Section 151 Officer at the year end. Accepting that the long-term impact from COVID-19 could leave the council exposed without clear decision-making in delivering a balanced budget, the level of reserves appears adequate at this point in time and no other changes are currently recommended. However, it is important to make Members aware of the following points.
- 8.5** There is an expectation that Council's will need to shoulder some of the cost burden, particularly lost income from fees and charges, from COVID-19. This will inevitably require the use of both general balances and some earmarked reserves.
- 8.6** As a consequence, reserves could fall to a level that the Section 151 Officer considers unsustainable. In setting the budget for 2021/22, Members will need to be mindful that there will be an expectation to replenish those reserves in order that the Council is robust and covered against a second wave or future changes to local government financial support. With diminishing central government support in the form of direct grant, volatility within business rates, and the impact on individual's ability to pay council tax, it is inevitable that some difficult choices will need to be made in respect of service provision.

9. Section 106 receipts

- 9.1 A position statement in respect of the activity of Section 106 receipts is contained in Appendix 9.
- 9.2 The following summarises the activity in respect of Section 106 for 2019/20, compared to 2018/19.

	2018/2019	2019/200
Balance of unused Section 106 receipts	2,762,033	2,732,629
Net additional receipts in year	7,000	25,081
Receipts used to finance projects in year	(36,403)	(481,089)
Balance outstanding at year end	2,732,629	2,276,621

10. Council tax and business rates collection

- 10.1 The monitoring report for the collection of council tax and business rates (NNDR) income is shown in Appendix 10. This shows the position at the end of March 2020.

11. Sundry debt collection

- 11.1 The monitoring report for the collection of sundry debt income is shown in Appendix 11. This shows the position at the end of March 2020.

12. Housing Revenue Account (HRA)

HRA income and expenditure (Appendix 12)

- 12.1 The HRA revised forecast for 2019/20 (based on performance to December 2019) anticipated an operating surplus of £1,465,400 for the year, which after appropriating revenue contributions to capital of £8,790,500, would leave a balance of £1,500,000 in revenue reserves at 31st March 2020.
- 12.2 The outturn statement at Appendix 12 shows a net increase of £149,142 in the operating surplus to £1,614,542 for the year. The requirement for revenue contributions to capital was significantly reduced to £3,370,175 (as explained in paragraph 1.8 below) leaving a balance of £7,069,466 in revenue reserves at year end.
- 12.3 An explanation of variances exceeding £30,000 is shown below:

Detail	Forecast £'000	Actual £'000	Variation £'000
General & Special Management – savings on utility costs	2,378	2,342	36
ALMO Management Fee – development costs on abortive schemes charged to revenue	5,294	5,345	(51)
Repairs & Maintenance - additional repairs identified through tenancy visits	3,911	3,989	(78)
Bad Debts – anticipated impact of Universal Credit mitigated by recovery/support processes	200	157	43

Dwelling Rents – additional rent from acquired properties and reduced RTB sales	18,435	18,506	71
Service Charges – higher recharges for communal repairs	852	921	69
Other net variances			59
Increase in Operating Surplus			149

Major Repairs Reserve (Appendix 13)

- 12.4** In accordance with regulations this reserve is funded by sums equivalent to the depreciation provision and has been used to finance HRA capital expenditure.

HRA Capital Programme (Appendix 13)

- 12.5** Actual expenditure for the year was £26,023,260, an underspend of £3,822,640 compared with the forecast of £29,845,900.
- 12.6** The programme includes a number of projects where expenditure plans span a number of financial years and are delivered through more than one contract. Where delays occur, for example through extended consultation with leaseholders or procurement issues, Cheltenham Borough Homes seek opportunities for advancing other projects within overall funding. Costs remain controlled at both contract and project level.
- 12.7** Significant project variations from forecast (exceeding £50,000) are shown below:-

Project	Forecast	Actual	Variation
	£'000	£'000	£'000
Major void refurbishment – increased proportion of higher value void work	747	800	(53)
Window & Door replacement – delays in door replacement, waiting for government update on fire certification	2,275	1,841	434
Heating Installations – invoicing issues with supplier, orders delayed until new supplier commenced April 2020	901	670	231
Paths, Fences & Walls – contingent budget, spent on essential repairs as required	284	192	92
Acquisitions – completion delays at year end due to COVID 19	4,667	4,045	622
New development schemes – primarily due to delayed completion of land purchase, now expected in 2020/21	14,854	11,703	3,151
Approved development schemes – earlier start on site at Monkscroft Villas and Pennine Road	675	1,434	(759)
Other net variances			105
Total variance to forecast			3,823

- 12.8** Changes to the projected financing of the capital programme have arisen from the reduction in overall spend (£3.823m.), the availability of additional capital receipts and grants, and additional long term borrowing undertaken at advantageous rates. This has reduced the requirement for

revenue contributions to capital from £8,790,500 to £3,370,175. The unspent resources will be carried forward to fund future programmes.

- 12.9** The approved capital programme for 2020/21 will be subject to significant delays arising from COVID 19. CBH are currently rescheduling projects and revising costs to produce an updated programme. Priority is being given to decent homes work and health and safety compliance.

13. 2020/21 Revenue and Capital budget monitoring to June 2020

- 13.1** Due to the pressures of the year end process a detailed monitoring exercise has not been undertaken at this point in the year. However, the financial impact of COVID-19 has been closely monitored since March 2020, with the additional expenditure incurred and the forecast loss of income being reported to the Ministry of Housing, Communities and Local Government (MHCLG) on a monthly basis.
- 13.2** The emergency will have a major impact on the ability to deliver the budget in 2020/21, as the loss of income and additional costs are expected to exceed government grant received. The following table shows the actual and projected losses for the period 1st April to 30th June 2020 and the whole year 2020/21. Details of significant variances (over £50,000) are provided in paragraphs 13.3 to 13.17 below.

	2020/21 Budget £	Loss April-June £	Expected loss for year £
Car Parking	4,514,000	1,048,121	2,635,229 *
Bereavment Services	2,241,029	190,154	320,881 *
Development Services	723,174	-2,814	15,000
Land Charges	223,819	36,517	43,511
Building Control	569,000	50,816	68,597
Recycling Income	1,422,000	93,800	176,852 *
Green Waste	761,500	-57,297	-57,297
Household Waste	61,600	4,695	12,395 *
Trade Waste	649,500	27,788	48,085 *
Licenses	440,482	48,895	70,849 *
Animal/pest/pollution control	81,440	8,129	16,526 *
Shopmobility	14,200	3,396	5,171 *
Markets	33,700	8,425	12,638 *
Parks & Gardens lettings	92,178	22,271	33,793 *
Highways-roundabout sponsorship	44,485	11,121	44,485 *
Marketing Cheltenham	233,250	40,080	53,340 *
Commercial Rents	4,880,327	40,000	40,000
Investment Interest	824,300	41,875	167,500 *
Gross Loss of income	£17,809,984	£1,615,973	£3,707,555
Additional expenditure		£802,500	£1,703,000
Government grant received to June 2020		-£1,210,110	-£1,210,110
Estimated net shortfall		£1,208,363	£4,200,445
<i>* Estimated Irrecoverable lost income</i>			<i>£3,540,447</i>

13.3 Car Parking – Income

There is a loss in car parking income of £1.048m for April to June 2020 (93% of profiled budget) and a forecast loss of £2.635m for the year, all of which will be irrecoverable. This income stream is expected to recover slowly throughout the year, from a loss of 85% in the month of June to an estimated loss of 10% in March 2021. These assumptions will be reviewed closely throughout the year.

- 13.4** There is a risk that this income will never recover to past levels, as consumer and working behaviours may change permanently, as more people continue to work and shop from home in the future. Assuming that the estimated income level of 90% of budget continues going forward, there will be a loss of circa £450k in 2021/22 and beyond, creating a shortfall in the medium term financial strategy which will need to be met from new income streams or reduced spending.

13.5 Bereavement Services

There is a loss in bereavement services income of £190k for the quarter to 30th June, (35% of profiled budget), mainly as a result of the restrictions on numbers at funerals and type of services

held. The projected forecast income of £321k for the year assumes a continued loss of 35% income for July and August, with normal income levels being achieved from September onwards. This lost income will not be recoverable.

There is additional expenditure totalling £98k for the quarter to 30th June, as a result of backfilling cremation and grave digging services and additional administration, arising as a result of staff shortages during lockdown.

Building control

- 13.6** There is a loss in building control income of £50.8k to 30th June 2020 representing a loss of 36% against budgeted income for the period. This may improve as the economy recovers, and may be recoverable through applications postponed until next financial year.

Recycling income

- 13.7** There is a shortfall in recycling income of £93.8k for the quarter to 30th June 2020. The projected loss of £176.8k for the year assumes that recycling credits are not impacted by the emergency, but that there is a reduction in the bulking facility sales of 25% to September 2020, returning to normal income levels for the remainder of the year. However, there has been a delay in raising invoices for income in the first quarter so this position may improve during the second half of the year.

Green Waste

- 13.8** There is a surplus of Green Waste income for the first quarter of £57k due to the increase in the level of demand, particularly when the Household Recycling centre was closed to the public.

Licences

- 13.9** There is a loss of licensing income to 30th June of £48.9k, representing 44% of profiled budget for the period and an expected loss of £70.8k for the year. This loss will not be fully recoverable, due to fixed renewal periods. There is a possibility that income levels will not return to normal in future years, if some businesses cease trading as a result of a prolonged lockdown.

Investment Income

- 13.10** There is an estimated net reduction in investment interest of £167.5k that will not be recovered. This is a result of the reduction in interest rates, which may not recover for some time. This budget may therefore be impacted in 2021/22.

Expenditure

- 13.11** The additional costs of the emergency are estimated at £803k for the quarter to June 2020, with an estimated total spend of £1.7m for the year. Most of this expenditure is one off. However this includes £500k shortfall in savings targets for new projects which may need to be delayed or reprioritised. This will have an impact on the budgets for 2021/22 onwards.
- 13.12** Homelessness - The expenditure includes additional spending on homelessness, of an estimated £20k per month which may continue beyond March 2021, if there is a recession as a result of the emergency. The future cost of this service will depend on how long it takes the economy to fully recover.
- 13.13** Ubico - The expenditure includes £198k additional costs incurred by Ubico Limited for the period March to 30th June, in order to continue providing essential waste and environmental services during lockdown. These costs include the backfilling costs of household collection, PPE and other health and safety materials and the safe reopening of the Household Recycling Centre.
- 13.14** Food Hub costs - The council have provided a food hub to support the local community, facilitated

by Cheltenham Trust, during the lockdown, with total additional expenditure incurred to 30th June 2020 being £106k. This is made up of food preparation and delivery of meals to vulnerable people in the community.

- 13.15** The activity against the council's approved expenditure budgets will be reviewed and reported in the next budget monitoring report in September 2020. Any savings in these budgets, for example as a result in changed working practices during lockdown, will reduce the forecast net overspend for the council for the year.

Government Grant

- 13.16** The council has received £1.210m grant income in the period to 30th June 2020, to partially offset the actual and projected losses reported to the MHCLG, as part of monthly returns submitted.
- 13.17** On 16th July 2020 we were informed by Central Government that we would receive a further £172,147 from the 3rd tranche of government funding. In total, to date, this council has received £1,382,257. Based on our best estimates this will cover the additional costs directly incurred as a result of this pandemic, excluding those attributed savings targets.
- 13.18** Of more concern to this council is the loss of income from sources such as car parking. The government has announced a co-payment scheme that will compensate councils for irrecoverable income losses from sales, fees and charges. They expect Council's to absorb the initial 5% of losses compared to planned income from these sources. Thereafter, there will be a cost splitting arrangement where 75p in every pound of relevant losses will be compensated for by the government. Technical guidance has just been released detailing how the Government will operate the income support scheme. Members will receive a further update from the Executive Director Finance and Assets once he and his team have collated all the necessary information.

14. Section 151 Officer advice

- 14.1** The Government reforms to local government finance which includes the fair funding review and 75% business rates retention could have a significant impact on this Council as a result of a commitment from Ministers to rollout a full business rates reset – i.e. all the growth achieved since 2013 would be reset to zero. The financial uncertainty surrounding COVID-19 makes it increasingly likely that any major changes to local government finance will be deferred for yet a further year.
- 14.2** Despite 10 years of austerity, COVID-19 has presented the biggest financial challenge ever to this council. Whilst I am confident that the Council has enough resources at its disposal to combat the short-term effect, difficult decisions may need to be made in future budget rounds to ensure the council remains financially resilient.
- 14.3** In agreeing the recommendations in this report, members need to be mindful of the prevailing challenging financial climate and ensure that any carry forwards recommended for approval (even those for which the Section 151 Officer has the delegation to approve) are the most effective use of scarce resources.

15. Conclusion

- 15.1** The outturn position for 2019/20 demonstrates that, despite another challenging year, the Council has managed to deliver services within budget..
- 15.2** The carry forward requests will assist in the delivery of corporate objectives, help to complete projects started in 2019/20 and support initiatives which help to close the medium term funding gap.

15.3 Members should note that the outturn position has been used to prepare the Statement of Accounts for approval by the Audit, Compliance and Governance Committee in September 2020.

16. Consultation

16.1 Appropriate members and officers were consulted in the process of preparing the outturn position and associated reports and accounts.

Report author	Contact officer: Paul Jones, Executive Director Finance and Assets paul.jones@cheltenham.gov.uk, 01242 264365
Appendices	<ol style="list-style-type: none"> 1. Risk assessment 2. Summary outturn performance position - General Fund 3. Service level outturn performance position - General Fund 4. Significant variances 5. Carry forward requests 6. Movement on earmarked reserves and general balances 7. Annual Treasury Management review 8. Capital programme - General Fund 9. Section 106 receipts statement 10. Council tax and NNDR collection 11. Sundry debt collection 12. HRA Operating account 13. HRA Capital programme and Major Repairs Reserve
Background information	<ol style="list-style-type: none"> 1. Section 25 Report – Council 17th February 2020 2. Final Budget Proposals for 2019/20 – Council 18^h February 2019 3. Final Budget Proposals for 2020/21 – Council 17^h February 2019

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible Officer	Transferred to risk register
CR3	If the Council is unable to come up with long term solutions which close the gap in the medium term financial strategy then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision.	Cabinet	01/09/2010	5	3	15	Reduce	The budget strategy projection includes 'targets' for work streams to close the funding gap which aligns with the council's corporate priorities.	Ongoing	ED Finance and Assets	01/09/2010
CR105	If the Budget Strategy (Support) Reserve is not suitably resourced insufficient reserves will be available to cover anticipated future deficits resulting in the use of General Balances which will consequently fall below the minimum required level as recommended by the Section 151 Officer in the council's Medium Term Financial Strategy	ED Finance and Assets	01/04/2016	5	4	20	Reduce	The MTFS is clear about the need to enhance reserves and identifies a required reserves strategy for managing this issue. In preparing the budget for 2020/21 and in ongoing budget monitoring, consideration will continue to be given to the use of fortuitous windfalls and potential future under spends with a view to strengthening reserves whenever possible.	Ongoing	ED Finance and Assets	
1.02	If income streams from the introduction of the business rates retention scheme in April 2013 are impacted by the loss of major business	ED Finance and Assets	14/09/12	5	4	20	Accept & Monitor	The Council joined the Gloucestershire pool to share the risk of fluctuations in business rates revenues retained by	Ongoing	ED Finance and Assets	

	and the constrained ability to grow the business rates in the town then the MTFS budget gap may increase.							the Council. The Gloucestershire S151 Officers continue to monitor business rates income projections and the performance and membership of the pool / pilot. Work with members and Gloucestershire LEP to ensure Cheltenham grows its business rate base.			
1.03	If the robustness of the income proposals is not sound then there is a risk that the income identified within the budget will not materialise during the course of the year.	ED Finance and Assets	15/12/10	4	4	16	Reduce	Robust forecasting is applied in preparing budget targets taking into account previous income targets, collection rates and prevailing economic conditions. Professional judgement is used in the setting / delivery of income targets. Greater focus on cost control and income generation will be prioritised to mitigate the risk of income fluctuations.	Ongoing	ED Finance and Assets	
1.07	If the assumptions around government support, business rates income, impact of changes to council tax discounts prove to be incorrect, then there is	ED Finance and Assets	13/12/10	5	3	15	Reduce	Work with Publica and county wide CFO's to monitor changes to local government financing regime including responding to	Ongoing	ED Finance and Assets	

	likely to be increased volatility around future funding streams.							government consultation on changes Business Rates and the Fair Funding review. The assumptions regarding government support have been mitigated to a certain extent by the acceptance of a multi-year settlement agreement.			
New corporate risk	If government support to compensate this Council for the impact of COVID-19 is insufficient, greater reliance will be placed on the use of reserves, service reduction and asset sales.	ED Finance and Assets	13/12/10	5	5	25	Reduce	<p>The Council will continue to lobby for additional resource, as promised by Central Government from the outset of the pandemic.</p> <p>Work programmes are underway to review service provision, capital programmes and rationalisation of assets.</p>	Ongoing	ED Finance and Assets	

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GENERAL FUND REVENUE OUTTURN 2019/20

GROUP

	A 2019/20 Original Budget	B 2019/20 Current Budget	C 2019/20 Outturn per Ledger	overspend / (underspend) before adjustments	D Trf to / (from) Programme Mtce Reserve	D Trf to / (from) Other Reserves	E C/F requests approved by S151 Officer Appendix 5	F Variance net of S151 c/f approvals	G C/F requests to be approved Members Appendix 5	H Variance net of all c/f requests
	£	£	£	£	£	£	£	£	£	£
Chief Executive	1,362,599	1,366,299	1,445,943	79,644	0	(70,000)		9,644		9,644
Finance & Assets Directorate	9,326,006	9,283,907	9,421,669	137,762	(66,775)			70,987		70,987
People & Change Directorate	3,939,106	4,187,684	4,263,673	75,989		(261,300)	146,552	(38,759)		(38,759)
Place & Growth Directorate	6,090,931	6,400,649	7,174,361	773,712	23,975	(741,841)	45,000	100,846		100,846
	20,718,642	21,238,539	22,305,646	1,067,107	(42,800)	(1,073,141)	191,552	142,717	0	142,717
Capital Charges	(2,959,971)	(3,119,243)	(3,144,967)	(25,724)				0		0
Interest and Investment Income	(2,757,427)	(2,433,959)	(2,413,792)	20,167	57,454			(25,724)		(25,724)
Use of balances and reserves - Appendix 6	(170,157)	(913,509)	(913,509)	0	(14,654)			77,621		77,621
Net underspend				0				(14,654)		(14,654)
NET BUDGET	14,831,087	14,771,828	15,833,377					0		0
Deduct:								0		0
New Homes Bonus	(1,468,797)	(1,468,797)	(1,468,797)	0				0		0
S31 NDR compensation grant	(1,651,218)	(1,766,754)	(1,849,286)	(82,532)				0		0
Other Government Grants	0	0	0	0				0		0
National Non-Domestic Rate	(2,683,686)	(2,508,891)	(2,558,742)	(49,851)				0		0
NET SPEND FUNDED BY COUNCIL TAX	(9,027,386)	(9,027,386)	(9,027,444)	(58)				(82,532)		(82,532)
TOTAL INCOME	(14,831,087)	(14,771,828)	(14,904,269)					0		0
								(49,851)		(49,851)
								(58)		(58)
					Total budget overspend			47,519		47,519

(0)

KEY

A - Original budget for 2019/20 approved by Council - February 2019

B - Current budget for 2019/20 - including budget revisions approved by Council during 2019/20 and approved carry forwards from 2018/19

C - Outturn net expenditure before year end adjustments

D - Operational transfers to / (from) reserves approved by the Chief Finance Officer under delegated powers - Appendix 6

E - Carry forward requests approved by the Chief Finance Officer under delegated powers - Appendix 5

F - Net variance after adjustments in columns D to E

G - Carry forward requests requiring Member approval - Appendix 5

H - Net variance on cost centres taking into account all carry forward requests - see detail at Appendix 5

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REVENUE OUTTURN 2019/20		Original Budget 19/20 £	Current Budget 19/20 £	Actuals 19/20 £	(Under) / Overspend £	Carry Forwards £	Programme Mtce Reserve £	other reserves £	(Under) / Overspend £
COR001	Corporate Management	542,999	548,299	613,132	64,833			(30,000)	34,833
ELE001	Registration of Electors	81,520	80,520	82,831	2,311				2,311
ELE002	District Elections	22,800	22,800	24,427	1,627				1,627
ELE003	Elections Support/Overheads	133,620	133,320	129,997	(3,323)				(3,323)
ELE004	Parliamentary Elections	0	0	(10,578)	(10,578)				(10,578)
ELE007	European Elections	0	0	(12,070)	(12,070)				(12,070)
ELE008	Police & Crime Commissioner Elections	0	0	431	431				431
ELE010	Individual Electoral Registration	0	0	(1,471)	(1,471)				(1,471)
SUP004	Legal	399,300	399,300	451,182	51,882			(40,000)	11,882
SUP007	Committee Services	182,360	182,060	168,063	(13,997)				(13,997)
1CEXEC	Chief Executive	1,362,599	1,366,299	1,445,943	79,644	0	0	(70,000)	9,644
ADB101	Cheltenham Municipal Offices	574,752	603,693	475,644	(128,049)		(17,362)		(145,411)
ADB103	Cheltenham Depot	(97,304)	(86,159)	(17,610)	68,549		(1,840)		66,709
ADB104	Miscellaneous Operational Properties	47,377	(81,623)	(3,924)	77,699		(59,100)		18,599
AIR101	Gloucestershire Airport	(25,000)	(25,000)	(23,684)	1,316				1,316
COM103	St. Margaret's Hall	3,187	3,189	460	(2,729)				(2,729)
COR006	Treasury Management	14,900	14,900	79,579	64,679				64,679
COR008	Bank Charges	0	0	5,435	5,435				5,435
COR105	Corporate Resources	191,340	187,690	187,632	(58)				(58)
COV019	Corona Virus	0	0	22,755	22,755				22,755
CUL002	War Memorials	5,500	5,500	2,657	(2,843)				(2,843)
CUL003	World War 1 Commemoration Projects	0	7,500	2,740	(4,760)				(4,760)
CUL112	Town Hall Repairs & Maintenance	529,809	529,909	556,151	26,242		5,161		31,403
CUL113	Pittville Pump Room Repairs & Maintenance	266,817	266,817	276,457	9,640		(17,879)		(8,239)
CUL117	Art Gallery & Museum Repairs & Maintenance	437,686	437,286	422,142	(15,144)		21,743		6,599
ECD101	Xmas in Cheltenham	34,300	34,300	60,086	25,786				25,786
HAV001	Housing Advances	0	0	(424)	(424)				(424)
NDC001	Non Distributed Costs	56,499	499	364	(135)				(135)
OPS111	Arle Road Nursery Repairs Maintenance	9,900	0	(1,237)	(1,237)				(1,237)
OPS121	Parks & Gardens Repairs & Maintenance	9,000	9,000	25,264	16,264		(20,535)		(4,271)
OPS122	Sports & Open Spaces Repairs & Maintenance	80,400	80,400	52,258	(28,142)		28,416		274
REC111	Recreation Centre Repairs & Maintenance	1,492,231	1,410,211	1,419,247	9,036		(6,727)		2,309
REC112	Prince of Wales Stadium Repairs & Maintenance	147,652	147,752	156,940	9,188		1,348		10,536
REG019	Public Conveniences	130,552	155,316	157,636	2,320				2,320
REG119	Public Conveniences R&M	12,800	12,800	16,225	3,425				3,425
SUP009	Accountancy	(15,000)	(28,500)	(28,512)	(12)				(12)
SUP010	Internal Audit	102,000	102,000	99,032	(2,968)				(2,968)
SUP011	Creditors	(7,900)	(14,800)	(13,314)	1,486				1,486
SUP012	Debtors	8,000	2,900	5,350	2,450				2,450
SUP025	Property Services	372,460	420,560	433,317	12,757				12,757
SUP033	Central Purchasing	1,600	1,300	1,348	48				48
SUP035	Insurances	96,800	110,000	109,325	(675)				(675)
SUP038	Pensions Backfunding	3,522,600	3,522,600	3,519,378	(3,222)				(3,222)
SUP105	Corporate Fraud Unit	53,000	53,000	41,477	(11,523)				(11,523)

SUP106	Publica Business Support Contract	1,199,114	1,265,214	1,245,820	(19,394)			(19,394)
TMR101	CBC Highways works	70,934	135,653	135,654	1			1
2FINAA	Finance & Assets Directorate	9,326,006	9,283,907	9,421,669	137,762	0	(66,775)	0
								70,987
ADB102	Custodians	16,260	16,060	13,537	(2,523)			(2,523)
COM001	Community Development	13,643	28,512	20,210	(8,302)			(8,302)
COM101	Oakley Resource Centre	10,335	11,035	8,339	(2,696)			(2,696)
COM102	Springbank Resource Centre	36,114	33,314	36,114	2,800			2,800
COM104	Big Local Project	0	0	0	0			0
COR003	Corporate Policy Making	214,650	196,450	207,278	10,828			10,828
COR102	2020 Vision	116,000	116,000	96,667	(19,333)			(19,333)
CPK002	Car Park Income Collection	31,276	31,176	11,067	(20,109)			(20,109)
CSM001	Cultural - Service Management and Support Services	839,787	891,537	1,046,653	155,116		(168,939)	(13,823)
CUL108	Everyman Theatre	360,579	360,579	360,379	(200)			(200)
CUL109	Playhouse Theatre	68,650	68,650	91,010	22,360		(22,361)	(1)
DRM001	Democratic Representation and Management	288,660	308,660	288,016	(20,644)	13,600		(7,044)
DRM008	Corporate Subscriptions	20,000	20,000	18,717	(1,283)			(1,283)
DRM009	Civic Expenses	12,320	12,320	10,630	(1,690)			(1,690)
DRM010	Civic Car	8,300	8,300	5,921	(2,379)			(2,379)
DRM011	Twinning Expenses	37,060	36,560	40,740	4,180			4,180
DRM012	Civic Events	17,000	17,000	10,904	(6,096)			(6,096)
EMP001	Emergency Planning	20,750	20,750	18,173	(2,577)			(2,577)
GBD001	Community Welfare Grants	122,650	303,352	124,439	(178,913)	132,952		(45,961)
GBD103	SLA Single Advice Contract	102,700	102,700	102,000	(700)			(700)
HBA001	Housing Benefit Administration	165,627	53,035	37,884	(15,151)			(15,151)
HBP001	Rent Allowances	(29,000)	(21,987)	58,907	80,894			80,894
HBP002	Rent Rebates	(82,000)	(78,380)	(111,191)	(32,811)			(32,811)
LTC001	Council Tax Collection	433,110	402,310	385,884	(16,426)			(16,426)
LTC002	Council Tax Support Administration	(92,400)	(88,014)	(102,611)	(14,597)			(14,597)
LTC011	NNDR Collection	(97,050)	(104,150)	(75,735)	28,415			28,415
LTC101	Revenues & Benefits Overheads	0	99,000	117,696	18,696			18,696
LTC111	Business Improvement District Administration	0	0	(12,855)	(12,855)			(12,855)
SUP003	Human Resources	22,300	8,800	17,052	8,252			8,252
SUP005	ICT	194,546	219,950	297,851	77,901		(70,000)	7,901
SUP006	Telephones	0	53,500	72,060	18,560			18,560
SUP008	Reception/Customer Services	346,260	348,360	323,792	(24,568)			(24,568)
SUP013	Payroll	7,900	100	1,110	1,010			1,010
SUP014	Cashiers	141,544	88,370	82,162	(6,208)			(6,208)
SUP017	Business Improvement/Transformation	3,700	0	0	0			0
SUP018	Press & PR/Communications	134,040	133,740	149,899	16,159			16,159
SUP019	Health & Safety	7,000	7,000	5,221	(1,779)			(1,779)
SUP020	Training & Development	14,000	14,000	24,496	10,496			10,496
SUP022	Printing Services	0	34,600	36,065	1,465			1,465
SUP024	Postal Services	9,900	7,700	6,821	(879)			(879)
SUP036	Project Management	301,395	303,295	313,605	10,310			10,310
SUP037	Equal Opportunities	1,500	1,500	0	(1,500)			(1,500)

SUP103	Business Support Services	120,000	122,000	127,682	5,682			5,682	
SUP107	Modernisation	0	0	(2,914)	(2,914)			(2,914)	
3PEOP	People & Change Directorate	3,939,106	4,187,684	4,263,673	75,989	146,552	0	(261,300)	(38,759)
BUC001	Building Control - Fee Earning Work	(172,898)	(176,698)	(185,411)	(8,713)				(8,713)
BUC004	Land Charges	(174,052)	(174,802)	(123,616)	51,186				51,186
CCC001	Climate Change	0	0	12,145	12,145				12,145
CCM001	Cemetery, Crematorium and Churchyards	(1,164,280)	(980,767)	(989,953)	(9,186)				(9,186)
CCM111	Cemetery & Crematorium Repairs & Maintenance	74,100	21,400	16,153	(5,247)		(3,805)		(9,052)
CCR001	Community Safety (Crime Reduction)	23,200	22,600	22,086	(514)				(514)
CCT001	CCTV	72,824	72,824	44,690	(28,134)				(28,134)
CPK001	Car Parks - Off Street Operations	(1,733,362)	(2,089,487)	(1,838,615)	250,872			(216,000)	34,872
CPK101	Car Parks - Off Street R&M	137,900	214,500	218,375	3,875		28,120		31,995
CPK103	Sandford Lido car park	(16,300)	(16,300)	(15,833)	467				467
CSS001	Community Safety (Safety Services)	174,680	152,380	151,167	(1,213)				(1,213)
DEV001	Development Control - Applications	187,327	272,127	434,543	162,416			(73,520)	88,896
DEV003	Development Control - Enforcement	85,010	75,010	67,882	(7,128)				(7,128)
DEV004	Development Advice	(54,771)	(54,771)	(14,300)	40,471				40,471
ECD001	Economic Development	29,800	53,600	25,180	(28,421)				(28,421)
ECD002	Markets	(3,100)	(3,100)	(3,078)	22				22
ESR001	Highways Agency Verges & Trees	40,670	58,570	47,526	(11,044)				(11,044)
FLD001	Flood Defence and Land Drainage	89,072	89,072	89,072	0				0
FRM101	Flood Risk Management	96,200	83,188	54,188	(29,000)				(29,000)
HOM001	Homelessness	410,890	399,900	386,536	(13,364)				(13,364)
HOS001	Housing Strategy	0	0	0	0				0
HOS004	Housing Standards	293,595	239,295	205,042	(34,253)				(34,253)
HOS100	JCS Affordable Housing Capacity Funding	0	0	0	0				0
OPS001	Parks & Gardens Operations	1,025,781	964,389	906,109	(58,280)				(58,280)
OPS002	Sports & Open Spaces Operations	1,181,070	1,173,828	1,137,672	(36,156)		(340)		(36,496)
OPS004	Allotments	954	1,020	(998)	(2,018)				(2,018)
OPS101	Arle Road Nursery Operations	(61,960)	1,300	7,801	6,501				6,501
PLP001	Planning Policy	14,400	17,175	72,685	55,510			(59,338)	(3,828)
PLP006	Trees	13,700	13,700	21,431	7,731				7,731
PLP102	Development Task Force	108,050	152,330	133,419	(18,911)				(18,911)
PLP103	Cheltenham Strategic partnership	2,000	2,000	2,000	0				0
PLP104	Joint Core Strategy - CBC Contribution	60,000	60,000	60,000	0				0
PLP105	Cyber Business Park	0	90,603	483,587	392,984			(392,984)	0
PSH001	Private Sector Housing Grants	0	0	425	425				425
PUB101	Public Art	0	0	0	0				0
PUT101	Royal Well Bus Node	14,691	14,691	15,151	460				460
PUT102	Shopmobility	67,027	64,127	60,406	(3,721)				(3,721)
REG001	Environmental Health General	798,340	748,940	747,042	(1,898)				(1,898)
REG002	Licensing	(418,884)	(419,284)	(382,028)	37,256				37,256
REG003	Animal Control	13,700	13,600	13,955	355				355
REG012	Air Quality	32,000	32,000	23,549	(8,451)				(8,451)
REG013	Pollution Control	(19,555)	(19,555)	(15,353)	4,202				4,202

REG014	Contaminated Land	0	0	(1,120)	(1,120)			(1,120)
REG016	Food Safety	0	0	(1,205)	(1,205)			(1,205)
REG018	Pest Control	(35,009)	(35,009)	(35,869)	(860)			(860)
REG020	Water Sampling	500	500	30	(470)			(470)
REG024	Night Time Levy	0	0	0	0			0
REG025	Town Centre Enforcement	0	7,000	6,811	(189)			(189)
RYC002	Green Waste	(345,320)	(204,320)	(225,673)	(21,353)			(21,353)
RYC004	Recycling Centres	294,826	296,226	307,946	11,720			11,720
RYC005	Bring Sites	110,190	82,890	86,876	3,986			3,986
RYC006	Recycling Collection Schemes	2,200,532	1,884,352	1,848,427	(35,925)			(35,925)
RYC007	Waste & Recycling - Marketing & Management	198,151	248,751	241,064	(7,687)			(7,687)
RYC008	Bulking Facility	(191,980)	(98,680)	(45,005)	53,675			53,675
SPP002	Community Alarms	(99,680)	(110,680)	(110,575)	105			105
STC001	Street Cleaning	835,615	911,315	896,206	(15,109)	15,000		(109)
STC011	Abandoned Vehicles	(1,593)	(1,593)	980	2,573			2,573
SUP034	Fleet Management	(15,200)	(13,900)	8,519	22,419			22,419
SUP040	Built Environment	455,803	452,803	496,796	43,993			43,993
SUP140	Regulatory & Environmental Services Transformation	82,059	131,181	149,547	18,366			18,366
TOU001	Tourism Strategy and Promotion	0	0	1,667	1,667			1,667
TOU002	Tourist/Visitor Information Centre	41,000	201,190	169,445	(31,745)	30,000		(1,745)
TRW001	Trade Waste	(44,600)	22,400	17,652	(4,748)			(4,748)
URB101	Urban Design	199,590	179,890	177,434	(2,456)			(2,456)
WST001	Household Waste	1,198,728	1,302,428	1,314,807	12,379			12,379
WST004	Bulky Household Waste	(20,500)	(25,500)	(21,030)	4,470			4,470
4PLACE	Place & Growth Directorate	6,090,931	6,400,649	7,174,361	773,712	45,000	23,975	(741,841)

TOTAL SERVICES	20,718,642	21,238,539	22,305,646	1,067,107	191,552	(42,800)	(1,073,141)	142,717
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BAL103	Capital Charges	(2,959,971)	(3,119,243)	(3,144,967)	(25,724)			(25,724)
OOE300	Contributions to the Housing Capital Receipts Pool	0	0	0	0			0
TGI040	Capital Grants and Contributions Receivable	0	0	0	0			0
92CAPC	Capital Charges	(2,959,971)	(3,119,243)	(3,144,967)	(25,724)	0	0	(25,724)

EIP003	Impairment of Investments	-	-	2,832.66	2,832.66			(2,832.66)
FIE010	Interest Payable and Similar Charges	2,169,182	2,141,950	2,129,493	(12,457)			(12,457)
FIE030	Interest and Investment Income	(829,109)	(668,909)	(672,534)	(3,625)			(3,625)
FIE040	Income and Expenditure on Investment Properties and	(4,097,500)	(3,907,000)	(3,867,919)	39,081	57,454		96,535
93INT	Interest and Investment Income	(2,757,427)	(2,433,959)	(2,413,792)	20,167	0	57,454	0

BAL104	Balances and Reserves	(170,157)	(913,509)	(913,509)	0	(14,654)		(14,654)
94BALS	Use of Balances and Reserves	(170,157)	(913,509)	(913,509)	0	(14,654)	0	(14,654)

TOTAL COST OF SERVICE	14,831,087	14,771,828	15,833,377	1,061,549	191,552	0	(1,073,141)	179,959
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OOE200	Parish Council Precepts	249,849	277,803	277,803	0			0
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TGI010	Council Tax income	(9,277,235)	(9,305,189)	(9,305,247)	(58)				(58)
TGI018	Non-domestic rates income and expenditure	(2,683,686)	(2,508,891)	(2,558,742)	(49,851)				(49,851)
TGI020	Non-ringfenced Government Grants	(3,120,015)	(3,235,551)	(3,318,083)	(82,532)				(82,532)
99COR	TOTAL FUNDING	(14,831,087)	(14,771,828)	(14,904,269)	(132,441)	0	0	0	(132,441)
NET OUTTURN POSITION		0	0	929,108	929,108	191,552	0	(1,073,141)	47,519

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SIGNIFICANT VARIANCES IN REVENUE OUTTURN FOR 2019/20 (OVER £50,000) BY SERVICE

CHIEF EXECUTIVE

There is a net overspend of £9k within the Chief Executive Directorate in 2019/20 including no significant variances over £50k

FINANCE AND ASSETS

There is a net underspend of £71k within the Finance and Assets Directorate in 2019/20 including the following significant variances over £50k:-

Municipal Offices

There is a net underspend of £145k in the Municipal Offices. This is due to £145k of Reactive and Routine Maintenance Charges not spent on the Municipal Office but spent on other Council properties.

Cheltenham Depot

There is a net overspend of £69k in the Depot. This is due to an £89k overspend on Reactive and Routine Maintenance charges spent on the Depot instead of the Municipal Offices. This is offset by additional income received of £20k.

Treasury Management

There is a net overspend of £65k in Treasury Management. This is due to an additional £29k of Brokerage costs for Cyber Central Land, £26k of additional Debit and Credit charges when receiving payments and £10k on additional bank service charges.

PEOPLE AND CHANGE

There is a net underspend of £39k within the People and Change Directorate in 2019/20 including no significant variances over £50k

PLACE AND GROWTH

There is a net overspend of £101k within the Place and Growth Directorate for 2019/20 including the following significant variances:-

Land Charges

There is a net overspend of £51k on Land Charges. This is due to a £63k shortfall in income due to reduced searches requested in the year. This has been offset by £12k of salary savings due to vacancies not filled within the year.

Development Control – Applications

There is a net overspend of £89k with Planning Applications. This is due to a £57k shortfall in planning income through less planning applications received than planned and there was a £31k salary contingency budget that was not met through staff

savings in the year.

Parks and Gardens

There is a net underspend of £58k within Parks and Gardens. This is due to a £30k savings across Ubico in terms of maintenance of parks and gardens and planting. There was also an additional £30k of income made up of additional event income, rental income and sponsorship income.

INTEREST AND INVESTMENT INCOME

Investment Properties

There is a net overspend of £97k within investment properties. This is due to additional £37k costs for North Place works, an additional £64k for services charges and business rates on unlet properties, and a £4k saving on insurance excesses.

2019/20 CARRY FORWARD REQUESTS

Ref	Amount £ (Net of VAT)	Expenditure Code	Cost Centre	Detail Code	Reason for carry forward	A (i)	A (ii)	B
						Base Budgets Amounts agreed by S151 Officer under delegated powers	One-Off Budgets Amounts agreed by S151 Officer under delegated powers	Amounts for member approval
1	13,600	R4530	DRM001	N/A	IT Equipment for Members		13,600	
2	39,260	R6280	GBD001	CPN002	Balance of External HWB Partnership GCC grant received in 2017- Carry forward to fund health grants expenditure in 2020/21		39,260	
3	42,586	R6280	GBD001	CPN003	Community Pride Carry forward to fund community pride grants already committed		42,586	
4	8,105	R6280	GBD001	GRA003	Community Development Grants Carry forward to fund community grants already committed		8,105	
5	43,000	R6280	GBD001	GRA052	Balance of Oakley Health & Wellbeing grant received in 2017, to fund commitments in 2020/21		43,000	
	146,552	TOTAL PEOPLE AND CHANGE DIRECTORATE				-	146,552	-
6	15,000	R9060	STC001	NA	Unspent DCLG National Community Clean Up to be spent in 2020/21		15,000	
7	30,000	R4400	TOU002		Carry forward for events: Cabinet commitment for delivery of Events strategy and programme for 19/20/21. Part of the baseline budget has been utilised to fund 50% of a new events manager post now recruited to Marketing Cheltenham. The remainder needs to be carried forward to support delivery for future events, including 2 Cheltenham Festival of Cycling events (2019) and options for a major event in 2020.		30,000	
	45,000	TOTAL PLACE & GROWTH DIRECTORATE				-	45,000	-
	191,552	TOTAL CARRY FORWARD REQUESTS				-	191,552	-

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		<u>31st March</u> <u>2019</u> £	<u>2019/20</u> <u>Movement</u> <u>Revenue</u> £	<u>2019/20</u> <u>Reserve</u> <u>Re-alignment</u> £	<u>2019/20</u> <u>Movement</u> <u>Capital</u> £	<u>31st March</u> <u>2020</u> £	<u>2020/21</u> <u>Movement</u> <u>Revenue</u> £	<u>Proposals</u> <u>to Support</u> <u>2020/21 Budget</u> £	<u>2020/21</u> <u>Movement</u> <u>Capital</u> £	<u>31st March</u> <u>2021</u> £
<u>EARMARKED RESERVES</u>										
<u>Other</u>										
RES002	Pension & Restructuring Reserve	(220,956)	(150,000)			(370,956)	140,988			(229,968)
RES003	Economic Development & Tourism Reserve	(4,200)				(4,200)				(4,200)
RES006	Cultural Development Reserve	(22,361)	22,361			0				0
RES008	House Survey Reserve	(5,616)				(5,616)				(5,616)
RES009	Twinning Reserve	(8,366)				(8,366)				(8,366)
	To fund future reorganisational changes									
	To fund future economic and tourism studies									
	To fund future arts facilities/activity									
	To fund cyclical housing stock condition surveys									
	Twinning towns civic visits to Cheltenham									
	To fund future flood resilience work, delegated to the Flood working group for allocation									
RES010	Flood Alleviation Reserve	(87,900)	50,000			(37,900)	37,900			(0)
RES014	GF Insurance Reserve	(77,106)				(77,106)				(77,106)
RES016	Joint Core Strategy Reserve	(18,780)				(18,780)				(18,780)
RES018	Civic Pride Reserve	(90,988)	90,988			0				0
RES020	Ubico Reserve	(94,000)	40,000			(54,000)				(54,000)
RES022	Homelessness Reserve	(41,100)				(41,100)				(41,100)
RES023	Transport Green Initiatives Reserve	(33,825)				(33,825)				(33,825)
RES024	New Initiatives reserve	(452,623)	116,000			(336,623)	116,000			(220,623)
RES025	Budget Strategy (Support) Reserve	(714,919)		256,082		(458,837)		257,971		(200,866)
RES026	Social Housing Marketing Assessment (SHMA) Reserve	(34,034)	(2,500)			(36,534)	(2,500)			(39,034)
		(1,906,774)				(1,483,843)				(933,484)
<u>Repairs & Renewals Reserves</u>										
RES201	Commuted Maintenance Reserve	(85,207)	12,172			(73,035)	12,172			(60,863)
RES204	I.T. Repairs & Renewals Reserve	(87,200)	20,000			(67,200)	(50,000)			(117,200)
RES206	Delta Place Reserve	(300,000)	(100,000)			(400,000)	(100,000)			(500,000)
RES205	Property Repairs & Renewals Reserve	(790,337)	52,000			(738,337)	52,000			(686,337)
		(1,262,745)				(1,278,573)				(1,364,401)
<u>Equalisation Reserves</u>										
RES101	Rent Allowances Equalisation	(324,283)	106,426			(217,857)	86,426			(131,431)
RES102	Planning Appeals Equalisation	(150,132)	73,520			(76,612)				(76,612)
RES105	Local Plan Equalisation	(69,133)	59,338			(9,795)				(9,795)
RES106	Elections Equalisation	(125,487)	(62,100)			(187,587)	62,900			(124,687)
RES107	Car Parking Equalisation	(615,341)	216,000			(399,341)				(399,341)
RES108	Business Rates Retention Equalisation	(636,348)	243,085			(393,263)	206,300			(186,963)
RES109	Cemetery income Equalisation reserve	(243,909)	117,540			(126,369)				(126,369)
		(2,164,633)				(1,410,825)				(1,055,199)
<u>Reserves for commitments</u>										
RES301	Carry Forwards Reserve	(623,816)	432,264			(191,552)				(191,552)
<u>CAPITAL</u>										
RES402	Capital Reserve - GF	(333,409)	201,923			(131,486)	(200,000)			(331,486)
TOTAL EARMARKED RESERVES		(6,291,377)				(4,496,278)				(3,876,121)
<u>GENERAL FUND BALANCE</u>										
B8000 -	General Balance - RR	(1,320,591)	47,519			(1,273,073)				(1,273,073)
B8240		(1,320,591)				(1,273,073)				(1,273,073)
TOTAL GENERAL FUND RESERVES AND BALANCES		(7,611,968)	1,586,535	256,082	0	(5,769,351)	362,186	257,971	0	(5,149,194)

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Treasury Management Outturn Report 2019/20

1. Introduction

In February 2011 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve a treasury management annual report after the end of each financial year.

The Authority's treasury management strategy for 2019/20 was approved at a meeting on 25th March 2019. 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 risk are therefore central to the Authority's treasury management strategy.

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 and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

2. Economic background

The UK's exit from the European Union and its future trading arrangements had remained one of major influences on the UK economy and sentiment during 2019/20. The 29th March 2019 Brexit deadline was extended to 12th April, then to 31st October and finally to 31st January 2020. Politics played a major role in financial markets over the period as the UK's tenuous progress negotiating its exit from the European Union together with its future trading arrangements drove volatility, particularly in foreign exchange markets. The outcome of December's General Election removed a lot of the uncertainty and looked set to provide a 'bounce' to confidence and activity.

The headline rate of UK Consumer Price Inflation fell to 1.7% y/y in February, below the Bank of England's target of 2%. Labour market data remained positive. The ILO unemployment rate was 3.9% in the three months to January 2020 while the employment rate hit a record high of 76.5%. The average annual growth rate for pay excluding bonuses was 3.1% in January 2020 and the same when bonuses were included, providing some evidence that a shortage of labour had been supporting wages.

GDP growth in Q4 2019 was reported as flat by the Office for National Statistics and service sector growth slowed and production and construction activity contracted on the back of what at the time were concerns over the impact of global trade tensions on economic activity. The annual rate of GDP growth remained below-trend at 1.1%.

Then coronavirus swiftly changed everything. COVID-19, which had first appeared in China in December 2019, started spreading across the globe causing plummeting sentiment and

falls in financial markets not seen since the Global Financial Crisis as part of a flight to quality into sovereign debt and other perceived 'safe' assets.

In response to the spread of the virus and sharp increase in those infected, the government enforced lockdowns, central banks and governments around the world cut interest rates and introduced massive stimulus packages in an attempt to reduce some of the negative economic impact to domestic and global growth.

The Bank of England, which had held policy rates steady at 0.75% through most of 2019/20, moved in March to cut rates to 0.25% from 0.75% and then swiftly thereafter brought them down further to the record low of 0.1%. In conjunction with these cuts, the UK government introduced a number of measures to help businesses and households impacted by a series of ever-tightening social restrictions, culminating in pretty much the entire lockdown of the UK.

The US economy grew at an annualised rate of 2.1% in Q4 2019. After escalating trade wars and a protracted standoff, the signing of Phase 1 of the trade agreement between the US and China in January was initially positive for both economies, but COVID-19 severely impacted sentiment and production in both countries. Against a slowing economic outlook, the US Federal Reserve began cutting rates in August. Following a series of five cuts, the largest of which were in March 2020, the Fed Funds rate fell from of 2.5% to range of 0% - 0.25%. The US government also unleashed a raft of COVID-19 related measures and support for its economy including a \$2 trillion fiscal stimulus package. With interest rates already on (or below) the floor, the European Central Bank held its base rate at 0% and deposit rate at -0.5%.

3. Financial markets

Financial markets sold off sharply as the impact from the coronavirus worsened. After starting positively in 2020, the FTSE 100 fell over 30% at its worst point with stock markets in other countries seeing similar huge falls. In March sterling touch its lowest level against the dollar since 1985. The measures implemented by central banks and governments helped restore some confidence and financial markets have rebounded in recent weeks but remain extremely volatile. The flight to quality caused gilts yields to fall substantially. The 5-year benchmark falling from 0.75% in April 2019 to 0.26% on 31st March. The 10-year benchmark yield fell from 1% to 0.4%, the 20-year benchmark yield from 1.47% to 0.76% over the same period. 1-month, 3-month and 12-month bid rates averaged 0.61%, 0.72% and 0.88% respectively over the period.

Since the start of the calendar 2020, the yield on 2-year US treasuries had fallen from 1.573% to 0.20% and from 1.877% to 0.61% for 10-year treasuries. German bund yields remain negative.

4. Credit background

In Q4 2019 Fitch affirmed the UK's AA sovereign rating, removed it from Rating Watch Negative (RWN) and assigned a negative outlook. Fitch then affirmed UK banks' long-term ratings, removed the RWN and assigned a stable outlook. Standard & Poor's also affirmed

the UK sovereign AA rating and revised the outlook to stable from negative. The Bank of England announced its latest stress tests results for the main seven UK banking groups. All seven passed on both a common equity Tier 1 (CET1) ratio and a leverage ratio basis. Under the test scenario the banks' aggregate level of CET1 capital would remain twice their level before the 2008 financial crisis.

After remaining flat in January and February and between a range of 30-55bps, Credit Default Swap spreads rose sharply in March as the potential impact of the coronavirus on bank balance sheets gave cause for concern. Spreads declined in late March and through to mid-April but remain above their initial 2020 levels. NatWest Markets Plc (non-ringfenced) remains the highest at 128bps and National Westminster Bank Plc (ringfenced) still the lowest at 56bps. The other main UK banks are between 65bps and 123bps, with the latter being the thinly traded and volatile Santander UK CDS.

While the UK and Non-UK banks on the Arlingclose counterparty list remain in a strong and well-capitalised position, the duration advice on all these banks was cut to 35 days in mid-March.

Fitch downgraded the UK sovereign rating to AA- in March which was followed by a number of actions on UK and Non-UK banks. This included revising the outlook on all banks on the counterparty list to negative, with the exception of Barclays Bank, Rabobank, Handelsbanken and Nordea Bank which were placed on Rating Watch Negative, as well as cutting Close Brothers long-term rating to A-. Having revised their outlooks to negative, Fitch upgraded the long-term ratings on Canadian and German banks but downgraded the long-term ratings for Australian banks. HSBC Bank and HSBC UK Bank, however, had their long-term ratings increased by Fitch to AA-.sg54ukh98

5. Local Context

On 31st March 2020, the Authority had net borrowing of £151.358m arising from its revenue and capital income and expenditure, an increase on 2018/19 of £49.833m. 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. These factors and the year-on-year change are summarised in table 1 below.

Table 1: Balance Sheet Summary

	31.3.19 Actual £m	2018/19 Movement £m	31.3.19 Actual £m
General Fund CFR	90.475	26.138	116.613
HRA CFR	44.750	11.496	56.246
Total CFR	135.225	37.634	172.859
Less: Usable reserves	28.712	(12.461)	16.251
Less: Working capital	5.454	0.238	5.692
Net borrowing	101.059	49.857	150.916

The Council's strategy was to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 31st March 2020 and the year-on-year change in show in table 2 below.

Table 2: Treasury Management Summary

	31.3.19 Balance £m	2019/20 Movement £m	31.3.20 Balance £m	31.3.20 Rate %
Long-term borrowing	112.595	3.356	115.951	3.22
Short-term borrowing	8.000	61.000	69.000	0.92
Total borrowing	120.595	64.356	184.951	2.36
Long-term investments	8.000	(1.000)	7.043	3.87
Short-term investments	8.325	7.275	15.600	1.20
Cash and cash equivalents	2.745	8.245	10.991	0.25
Icelandic	0.466	(0.065)	0.401	-
Total investments	19.536	1.019	34.035	1.58
Net borrowing	53.569	47.490	150.916	

Borrowing Activity

At 31st March 2020, the Authority held £184.951m of loans, an increase of £64.356m on the previous year, as part of its strategy for funding the current years' capital programme and maintaining cashflow. The year-end borrowing position and the year-on-year change in show in table 3 below.

Table 3: Borrowing Position

	31.3.19 Balance £m	2019/20 Movement £m	31.3.20 Balance £m	31.3.20 Rate %
Public Works Loan Board	96.695	3.356	100.051	3.09
Banks (LOBO)	7.000	0	7.000	4.24
Banks (fixed-term)	8.900	0	8.900	3.82
Local authorities (short-term)	8.000	61.000	69.000	0.92
Total borrowing	120.595	64.356	184.951	2.36

The council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

On 9th October 2019 the PWLB raised the cost of certainty rate borrowing by 1% to 1.8% above UK gilt yields as HM Treasury was concerned about the overall level of local authority debt. PWLB borrowing remains available but the margin of 180bp above gilt yields appears relatively very expensive. Market alternatives are available and new products will be developed; however, the financial strength of individual authorities will be scrutinised by investors and commercial lenders.

The Chancellor's March 2020 Budget statement included significant changes to Public Works Loan Board (PWLB) policy and launched a wide-ranging consultation on the PWLB's future direction. Announcements included a reduction in the margin on new HRA loans to 0.80% above equivalent gilt yields the value of this discount is 1% below the rate at which the authority usually borrows from the PWLB, available from 12th March 2020 and £1.15bn of additional "infrastructure rate" funding at gilt yields plus 0.60% to support specific local authority infrastructure projects for England, Scotland and Wales for which there is a bidding process.

The consultation titled "Future Lending Terms" represents a frank, open and inclusive invitation, allowing key stakeholders to contribute to developing a system whereby PWLB loans can be made available at improved margins to support qualifying projects. It contains proposals on allowing authorities that are not involved in "debt for yield" activity to borrow at lower rates as well as stopping local authorities using PWLB loans to buy commercial assets primarily for yield without impeding their ability to pursue their core policy objectives of service delivery, housing, and regeneration. The consultation also broaches the possibility of slowing, or stopping, individual authorities from borrowing large sums in specific circumstances.

The consultation closes on 31st July 2020 with implementation of the new lending terms expected in the latter part of this calendar year or financial year beginning 2021/22, and the Authority is in the process to respond to the consultation.

The Council's current strategy has been to fund a number of capital asset purchases with the use of temporary borrowing and then take long term borrowing from the Public Works Loan Board (PWLB). Towards the end of March 2020 the Council took out a loan for £4m in relation to new HRA houses built and completed in 2019/20. The 40 year annuity loan was taken at the fixed rate of 1.77%. The Authority continues to hold £7m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during 2019/20.

8. Investment Activity

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2018/19, the Authority's investment balance ranged between £16.625m and £65.510m due to timing differences between income and expenditure. The year-end investment position and the year-on-year change in show in table 4 below.

Table 4: Investment Position (Treasury Investments)

	31.3.19 Balance £m	2019.20 Movement £m	31.3.20 Balance £m	31.3.20 Rate %
Banks & building societies (unsecured)	6.424		5.401	0.87
Government (incl. local authorities)	3.000		10.000	0.84
Money Market Funds/Call Accounts	2.745		10.990	0.25
Pooled Funds	7.000	-	7.000	4.66
Other	0.371		0.643	3.05
Total investments	19.540	1.799	34.034	1.58

Both the CIPFA Code and government guidance require 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.

£7m of the Authority's investments are held in externally managed strategic pooled (bond, equity, multi-asset and property) funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generated a total return of £325,622 ([4.66%]), however capital reduced by £872,633 for reasons noted below, which are treated as an unrealised capital loss.

In a relatively short period since the onset of the COVID-19 pandemic, the global economic fallout was sharp and large. Market reaction was extreme with large falls in equities, corporate bond markets and, to some extent, real estate echoing lockdown-induced paralysis and the uncharted challenges for governments, businesses and individuals. Volatility measured by the VIX index was almost as high as during the global financial crisis of 2008/9 and evidenced in plummeting equity prices and the widening of corporate bond spreads, very close to rivalling those twelve years ago. Gilt yields fell but credit spreads widened markedly reflecting the sharp deterioration in economic and credit conditions associated with a sudden stagnation in economies, so corporate bonds yields (comprised of the gilt yield plus the credit spread) rose and prices therefore fell.

Table 5: Current Pooled Funds

Fund Manager	Investment	Capital Value as at 31 st March 2019	Capital Value as at 31 st March 2020	Dividends Received 2019/20	2019/20 Gain/(Loss)	Gain/(Loss) v Original Investment
	£	£	£	£	£	£
CCLA Property Fund	3,000,000	2,877,602	2,774,677	124,412	(102,925)	(225,323)
Schroders Income Maximiser Fund	2,000,000	1,774,692	1,184,864	135,355	(589,828)	(815,136)
CCLA Diversified Income Fund	2,000,000	2,003,727	1,823,816	65,855	(179,911)	(176,184)
Total –current Funds	7,000,000	6,656,021	5,783,357	325,622	(872,664)	(1,216,643)

The Pooled Funds' have performed well in producing dividends amounting to £326,020 against a budgeted figure of £329,700 returning 4.65% for the year on the original £7m invested. The total funds value is now £344k less than the initial investments made (£7m) and £873k down from this time last year. Due to the effect of COV-19 the markets took a hiding in March with funds values losing £505k. At the time of this report the funds capital value's as at the end of May 2020 have improved by over £100k to date.

The nature of these funds is that values can fluctuate from one year to another. Their performance and suitability in meeting the Authority's investment objectives are monitored and discussed with Arlingclose on a regular basis. 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 is regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates.

9. Financial Implications

The outturn for debt interest paid in 2019/20 was £3.878 million (2.64%) on an average debt portfolio of £149.506 million against a budgeted £3.889 million. A surplus of £11k was recorded for the financial year. The HRA reimbursed the General Fund £1.748m for the debt associated to the HRA for 2019/20.

The outturn for investment income received in 2019/20 was £459.097k which equates to a 2.17% return (18/19 – 1.85%) on an average investment portfolio of £21.151 million against a budgeted £471.909k on an average investment portfolio of £23 million at an average interest rate of 2.05%. The General Fund reimbursed the HRA £107k for revenue balances held within investment balances during 2019/20.

Net loans and investments budget for 2019/20 which also includes leasing and third party loans repayments, was a budgeted cost of £1.473m but made an actual cost return of £1.457m, a surplus of £16k.

11. Compliance Report

The Council can confirm that it has complied with its Prudential Indicators for 2019/20, which was set in February 2019 as part of the Council's Treasury Management Strategy and Capital Strategy. In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2019/20. None of the Prudential Indicators have been breached and a prudent approach has been taking in relation to investment activity with priority being given to security and liquidity over yield.

The Prudential Indicators include:

- Authorised and Operational Boundary for External Debt
- Average Credit rating
- Upper limits for fixed interest rate exposure and variable interest rate exposure
- Upper limit for total principal sums invested over 364 days.

Table 6: Debt Limits

	2019/20 Maximum £m	31.3.20 Actual £m	2019/20 Operational Boundary £m	2019/20 Authorised Limit £m	Complied
Borrowing	188	185	288	298	✓

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. Total debt was never above the operational boundary during 2019/20.

11. Treasury Management Indicators

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

11.1 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.

	31.3.19 Actual	2018/19 Target	Complied
Portfolio average credit rating	A+	A	✓

11.2 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 were:

	31.3.20 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	37.63%	50%	0%	✓
12 months and within 24 months	1.51%	50%	0%	✓
24 months and within 5 years	3.88%	100%	0%	✓
5 years and within 10 years	2.88%	100%	0%	✓
10 years and above	54.10%	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.

11.3 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 were:

	2019/20	2020/21	2021/22
Actual principal invested beyond year end	7m	7m	7m
Limit on principal invested beyond year end	10m	10m	10m
Complied	✓	✓	✓

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Code	Funding	Directorate / Scheme	Scheme Description	Original Budget 2019/20 £	Revised Budget 2019/20 £	Actual 2019/20 £	Over / (Under) Variance £	Revised Budget 2020/21 £
CAP128	GCR	CHIEF EXECUTIVE Council chamber audio visual equipment	Replacement of the audio visual system in the council chamber plus the potential to improve access to public meetings using webcasting technologies linked via social media and/or the council's website. Funded from capital reserve	-	8,400	7,090	1,310	-
CAP131	GCR	One Legal case management system	The new Case Management System, when fully implemented, should deliver staffing efficiencies of between 5% - 10% which would free up resource to take on additional third party work as envisaged by the Business Plan and the anticipated increase in third party income would be estimated to exceed, over the three year period, the procurement cost	-	80,000	-	80,000	40,000
				-	88,400	7,090	81,310	-
		FINANCE & ASSET MANAGEMENT						
		Property Services						
CAP506	GCR	Enterprise Way Phase 2	Industrial units to complete development	-	480,000	533,968	(53,968)	507,732
CAP700	PB	Enhancing Investment Property Portfolio	To enhance the Council's property portfolio.	-	-	-	-	6,232,410
CAP512	PB	West Cheltenham development (Cyber Hub)	Infrastructure to support cyber hub	-	28,104,200	28,104,244	(44)	4,647,966
CAP513	R	Smart Working Project	Municipal Offices ground and first floor refurbishment	-	15,000	4,999	10,001	495,001
CAP514		Municipal Offices second floor conversion/refurbishment	2nd Floor refurbishment	-	-	66,826	(66,826)	-
				-	28,599,200	28,710,037	(110,837)	11,927,120
		PEOPLE & CHANGE						
		ICT						
CAP026	C	IT Infrastructure	5 year ICT infrastructure strategy	100,000	100,000	55,252	44,748	100,000
		Revenues & Benefits						
CAP132	SCG	Council Tax Support / NNDR New Burdens software	Software to enable changes to council tax support scheme and NNDR new burdens	-	131,550	131,550	-	-
		Leisure Trust						
		Sports & Play Hub Phase 1			-	(10,818)	10,818	-
				100,000	231,550	175,984	55,566	100,000
		PLACE & GROWTH						
CAP601/2/3	GCR	Crematorium Scheme - new chapels	Construction of new chapels	-	118,166	8,450	109,716	109,716
CAP606	GCR	Crematorium Scheme - existing chapel	Redevelopment of existing chapel	285,000	-	-	-	285,000
CAP152	GCR	Public Realm - Promenade pedestrianised area	Upgrade of Promenade pedestrianised area including remodelling of tree pits, providing seating, re-pointing existing Yorkstone	-	33,609	-	33,609	33,609
CAP154	GCR	Public Realm - Creative Hub / St. Mary's Churchyard	Environmental improvements	-	36,900	-	36,900	36,900
CAP154	S106	Public Realm - Creative Hub / St. Mary's Churchyard	Public Art Scheme	-	-	-	-	20,000
CAP204	GCR	Public Realm - Improvements to Grosvenor terrace car park	Improving linkages to the High Street, signage and decoration.	-	115,500	-	115,500	115,500
CAP201	GCR	CCTV	Additional CCTV in order to improve shopping areas and reduce fear of crime	50,000	312,655	212,916	99,739	149,739

Code	Funding	Directorate / Scheme	Scheme Description	Original Budget 2019/20 £	Revised Budget 2019/20 £	Actual 2019/20 £	Over / (Under) Variance £	Revised Budget 2020/21 £
CAP205/6/7	GCR	Public Realm Improvements - High Street Phase 2	Following an initial risk assessment of allotment provision over the short to long term it is considered unlikely that the current budget allocation of £561,402 is required. It is proposed that £400,000 is reallocated to the High Street fund to support delivery of phase 2. A full risk assessment will be undertaken and presented to Cabinet later this year to agree the final amount to be reallocated. In addition, in light of the current development of the High Street following the successful completion of Phase 1, it is recommended that the £1.8m set aside for the development of Boots Corner is reallocated to the next phase of the High Street (planned to be the Strand and Cambray Place) and this capital is then replenished by future allocations via Community Infrastructure Levy (CIL), future review of capital projects and any reallocation arising with continued investigation of match grant funding.	-	2,315,690	182,018	2,133,672	2,133,672
CAP129	R	Improvements to off-street car parking (£400k)	Additional capital funding for investment in infrastructure improvements to the Council's off- street car parks, aligned to the actions proposed in the Car Parking Strategy approved by Cabinet in June 2017. Funded from car parking earmarked reserve.	-	400,000	30,361	369,639	369,639
CAP507	P	Changing Places	Two changing room accessible toilets in the town centre	-	42,185	-	42,185	42,185
		Housing						
CAP221	BCF	Disabled Facilities Grants	Mandatory Grant for the provision of building work, equipment or modifying a dwelling to restore or enable independent living, privacy, confidence and dignity for individuals and their families.	500,000	802,679	410,114	392,565	500,000
CAP223	BCF/GCR	H&S, vacant property & renovation grants	Assistance available under the council's Housing Renewal Policy	-	211,425	-	211,425	211,425
CAP224	BCF	Warm & Well	A Gloucestershire-wide project to promote home energy efficiency, particularly targeted at those with health problems	-	18,400	-	18,400	18,400
CAP228	S106	Housing Enabling	Expenditure in support of enabling the provision of new affordable housing in partnership with registered Social Landlords and the Homes and Communities Agency (HCA)	-	252,746	-	252,746	252,746
		Parks and Gardens						
CAP101	S106	S.106 Play area refurbishment	Developer Contributions	50,000	85,000	35,956	49,044	99,044
CAP102	GCR	Play Area Enhancement	Ongoing programme of maintenance and refurbishment of play areas to ensure they improve and meet safety standards	80,000	132,886	60,777	72,109	152,109
CAP501	GCR	Allotments	Allotment Enhancements - new toilets, path surfacing, fencing, signage, and other improvements to infra-structure.	-	161,402	-	161,402	161,402
CAP101	P	Clyde Scooter Skate Park	Construction of a concrete scooter skate park in Clyde Crescent open space.	-	66,979	-	66,979	66,979
CAP134		Pittville and Sandford Parks Improvements 2019/20		-	-	18,702	-	18,702
CAP133		Replacement Parks & Gardens Vehicles			66,000	25,162	40,838	40,838
		Waste & Recycling						
CAP301	PB/GCR	Vehicles and recycling equipment and receptacles	Replacement vehicles and recycling equipment	1,704,000	2,117,816	1,698,842	418,974	1,268,974
				2,707,000	7,290,038	2,683,298	4,606,740	6,067,877
		BUDGET PROPOSALS FOR FUTURE CAPITAL PROGRAMME:						
		In Cab Technology	The introduction of an In-Cab system would reduce the mileage required to be completed by Ubico, because it would guide the crew around their collection route and would largely eliminate mistakes. £200k					

Code	Funding	Directorate / Scheme	Scheme Description	Original Budget 2019/20 £	Revised Budget 2019/20 £	Actual 2019/20 £	Over / (Under) Variance £	Revised Budget 2020/21 £
		Commercialisation opportunities within the Trust Sandford Park toilets Imperial Gardens Railing Restoration	Invest a sum of £1m to pump prime the commercial opportunities identified by The Cheltenham Trust (including investment which both sustains and grows income at the Town Hall); Provide for new public toilet provision at Sandford Park. £150k The restoration of the Imperial Gardens Railing to be funded by external resources and project managed by CBC. £100k					
		TOTAL CAPITAL PROGRAMME		2,807,000	36,209,188	31,576,409	(4,632,779)	13,862,120

	BCF SCG P S106 GCR PB R C	Funded by: DFG Better Care Fund / government grant Other specific government grant Partnership Funding Developer Contributions S106 GF Capital Receipts Prudential Borrowing Revenue (RCCO) / other revenue reserves GF Capital Reserve		500,000 - - 50,000 1,844,000 413,000 - -	862,636 131,550 109,164 337,746 4,756,076 29,497,016 415,000 100,000	410,114 169,025 31,233 4,724 1,858,227 29,103,087 - -	-	518,400 211,425 109,164 351,790 4,655,856 7,420,484 100,000 495,001
		TOTAL CAPITAL PROGRAMME		2,807,000	36,209,188	31,576,409	(4,632,779)	13,862,120

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CAPITAL GRANTS AND CONTRIBUTIONS 2019/20									
		YEAR	Balance	Receipts/	Amounts	Transferred	Grants &	Memo Ward details for S106	
Detail	Contributions	of receipt	@ 1/4/19 £	Refunds in year £	Applied to fund Cap expend £	to Revenue £	Contributions @ 31/3/20 £		
RECEIPTS IN ADVANCE									
SECTION 106 / PARTNERSHIP FUNDING									
Short Term									
DEV002	Berkeley Homes - Thirlestone Hall	14/15	(252,746.08)				(252,746.08)	Capital	
PAR019	Clyde Scooter Skate Park	17/18, 18/19	(43,979.00)			31,232.50	(12,746.50)		
	HRA Homes England (BAL200)	19/20	-	(2,041,746.00)		154,120.28	(1,887,625.72)		
CGR001	Disabled Facilities Grant (DFG)	17/18	(179,178.69)			45,114.03	(134,064.66)		
B6261 CAPITAL			(475,903.77)	(2,041,746.00)	-	230,466.81	(2,287,182.96)		
Long Term									
DEV003	205 Leckhampton Rd - Affordable Housing Contrib'n	15/16	(465,000.00)			287,500.00	(177,500.00)	Leckhampton	
DEV005	High St, Brewery phase 3 - affordable housing	17/18	(47,332.00)				(47,332.00)		
B7410 CAPITAL			(512,332.00)	-	-	287,500.00	(224,832.00)		
DEV403	Cold Pool Lane Grounds Maintenance	11/12	(53,303.83)				(53,303.83)	Up Hatherley Springbank	
DEV406	Rosebay Gardens Grounds Maintenance	13/14	(41,835.83)				(41,835.83)		
DEV407	Portland St & North Place MSCP repairs & insurance	14/15	(100,000.00)				(100,000.00)		
DEV408	Portland St & North Place compensation claims	14/15	(80,000.00)				(80,000.00)		
B7420 REVENUE			(275,139.66)	-	-	-	(275,139.66)		
TOTAL GRANTS RECEIPTS IN ADVANCE			(1,263,375.43)	(2,041,746.00)	-	517,966.81	(2,787,154.62)		
CAPITAL GRANTS UNAPPLIED									
SECTION 106									
Housing Enabling (affordable housing)									
DEV004	Pegasus Life - John Dower House	16/17	(470,550.00)				(470,550.00)	Lansdown	
DEV007	Moss Construction - Hatherley Lane and Leckhampton Road	17/18	(1,066,982.16)			184,722.60	(882,259.56)		
			(1,537,532.16)	-	-	184,722.60	(1,352,809.56)		
Public Art									
DEV101	Dunalley St-Public Art	10/11	(4,250.00)				(4,250.00)	St Pauls Leckhampton St Marks Benhall & The Reddings St Marks St Peters Pittville Pittville St Peters	
DEV102	Rosemullion-Public Art	07/08	(1,340.57)				(1,340.57)		
DEV103	75-79 Rowanfield Road-Public Art	08/09	(5,342.50)				(5,342.50)		
DEV106	12/13 Hatherley Lane (B&Q) - Public Art	12/13	(32,371.67)				(32,371.67)		
DEV107	Devon Avenue - Public Art	12/13	(2,979.50)			1,564.54	(1,414.96)		
DEV110	Spirax Sarco St Georges Road	13/14	(9,078.01)			2,578.01	(6,500.00)		
DEV111	Public Art - Midwinter site	14/15	(50,000.00)				(50,000.00)		
DEV112	Wayfinding - University Pittville Campus	14/15	(25,683.00)				(25,683.00)		
DEV113	Taylor's Yard, Gloucester Road - Public Art	17/18	(30,000.00)				(30,000.00)		
			(161,045.25)	-	-	4,142.55	(156,902.70)		
PlaySpaces									
Borough wide. Remaining balance committed to capital Playspace programme									
DEV201	S106 Playspace-Adult/Youth		(26,484.45)	(21,929.00)			(48,413.45)	Charlton Kings Lansdown Prestbury Prestbury Battledown St Peters Prestbury	
DEV233	S106 Playarea - Beeches	/09+11/12+14/	(475.00)				(475.00)		
DEV252	S106 Playarea - Lansdown Crescent	/11+11/12+15/	(269.58)				(269.58)		
DEV261	S106 Playarea - Prestbury Playing Field	09/10	(759.67)				(759.67)		
DEV262	S106 Playarea - Priors Farm	10/11	(85.50)				(85.50)		
DEV263	S106 Playarea - Queen Elizabeth II	11/12	(28.00)				(28.00)		
DEV267	S106 Playarea - St. Peters/Chelt Walk	17/18	(10,261.35)				(10,261.35)		
DEV277	S106 Playarea - Starve Hall Farm	17/18	(201,216.56)		4,723.50		(196,493.06)		
DEV303	131 Old Bath Road Playspace	19/20	-	(2,151.94)			(2,151.94)		
			(239,580.11)	(24,080.94)	4,723.50	-	(258,937.55)		
Other									
DEV302	Former Gas Club flood defence maintenance contribution	18/19	(7,000.00)	(1,000.00)			(8,000.00)		
			(7,000.00)	(1,000.00)	-	-	(8,000.00)		
Section 106 Totals - Capital Grants Unapplied (BAL101)			(2,732,629.18)	(25,080.94)	4,723.50	476,365.15	(2,276,621.47)		
CAPITAL GRANTS									
CGG001	Private Sector Decent Homes Grant (PSDH)		(242,959.48)				(242,959.48)		
CGR001	Disabled Facilities Grant (DFG)		-	(410,114.03)	410,114.03		-		
CGR002	MHCLG - LA Parks Improvement Funding		(18,385.00)		18,385.00		-		
CGR003	DCLG Council Tax Support/new burdens		(176,711.00)		131,550.00		(45,161.00)		
CGR004	MHCLG High Street works		-	(19,090.41)	19,090.41		-		
CGR005	Clyde Scooter Skate Park		-	(31,232.50)	31,232.50		-		
			(438,055.48)	(460,436.94)	610,371.94	-	(288,120.48)		
PARTNERSHIP FUNDING									
			-	-	-	-	-		
			-	-	-	-	-		
TOTAL CAPITAL GRANTS & PARTNERSHIP FUNDING (BAL100)			(438,055.48)	(460,436.94)	610,371.94	-	(288,120.48)		
TOTAL CAPITAL GRANTS UNAPPLIED			(3,170,684.66)	(485,517.88)	615,095.44	476,365.15	(2,564,741.95)		

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Council Tax and Business Rates
Collection Rates 2019-20

Council Tax 2019/20

Current Year Charges - 2019/20			
Monitoring Period	% Collected at 31.03.2020	2019/20 Target	The yearend collection rate of 97.88% is below the target. Recovery action was not taken in March 2020 and many council tax payers stopped making payments due to the impact of Covid-19.
	97.88%	98.32%	
Comparison with 2018/19	As at 31.03.2019		
	98.32%		

Previous Years Charges Outstanding in 2019/20			
Monitoring Period	Amount outstanding at 31.03.2020	2019/20 Target	The arrears outstanding have not reduced to the target level. Receovery action was not taken in March and many council tax payers stopped making payments due to the impact of Covid-19.
	£1,338,263	£1,250,000	
Comparison with 2018/19	As at 31.03.2019		
	£1,206,270		

Business Rates 2019/20

Current Year Charges - 2019/20			
Monitoring Period	% Collected at 31.03.2020	2019/20 Target	The yearend collection rate of 98.24% is below the target level. Recovery action was not taken in March 2020 and many businesses stopped making payments due to the impact of Covid-19.
	98.24%	98.85%	
Comparison with 2018/19	31.03.2019		
	98.83%		

Previous Years Charges Outstanding in 2019/20			
Monitoring Period	Amount outstanding at 31.03.2020	2019/20 Target	The arrears outstanding have reduced to well below the target. As a result of some larger arrear balances being collected earlier in the financial year the target level had been achieved prior to Covid-19 having an impact.
	£378,415	£500,000	
Comparison with 2018/19	Amount outstanding at 31.03.2019		
	£540,658		

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Appendix 11

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HRA OPERATING ACCOUNT

	2019/20	
	Forecast	Actual
	£	£
EXPENDITURE		
General & Special Management	2,377,700	2,341,469
ALMO Management Fee	5,294,000	5,344,710
Rents, Rates, Taxes and Other Charges	69,600	60,081
Repairs & Maintenance	3,910,700	3,989,096
Provision for Bad Debts	200,000	157,148
Interest Payable	1,761,300	1,748,225
Depreciation & Impairment of Dwellings	4,606,500	4,606,456
Depreciation & Amortisation of Other Assets	335,800	329,629
Debt Management Expenses	86,000	84,600
TOTAL	18,641,600	18,661,413
INCOME		
Dwelling Rents	18,434,700	18,505,773
Non Dwelling Rents	481,800	499,328
Charges for Services and Facilities	852,100	921,457
Feed in Tariff from PV Installations	234,000	240,397
Other Grants	0	2,135
TOTAL	20,002,600	20,169,090
NET INCOME FROM SERVICES	1,361,000	1,507,677
Interest Receivable	104,400	106,865
NET OPERATING SURPLUS	1,465,400	1,614,542
Appropriations		
Revenue Contributions to Capital	-8,790,500	-3,370,175
Net Increase/(Decrease) in reserves	-7,325,100	-1,755,633
Revenue Reserve brought forward	8,825,100	8,825,100
Revenue Reserve carried forward	1,500,000	7,069,467

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MAJOR REPAIRS RESERVE

	2019/20	
	Forecast	Actual
	£	£
Balance brought forward	0	0
Depreciation of Dwellings	4,606,500	4,606,456
Depreciation of Other Assets	335,800	329,629
	4,942,300	4,936,085
Utilised to fund Capital Programme	-4,942,300	-4,936,085
Balance carried forward	0	0

HRA CAPITAL PROGRAMME

	2019/20	
	Forecast	Actual
	£	£
EXPENDITURE		
EXISTING STOCK		
Property Improvements & Major Repairs	9,027,800	8,151,393
Adaptions for the Disabled	550,000	574,105
Repurchase of Shared Ownership Dwellings	72,000	115,995
	9,649,800	8,841,493
NEW BUILD & ACQUISITIONS	20,196,100	17,181,767
TOTAL	29,845,900	26,023,260
FINANCING		
Capital Receipts	1,604,000	1,834,245
Capital Grant (Homes England)	0	154,120
HRA Revenue Contribution	8,790,500	3,370,175
Leaseholder & Other Contributions	300,000	232,890
Major Repairs Reserve	4,942,300	4,936,085
Borrowing	14,209,100	15,495,745
TOTAL	29,845,900	26,023,260

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Cheltenham Borough Council

Council – 29 July 2020

Adoption of revised Sexual Entertainment Venue Policy

Accountable member	Councillor Andrew McKinlay, Cabinet Members for Development and Safety
Accountable officer	Mike Redman, Director of Environment
Ward(s) affected	All
Key/Significant Decision	No
Executive summary	<p>The authority has adopted a sexual entertainment venue licensing policy. The current policy was adopted by Council in October 2014.</p> <p>A review and consultation on a revised policy has been undertaken on 11 February 2020 Cabinet approved the revised policy document and recommended to Council adoption of the revised policy document.</p>
Recommendations	<p>Council is recommended to:</p> <ol style="list-style-type: none"> 1. Note the consultation feedback; 2. Approve the revised policy document attached at Appendix 5.

Financial implications	<p>There are no financial implications to this paper.</p> <p>Contact officer: Andrew Knott, Andrew.Knott@publicagroup.uk, 01242 264121</p>
Legal implications	<p>The Licensing Authority is required to prepare, publish and keep under review, a statement of the principles it proposes to apply when exercising its functions in licensing Sexual Entertainment Venues.</p> <p>Section 27 of the Policing and Crime Act 2009 came into force on 6 April 2010. This amended Schedule 3 of the 1982 Act and created a new category of sex establishment, namely a sexual entertainment venue. This category added to the existing categories of sex establishment, namely, sex shops and sex cinemas.</p> <p>Whereas the actual determination of an application for a Licence under the Local Government (Miscellaneous Provisions) Act 1982 is a Council function, the function of formulating and adopting a Licensing Policy in relation to this type of licensing is a Cabinet function because neither the Act nor the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 preclude Cabinet from approving such a Policy.</p> <p>Contact officer: Vikki.Fennell@teWKesbury.gov.uk, 01684 272015</p>

HR implications (including learning and organisational development)	No direct HR implications arising from this report. Contact officer: Clare Jones, Clare.Jones@publicagroup.uk
Key risks	As outlined in Appendix 1
Corporate and community plan Implications	A Community Impact Assessment has been undertaken and attached at Appendix 5 of this report.
Environmental and climate change implications	N/A
Property/Asset Implications	N/A Contact officer: Dominic.Stead@cheltenham.gov.uk

1. Background

- 1.1 Sexual Entertainment Venues (“SEVs”) are regulated under Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982 as amended by Section 27 of the Policing and Crime Act 2009.
- 1.2 The amended provisions were adopted by Council on the 11th of October 2010 and the authority’s current SEV licensing policy was adopted in October 2014.
- 1.3 A review of this policy has been undertaken as outlined in this report and appendices.
- 1.4 On 11 February 2020 Cabinet approved the draft revised SEV policy and passed a resolution to recommend adoption to full Council.

2. Statutory Context

- 2.1 Section 27 of the Police and Crime Act 2009 (“2009 Act”) amended Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982 (“1982 Act”) to introduce a new type of sex establishment known as a sexual entertainment venue.
- 2.2 Any premises that want to offer “relevant entertainment” can only do so by obtaining a SEV licence.
- 2.3 Relevant entertainment is defined as any live performance or any live display of nudity which is of such a nature that, ignoring financial gain, it must reasonably be assumed to be provided solely or principally for the purpose of sexually stimulating any member of the audience (whether by verbal or other means).
- 2.4 Under the 2009 Act, a premises can provide relevant entertainment on an infrequent basis without the need for a SEV licence. Infrequent relevant entertainment is defined as relevant entertainment offered for no longer than 24 hours on no more than 11 occasions a year. Any premises that want to offer relevant entertainment more frequently is required to apply for a SEV licence.

3. Current Policy Position

- 3.1 The authority does not take any moral stand in relation to the regulation of sexual entertainment. The current policy recognises that Parliament has made it lawful to operate a sex establishment and that such businesses are a legitimate part of the retail and leisure industries. It is this authority’s role as the Licensing Authority to administer the licensing regime in accordance with the law.
- 3.2 The authority is empowered by schedule 3 paragraph 12(4) of the Local Government (Miscellaneous Provisions) Act 1982 (as amended) to set a limit on the number of licensed SEVs permitted in the relevant locality of which zero can be a number. For information, the current policy defines “relevant locality” as the local ward in which a SEV could be licensed.
- 3.3 The current policy position is set out in paragraph 11 of the policy stating:

Cheltenham is a relatively small urban borough that is predominantly residential in nature. The Council has already resolved that it is inappropriate to licence SEVs in or in the vicinity of, amongst others, residential areas. *It is the Council’s policy therefore that there is no locality outside of the adopted Central Shopping Area in which it would be appropriate to license a SEV.* Accordingly the appropriate number of SEVs for outside of the adopted Central Shopping Area is nil. (paragraph 11.2)
- 3.4 Accordingly, there is currently one licensed SEV which is the Two Pigs Pub on Church Street

which is inside the relevant locality in which SEVs are permitted.

4. Consultation

- 4.1 Consultation on the revised SEV policy was undertaken between 1 November 2019 and 6 January 2020.
- 4.2 Three responses were received. These are outlined, along with officer comments, at Appendix 2.

5. SEV Policy Scrutiny and Review Meeting

- 5.1 In July 2019, the authority's Licensing Committee held a SEV scrutiny session to give opportunity for Members of the committee to hear from key stakeholders in order to facilitate the review.
- 5.2 The stakeholders invited to attend were:
 - 5.2.1 Gloucestershire Constabulary;
 - 5.2.2 Ward Members in whose area SEV are, or have been, licensed;
 - 5.2.3 SEV operators; and
 - 5.2.4 Consultees who have previously engaged in the licensing process on a regular basis.
- 5.3 A copy of the minutes of that meeting is attached at Appendix 3 of this report.

6. SEVs in Cheltenham

- 6.1 Attached at Appendix 4 is the briefing paper that accompanied the scrutiny group meeting. Members may find the briefing paper helpful in terms of gaining a contextual understanding of SEVs in Cheltenham.
- 6.2 As outlined in the briefing paper, the authority has licensed and regulated SEVs in some form or another for many years. SEVs are particularly prevalent during horse racing events in Cheltenham on a scale that is not comparable with any other area outside of London.
- 6.3 As outlined above (under Statutory Context), sexual entertainment can either be licensed or take place unlicensed as part of infrequent sexual entertainment.
- 6.4 Infrequent sexual entertainment is unlicensed by virtue of a statutory exemption that allows premises to carry on sexual entertainment without a licence if the sexual entertainment is offered for no longer than 24 hours on no more than 11 occasions a year.
- 6.5 Any premises that want to offer relevant entertainment more frequently is required to apply for a SEV licence.
- 6.6 As Members will note from the scrutiny meeting minutes (Appendix 3), there is a lot of debate about whether the authority should change its policy to set a zero limit to apply to the entire borough.
- 6.7 Officer's view is that a borough-wide policy of zero SEVs will not address the concerns raised by people and organisations that are opposed to SEVs; the rationale being that a zero policy for the borough will not achieve a reduction in the amount of sexual entertainment being offered in the town. Instead, the consequence would be that operators will instead rely on the statutory exemption by, instead of operating from one licensed venue, moving between premises around the town but offering the same amount of sexual entertainment.

- 6.8 Under the circumstances described above and recognising that sexual entertainment is a lawful activity, officers are of the view that it is better for the council to regulate SEV through licensing. Venues operating under the statutory exemption are free of any licensing regulation and control.
- 6.9 It is therefore proposed that the policy position with regards to limiting SEVs in Cheltenham not be changed.

7. Proposed policy changes

- 7.1 In addition to minor updates to the policy such as removing references to fax, the following policy changes are proposed:
- 7.1.1 Under paragraph 11.4 (Sensitive Locations), reference to specific sensitive locations and building be removed in favour of a more general description of the types of locations that may be considered sensitive. Specific examples have in the past limited the Licensing Committee's determination of SEVs.
- 7.1.2 A number of conditions have been updated or amended as shown on the draft revised policy at Appendix 5.
- 7.1.3 The "relevant locality" where the authority will permit the licensing of SEVs has been revised. The rationale for this is:
- 7.1.3.1 Recognition that the adopted Central Shopping Area excludes a number of venues on the Bath Road that can be considered as part of the "wider mix on offer, particularly in the night time economy"; and
- 7.1.3.2 The Licensing Committee has already determined that the licensing of SEVs in the area referred to above is appropriate.
- 7.1.4 It is also proposed that the authority include a waiver provision in the policy. Schedule 3, paragraph 7 of the Local Government (Miscellaneous Provisions) Act 1982 makes provision for the council to issue waivers. The effect is that it will remove the requirement for a licence under very limited circumstances as outlined under paragraph 3 of the revised policy.

8. Equality duties

- 8.1 An equality and community impact assessment has been undertaken to accompany this policy review. The impact assessment is attached at Appendix 6 of this report.
- 8.2 Notwithstanding the fact that Parliament has made it lawful to operate a sex establishment, there is still an overarching duty on the authority to comply with its Public Sector Equality Duty (PSED) as defined by the Equality Act 2010.
- 8.3 The PSED places a duty on the authority to, in the exercise of their functions, have due regard to the need to:
- 8.3.1 Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the 2010 Act.
- 8.3.2 Advance equality of opportunity between people who share a protected characteristic and those who do not.
- 8.3.3 Foster good relations between people who share a protected characteristic and those who do not.
- 8.4 Consideration of the authority's PSED is particularly relevant to the licensing of sexual entertainment. Its licensing and regulation often creates a tension between the statutory right to

operate such a venue and equality issues relating to discrimination and objectification of primarily women.

- 8.5 The starting point for the authority is the fact that it cannot take any moral stand in relation to SEVs in recognition that Parliament has made it lawful to operate a sex establishment. This starting point however does not mean that the authority is therefore bound by the primary legislation at the expense of other statutory requirements such as the PSED.
- 8.6 Equality issues may be relevant to (not exhaustive):
 - 8.6.1 The need to protect performers from harassment and threat;
 - 8.6.2 The need to ensure that any protected characteristic group is not more, or less, welcome than another;
 - 8.6.3 The need to properly consider the fear of any protected characteristic group using and accessing public spaces, facilities and infrastructure;
 - 8.6.4 The need to properly understand the relevant locality and the need to ensure, taking into account the relevant locality, any protected characteristic group's view is taken into account such as those relevant to religion or belief or race;
 - 8.6.5 The need to consider the views and experiences of people with disabilities as a protected characteristic group.
- 8.7 Some or all of these equality issues may be addressed through appropriate conditions and robust enforcement. Equally, the licensing process may also be an important tool to achieve the same outcome, for example, licence reviews and policy changes.

9. Reasons for recommendations

- 9.1 To secure adoption of the recommended revised policy as outlined in this report.

10. Alternative options considered

- 10.1 Cabinet can take the view that the policy changes proposed are not necessary and that the current policy remains sufficient for the purpose of regulating SEVs in Cheltenham.
- 10.2 However, this is not recommended as changes to the policy are necessary to ensure information is up to date and the policy continues to ensure SEVs are properly regulated.

Report author	Contact officer: Louis Krog, louis.krog@cheltenham.gov.uk, 01242 262626
Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Consultation feedback3. SEV Policy Review Meeting minutes4. SEV Policy Scrutiny Group - briefing paper5. Revised Sexual Entertainment Venue Policy Statement6. Community impact assessment

Background information	<ol style="list-style-type: none">1. Cabinet, 11 February 2020, 6.00 pm (Agenda item 7)2. Council, Monday, 13th October, 2014 2.30 pm (Agenda item 8)3. Cabinet, Tuesday, 16th September, 2014 6.00 pm (Agenda item 9)
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The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the authority does not approve draft changes to the policy it would be less able to effectively regulate sexual entertainment venues in the borough.	Director of Environment	October 2019	2	3	6	Accept	Approve draft policy change for consultation.		Licensing Team Leader	
	If the authority is not mindful of its Public Sector Equality Duty in reviewing the policy it risks a breach of this duty and the risk of reputational damage and legal challenge.	Director of Environment	October 2019	2	3	6	Accept	Approve draft policy change for consultation.		Licensing 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											

Appendix 1 – Consultation Feedback

Revised Sexual Entertainment Venue Policy

Comment	Officer comments
<p>Cllr Dr David Willingham</p> <p>Dear Licensing,</p> <p>I am writing in response to the SEV policy consultation.</p> <p>1 I support the proposed designation of Bath Road for inclusion in the approved area. Given that the Town Hall and some venues on A4015 The Promenade facing Imperial Square also occasionally host SEV under the exemption, it might be worth including this area to encourage them to properly licence those activities.</p> <p>2 I believe that the following licensing conditions should be modified:</p> <p>Venues should operate a Challenge 25 policy rather than a Challenge 21 policy to make it more difficult for anyone underage to access the premises.</p> <p>The prohibition on performers sharing personal details with customers should also be</p>	<p>Officers did not consult on the basis that Imperial Square should be included inside the relevant locality.</p> <p>If Members are minded to include this part of town, separate consultation will be required on this point.</p> <p>At the moment the frequency of sexual entertainment does not meet the statutory licensing threshold and there is no indication that this will change. It is therefore not proposed that the relevant locality be changed to include Imperial Square.</p> <p>Noted and policy amended.</p>

<p>modified to include a prohibition on sharing social media and electronic communication identifiers.</p> <p>A condition similar to the following should be added: Literature and contact details of organisations that provide advice and counselling on matters relating to:</p> <ul style="list-style-type: none"> (a) Modern slavery, (b) Domestic abuse, (c) Coercive control, (d) Rape and sexual assault, <p>shall be made available to performers free of charge in their changing area.</p> <p>The Council may wish to consider adopting the condition used by Manchester City Council on their SEV policy, which states: The use of any cruising cars or any other wheeled carriage [whether for the purposes of hire or reward or not] by the premises to solicit customers and/or transport to or from the premises is prohibited.</p> <p>3 No comments.</p> <p>4 I fully support the council's view that a zero limit is not going to prevent sexual entertainment from occurring in the town, but will mean that it is less well regulated and lesser regulation puts the performers at greater risk.</p>	<p>Noted and policy amended.</p> <p>Noted and policy amended.</p> <p>Noted and policy amended.</p>
<p>Ms Tess Beck</p> <p>In Cheltenham, SEVs and the lap dancing industry are only an issue during racing events such as race week. It is some time since there was an SEV licensed year round (Fantasy) and even then, for the last few years of its operation, it would only operate during race week, standing empty and getting increasingly dilapidated for the rest of the year.</p> <p>The link between lap dancing (sex-tourism) and race week is no more inevitable than the link between hooliganism and football. Removing the sex tourism aspect of race week</p>	<p>The scope of this policy is limited to sexual entertainment as defined in law. As outlined in the covering report (6.7 &</p>

<p>(of which lap dancing is only a part) would make the town centre much more pleasant for many people (especially women) who visit or live and work in Cheltenham. Putting an end to sex tourism in Cheltenham could potentially also help to reduce the market for other parts of the sex industry such as trafficking.</p> <p>Cheltenham's nightlife is valued for its safety: this is reflected in its Purple Flag status. But not during race week, when sexual harassment and even assault becomes commonplace for women socialising or working in the town centre.</p> <p>Community Impact Assessment</p> <p>You state that you are confident that your policy is robust in addressing any disadvantage caused to any groups.</p> <p>As a woman, I can tell you that I experience greater levels of sexual harassment when in the town centre during race week. This is worse in the evenings when the majority of SEVs operate. But even during the day, when I worked in the town centre in a customer facing role during race week, I would experience frequent sexual harassment (which I rarely did at other times of the year). On many occasions, the men doing the harassing would refer to lap dancing or other aspects of the sex industry. I have heard similar experiences from many female friends of mine, many of whom take active steps to avoid town during race week. Your policy has not been robust enough to address this.</p> <p>Though you refer to performers in another part of the impact assessment, you fail to acknowledge the gendered nature of SEV performers. Lap dancing is done exclusively by female performers, almost always for a male audience. It is done in booths in a one to one encounter. Though some performers may be paid per dance, they also rely on tips from the punter, which can make it hard for performers to enforce boundaries. As female sex workers, they routinely face discrimination. Their employment terms and</p>	<p>6.8), a zero limit on the number of licensed sexual entertainment venues will be ineffective because operators will instead rely on the statutory exemption which is entirely free of licensing control.</p> <p>Officer's view is that it serves the public interest to license sexual entertainment venues therefore.</p> <p>The scope of this policy is limited to regulating sexual entertainment venues. Comments generally about sexual harassment during horse racing festivals falls outside this scope and is a criminal matter to be reported to the police.</p> <p>The authority's policy recognises that Parliament has made it lawful to operate sexual entertainment venues and to this extent the authority's policy is gender neutral.</p> <p>In addition to the policy statement and licensing process, there is a robust inspection and enforcement process in</p>
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<p>conditions for performers in lap dancing clubs are usually worse than other workers in the gig economy. This is quite different from the Dreamboys (for example) who are often touted as a false equivalent. The Dreamboys perform a floorshow as a troupe, not one to one in an enclosed space. Male performers do not experience the same discrimination as female lap dancers.</p> <p>You state that your policy is robust enough to protect children from exposure to the sex industry. I can tell you that it isn't. My youngest child (born in 2005) has been exposed to aspects of the lap dancing industry many times. There was the van covered in a blown-up hyper realist image of a naked woman in a porn pose. This was parked on the Lower High Street near the Two Pigs when we went into town after school to get some new daps. There have been the posters promoting lap dancing in shop windows along the route into town, including next to McDonalds in the Lower High Street. There have been flyers left on the streets promoting Eroticats lap dancing and their XXX chat lines and cam girls. There have been the billboard trailers promoting lap dancing driven around the town centre and up and down the route to the race course - which also happens to be alongside Pittville Park and play area.</p> <p>The distinction between the core commercial area and residential areas is a false one. Many people live in the town centre (I believe there is an effort by CBC, the BID and others to promote the increased use of the space above commercial premises for residential purposes). Many more people like us within 5 or 10 minutes' walk of the High Street. It is not possible for us and our families to avoid the town centre for a week, nor should we be expected to.</p> <p>The licensing committee has repeatedly granted an SEV license to premises which are outside this core commercial area. Your response in this draft of the policy is to extend the Central Shopping Area. I do not agree with this response.</p>	<p>place to ensure compliance with licensing and legislative requirements. The inspection regime is undertaken in partnership with police licensing officers.</p> <p>The policy conditions have been amended to remove the right to use vehicles to promote or market licensed sexual entertainment venues.</p> <p>The policy conditions have also been strengthened in respect of leaflets to address concerns and complaints.</p> <p>The policy statement makes provision for consideration of the character of the relevant locality including the proximity of residential properties and buildings with sensitive uses.</p> <p>The point remained that, as outlined in the covering report (6.7 & 6.8), a zero limit on the number of licensed sexual entertainment venues will be ineffective because operators will instead rely on the statutory exemption which is entirely free of licensing control.</p>
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<p>You admit your policy is not robust enough to prevent discrimination against people who have a particular religion or belief. Although your SEV policy states that a licence would be inappropriate when the premises are near a property which is sensitive for religious purposes, e.g. a church, licences have repeatedly been granted for the Two Pigs which is right next to St Mary's churchyard. This is despite members of the church telling you that the presence of sexual entertainment deters people from using church premises during race week, especially young people who would normally attend youth club in the evening. This is despite members of the church have telling you they regularly finding used condoms, underwear and sanitary protection in the church yard when licensed SEV activities are taking place in the Two Pigs during race week.</p> <p>Your community impact assessment states that there is no direct of specific impact on people who are attracted to the same sex. The Two Pigs when operating as an SEV used to operate a sexist and homophobic door policy, banning women from entering as customers. A representative of the licensee even stood up in front of the licensing committee and stated that this policy was to prevent prostitution (I presume this was because any women were assumed to be prostitutes). This resulted in female observers from St Mary's Church being refused entry. This resulted in female friends of mine who are bisexual and were curious (and I think were expecting something a bit more like burlesque) being refused entry. After this was drawn to licensing officers' attention, Two Pigs had to change this door policy, but it had already been operating for some time by then.</p> <p>The Statutory Exemption</p> <p>I have sat through many licensing committee meetings where committee members have stated that it is better to have the premises providing lap dancing to do this under the auspices of the SEV licence than under the statutory exemption. I got the impression from some of the members that they would rather not give the licence - especially for premises next to a church, but have only done so because the national legislation means they could not prevent it happening altogether. (Of course, there are other members who aggressively support the sex industry and are happy to promote sex work as a career option for women and girls, but thankfully they seem to be in a minority).</p>	<p>Not clear where this is referenced in the policy document. As stated already however, the authority's policy recognises that Parliament has made it lawful to operate sexual entertainment venues and it is the authority's role to administer the licensing regime lawfully including the Public Sector Equality Duty on the authority.</p> <p>Each individual application is referred to the licensing committee for determination and this is done with full consideration of the individual merits of the application, policy, statutory guidance and consultation feedback.</p> <p>Whilst the policy should be adhered to and only be deviated from under exceptional circumstances, it cannot fetter the committee's discretion.</p> <p>The statutory exemption exists in law and is therefore not within this authority's ability to influence.</p> <p>There is general acknowledgement by this authority and opponents of sexual entertainment venues that the statutory exemption is unhelpful and to some extent defeats the object of the licensing scheme.</p>
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<p>Hopefully operating with an SEV licence has given the performers better protections, but for residents it has meant that the Lap dancing has taken place at the premises over several nights rather than the 1 night permitted by the exemption.</p> <p>I have heard representatives of the licensees stand in front of the licensing committee and state that by being able to operate out of one premises for the whole week, they would not need to use other premises across the town. In practice, come race week, they were operating in at least one other premises each night under the statutory exemption. And as these additional premises were operating under the exemption, this enabled them to flyer and use the liveried van to promote the licensed venue as well. And of course, there is nothing to prevent other operators providing lap dancing elsewhere under the statutory exemption.</p> <p>Operators of SEVS whether licensed or operating under the Statutory Exemption are aware that race week is the busiest week of the year for police and licensing officers in Cheltenham. SEVs are only a small part of increase in licensable activities which take place that week. Enforcement does a good job in keeping a lid on things but officers are stretched to their limit and spread thinner than marmite.</p> <p>From my research, Cheltenham during race week is the only place where the Statutory Exemption is exploited to this extent. Newquay used to have problems during the summer season, but thanks to the efforts of its then MP and police chiefs, they have managed to take action to prevent this. This has improved the atmosphere in Newquay for residents and tourists. Newquay has not experienced any drop in tourist numbers as result of the sex tourism industry being closed down.</p> <p>SEVs do not benefit the town's economy, though they are great money spinners for the promoters. The operators who use our venues to put on lap dancing are here only for a week. They do not provide regular or stable employment. They suck money out of the town to the detriment of other businesses and the town's residents.</p> <p>The existence of the Statutory Exemption removes Cheltenham's ability to establish and</p>	<p>This is the case principally because venues relying on the statutory exemption are entirely free of licensing control including a requirement to inform the authority and not subject to any controls or conditions.</p> <p>No authority can, nor has, overcome the statutory exemption by any means. This authority has previously written to Cheltenham's PM to raise this with him, seeking a change in legislation, but to date there has been no indication from Government that it plans to make changes to legislation.</p> <p>Until such a time as there is a change in legislation in so far as it relates to restrictions under the statutory exemption, this authority is faced with either seeking a license where one is required, or seeking to manage exempt sexual entertainment venues through voluntary schemes as is the case at present.</p>
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SEV Policy Review Meeting – 17th July 2019

Session 1 – Gloucestershire Police

- DM advised that staff from Gloucestershire Constabulary had been sent to London to see how they operate with regards to SEV's. He explained that the rules and regulations were very similar in London to that in Gloucestershire. They felt that Cheltenham officers, in particular, were extremely competent in enforcing and conducting visits on premises.
- They had not identified a correlation between SEV's and an increase in disorder and crime.
- With regards to the 2 Pigs, there had been 9 recorded offences in the last 3 years when they had been operating as an SEV. The police advised that you could expect a similar number of offences at other premises that were not SEV's.
- The recorded offences mainly related to theft, 2 related to sexual incidents, one of which was an anonymous call suggesting that performers were charging £250, however, the police attended immediately and saw that it was a malicious call. The other incident related to two individuals during the November race meet requesting a price for sex. Despite the fact it was a malicious call DM confirmed it still counted as an incident.
- The police confirmed that they were extremely happy with the conditions that Cheltenham imposed on SEV's and were satisfied that the licensing officers enforced them.
- They highlighted that Under the Prom and Moo Moo's also operated as an SEV under the statutory exemption they had no reported sexual incidents from the premises whilst they were operating as an SEV.
- The police explained that they try to ascertain where people who have been arrested were before the arrest and from previous experience; there was nothing to suggest they were in clubs operating SEV's. They explained that they do not have the resources to verify their claims, however, they would do so if it was a serious incident and there was evidential value in doing so. If this was the case, they would check the CCTV of every venue they had been to.
- They confirmed that there had been one alleged sexual assault during race week; however, this had no correlation to 2 pigs. The Licensing Team Leader confirmed that the assault related to 2 people who had met in the Bank House and the incident had happened at the person's residence.
- The Police highlighted that they would come straight to CBC and the licensing committee if they had any concerns. However, in their opinion, such licences didn't manifest in extra crime.
- They explained that they had never come across any performers who had been acting under duress. However, going forward this would be something they would look out for whilst doing routine inspections.
- There had been an incident whereby a performer had requested her money back and this had been resolved quickly by licensing officers and the police.
- The Licensing Team Leader confirmed that when doing inspections they are allowed access to the office and they check the girls ID and registration forms. They also have access to the CCTV and changing areas.

- The police confirmed that they were happy with the quality of the CCTV which was sufficiently adequate for any investigation.
- The Police acknowledged that prostitution did increase in Cheltenham during race week, however generally, this was not a big problem in Cheltenham when compared with Gloucester. Improvements in technology had also meant it was easier for prostitutes to make contact with clients. At the end of the races they had received complaints from guests in hotel rooms who had been robbed by prostitutes, however, they were not aware of any incidents of prostitutes propositioning people in the streets. The police advised that they had officers who specifically dealt with online prostitution.
- The police confirmed that they do visit hotels during race week to identify incidents of prostitution, however, agreed they could be more proactive and pick this up with hoteliers. There had been known cases of prostitutes operating in the Queens Hotel.
- One Member felt that they needed to focus on SEV's rather than prostitution and that linking the two was quite dangerous. They had been impressed by the set up at 2 Pigs and how open and transparent they had been, although were slightly concerned that they had to wait a while before they gained entry. They therefore questioned whether the police ever sent out undercover officers? The police confirmed that they did not send out undercover officers, however, Eroticats had suggested an officer be stationed for a whole evening at the venue. They also had the powers to force entry. The Licensing Team Leader highlighted that if they receive specific intelligence of concern then the Council may undertake a covert operation.
- One Member raised a concern about the size of the booths and the close proximity of the performers to clients. The Licensing Team Leader noted this point and agreed to do further research in this area.
- The police confirmed that door staff don't entice people in, although they do have promotional staff stationed across the town. They were unsure what Eroticats policy was on drawing in customers.
- The Licensing Team Leader explained that venues who operate under the statutory exemption have signed up to a voluntary code of practice which includes notifying police and the council when they intend to hold an event. They can therefore control them to some extent albeit informally.
- Members noted that there was inevitably a spike in crime rates during race week due to the increased number of people coming in to the town who were intoxicated and there was no evidence to suggest that SEV's contributed to the increase in crime.

Summary by Police

- Cheltenham's conditions were adequate and officers were extremely competent in enforcing them.
- From the research there is no connection between SEV's and prostitution. Financially the performers earn a lot more in a much safer environment in the 2 Pigs rather than through prostitution.

Session 2 – Chelt Fems/GRASAC/ Cheltenham Minster

GRASAC

- There was a lot of written evidence to suggest that those working and living in town were harassed physically and verbally during racing week. She felt that the Council, in carrying out its functions, should have due regard to the objectives of the public sector equality duty. As acknowledged by some Members at the recent licensing meeting, the tone of Cheltenham changes during race week and one female Councillor had stated they do not come in to town during race week. She also cited the changes in the pubs which see a large influx of males compared with females. She felt that local authorities should provide equal access and that women were not welcome in town. She requested that the local authority evoke all SEV licences.

Chelt Fems

- Felt that the under the public sector equality duty, the local authority should permit zero SEV's. In her experience, women had been denied access to clubs with an SEV licence, lesbians had been told it was unsafe for them because they would be seen as prostitutes and women who would normally frequent at the 2 Pigs were denied access when there was sexual entertainment on. She felt that lap dancing was the cause of gender inequality in society and it sexualised and objectified women. Women in the town feel discriminated against and she felt that a petition in 2014 was ignored by the Council. She highlighted that times were changing and SEV's had dropped by a third, they therefore needed to show they were a progressive town and moving with the times. With regards to claims from the police that there were no increases in sexual incidents she stressed that women do not report rapes and in particular, reporting of low levels of sexual harassment were extremely low.

Chelt Fems

- Also had concerns that the council was not fulfilling its public sector equality duty as people feel excluded from town during race week, she highlighted that this also has an impact on the day time economy. She was relieved that the Eroticats van had been rebranded as the image originally portrayed was inappropriate. She felt that as the money was made in the booths and the performer's income was dependent on tips there was an equality issue, similarly, excluding entry to lesbians was homophobic. Those operating the SEV's were breaching the terms and conditions of their licence as they were flyering on the streets, moreover, the fact that 2 Pigs was situated next to a church and by the entrance to a park meant it did not comply with the councils licencing policy. She felt that the statutory exemption was exploited in Cheltenham and not used for the purpose intended and the national legislation should be challenged. She reiterated that she did not have a moral objection but that the council had an equality duty.

The Church

- The 3 main reasons they objected to SEV's was because of the effect on children, the location of the 2 Pigs and the discrimination against women.
- They felt that during race week the nature of the town changes completely. At St Matthews they have youth activity over the weekend and on a Friday evening,

however, during race week parents don't let their children walk to church as they ordinarily would.

- They also had concerns about the Eroticats van playing loud music.
- They noted that the grounds to the church were secluded and cut off from the main thoroughfare which promoted secretive activity in this area. They acknowledged that the Council sent somebody to clean the church yard on a Sunday morning at 10am, however, this didn't always happen. As a result, on several occasions, CD had cleared the church yard and found lots of broken glass, cigarettes, nitrous oxide canisters, syringes, discarded underwear and condoms.
- They felt that the operation of SEV's was discriminatory against women and that CBC had a statutory duty with regards to disability, race and gender. They felt that 2 Pigs, when operating as an SEV, sexualises and objectifies women. They had considerable concerns that the establishment was being used as a brothel during race week.
- Miss Phillips explained that they had been taking cakes in for the performers for several years, however, they had not been let in at first and advised that it was gentleman only. They had suspicions that it was a brothel because they had observed women wandering through and chatting to men who appeared to be advertising themselves to be taken upstairs and the bouncers had advised that they were unable to go upstairs. The fact it was free entry was also not normal for a strip club.
- The Chair advised that the licensing officers and committee had unfettered access to the club and they had no evidence to suggest prostitution. He highlighted that the reason they may not have been allowed upstairs was because a condition on the licence didn't allow members of the public upstairs.
- One Member noted that the change in tone of the town during race week was inevitable given the large influx of people, they reasoned that it was impossible to implement a policy to address this and felt that it wasn't just women who avoided the town during this time. They were concerned if women had been turned away from the clubs as this contravened the conditions in the policy. They questioned those giving evidence as to what more could be done to prevent assaults.
- MS advised that in the lead up to race week they did some joint work with the Council which included putting up posters in pubs and coffee shops encouraging people to report any incidents or suspicious activity. She explained that they had spoken with bar staff and a large majority said they had been assaulted in some fashion during race week including men. She explained that they had one incident of sexual assault reported to them and the police response was that this could be expected as it was race week. She explained that the low level assault often went unreported as victims felt they would not be listened to. The key was on more preventative work.
- One Member questioned how many cases of women being turned away had been reported to the Licensing Officer. The Licensing Team Leader confirmed that no incidence has been reported directly to them, however, given the evidence heard today they would need to speak to the venue to ensure they understood the policy. The Member reiterated that the current licensing policy prevents venues refusing women and so encouraged people to report it to the Licensing team.
- RC felt that the whole set up was highly intimidating to women and that used underwear, condoms and broken glass found in the church yard increased when

SEV's were in operation. One Member disagreed and felt that this could not be linked back to SEV's and was as a result of the large influx of people to the town during race week.

- One Member questioned what more could be done to increase the number of sexual assaults reported. They also highlighted that they were unable to change the law with regards to SEV's and that they had even lesser control under the statutory exemptions. They also questioned what more could be done to improve the wellbeing of performers.
- TB recommended that the booths be removed as was being trialled in some areas of Bristol and London. If they just had floor shows it would be more public and less chance of incidents. She also had concerns that more vulnerable women were coming in to the industry as the demand was increasing.
- RL noted that the recent marketing Cheltenham campaign whereby a woman was stripped to the waist did not portray the right image for Cheltenham. She felt that that they should be more concerned with reducing sexual assaults through prevention campaigns.
- MS advised that the rape and crisis centre appealed to many victims as they are an independent body and they are often frightened to report incidents to the police, whilst they support them if they wish to report it, many women choose not to.
- AP questioned why if men also felt intimidated during race week they did not make the town feel safer for both men and women. One Member felt that some people were more sensitive than others and that the main reason for the intimidation was because of the large number of people around the town not the SEV's.
- One Member highlighted that at present the Council has a SEV policy that allows them to put a vast number of conditions on premises that operate as an SEV and they have much less power to regulate venues under the statutory exemptions. With regards to temporary events notices, only the police could object on public safety grounds. The Licensing Team Leader reiterated that if they were to set a zero limit on SEV's there could still be the same number of SEV's due to the statutory exemption.
- RC questioned whether there would be the same number of SEV's as society was changing and felt that by setting a zero limit on SEV's they would give a better impression of Cheltenham.
- The Licensing Team Leader confirmed that the local authority had no control over statutory exemptions even if there were complaints and that the 2 Pigs had a licence from 8pm during race week.
- In response to a Member question, RC confirmed that whilst they do not have any services during the evening they do have a service at 11am on a Sunday morning and youth events in the evenings from 19:00 – 21:30.
- The Licensing Team Leader agreed to share the minutes from the meeting where the 2 Pigs were granted a licence with the church so that they could see the rationale for the committee's decision.
- TB highlighted that when Cheltenham had hosted burlesque shows and the Chippendales there had been a mixed audience and people felt far less intimidated.
- MS felt that a zero tolerance on SEV's would send a clear message about what Cheltenham stands for and agreed that the wider issues of TEN's needed to be dealt with.

- RC felt that there should be more research done in to what a zero policy might look like from towns that are working towards that.
- One Member advised that they been extremely impressed with the set up at the 2 Pigs when they had visited it during race week, particularly with regards to the security and the safety of the women and the checks carried out on the women to ensure they hadn't been coerced.
- The Licensing Team Leader confirmed that the public consultation on the SEV policy was likely to take place in the lead up to Christmas and the 2 Pigs licence was due for renewal in January.

Session 3 – Eroticats

2 Pigs Licence Holder

- Advised that their policy and procedures were based on advice received from CBC licensing department and they go beyond the standards imposed by the council. This included driving performers home or to their cars, providing them with hot and cold refreshments and a secure cloak room.
- They continually cooperate with the Licensing Team Leader and the police to resolve any issues and take action as appropriate.
- They have additional security staff on during race week.
- The performers register online beforehand, they are then contacted by one of the managers and are asked to provide additional information including proof of ID. They are subject to further background checks to ensure they are not the victim of human or sex trafficking.
- They keep a log to report any issues and fully comply with the equalities act.
- Eroticats felt that CBC's policies and approach were very strict but fully understood why such policies were in place and were more than willing to comply.
- The 2 Pigs were only open on a Friday and Saturday night and the bar staff were given the option to work during race week.
- The performer in attendance who worked for Eroticats and resided in Cheltenham felt that the 2 Pigs was a happy and safe environment, she felt that the security were fully equipped to deal with any issues. She explained that she had never experienced or witnessed any issues and that the security staff were right next to them when they were giving dances. They also had adequate changing facilities and a room to put their belongings which is manned by security.
- The 2 Pigs confirmed that they do allow ladies in to venue and they have a number of women and couples who have dances. They did, however, monitor the type of people coming in to the venue and do not allow entry to those looking for illegal business or those they anticipate causing trouble. He reiterated that they do not turn people away based on their gender.
- The performer advised that there are a number of dancers who are local to Cheltenham, Gloucester, Swindon and the West Midlands, she explained that the races is known as well-run event and so dancers do come from all over to work it. She explained that the club was extremely busy and so it was easy to walk away from any awkward situations or people she knew.

- The Licence Holder explained that they have their own procedures that go beyond the conditions imposed by the council and suggested such conditions be imposed on other establishments to ensure the welfare of dancers.
- They confirmed that the dancers can refuse to dance with anyone and a number of them have female and couple customers.
- In response to a Members question, Eroticats explained that all their dancers were self-employed and that they had a number of male performers on their books. He explained that they emailed all those on their database when they were advising them of the race week event and male performers had the opportunity to sign up. They had also put on 3 or 4 male strip shows in the past.
- On the database they keep a record of everyone who has ever worked for Eroticats including information regarding their conduct and behaviour, they also keep an incidence log and incidents are rated from severe to minor. They have had situations whereby they haven't invited people back.
- The performer confirmed that they had a house mother who was available if any of the girls had any issues.
- They advised that the booths can be made bigger or smaller as they are partitioned by a curtain.
- With regards to the Eroticats van they had agreed the music wouldn't be played past 11pm/12am.
- The Licencee advised that they had had incidents where feminists had attended, however, they had been politely asked to leave as a result of their behaviour towards the girls. They were also known to the door staff and so may have been turned away on occasions when it was anticipated that they would cause trouble. Members suggested that venue keep a log of incidents where the group caused trouble. They advised that they do keep a refusal log, however, those wouldn't be broken down in to groups i.e. feminists. The main reason for refusal was intoxication.
- In response to suggestions that the booths be removed, they explained that single booths made situations easier to manage. All the door staff patrolled the area and could see in to the booths at any one time. They had concerns that if the performers were all in one room customers may act up in front of their friends and security would have less control which would be potentially dangerous for the performers. The performer confirmed that she had more control one on one and wouldn't feel comfortable performing to a room if someone had paid for a service.
- It was confirmed that money for dances was taken at the desk and the performer is then given a token which is safer than them dealing directly with money. They don't generally get tips, however, if they do they declare them to the management. The manager advised they generally encourage them not to accept tips and to carry minimal money on them, if they have over £10 they need to declare it.

Session 4 – Ward Cllrs

- He had long been opposed to SEV's particularly with regards to Fantasy Club. His main concern was that the council had a policy on areas permitted for SEV's and Fantasy had been granted a licence despite the fact it was outside of the permitted area. He felt strongly that the policy with regards to permitted areas should be strictly adhered to.

- He felt that when premises did have licence the regulations were not adhered to and that rather than spreading the councils resources thinly they should just allow premises to operate under a TEN. In particular, he had serious concerns with the management of Fantasy with regards to health and safety and felt there was a lot of anecdotal evidence that girls were performing in order to pay off university fees. From what he had seen girls had been allowed on to the roof to smoke and did not have a chaperone at the end of the evening, they had also lied to the committee about the money they had spent on the venue. From his past experience, the policy hadn't been robust and he saw SEV's as a money making enterprise and the opportunity for cutting corners was rife.
- Members felt that in contrast, the 2 Pigs was extremely well run and managed and the safety of the girls was paramount and suggested Councillor Barnes visit with the licensing officers.
- Within his ward, Councillor Barnes explained that there were a lot of objections to SEV's on moral grounds.
- With regards to the fact that Fantasy was outside of the permitted area, some Members highlighted that the policy was guidance and not necessarily law and if the committee can find justifiable reasons for varying from policy then it can do so.
- The Licensing Officer advised that a venue must pass the health and safety regulations and that when Fantasy was in operation they had visited once or twice a night to check they were adhering to regulations.

Closing Comments

- Reference to fax at 3.2 should be removed
- A discussion was had about 11.4 and sensitive locations, it was agreed that reference to specific sensitive locations should be removed and instead be a catch all.
- It was agreed that the reference to flyering in appendix 1 needed to be revisited as the council are unable to control flyering of venues operating under the exemption.
- The policy should specify how long the signing in register is kept for.
- Venues should have literature in the changing area regarding coercion and the work that GRASAC do.
- Move to challenge 25 rather than 21.
- A condition about door supervisors not touting for business.
- The permitted area for SEV's should be reviewed and brought back to the licensing committee. Some Members felt it should include the area down to the park on Bath Road.



SEV Policy Scrutiny Group – Briefing Paper

Background – SEVs in Cheltenham

Cheltenham Borough Council has licensed and regulated sexual entertainment venues (SEVs) in some form or another for many years.

Prior to 2009, sexual entertainment venues were not licensable and were able to operate largely without any council control. The only requirement would have been a premises licence under the Licensing Act 2003 authorising the sale/supply of alcohol and regulated entertainment such as the performance of dance and playing recorded music.

Prior to the legislative change in 2009, only one SEV operated in Cheltenham which was The Blue Room on St Margaret's Road.

In 2009 the Policing and Crime Act 2009 came into force that introduced for the first time a formal licensing requirement for SEVs. The Blue Room ceased trading in 2011 as a SEV.

In 2013 the first SEV licence was granted to the then Diamond Gentleman's Club on Bath Road. That venue, later known as Fantasy, was licensed until 2017 as a SEV.

In 2016 the council issued a SEV licence to the Two Pigs Pub on Church Street. The Two Pigs Pub continues to be licensed as a SEV to date.

The law change in 2009 also created a statutory exemption for infrequent SEVs. The majority of venues in the town that offer sexual entertainment do so under the statutory exemption.

Legislation

The need for a licence

SEVs are licensed as sex establishments under schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982 as amended by section 27 and schedule 3 of the Policing and Crime Act 2009.

"Sexual entertainment venue" is defined as any premises at which relevant entertainment is provided before a live audience for the financial gain of the organiser or the entertainer.

"Relevant entertainment" means any live performance or any live display of nudity which is of such a nature that, ignoring financial gain, it must reasonably be assumed to be provided solely or

principally for the purpose of sexually stimulating any member of the audience (whether by verbal or other means).

Any premises that offers “relevant entertainment” more frequently than once a month, lasting longer than 24 hours at a time, or on more than eleven occasions per year requires a SEV licence.

Premises that offer infrequent “relevant entertainment” (i.e. no more than once/month, lasting no longer than 24 hours on each of these occasions and no more than 11 occasions/year) can do so without the need for a licence and are free from council regulation and control.

Determination

The legislation prescribes the circumstances under which the council can refuse or revoke a SEV licence:

1. Mandatory grounds:

- a) to a person under the age of 18;
- b) to a person who is for the time being disqualified under paragraph 17(3)¹;
- c) to a person, other than a body corporate, who is not resident in the United Kingdom or was not so resident throughout the period of six months immediately preceding the date when the application was made;
- d) to a body corporate which is not incorporated in the United Kingdom;
- e) to a person who has, within a period of 12 months immediately preceding the date when the application was made, been refused the grant or renewal of a licence for the premises, vehicle, vessel or stall in respect of which the application is made, unless the refusal has been reversed on appeal.

2. Discretionary grounds:

- a) that the applicant is unsuitable to hold the licence by reason of having been convicted of an offence or for any other reason;
- b) that if the licence were to be granted, renewed or transferred the business to which it relates would be managed by or carried on for the benefit of a person, other than the applicant, who would be refused the grant, renewal or transfer of such a licence if he made the application himself;
- c) that the number of sex establishments in the relevant locality at the time the application is determined is equal to or exceeds the number which the authority consider is appropriate for that locality;
- d) that the grant or renewal of the licence would be inappropriate, having regard:
 - i. to the character of the relevant locality; or
 - ii. to the use to which any premises in the vicinity are put; or
 - iii. to the layout, character or condition of the premises, vehicle, vessel or stall in respect of which the application is made.

The council has the power to prescribe conditions. The council’s standard conditions are attached for reference.

¹ Where a licence is revoked, its holder shall be disqualified from holding or obtaining a licence in the area of the appropriate authority for a period of 12 months beginning with the date of revocation.

National Guidance

The Government has issued guidance for licensing authorities. The guidance is available online (<https://webarchive.nationalarchives.gov.uk/20100408140149/http://www.crimereduction.homeoffice.gov.uk/crimereduction057a.pdf>)

Policy

The council has adopted Policing and Crime Act 2009 in so far as it relates to SEVs. The council has also adopted a SEV licensing policy.

The most current version of the SEV policy was adopted in October 2014. [The policy document](#) should be read in conjunction with this briefing note.

It is an overarching principle of the policy that the council does not take any moral stand in relation to the licensing of SEVs. The council recognises that Parliament has made it lawful to operate a sex establishment and that such businesses are a legitimate part of the retail and leisure industries. It is this council's role as the licensing authority to administer the licensing regime in accordance with the law.

Councils are able to set a limit on the number of SEVs it will permit in its administrative area – including a zero limit.

Cheltenham Borough Council's SEV policy has set limits on the number of SEV as follows:

- a) The appropriate number of SEVs for outside of the adopted Central Shopping Area is nil.
- b) The Council has resolved that it will not set a limit on the number of permitted SEVs in the adopted Central Shopping Area providing those premises are not near properties with sensitive uses or in sensitive locations.

Properties with sensitive uses or in sensitive locations are defined as:

- a) The fact that the premises are sited in a residential area;
- b) Whether the premises are sited near shops used by or directed at families or children, or on frontages frequently passed by the same;
- c) Whether the premises are sited near properties which are sensitive for religious purposes e.g. churches, mosques, temples; and/or
- d) Whether the premises are sited near premises or areas which are sensitive because they are frequented by children, young persons or families, including but not limited to educational establishments, leisure facilities such as parks, libraries or swimming pools, markets and covered markets.

Equality Issues

An issue that has consistently been raised is that of council's Public Sector Equality Duty (PSED) and its interaction with the licensing of SEVs.

The PSED places a statutory duty on the council, in the exercise of its functions, to have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Protected characteristics are:

- age
- disability
- gender reassignment
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

The licensing and regulation of SEVs does fall within the council's PSED and therefore the council must have regard to the matters listed above when, for example, setting policy and issuing licences.

The licensing and regulation of SEVs often creates a tension between the statutory right to operate such a venue and equality issues relating to discrimination and objectification of primarily women.

The starting point for the council is the fact that it cannot take any moral stand in relation SEVs in recognition that Parliament has made it lawful to operate a sex establishment. This starting point however does not mean that the council is therefore bound by the primary legislation at the expense of other statutory requirements.

When setting policy or determining individual applications, the council must have regard to its PSED taking into account the individual merits of each application.

Equality issues may be relevant to (not exhaustive):

1. The need to protect performers from harassment and threat;
2. The need to ensure that any protected characteristic group is not more, or less, welcome than another;
3. The need to properly consider the fear of any protected characteristic group using and accessing public spaces, facilities and infrastructure;
4. The need to properly understand the relevant locality and the need the need to ensure, taking into account the relevant locality, any protected characteristic group's view is taken into account such as those relevant to religion or belief or race;
5. The need to consider the views and experiences of people with disabilities as a protected characteristic group.

Some or all of these equality issues may be addressed through appropriate conditions and robust enforcement. Equally, the licensing process may also be an important tool to achieve the same outcome, for example, licence reviews and policy changes.

Waivers

Schedule 3, paragraph 7 of the Local Government (Miscellaneous Provisions) Act 1982 makes provision for the council to issue waivers. The effect is that it will remove the requirement for a licence.

The legislation allows an applicant to apply to the Council for a waiver either as part of a substantive application or just for a waiver by itself.

The circumstances that may lead the council to grant a request for a waiver is not clear in the legislation and therefore it should come down to local decision making and policy to define and provide guidance. The general principle should be that regulated activity should be minimal or largely ancillary to something else that is cannot be regarded as relevant entertainment. Examples of this could include some nudity in a burlesque show, shops with a small amount of sex toys and objects and/or ad hoc film festivals where erotic films are shown.

Since the legislation is silent on criteria to be applied when applications for a waiver is submitted, it is appropriate for the council's licensing policy to provide further guidance and set criteria to be applied.

Proposed policy on waivers:

The power to waive licensing requirements is not a substitute for licensing, and applicants will be expected to demonstrate exceptional circumstances in justifying why the licensing requirement should be waived in their case.

In considering applications for waivers, the council's general approach will be:

1. *Waivers must be sought in respect of a temporary events*
2. *Waivers will not be granted for events that includes relevant entertainment (i.e. striptease, lap-dancing, pole dancing or similar activities) recognising that a statutory exemption already exists for infrequent sexual entertainment*
3. *Licensable activities (that would normally have required a licence) must principally be ancillary and kept to an absolute minimum to other activities not licensable under the provisions of the 1982 Act*
4. *Waivers will only be considered, on its merits, in exceptional circumstances*

Applications will be considered by the Licensing and Committee, or delegated sub-committee thereof, and reasons shall be given of the decision taken.

A waiver may be for such period as the Council sees fit. Where the Council grants an application for a waiver, notice will be given to the applicant stating that it has granted the application. The Authority may at any time give a person who would require a licence, notice that the waiver is to terminate, on such date not less than 28 days from the date on which it gives the notice, or as may be specified in the notice.

STANDARD CONDITIONS REGARDING SEXUAL ENTERTAINMENT VENUES**General Conditions:**

1. The premises shall only permit adult entertainment between the hours of hours and hours the following morning as determined by the licensing committee.
2. Only activities which have previously been agreed in writing by the Council shall take place.
3. The agreed activities shall take place only in designated areas approved by the Council.
4. There shall not be displayed outside the premises, in the immediate vicinity, or elsewhere within the Town any advertisements, photographs or images that indicate or suggest that striptease-type dancing takes place on the premises.
5. Any flyers advertising the adult entertainment must not display any photographs or images of the entertainment and any images must be approved by the Advertising Standards Agency and not be handed to persons who look under the age of 21. Any handbills must only be distributed after 19.00hrs with the exception of race days. Examples of the handbills that are in use shall be lodged with the licensing authority prior to their distribution.
6. No flyers or similar promotional material for the premises shall be distributed within the Town.
7. Rules shall be produced by the licensee for customers indicating conduct that is deemed acceptable. These rules shall be prominently displayed at all tables and at other appropriate locations within the club.
8. A clear Notice shall be displayed inside the entrance to the premises in the following terms:
"Striptease-style entertainment takes place on these premises. No persons under 18 shall be permitted in the premises."
9. The performance must not be visible from the street, and any person who can be observed from the outside of the premises must be properly and decently dressed. Scantily-clad individuals employed in the premises must not exhibit themselves in the entrance or in the vicinity of the premises.
10. When the premises are open for Striptease/Lap/Pole Dancing no person under the age of 18 shall be permitted to be on the premises. Anyone appearing to be under the age of 21 years shall be asked to produce valid photographic identification. If this is not produced the individual shall be refused access.
11. The premises shall maintain a Refusals Log whereby any occasion a person is refused entry shall be recorded and available upon request by the Police or an authorised officer of the Council.

Conditions regarding Performers:

12. Striptease and similar entertainment may only take place in 'designated areas' that are marked on the plan of the premises.

13. The entertainment shall be provided by professional performers only. The audience must at all times remain fully-clothed.
14. Performers shall be aged not less than 18 years and the licence holder (or his nominated deputy who is authorised in writing) shall satisfy him/herself that this is the case by requesting valid photographic ID, if necessary, prior to the performance.
15. A 'Signing-in' Register shall be kept at the premises that records the time that the performer starts and finishes at the premises. This shall be made available for immediate inspection by a Police Officer or authorised Officers of Cheltenham Borough Council (who will carry identification).
16. During any performance there must be no physical contact between the performer and any member of the viewing public.
17. No performances shall include any sexual act with other performers.
18. No performances shall include any sexual act with objects.
19. There shall be no nudity by performers in public areas of the premises, unless the Council has agreed in writing that the area may be used for performances of sexual entertainment.
20. At the completion of the relevant entertainment the performers shall dress themselves immediately and leave the designated performance area. Performers not engaged in performing shall not remain in any area in a state of undress.
21. Performers are not to solicit, exchange addresses or telephone numbers with customers, liaise with customers of the premises, or incite customers to purchase alcoholic drinks.
22. An appropriate room shall be set aside to provide a changing and rest area for performers. Access to this room shall be restricted to performers only, whilst the performers are on the premises and shall be marked on the plan of the premises.
23. Any bodily contact between entertainers or performers or any movement that indicates sexual activity or simulated sex between entertainers or performers is strictly forbidden.
24. Entertainers or performers not performing must not be in a licensed area in a state of undress.
25. There shall be prominently and legibly displayed a comprehensive tariff of all charges and prices in respect of relevant entertainment, including any charge for the company of any person working at the premises, which shall be placed in such a position that it can at all times be easily and conveniently read by persons inside the premises.

Briefing:

26. Prior to performers carrying out any activity on the premises, they shall be briefed (verbally or in writing) by the licence holder or his nominated deputy who is authorised in writing as to the conditions that pertain to these particular premises, including the fact that their activities will be recorded on CCTV. The performer(s) shall sign in the Register that they have been briefed.

Door-Supervisors:

27. Subject to a minimum of two, SIA-registered door-supervisors shall be employed at a minimum ratio of 1:50 customers on the premises whilst Striptease/Lap/Pole-dancing activity is taking place.
28. The licence holder, or his nominated deputy who is authorised in writing, or door-supervisors, shall carry out regular monitoring of all areas of the premises to which the public have access, and shall intervene promptly, if necessary, to ensure compliance with Licence conditions by customers and performers.
29. Door-supervisors shall regularly monitor the area immediately outside the premises for a distance of 30 metres in all directions and shall take steps to deal with (by alerting the Police if appropriate) any unsavoury activity that may be attracted to the vicinity due to the nature of the business.
30. A dedicated SIA-registered door supervisor shall remain at all times in any 'private' performance area where performers are performing nude, and shall intervene promptly, if necessary, to ensure compliance with the Licence conditions.
31. When performers leave the premises they are to be escorted to their cars or taxi by a door-supervisor or member of staff.

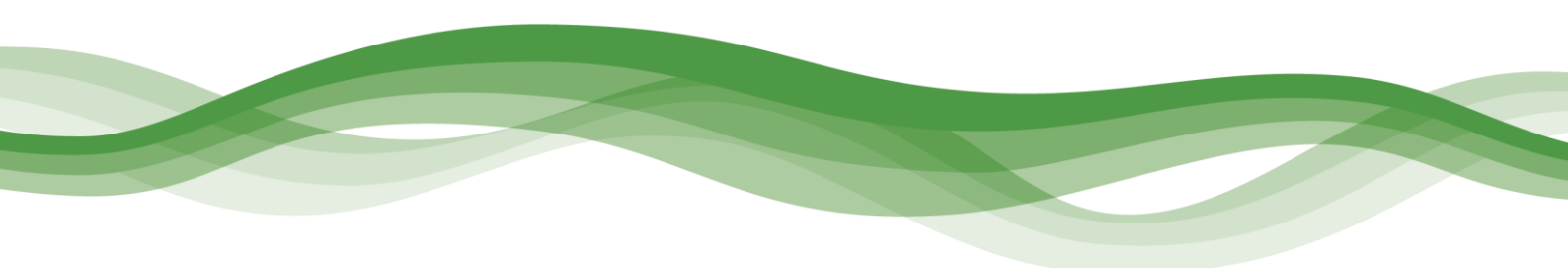
CCTV System:

32. A digital CCTV system shall be installed and be maintained in good working order, shall record at all times the premises are open, and recordings shall be kept for 14 days. The CCTV system is to be installed in all areas as recommended by the Police Crime Reduction Officer
33. The CCTV recording device, controls and recordings shall be kept under suitable security to prevent unauthorised access/tampering. Access shall be restricted to the licence holder or his nominated deputy who will be authorised in writing and no more than two designated persons.
34. Unaltered CCTV recordings shall be provided on request (as soon as possible and in any event within 24 hours) to the Police or authorised Officers of the Cheltenham Borough Council (who will carry identification).
35. No CCTV footage is to be copied, given away or sold (except as required by Police/Council for investigation/enforcement purposes).
36. Except in accordance with the requirements for CCTV as described above, no photographs, films or video recordings shall be taken of the performances. Nor shall electronic transmissions of performances take place.
37. Notices shall be displayed informing customers of the presence of CCTV.



SEXUAL ENTERTAINMENT VENUE POLICY STATEMENT

Schedule 3 Local Government (Miscellaneous Provisions Act 1982), as amended by
Section 27 Policing and Crime Act 2009



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Preface

This Policy Statement sets out the authority's requirements for premises to be licensed as Sexual Entertainment Venues ("SEVs") within the meaning of Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982 ("1982 Act") as amended by Section 27 of the Policing and Crime Act 2009.

Adoption of Schedule 3 also allows the Authority to set terms and conditions and fees for the grant, variation, renewal and transfer of such licences and the number of premises to be licensed in an area, which may be nil.

The Authority adopted the original provisions of Schedule 3 of the 1982 Act for Sex Cinemas and Sex Shops on 25th April 1983 and the new provisions for SEVs under the amendments of the Policing and Crime Act 2009 on 11th October 2010.

Consultation was conducted with local residents, existing and future potential holders of SEV licences in the Borough, the statutory responsible authorities under the Licensing Act 2003, and holders of Premises Licenses and Club Premises Certificates under the Licensing Act 2003 in the Borough.

The Authority does not take any moral stand in adopting this policy. The Authority recognises that Parliament has made it lawful to operate a sex establishment and that such businesses are a legitimate part of the retail and leisure industries. It is this Authority's role as the Licensing Authority to administer the licensing regime in accordance with the law.

In formulating this policy statement consideration has been given to:

- a) The legal requirements of the 1982 Act (as amended);
- b) The Home Office Sexual Entertainment Venues Guidance for England and Wales;
- c) Section 17 of the Crime and Disorder Act 1998 to take all reasonable steps to reduce crime and disorder within the Borough;
- d) The Regulators Compliance Code; and
- e) Equality Act 2010
- f) The Provisions of Services Regulations 2009 and associated Department for Business, Innovation & Skills guidance.

The legislation may be viewed here:

<http://www.legislation.gov.uk/ukpga/1982/30>

Local Government (Miscellaneous Provisions) Act 1982 Chapter 30

<http://www.legislation.gov.uk/ukpga/2009/26/section/27>

Policing & Crime Act 2009 Part 2 Section 27 – Regulation of lap dancing and other sexual entertainment venues etc

The Borough of Cheltenham

The Authority is one of six district authorities within Gloucestershire.

The Area

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

The borough, which includes 5 parishes, has a population of approximately 117,000 who live in 20 wards. The borough is mainly urban with some areas of surrounding countryside. It covers an area of approximately 4,680 hectares of which 17 % is designated as green belt and 22 % as an area of outstanding natural beauty.

1. Introduction

- 1.1 This policy statement sets out the Authority's guidance, application procedure, terms and conditions relating to the regulation of SEVs.
- 1.2 This policy statement will guide current licence holders, potential licence holders, the public and the Authority when considering applications for SEVs.
- 1.3 This policy statement applies to every type of SEV (as defined in the Act) unless an exemption applies.
- 1.4 Whilst each application will be considered on its individual merits, this policy statement is intended to give prospective applicants an early indication of whether their specific application is likely to be successful and the material facts that will be taken into consideration when determining the application. This policy statement also sets out the expectations of the Authority on the applicant when receiving an application.
- 1.5 Applications for grant or variation and opposed applications to renew and/or transfer, will be determined by the Authority's Licensing Committee. Unopposed applications to renew and/or transfer will be determined by the relevant director in accordance with the Authority's constitution and scheme of delegation.

2. Definitions

The 1982 Act - This refers to Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982 as amended by section 27 of the Policing and Crime Act 2009.

SEV - Means Sexual Entertainment Venue as defined by section 27(3) of the Policing and Crime Act 2009.

The Policy Statement - This refers to this policy statement.

The Relevant Locality - Refers to the locality in which an application for a SEV licence has been made in respect of a premises, vehicle, vessel or stall.

The Character of the Relevant Locality - The character of the Relevant Locality where the premises is situated will be instrumental in determining whether or not the grant of a licence will be appropriate. This is a proper matter for the Authority to consider based on local knowledge, factors and circumstances.

The Authority - Means Cheltenham Borough Council.

The Premises - This is the premises, vessel, vehicle or stall which is subject to a SEV licence. The premises will be in possession of all appropriate consents and permissions required to operate.

Permitted Hours - These are the hours of activity and operation that have been authorised under the SEV licence.

3. Waivers

- 3.1 Schedule 3, paragraph 7 of the Local Government (Miscellaneous Provisions) Act 1982 makes provision for the Authority to issue waivers. The effect is that it will remove the requirement for a licence.

- 3.2 The power to waive licensing requirements is not a substitute for licensing, and applicants will be expected to demonstrate exceptional circumstances in justifying why the licensing requirement should be waived in their case.
- 3.3 In considering applications for waivers, the Authority's general approach will be:
 - 3.3.1 Waivers must be sought in respect of a temporary event.
 - 3.3.2 Waivers will not be granted for events that include relevant entertainment (i.e. striptease, lap-dancing, pole dancing or similar activities) recognising that a statutory exemption already exists for infrequent sexual entertainment.
 - 3.3.3 Licensable activities (that would normally have required a licence) must principally be ancillary and kept to an absolute minimum to other activities not licensable under the provisions of the 1982 Act.
 - 3.3.4 Waivers will only be considered, on its merits, in exceptional circumstances.
- 3.4 Applications will be considered by the Licensing and Committee, or delegated sub-committee thereof, and reasons shall be given of the decision taken.
- 3.5 A waiver may be for such period as the Authority sees fit. Where the Authority grants an application for a waiver, notice will be given to the applicant stating that it has granted the application. The Authority may at any time give a person who would require a licence notice that the waiver is to terminate, on such date not less than 28 days from the date on which it gives the notice, or as may be specified in the notice.

4. Making an Application

- 4.1 An application for the grant, variation, renewal or transfer of a SEV licence must be made in writing to the Authority in accordance with the requirements set out below.
- 4.2 The address at which the Authority will accept applications and notices is:-
 - a) By post/personal service to Licensing Section, Cheltenham Borough Authority, Municipal Offices, Promenade, Cheltenham, GL50 9SA;
 - b) By e-mail to licensing@cheltenham.gov.uk;
 - c) On-line via the gov.uk website.
- 4.3 For all enquiries please contact the Licensing team on 01242 262626.

5. Application for the Grant of a Licence

- 5.1 The Authority may grant to any applicant a licence for the use of premises as a SEV on such terms and conditions as specified by the Authority.
- 5.2 To apply for the grant of a SEV licence an applicant must:
 - a) Complete an application form;
 - b) Pay the relevant fee;
 - c) Submit a plan of the premises to which the application relates showing, amongst other things, all means of ingress and egress to and from the premises, parts used in common with any other building, and
 - d) Supply details of how the premises lie in relation to the street. (See below)

- e) Submit a site plan scale 1:1250;
- f) Submit drawings showing the front elevation as existing and as proposed to a scale of (1:100) (see below);
- g) Display a notice on or near the premises (see below);
- h) Advertise the application in a local newspaper no later than 7 days after the date of the application; and
- i) Send a copy of the application and plan to the Chief Officer of Police for the area within 7 days of making the application to the Authority.

5.3 Application forms are available from www.cheltenham.gov.uk/licensing

6. Plans

6.1 The plan of the building, unless agreed in writing beforehand, must comply with the following:

The plan shall be drawn at a scale of 1:100 and shall show:

- a) The extent of the boundary of the building, if relevant, and any external and internal walls of the building and, if different, the perimeter of the premises;
- b) The location of points of access to and egress from the premises;
- c) If different from paragraph (1)(b), the location of escape routes from the premises;
- d) In a case where the premises is used for more than one existing activity the area within the premises used for each activity;
- e) Fixed structures (including furniture) or similar objects temporarily in a fixed location (but not furniture) which may impact on the ability of individuals on the premises to use exits or escape routes without impediment;
- f) In a case where the premises includes a stage or raised area, the location and height of each stage or area relative to the floor;
- g) In a case where the premises includes any steps, stairs, elevators or lifts, the location of the steps, stairs, elevators or lifts;
- h) The dressing room of performers;
- i) The area where performances take place;
- j) Any private screened area where a performance(s) take place;
- k) In a case where the premises includes any room or rooms containing public conveniences, the location of the room or rooms;
- l) The location and type of any fire safety and any other safety equipment; and
- m) The location of a kitchen, if any, on the premises.
- n) The area(s) to be licensed must be clearly identified by outlining these areas in red.

6.2 The plan must include a legend through which the matters mentioned are sufficiently illustrated by the use of symbols on the plan.

7. Public Notices

7.1 A notice must be displayed at or on the premises to which the application relates for a period of no less than 21 consecutive days beginning with the date of the application, where it can be conveniently read from the exterior of the premises.

7.2 Where the premises cover an area of more than 50 square metres, a further identical notice must be displayed every 50 metres along the external perimeter of the premises abutting any highway.

- 7.3 The notice must be on pale blue paper sized A4 or larger and printed legibly in black ink or typed in black in a font size equal to or larger than 16.
- 7.4 The notice must state:
- a) the details of the application and activities that it is proposed will be carried on or from the premises;
 - b) the full name of the applicant;
 - c) the postal address of the premises, or in the case where there is no postal address, a description of the premises sufficient to enable the location and extent of the premises to be identified;
 - d) the date, being 28 days after that on which the application is given to the authority, by which objections may be made to the authority and that the objections should be made in writing;
 - e) that it is an offence knowingly or recklessly to make a false statement in connection with an application and the maximum fine (£20,000) for which a person is liable on summary conviction for the offence.
- 7.5 A similar notice must be published in a local newspaper circulating in the area within 7 days of giving the application to the authority

8. Variation of a Licence

- 8.1 The holder of a SEV licence may apply at any time for any variation of the terms, conditions or restrictions on or subject to which the licence is held.
- 8.2 The process of applying for a variation is the same as that for applying for an initial grant except that a plan of the premises is not required unless the application involves structural alterations to the premises.
- 8.3 Application forms are available from www.cheltenham.gov.uk/licensing

9. Renewal of a Licence

- 9.1 The holder of a SEV licence may apply for renewal of the licence. In order for the licence to continue to have effect during the renewal process, a valid application form together with the appropriate fee must be submitted before the current licence expires.
- 9.2 The process of applying for the renewal of a licence is the same as that for applying for an initial grant except that a plan of the premises is not required.
- 9.3 The authority will not accept applications for the renewal of a SEV licence more than 3 months in advance of the renewal date.
- 9.4 The authority will determine renewal applications on individual merits taking into account the facts of the application and any objections received. Opposed applications will be referred to the authority's licensing committee for determination. The Courts have confirmed that authorities are entitled to look afresh at renewal applications and, accordingly, it is open to the authority to refuse to renew a licence even where there has been no change in the character of the relevant locality, or in the use to which any premises in the locality are put.

10. Transfer of Licence

- 9.1 A person may apply for the transfer of a licence at any time.
- 9.2 The process of applying for the transfer of a licence is the same as that for applying for an initial grant except that a plan of the premises is not required.

11. Determination

11.1 Mandatory Grounds for Refusal

11.1.1 A licence will not be granted:

- a) to any person under the age of 18 years;
- b) to any person who is for the time being disqualified due to the person having had a previous licence revoked in the area of the appropriate authority within the last 12 months;
- c) to any person, other than a body corporate, who is not resident in an EEA State or was not so resident throughout the period of six months immediately preceding the date when the application was made; or
- d) to a body corporate which is not incorporated in an EEA State; or
- e) to any person who has, within a period of 12 months immediately preceding the date when the application was made, been refused the grant or renewal of a licence for the premises, vehicle, vessel or stall in respect of which the application is made, unless the refusal has been reversed on appeal.

11.1.2 If the authority finds any of these grounds apply then it must refuse the application.

11.2 Discretionary Grounds for Refusal

11.2.1 A licence may be refused where:

- a) the applicant is unsuitable to hold the licence by reason of having been convicted of an offence or for any other reason;
- b) if the licence were to be granted, renewed or transferred the business to which it relates would be managed by or carried on for the benefit of a person, other than the applicant, who would be refused the grant, renewal or transfer of such a licence if he made the application himself;
- c) the number of SEVs in the relevant locality at the time the application is made is equal to or exceeds the number which the authority consider is appropriate for that locality (nil may be an appropriate number for these purposes);
- d) that the grant or renewal of the licence would be inappropriate, having regard:-
 - to the character of the relevant locality; and/or
 - to the use to which any premises in the vicinity are put; and/or
 - to the layout, character or condition of the premises, vehicle, vessel or stall in respect of which the application is made.

11.2.2 Applications for the transfer of an issued SEV licence may only be refused on grounds (a) and (b) above.

11.2.3 Any decision to refuse a licence must be relevant to one or more of the above grounds.

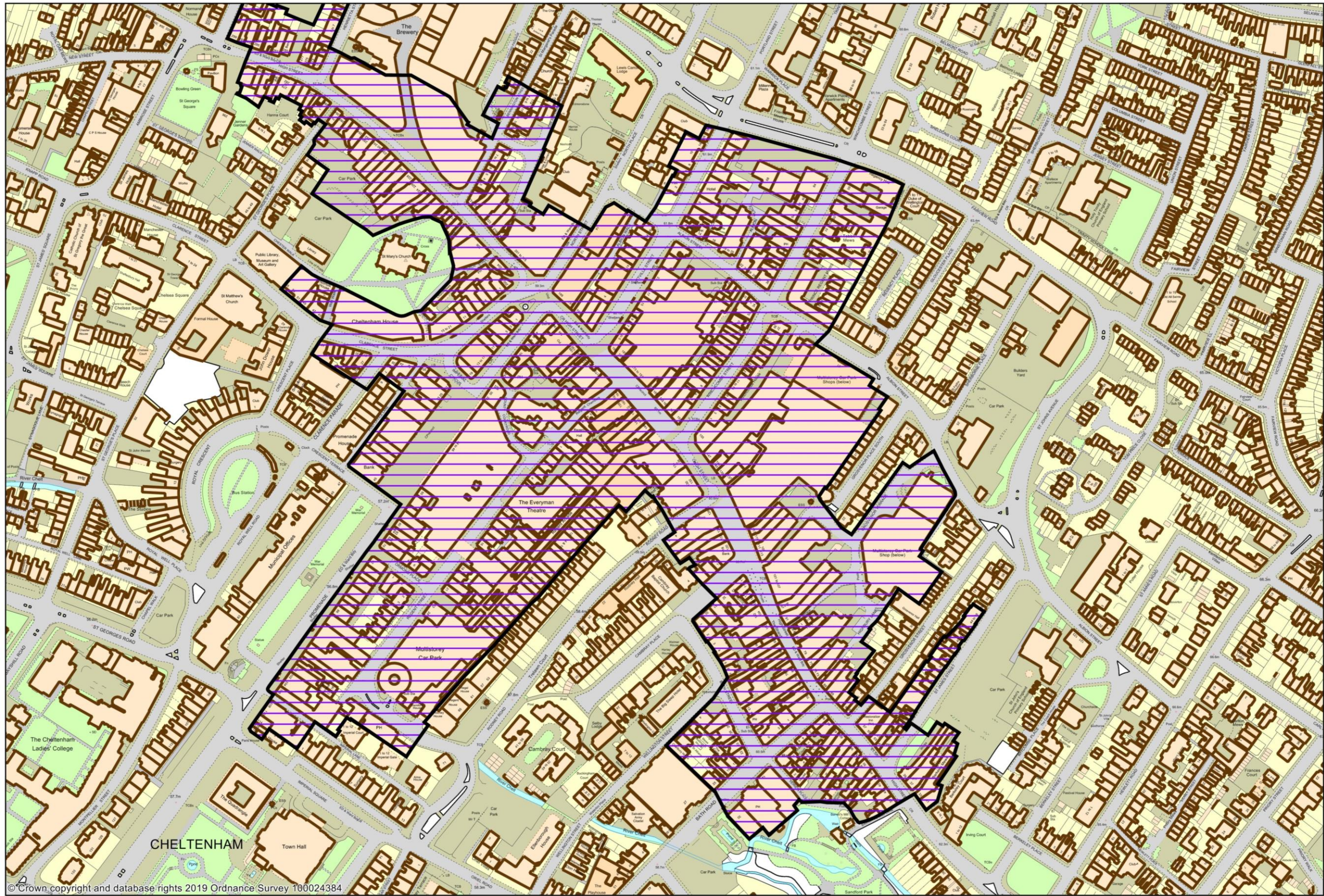
12. Location of Premises

12.1 In deciding the appropriate number of premises to be licensed, the authority must consider the character of the relevant locality and what is the appropriate number of SEVs for the relevant locality. The number can be 'nil'.

12.2 Cheltenham is a relatively small urban borough that is predominantly residential in nature. The authority has already resolved that it is inappropriate to licence SEVs in or in the vicinity of, amongst others, residential areas. It is the authority's policy therefore that there is no locality outside of the Designated Permitted Area in which it would be appropriate to license a SEV. Accordingly the appropriate number of SEVs for outside of the Designated Permitted Area is nil.

12.3 The authority recognise however that the Designated Permitted Area offers a more varied situation in as much as it has a much wider mix on offer, particularly in the night time economy and it may therefore be appropriate to consider applications for SEVs in the area. The authority has therefore resolved that it will not set a limit on the number of permitted SEVs in the Designated Permitted Area providing those premises are not near properties with sensitive uses or in sensitive locations (see 11.4).

Designated Permitted Area (shaded)



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Fig 1 – Designated Permitted Area (shaded)

Properties with sensitive uses or in sensitive locations

- 12.4 In considering if the grant, renewal or variation of the licence would be inappropriate, having regard to the character of the relevant locality or to the use to which any premises in the vicinity are put, the authority shall consider, amongst other things, whether the grant of the application would be appropriate, having regard to:
- a) The fact that the premises are sited in a residential area;
 - b) Whether the premises are sited near shops used by or directed at families or children, or on frontages frequently passed by the same;
 - c) Whether the premises are sited near properties which are sensitive for religious; and/or
 - d) Whether the premises are sited near premises or areas which are sensitive because they are frequented by children, young persons or families.
- 12.5 When determining an application for the grant of a SEV licence, the authority shall have regard to the policy statement, the relevant guidance issued by the Home Office and provisions set out above, but subject to the overriding principle that each application will be determined on its merits.
- 12.6 Applications in respect of premises must state the full address of the premises.
- 12.7 Applications in respect of a vehicle, vessel or stall must state where it is to be used as a SEV.
- 12.8 The authority would normally expect that applications for licences for permanent commercial premises would have the appropriate planning consent for the property concerned.
13. Granting a Licence
- 13.1 All applications for the grant of a new SEV licence will be referred to the authority's Licensing Committee for determination.
- 13.2 In determining the application, the Licensing Committee will have regard to this policy statement, any limitation on the number of permitted SEVs, the merits of the application and any objections, if any, that have been made.
14. Objections
- 14.1 When considering an application for the grant, renewal, variation or transfer of a SEV licence the authority will have regard to any observations submitted to it by the Chief Officer of Police and any objections that have been received from anyone else within the statutory consultation period.
- 14.2 Any person can object to an application provided that the objection is relevant to the discretionary grounds for refusal of a licence.
- 14.3 Objections should not be made on moral grounds or values and the authority will not consider objections that are not relevant to the grounds mentioned above.
- 14.4 Objectors must give notice of their objection in writing, stating the general terms of the objection.

- 14.5 Where the authority receives notice of any objection it will, before considering the application, give notice in writing of the general terms of the objection to the applicant. However, the authority shall not without the consent of the person making the objection reveal their name or address to the applicant.
- 14.6 Objections may only be made within the period of 28 days following the date on which the application was made to the authority.
15. Hearings
- 15.1 Where applications are referred to a Licensing Committee, the hearing will take place within 20 working days of the end of the period in which objections may be made.
- 15.2 The hearing provides all parties to the application, including those making objections, the opportunity to air their views openly and those views will be considered by the Licensing Committee.
16. Appeals
- 16.1 There is no right of appeal:
- a) Against the mandatory grounds for refusal as detailed in section 11.1.1 (a), (b), (c), (d), and (e) above, unless the applicant can prove that the ground of refusal does not apply to them, and
 - b) Against the grounds as detailed in Section 11.2.1 (c) and (d) which can only be challenged by the applicant by way of judicial review.
- 16.2 All relevant grounds for appeal, other than these detailed at point (a) and (b) above can be made to the Magistrates Court within 21 days from the date on which the person is notified of the decision.
17. Fees
- 17.1 The fees set are deemed to be reasonable to cover the cost of administration, enforcement in relation to licensed operators, inspections and any hearings and are not refundable.
18. Standard Conditions
- 18.1 The Standard Conditions for Sexual Entertainment Venues are attached at Appendix 1.
19. Specific Conditions
- 19.1 Under schedule 3(8) of the 1982 Act the authority may grant to an applicant, and from time to time renew, a licence for SEV on such terms and conditions and subject to any restrictions as may be specified. These specific terms and conditions will be tailored for each individual premises and each type of SEV licence.
20. Duration of Licence

- 20.1 The authority, unless there are exceptional circumstances for doing so, shall grant a licence for the maximum duration of one year at a time, to provide certainty to those persons operating businesses.

21. Exempt Sexual Entertainment Code of Practice

- 21.1 The Government has seen fit to exempt infrequent sexual entertainment from requiring a licence. Whilst the authority recognises and accepts this, it is also acutely aware that unless it is properly managed there are risks to public protection & safety, an increased likelihood of associated crime & disorder and an inability of regulatory bodies to respond accordingly.
- 21.2 Whilst the authority cannot legitimately impose restrictions on infrequent sexual entertainment, it has formulated an Exempt Sexual Entertainment Code of Practice. The intention of the code of practice is to promote responsible and properly managed exempt sexual entertainment. The authority expects any premises wishing to offer infrequent sexual entertainment to adhere to the code of practice.
- 21.3 A copy of the code of practice is attached at **Appendix 2** of this policy statement.

22. Review

- 22.1 This policy statement will be reviewed at least once every three years.

APPENDIX 1

STANDARD CONDITIONS REGARDING SEXUAL ENTERTAINMENT VENUES

In these conditions:

‘Relevant Entertainment’ means any live performance or any live display of nudity which is of such a nature that, ignoring financial gain, it must reasonably be assumed to be provided solely or principally for the purpose of sexually stimulating any member of the audience (whether by verbal or other means).

‘Authority’ means Cheltenham Borough Council.

‘Town’ means Cheltenham and refers to it in its entirety.

‘Premises’ means any vessel, vehicle, stall, building, forecourt yard, place of storage or any part of any of these where Relevant Entertainment takes place and is the subject of a licence.

In the event of a conflict between the prescribed conditions and special conditions contained in a SEV licence the special conditions shall prevail.

General Conditions:

1. The premises shall only permit adult entertainment between the hours of 20:00 hours and 04:00 hours the following morning as determined by the licensing committee.
2. Only activities which have previously been agreed in writing by the Authority shall take place.
3. The agreed activities shall take place only in designated areas approved by the Authority.
4. There shall not be displayed outside the premises, in the immediate vicinity, or elsewhere within the Town any advertisements, photographs or images that indicate or suggest that striptease-type dancing takes place on the premises.
5. Rules shall be produced by the licensee for customers indicating conduct that is deemed acceptable. These rules shall be prominently displayed at all tables and at other appropriate locations within the club.

Advertisements, solicitation and displays

6. There shall not be displayed outside the premises, in the immediate vicinity, or elsewhere within the Town any advertisements that indicate or suggest that any form of Relevant Entertainment takes place on the premises. This includes the display of any advertisement, word, letter, model, sign, light, placard, board, notice, device, representation, drawing, writing or any matter or thing (where illuminated or not) including in any of the following ways:
 - a) by means of personal solicitation in the locality of the licensed premises;
 - b) by means of leafleting in the locality;
 - c) by means of externally displayed advertisement (such as on billboards or posters) in any part of the Council’s administrative area.
 - d) by means of cruising vehicles or use of any other form of solicitation to invite people into the premises.

Premises

7. Alterations or additions, either internal or external and whether permanent or temporary, to the structures, lighting or layout of the premises as shown on the plan, including any change in the permitted signs on display shall not be made except with the prior approval of the Council.
8. A clear Notice shall be displayed inside the entrance to the premises in the following terms:
9. *“Striptease-style entertainment takes place on these premises. No persons under 18 shall be permitted in the premises.”*
10. The performance must not be visible from the street, and any person who can be observed from the outside of the premises must be properly and decently dressed. Scantily-clad individuals employed in the premises must not exhibit themselves in the entrance or in the vicinity of the premises.
11. When the premises are open for Relevant Entertainment no person under the age of 18 shall be permitted to be on the premises. Anyone appearing to be under the age of 25 years shall be asked to produce valid photographic identification. If this is not produced the individual shall be refused access.

Management and licensee

12. Where the licensee is a body corporate or an unincorporated body any change of director, company secretary or other person responsible for the management of the body is to be notified in writing to the Authority within 14 days of such change.
13. The premises shall maintain a refusals log whereby any occasion a person is refused entry shall be recorded and available upon request by the Police or an authorised officer of the Authority.

Conditions regarding performers

14. Relevant Entertainment may only take place in ‘designated areas’ that are marked on the plan of the premises.
15. The audience must at all times remain fully-clothed.
16. Performers shall be aged not less than 18 years and the licence holder (or his nominated deputy who is authorised in writing) shall satisfy him/herself that this is the case by requesting valid photographic ID, if necessary, prior to the performance.
17. A ‘Signing-in’ Register shall be kept at the premises that records the time that the performer starts and finishes at the premises. This shall be made available for immediate inspection by a Police Officer or authorised officers of the Authority.
18. During any performance there must be no physical contact between the performer and any member of the viewing public.
19. No performances shall include any sexual act with other performers.
20. No performances shall include any sexual act with objects.

21. There shall be no nudity by performers in public areas of the premises, unless the Authority has agreed in writing that the area may be used for performances of sexual entertainment.
22. At the completion of the Relevant Entertainment the performers shall dress themselves immediately and leave the designated performance area. Performers not engaged in performing shall not remain in any area in a state of undress.
23. Performers are not to solicit, exchange addresses, telephone numbers or social media contact details with customers, liaise with customers of the premises, or incite customers to purchase alcoholic drinks.
24. An appropriate room shall be set aside to provide a changing and rest area for performers. Access to this room shall be restricted to performers only, whilst the performers are on the premises and shall be marked on the plan of the premises.
25. Any bodily contact between entertainers or performers or any movement that indicates sexual activity or simulated sex between entertainers or performers is strictly forbidden.
26. Entertainers or performers not performing must not be in a licensed area in a state of undress.
27. There shall be prominently and legibly displayed a comprehensive tariff of all charges and prices in respect of relevant entertainment, including any charge for the company of any person working at the premises, which shall be placed in such a position that it can at all times be easily and conveniently read by persons inside the premises.
28. Literature and contact details of organisations that provide advice and counselling on matters relating to:
 - (a) Modern slavery,
 - (b) Domestic abuse,
 - (c) Coercive control,
 - (d) Rape and sexual assault,

shall be made available to performers free of charge in their changing area.

Briefing

29. Prior to performers carrying out any activity on the premises, they shall be briefed (verbally or in writing) by the licence holder or his nominated deputy who is authorised in writing as to the conditions that pertain to these particular premises, including the fact that their activities will be recorded on CCTV. The performer(s) shall sign in the Register that they have been briefed.

Door-Supervisors

30. Subject to a minimum of two, SIA-registered door-supervisors shall be employed at a minimum ratio of 1:50 customers on the premises whilst Relevant Entertainment is taking place.
31. The licence holder, or his nominated deputy who is authorised in writing, or door-supervisors, shall carry out regular monitoring of all areas of the premises to which the public have access, and shall intervene promptly, if necessary, to ensure compliance with licence conditions by customers and performers.

32. Door-supervisors shall regularly monitor the area immediately outside the premises for a distance of 30 metres in all directions and shall take steps to deal with (by alerting the Police if appropriate) any unsavoury activity that may be attracted to the vicinity due to the nature of the business.
33. A dedicated SIA-registered door supervisor shall remain at all times in any 'private' performance area where performers are performing nude, and shall intervene promptly, if necessary, to ensure compliance with the Licence conditions.
34. When performers leave the premises they are to be escorted to their cars or taxi by a door-supervisor or member of staff.

CCTV System

35. A digital CCTV system shall be installed and be maintained in good working order, shall record at all times the premises are open, and recordings shall be kept for 14 days. The CCTV system is to be installed in all areas as recommended by the Police Crime Reduction Officer
36. The CCTV recording device, controls and recordings shall be kept under suitable security to prevent unauthorised access/tampering. Access shall be restricted to the licence holder or his nominated deputy who will be authorised in writing and no more than two designated persons.
37. Unaltered CCTV recordings shall be provided on request (as soon as possible and in any event within 24 hours) to the Police or authorised Officers of the Cheltenham Borough Authority (who will carry identification).
38. No CCTV footage is to be copied, given away or sold (except as required by Police/Authority for investigation/enforcement purposes).
39. Except in accordance with the requirements for CCTV as described above, no photographs, films or video recordings shall be taken of the performances. Nor shall electronic transmissions of performances take place.
40. Notices shall be displayed informing customers of the presence of CCTV.

APPENDIX 2 - Sexual Entertainment Code of Practice

1. Operators/licensees will notify the Authority & Police Licensing Sections of events where sexual entertainment is due to take place.

2. All sexual entertainment should only take place in one designated area inside the premises, and this shall not be visible from outside the premises.
3. Private performances should only take place inside screened-off private booths. However, the front of these booths must not be covered or obstructed, so that managers and SIA door-supervisors are able to monitor activity inside the booths.
4. A clear notice should be displayed inside the entrance to the designated area stating: "Sexual entertainment takes place on these premises. No persons under 18 shall be admitted."
5. Scantily clad individuals performing in the premises must not exhibit themselves in the entrance to or in the vicinity of the premises and individuals not performing shall not remain in any area in a state of undress.
6. Customers must at all times remain fully-clothed.
7. During any performance there must be no physical contact between the performer and any member of the viewing public/private customer.
8. No performance shall include any sexual act with other performers, customers or viewing public.
9. An appropriate room shall be set aside to provide a changing and rest area for performers. Access to this room shall be restricted to performers only.
10. A minimum of one SIA registered door supervisor shall be employed in the designated area where sexual entertainment is taking place and they shall intervene promptly to ensure compliance with these rules.
11. The area in which sexual entertainment is to take place shall be covered by CCTV from which footage shall be stored for a minimum of 14 days and produced to Police or Authority officers on request.
12. A list of all performers shall be available on the premises for immediate production if requested by Police or Authority officers. This list shall contain full names, dates of birth and contact details (address or telephone number).
13. Rules 2, 3, 5, 7, 8, 9 and 10 shall be drawn to the attention of all performers and promoters prior to activity commencing.

Rules 6, 7 and 8 shall be prominently displayed to customers at appropriate locations within the premises.

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Community impact assessments – for services, policies and projects

What is a community impact assessment?

A community impact assessment is an important part of our commitment to delivering better services for our communities. The form will help us find out what impact or consequences our functions, policies, procedures and projects have on our communities, as well as employees and potential employees.

By undertaking an impact assessment, we are able to:

- Take into account the needs, experiences and circumstances of those groups of people who use (or don't / can't use) our services.
- Identify any inequalities people may experience.
- Think about the other ways in which we can deliver our services which will not lead to inequalities.
- Develop better policy-making, procedures and services.

Background

Name of service / policy / project and date	Licensing
Lead officer	Louis Krog
Other people involved in completing this form	

Step 1 - About the service / policy / project

What is the aim of the service / policy / project and what outcomes is it contributing to	The council's sexual entertainment policy review is part of the council's normal work to review and update policy. Regular policy reviews are necessary to ensure policy remains effective and up to date as a regulatory tool.
Who are the primary customers of the service / policy / project and how do they / will they benefit	<p>The policy sets out the council approach to the regulation of sexual entertainment in Cheltenham as a whole. To this extent, every resident of the borough is affected to varying degrees. For example, the policy sets out where the council will permit the licensing of sexual entertainment venues and conversely where it will not.</p> <p>This policy also affects operators of sexual entertainment venues (SEV) as primary customers.</p>
How and where is the service / policy / project implemented	The policy will undergo political scrutiny through Cabinet, licensing committee and Council.
What potential barriers might already exist to achieving these outcomes	<p>There are strong opinions on the provisions set out in the policy from both sides of the argument. There is strong opposition to sexual entertainment in Cheltenham and the council's role as licensing authority in this. There is equal recognition that Parliament has made it lawful to operate a sex establishment and that such businesses are a legitimate part of the retail and leisure industries.</p> <p>Within this context however, the Council does not take any moral stand in adopting this policy. It is this council's role as the licensing authority to administer the licensing regime in accordance with the law.</p>

Step 2 – What do you know already about your existing / potential customers

What existing information and data do you have about your existing / potential customers e.g. Statistics, customer feedback, performance information	<p>Residents and business of Cheltenham regularly engage in the licensing process, mostly as objectors.</p> <p>The council has also undertaken a scrutiny session with key stakeholders to gather information and data to support and inform the most recent policy review.</p>
What does it tell you about who uses your service / policy and those that don't?	The conclusion of the review process including the scrutiny session has led the council not to propose any substantial changes to the current policy position. The main objection to sexual entertainment in Cheltenham relates to primary legislation which is outside of the council's control.
What have you learnt about real barriers to your service from any consultation with customers and any stakeholder groups?	See above.

If not, who do you have plans to consult with about the service / policy / project?

A more formal consultation will follow and this equality impact assessment will be updated accordingly at the conclusion of the consultation.

Step 3 - Assessing community impact

How does your service / policy / project impact on different groups in the community?

Group	What are you already doing to benefit this group	What are you doing that might disadvantage this group	What could you do differently to benefit this group	No impact on this group
People from black and minority ethnic groups				No direct or specific impact on this group.
People who are male or female	The council's policy is non-discriminatory. It does not restrict itself to specific gender or orientation.	From consultation, the authority is aware that females in particular feel disadvantaged by the sexual entertainment and licensing of SEVs. This is manifested in both a general sense of feeling objectified and more specifically through feeling intimidated and unwelcome in the vicinity of licensed SEVs.	From experience of licensing SEVs since 2004 (when they were first formally regulated), there is confidence that the authority's policy is robust in addressing any disadvantage that may be caused to this group. A number of policy conditions have been tightened up to address some concerns raised through informal consultation including those relating to behaviour and duties on door and promotional staff and promotional activity in the vicinity of licensed SEVs.	
People who are transitioning from one gender to another				
Older people / children and young people	Licensing policy gives particular attention and consideration to properties with sensitive	Exposure to sexual entertainment is inappropriate particularly for children and young	From experience of licensing SEVs since 2004 (when they were first formally regulated), there	

	<p>uses or in sensitive locations including</p> <ul style="list-style-type: none"> a) The fact that the premises are sited in a residential area; b) Whether the premises are sited near shops used by or directed at families or children, or on frontages frequently passed by the same; c) Whether the premises are sited near premises or areas which are sensitive because they are frequented by children, young persons or families, including but not limited to educational establishments, leisure facilities such as parks, libraries or swimming pools, markets and covered markets. <p>The licensing policy also does not permit the licensing of SEVs in or in the vicinity of residential areas.</p>	<p>people. Whilst there are safeguards in place, children and young people may find themselves in the vicinity of licensed SEVs.</p> <p>Older people may feel intimidated and vulnerable around or in the vicinity of licensed SEVs.</p>	<p>is confidence that the authority's policy is robust in addressing any disadvantage that may be caused to this group. This is backed up by data.</p> <p>A number of policy conditions have been tightened up to address some concerns raised through consultation including those relating to the restriction on leafleting, promotional activity in the vicinity of licensed SEVs and review of the "relevant locality".</p>	
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	A number of the council's standard licensing conditions address the potential exposure to sexual entertainment of this group including minimum age requirements, public notices, opening times and requirements relating to the appearance of SEV venues.			
People with disabilities and mental health challenges				No direct or specific impact on this group.
People who have a particular religion or belief	<p>Licensing policy gives particular attention and consideration to properties with sensitive uses or in sensitive locations including:</p> <p>a) Whether the premises are sited near properties which are sensitive for religious purposes.</p>	The authority may (and have) granted licences for SEVs in the vicinity of properties which are sensitive for religious purposes.	<p>Each application is referred to the authority's licensing committee who will take into consideration the full scope of issues before making decisions particularly in cases where the grant of the licence is contrary to policy.</p> <p>This includes full consideration of the opposing views and any mitigation.</p> <p>Full reasons are given for any decision and this is subject to legal challenge.</p>	
People who are attracted to their own sex, the opposite sex or to both sexes.				No direct or specific impact on this group.

People who are married or in a Civil Partnership				No direct or specific impact on this group.
People who are pregnant or who are on maternity leave				No direct or specific impact on this group.
Other groups or communities – Performers	The council's licensing policy, standard conditions and scrutiny of licence holders directly relates to the wellbeing and safeguarding of performers.	<p>There is an inherent risk for performers given the environment they operate in.</p> <p>This is not as a direct cause of anything the authority is responsible for but is within the authority's power to regulate.</p>	From experience of licensing SEVs since 2004 (when they were first formally regulated), there is confidence that the authority's policy is robust in addressing any disadvantage that may be caused to this group. This is backed up by data, for example, from Gloucestershire Constabulary on any reported crime, disorder and welfare.	Page 117

Step 4 - what are the differences

Are any groups affected in different ways to others as a result of the service / policy / project?	Yes – see above (Assessing community impact)
Does your service / policy / project either directly or indirectly discriminate?	No for the reasons set out above (Assessing community impact)
If yes, what can be done to improve this?	N/A
Are there any other ways in which the service / project can help support priority communities in Cheltenham?	Yes – see above (Assessing community impact > What could you do differently to benefit this group)

Step 5 – taking things forward

What are the key actions to be carried out and how will they be resourced and monitored?	<p>Formal consultation will follow and feedback will be taken into account prior to any decision on the authority's policy moving forward.</p> <p>No additional resource requirements have been identified.</p> <p>Performance and scrutiny of this policy will be undertaken through the authority's adopted processes and accountability in terms of decision making by officers and the Licensing Committee.</p>
Who will play a role in the decision-making process?	Cabinet, Council, Licensing Committee and licensing officers (in accordance with delegation under the constitution).
What are your / the project's learning and development needs?	None identified.
How will you capture these actions in your service / project planning?	N/A