



**CHELtenham**  
BOROUGH COUNCIL

**Notice of an Extraordinary meeting of  
Cabinet**

**Tuesday, 28 July 2020  
4.00 pm**

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

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

**Agenda**

	<b>SECTION 1 : PROCEDURAL MATTERS</b>	
<b>1.</b>	<b>APOLOGIES</b>	
<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>	
<b>3.</b>	<b>MINUTES OF THE LAST MEETING</b> The minutes of the meeting held on 7 July 2020 will be approved at the September meeting of Cabinet.	
<b>4.</b>	<b>PUBLIC AND MEMBER QUESTIONS AND PETITIONS</b> These must be received no later than 12 noon on the fourth working day before the date of the meeting	
	<b>SECTION 2 :THE COUNCIL</b> <i>There are no matters referred to the Cabinet by the Council on this occasion</i>	
	<b>SECTION 3 : OVERVIEW AND SCRUTINY COMMITTEE</b> <i>There are no matters referred to the Cabinet by the Overview and Scrutiny Committee on this occasion</i>	
	<b>SECTION 4 : OTHER COMMITTEES</b> <i>There are no matters referred to the Cabinet by other Committees on this occasion</i>	
	<b>SECTION 5 : REPORTS FROM CABINET MEMBERS AND/OR OFFICERS</b>	
<b>5.</b>	<b>FINANCIAL OUTTURN 2019/2020 AND BUDGET MONITORING REPORT APRIL-JUNE 2020</b>	(Pages 3 - 58)

		Report of the Cabinet Member Finance	
6.		<b>THE BURROWS PAVILION (AUTHORITY TO DISPOSE OF OPEN SPACE)</b> Report of the Cabinet Member Finance	(Pages 59 - 84)
		<b>SECTION 6 : BRIEFING SESSION</b> • Leader and Cabinet Members	
7.		<b>BRIEFING FROM CABINET MEMBERS</b>	
		<b>SECTION 7 : DECISIONS OF CABINET MEMBERS</b> Member decisions taken since the last Cabinet meeting	
		<b>SECTION 8 : ANY OTHER ITEM(S) THAT THE LEADER DETERMINES TO BE URGENT AND REQUIRES A DECISION</b>	

**Contact Officer:** Bev Thomas, Democratic Services Team Leader, 01242 264246  
**Email:** [democratic.services@cheltenham.gov.uk](mailto:democratic.services@cheltenham.gov.uk)

#### **FILMING, RECORDING AND BROADCASTING OF CABINET MEETINGS**

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### Cheltenham Borough Council

**Cabinet – 28<sup>th</sup> July 2020**

**Council – 29<sup>th</sup> July 2020**

### Financial outturn 2019/20 and budget monitoring to June 2020

<b>Accountable member</b>	<b>Councillor Rowena Hay, Cabinet Member for Finance</b>
<b>Accountable officer</b>	<b>Paul Jones, Executive Director Finance and Assets (Section 151 Officer)</b>
<b>Accountable scrutiny committee</b>	<b>All</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key Decision</b>	<b>No</b>
<b>Executive summary</b>	<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 22<sup>nd</sup> 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>
<b>Recommendations</b>	<p><b>I therefore recommend that Cabinet approve the following recommendations to Council:</b></p> <ol style="list-style-type: none"> <li><b>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</b></li> </ol>

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).

<b>Financial implications</b>	As detailed throughout this report.  <b>Contact officer: Paul Jones, paul.jones@cheltenham.gov.uk, 01242 264365</b>
<b>Legal implications</b>	<i>None directly arising from the report recommendations.</i>  <b>Contact officer: One Legal – legal.services@tewkesbury.gov.uk, 01684 272012</b>
<b>HR implications (including learning and organisational development)</b>	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.  <b>Contact officer: Julie McCarthy, julie.mccarthy@publicagroup.uk, 01242 264355</b>
<b>Key risks</b>	As outlined in Appendix 1.
<b>Corporate and community plan Implications</b>	Key elements of the budget are aimed at delivering the corporate objectives in the Corporate Business Plan.

<b>Environmental and climate change implications</b>	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

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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.

	<b>2019/20 Original Budget £</b>	<b>2019/20 Revised Budget £</b>	<b>2019/20 Actual £</b>	<b>2019/20 Variance £</b>
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
<b>Net retained business rates</b>	<b>4,397,181</b>	<b>4,380,816</b>	<b>4,455,793</b>	<b>74,977</b>
Less Baseline Funding (target level of net retained rates)	(2,795,889)	(2,795,889)	(2,795,889)	-
<b>Net surplus on business rates against baseline funding</b>	<b>1,601,292</b>	<b>1,584,927</b>	<b>1,659,904</b>	<b>74,977</b>
Deficit adjustment re 2017/18	73,117	73,117	73,117	-
Deficit adjustment re 2018/19	(178,287)	(178,287)	(178,287)	-
<b>One-off adjustments re previous years' deficits</b>	<b>(105,170)</b>	<b>(105,170)</b>	<b>(105,170)</b>	<b>-</b>
<b>Net retained business rates (after one-off deficit adjustments)</b>	<b>4,292,011</b>	<b>4,275,646</b>	<b>4,350,623</b>	<b>74,977</b>
Transfer to BRR earmarked reserve	-	-	-	-
Drawdown from BRR earmarked reserve to fund previous deficits	42,893	43,085	243,085	200,000
<b>Net movement on BRR earmarked reserve</b>	<b>42,893</b>	<b>43,085</b>	<b>243,085</b>	<b>200,000</b>

**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
<b>Increase in Operating Surplus</b>			<b>149</b>

### 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
<b>Total variance to forecast</b>			<b>3,823</b>

- 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 *
<b>Gross Loss of income</b>	<b>£17,809,984</b>	<b>£1,615,973</b>	<b>£3,707,555</b>
Additional expenditure		<b>£802,500</b>	<b>£1,703,000</b>
Government grant received to June 2020		<b>-£1,210,110</b>	<b>-£1,210,110</b>
<b>Estimated net shortfall</b>		<b>£1,208,363</b>	<b>£4,200,445</b>
<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.

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

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	B	C	overspend / (underspend) before adjustments	D	D	E	F	G	H
	2019/20 Original Budget	2019/20 Current Budget	2019/20 Outturn per Ledger		Trf to / (from) Programme Mtce Reserve	Trf to / (from) Other Reserves	C/F requests approved by S151 Officer Appendix 5	Variance net of S151 c/f approvals	C/F requests to be approved Members Appendix 5	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
	<u>20,718,642</u>	<u>21,238,539</u>	<u>22,305,646</u>	<u>1,067,107</u>	<u>(42,800)</u>	<u>(1,073,141)</u>	<u>191,552</u>	<u>142,717</u>	<u>0</u>	<u>142,717</u>
Capital Charges	(2,959,971)	(3,119,243)	(3,144,967)	(25,724)				(25,724)		(25,724)
Interest and Investment Income	(2,757,427)	(2,433,959)	(2,413,792)	20,167	57,454			77,621		77,621
Use of balances and reserves - Appendix 6	(170,157)	(913,509)	(913,509)	0	(14,654)			(14,654)		(14,654)
Net underspend				0				0		0
<b>NET BUDGET</b>	<u>14,831,087</u>	<u>14,771,828</u>	<u>15,833,377</u>					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)				(82,532)		(82,532)
Other Government Grants	0	0	0	0				0		0
National Non-Domestic Rate	(2,683,686)	(2,508,891)	(2,558,742)	(49,851)				(49,851)		(49,851)
<b>NET SPEND FUNDED BY COUNCIL TAX</b>	<u>(9,027,386)</u>	<u>(9,027,386)</u>	<u>(9,027,444)</u>	<u>(58)</u>				<u>(58)</u>		<u>(58)</u>
<b>TOTAL INCOME</b>	<u>(14,831,087)</u>	<u>(14,771,828)</u>	<u>(14,904,269)</u>					<u>47,519</u>		<u>47,519</u>
					<b>Total budget overspend</b>					

(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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<b>REVENUE OUTTURN 2019/20</b>		<b>Original Budget 19/20</b>	<b>Current Budget 19/20</b>	<b>Actuals 19/20</b>	<b>(Under) / Overspend</b>	<b>Carry Forwards</b>	<b>Programme Mtce Reserve</b>	<b>other reserves</b>	<b>(Under) / Overspend</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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)
<b>1CEXEC</b>	<b>Chief Executive</b>	<b>1,362,599</b>	<b>1,366,299</b>	<b>1,445,943</b>	<b>79,644</b>	<b>0</b>	<b>0</b>	<b>(70,000)</b>	<b>9,644</b>
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	
<b>2FINAA</b>	<b>Finance &amp; Assets Directorate</b>	<b>9,326,006</b>	<b>9,283,907</b>	<b>9,421,669</b>	<b>137,762</b>	<b>0</b>	<b>(66,775)</b>	<b>0</b>	<b>70,987</b>
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)	
<b>3PEOP</b>	<b>People &amp; Change Directorate</b>	<b>3,939,106</b>	<b>4,187,684</b>	<b>4,263,673</b>	<b>75,989</b>	<b>146,552</b>	<b>0</b>	<b>(261,300)</b>	<b>(38,759)</b>
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	
<b>4PLACE</b>	<b>Place &amp; Growth Directorate</b>	<b>6,090,931</b>	<b>6,400,649</b>	<b>7,174,361</b>	<b>773,712</b>	<b>45,000</b>	<b>23,975</b>	<b>(741,841)</b>	<b>100,846</b>

<b>TOTAL SERVICES</b>	<b>20,718,642</b>	<b>21,238,539</b>	<b>22,305,646</b>	<b>1,067,107</b>	<b>191,552</b>	<b>(42,800)</b>	<b>(1,073,141)</b>	<b>142,717</b>
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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
<b>92CAPC</b>	<b>Capital Charges</b>	<b>(2,959,971)</b>	<b>(3,119,243)</b>	<b>(3,144,967)</b>	<b>(25,724)</b>	<b>0</b>	<b>0</b>	<b>(25,724)</b>

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	
<b>93INT</b>	<b>Interest and Investment Income</b>	<b>(2,757,427)</b>	<b>(2,433,959)</b>	<b>(2,413,792)</b>	<b>20,167</b>	<b>0</b>	<b>57,454</b>	<b>0</b>	<b>77,621</b>

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

<b>TOTAL COST OF SERVICE</b>	<b>14,831,087</b>	<b>14,771,828</b>	<b>15,833,377</b>	<b>1,061,549</b>	<b>191,552</b>	<b>0</b>	<b>(1,073,141)</b>	<b>179,959</b>
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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)
<b>99COR</b>	<b>TOTAL FUNDING</b>	<b>(14,831,087)</b>	<b>(14,771,828)</b>	<b>(14,904,269)</b>	<b>(132,441)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(132,441)</b>
	<b>NET OUTTURN POSITION</b>	<b>0</b>	<b>0</b>	<b>929,108</b>	<b>929,108</b>	<b>191,552</b>	<b>0</b>	<b>(1,073,141)</b>	<b>47,519</b>

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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	
	<b>146,552</b>	<b>TOTAL PEOPLE AND CHANGE DIRECTORATE</b>				-	<b>146,552</b>	-
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	
	<b>45,000</b>	<b>TOTAL PLACE &amp; GROWTH DIRECTORATE</b>				-	<b>45,000</b>	-
	<b>191,552</b>	<b>TOTAL CARRY FORWARD REQUESTS</b>				-	<b>191,552</b>	-

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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> £
<b><u>EARMARKED RESERVES</u></b>										
<b><u>Other</u></b>										
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 flood resilience work, delegated to the Flood working group for allocation	(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)
		<b>(1,906,774)</b>				<b>(1,483,843)</b>				<b>(933,484)</b>
<b><u>Repairs &amp; Renewals Reserves</u></b>										
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)
		<b>(1,262,745)</b>				<b>(1,278,573)</b>				<b>(1,364,401)</b>
<b><u>Equalisation Reserves</u></b>										
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)
		<b>(2,164,633)</b>				<b>(1,410,825)</b>				<b>(1,055,199)</b>
<b><u>Reserves for commitments</u></b>										
RES301	Carry Forwards Reserve	<b>(623,816)</b>	432,264			<b>(191,552)</b>				<b>(191,552)</b>
<b><u>CAPITAL</u></b>										
RES402	Capital Reserve - GF	<b>(333,409)</b>	201,923			<b>(131,486)</b>	(200,000)			<b>(331,486)</b>
<b>TOTAL EARMARKED RESERVES</b>		<b>(6,291,377)</b>				<b>(4,496,278)</b>				<b>(3,876,121)</b>
<b><u>GENERAL FUND BALANCE</u></b>										
B8000 - B8240	General Balance - RR	(1,320,591)	47,519			(1,273,073)				(1,273,073)
		<b>(1,320,591)</b>				<b>(1,273,073)</b>				<b>(1,273,073)</b>
<b>TOTAL GENERAL FUND RESERVES AND BALANCES</b>		<b>(7,611,968)</b>	<b>1,586,535</b>	<b>256,082</b>	<b>0</b>	<b>(5,769,351)</b>	<b>362,186</b>	<b>257,971</b>	<b>0</b>	<b>(5,149,194)</b>

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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 25<sup>th</sup> 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 31<sup>st</sup> 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
<b>Total CFR</b>	<b>135.225</b>	<b>37.634</b>	<b>172.859</b>
Less: Usable reserves	28.712	(12.461)	16.251
Less: Working capital	5.454	0.238	5.692
<b>Net borrowing</b>	<b>101.059</b>	<b>49.857</b>	<b>150.916</b>

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 31<sup>st</sup> 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
<b>Total borrowing</b>	<b>120.595</b>	<b>64.356</b>	<b>184.951</b>	<b>2.36</b>
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	-
<b>Total investments</b>	<b>19.536</b>	<b>1.019</b>	<b>34.035</b>	<b>1.58</b>
<b>Net borrowing</b>	<b>53.569</b>	<b>47.490</b>	<b>150.916</b>	

### Borrowing Activity

At 31<sup>st</sup> 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
<b>Total borrowing</b>	<b>120.595</b>	<b>64.356</b>	<b>184.951</b>	<b>2.36</b>

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)

	<b>31.3.19 Balance £m</b>	<b>2019.20 Movement £m</b>	<b>31.3.20 Balance £m</b>	<b>31.3.20 Rate %</b>
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
<b>Total investments</b>	<b>19.540</b>	<b>1.799</b>	<b>34.034</b>	<b>1.58</b>

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 <sup>st</sup> March 2019	Capital Value as at 31 <sup>st</sup> 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)
<b>Total –current Funds</b>	<b>7,000,000</b>	<b>6,656,021</b>	<b>5,783,357</b>	<b>325,622</b>	<b>(872,664)</b>	<b>(1,216,643)</b>

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 taken 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	<b>CHIEF EXECUTIVE</b> 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
				-	<b>88,400</b>	<b>7,090</b>	<b>81,310</b>	-
		<b>FINANCE &amp; ASSET MANAGEMENT</b>						
		<b>Property Services</b>						
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)	-
				-	<b>28,599,200</b>	<b>28,710,037</b>	<b>(110,837)</b>	<b>11,927,120</b>
		<b>PEOPLE &amp; CHANGE</b>						
		<b>ICT</b>						
CAP026	C	IT Infrastructure	5 year ICT infrastructure strategy	100,000	100,000	55,252	44,748	100,000
		<b>Revenues &amp; Benefits</b>						
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	-	-
		<b>Leisure Trust</b>						
		Sports & Play Hub Phase 1			-	(10,818)	10,818	-
				<b>100,000</b>	<b>231,550</b>	<b>175,984</b>	<b>55,566</b>	<b>100,000</b>
		<b>PLACE &amp; GROWTH</b>						
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 Cambay 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
<b>Housing</b>								
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
<b>Parks and Gardens</b>								
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
<b>Waste &amp; Recycling</b>								
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
				<b>2,707,000</b>	<b>7,290,038</b>	<b>2,683,298</b>	<b>4,606,740</b>	<b>6,067,877</b>
<b>BUDGET PROPOSALS FOR FUTURE CAPITAL PROGRAMME:</b>								
		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					
		<b>TOTAL CAPITAL PROGRAMME</b>		<b>2,807,000</b>	<b>36,209,188</b>	<b>31,576,409</b>	<b>(4,632,779)</b>	<b>13,862,120</b>

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

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## CAPITAL GRANTS AND CONTRIBUTIONS 2019/20

Detail	Contributions	YEAR of receipt	Balance @ 1/4/19 £	Receipts/ Refunds in year £	Amounts Applied to fund Cap expend £	Transferred to Revenue £	Grants & Contributions @ 31/3/20 £	Memo Ward details for S106
<b>RECEIPTS IN ADVANCE</b>								
<b>SECTION 106 / PARTNERSHIP FUNDING</b>								
<b>Short Term</b>								
DEV002	Berkeley Homes - Thirlestaine 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)	
<b>B6261 CAPITAL</b>			<b>(475,903.77)</b>	<b>(2,041,746.00)</b>	<b>-</b>	<b>230,466.81</b>	<b>(2,287,182.96)</b>	
<b>Long Term</b>								
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)	
<b>B7410 CAPITAL</b>			<b>(512,332.00)</b>	<b>-</b>	<b>-</b>	<b>287,500.00</b>	<b>(224,832.00)</b>	
DEV403	Cold Pool Lane Grounds Maintenance	11/12	(53,303.83)				(53,303.83)	Up Hatherley
DEV406	Rosebay Gardens Grounds Maintenance	13/14	(41,835.83)				(41,835.83)	Springbank
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)	
<b>B7420 REVENUE</b>			<b>(275,139.66)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(275,139.66)</b>	
<b>TOTAL GRANTS RECEIPTS IN ADVANCE</b>			<b>(1,263,375.43)</b>	<b>(2,041,746.00)</b>	<b>-</b>	<b>517,966.81</b>	<b>(2,787,154.62)</b>	
<b>CAPITAL GRANTS UNAPPLIED</b>								
<b>SECTION 106</b>								
<b>Housing Enabling (affordable housing)</b>								
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)	
			<b>(1,537,532.16)</b>	<b>-</b>	<b>-</b>	<b>184,722.60</b>	<b>(1,352,809.56)</b>	
<b>Public Art</b>								
DEV101	Dunalley St-Public Art	10/11	(4,250.00)				(4,250.00)	St Pauls
DEV102	Rosemullion-Public Art	07/08	(1,340.57)				(1,340.57)	Leckhampton
DEV103	75-79 Rowanfield Road-Public Art	08/09	(5,342.50)				(5,342.50)	St Marks
DEV106	12/13 Hatherley Lane (B&Q) - Public Art	12/13	(32,371.67)				(32,371.67)	Benhall & The Reddings
DEV107	Devon Avenue - Public Art	12/13	(2,979.50)			1,564.54	(1,414.96)	St Marks
DEV110	Spirax Sarco St Georges Road	13/14	(9,078.01)			2,578.01	(6,500.00)	St Peters
DEV111	Public Art - Midwinter site	14/15	(50,000.00)				(50,000.00)	Pittville
DEV112	Wayfinding - University Pittville Campus	14/15	(25,683.00)				(25,683.00)	Pittville
DEV113	Taylors Yard, Gloucester Road - Public Art	17/18	(30,000.00)				(30,000.00)	St Peters
			<b>(161,045.25)</b>	<b>-</b>	<b>-</b>	<b>4,142.55</b>	<b>(156,902.70)</b>	
<b>PlaySpaces</b>								
DEV201	S106 Playspace-Adult/Youth		(26,484.45)	(21,929.00)			(48,413.45)	Borough wide. Remaining balance committed to capital Playspace programme
DEV233	S106 Playarea - Beeches	/09+11/12+14/	(475.00)				(475.00)	Charlton Kings
DEV252	S106 Playarea - Lansdown Crescent	/11+11/12+15/	(269.58)				(269.58)	Lansdown
DEV261	S106 Playarea - Prestbury Playing Field	09/10	(759.67)				(759.67)	Prestbury
DEV262	S106 Playarea - Priors Farm	10/11	(85.50)				(85.50)	Prestbury
DEV263	S106 Playarea - Queen Elizabeth II	11/12	(28.00)				(28.00)	Battledown
DEV267	S106 Playarea - St. Peters/Chelt Walk	17/18	(10,261.35)				(10,261.35)	St Peters
DEV277	S106 Playarea - Starve Hall Farm	17/18	(201,216.56)		4,723.50		(196,493.06)	Prestbury
DEV303	131 Old Bath Road Playspace	19/20	-	(2,151.94)			(2,151.94)	
			<b>(239,580.11)</b>	<b>(24,080.94)</b>	<b>4,723.50</b>	<b>-</b>	<b>(258,937.55)</b>	
<b>Other</b>								
DEV302	Former Gas Club flood defence maintenance contribution	18/19	(7,000.00)	(1,000.00)			(8,000.00)	
			<b>(7,000.00)</b>	<b>(1,000.00)</b>	<b>-</b>	<b>-</b>	<b>(8,000.00)</b>	
<b>Section 106 Totals - Capital Grants Unapplied (BAL101)</b>			<b>(2,732,629.18)</b>	<b>(25,080.94)</b>	<b>4,723.50</b>	<b>476,365.15</b>	<b>(2,276,621.47)</b>	
<b>CAPITAL GRANTS</b>								
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		-	
			<b>(438,055.48)</b>	<b>(460,436.94)</b>	<b>610,371.94</b>	<b>-</b>	<b>(288,120.48)</b>	
<b>PARTNERSHIP FUNDING</b>								
			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL CAPITAL GRANTS &amp; PARTNERSHIP FUNDING (BAL100)</b>			<b>(438,055.48)</b>	<b>(460,436.94)</b>	<b>610,371.94</b>	<b>-</b>	<b>(288,120.48)</b>	
<b>TOTAL CAPITAL GRANTS UNAPPLIED</b>			<b>(3,170,684.66)</b>	<b>(485,517.88)</b>	<b>615,095.44</b>	<b>476,365.15</b>	<b>(2,564,741.95)</b>	

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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
	97.88%	98.32%
<b>Comparison with 2018/19</b>	<b>As at 31.03.2019</b>	
	98.32%	

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.

Previous Years Charges Outstanding in 2019/20		
Monitoring Period	Amount outstanding at 31.03.2020	2019/20 Target
	£1,338,263	£1,250,000
<b>Comparison with 2018/19</b>	<b>As at 31.03.2019</b>	
	£1,206,270	

The arrears outstanding have not reduced to the target level. Recovery action was not taken in March and many council tax payers stopped making payments due to the impact of Covid-19.

**Business Rates 2019/20**

Current Year Charges - 2019/20		
Monitoring Period	% Collected at 31.03.2020	2019/20 Target
	98.24%	98.85%
<b>Comparison with 2018/19</b>	<b>31.03.2019</b>	
	98.83%	

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.

Previous Years Charges Outstanding in 2019/20		
Monitoring Period	Amount outstanding at 31.03.2020	2019/20 Target
	£378,415	£500,000
<b>Comparison with 2018/19</b>	<b>Amount outstanding at 31.03.2019</b>	
	£540,658	

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.

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			No. Outstanding Invoices	Value of Invoices in Payment Plans	Value of Invoices with Halted Recovery *	Value of Invoices with Legal	Value of Invoices awaiting Credit Notes **	Value of Invoices for Write Off ****	Customer Credits ***	Not Due	0-30	1-3 Mths	3-6 Mths	6 mth - 1 Yr	1 - 2 Yrs	2 Yrs+	Total
Cost centre manager	CostC	CostC (T)															
Dominic Stead	ADB101 Total	Cheltenham Municipal Offices	1	-	-	-	-	-	-	25,998.00	-	-	-	-	-	-	25,998.00
Dominic Stead	ADB103 Total	Cheltenham Depot	7	-	12.48	-	-	-	-	43,630.00	30,842.25	-	13,728.50	-	-	-	88,213.23
Dominic Stead	ADB104 Total	Miscellaneous Operational Properties	28	4,311.30	-	-	275.34	-	-	13,612.25	518.34	801.28	1,904.11	-	-	-	21,422.62
Paul Jones	BAL100 Total	General Fund Balance Sheet	22	34.76	360.00	3,691.00	-	-	9,024.08	-	-	-	262.00	-	-	-	4,676.32
Ian Smith	BUC001 Total	Building Control - Fee Earning Work	9	-	-	-	-	-	-	2,040.00	1,215.00	120.00	-	-	-	-	3,375.00
Benjamin Jenkins	CCM001 Total	Cemetery, Crematorium and Churchyards	109	-	-	-	-	-	35.00	51,924.00	50,125.00	9,623.00	1,694.00	4,765.00	-	-	118,096.00
Richard Gibson	COM101 Total	Oakley Resource Centre	9	440.00	-	-	-	-	-	-	10,750.00	6,690.00	9,000.00	-	-	-	26,880.00
Richard Gibson	COM103 Total	St. Margaret's Hall	1	-	-	-	-	-	-	202.50	-	-	-	-	-	-	202.50
Paul Jones	COR001 Total	Corporate Management	1	-	-	-	-	-	-	-	-	13,470.96	-	-	-	-	13,470.96
Mike Redman	CPK001 Total	Car Parks - Off Street Operations	2	-	-	-	-	-	-	-	8,763.60	2,571.60	-	-	-	-	11,335.20
Tracey Crews	DEV001 Total	Development Control - Applications	1	-	-	-	-	-	-	695.00	-	-	-	-	-	-	695.00
Adam Reynolds	ESR001 Total	Highways Agency verges and trees	2	-	-	-	-	-	-	76,760.87	-	-	-	-	-	-	76,760.87
Dominic Stead	FIE040 Total	Income and Expenditure on Investment Properties	15	9,250.43	845.15	-	-	-	-	2,816.67	166,227.21	-	120.00	-	-	-	179,259.46
Geoff Beer	FRM101 Total	Flood Risk Management	1	-	-	-	-	-	-	11,000.00	-	-	-	-	-	-	11,000.00
Richard Gibson	GBD001 Total	Community Welfare Grants	3	-	-	-	-	-	-	-	-	1,300.00	300.00	-	-	-	1,600.00
Paul Jones	HLD102 Total	Ubico Intercompany Account	1	-	-	-	-	-	-	6,340.57	-	-	-	-	-	-	6,340.57
Paul Jones	HLD110 Total	Prestbury Parish Council Salaries	1	-	-	-	-	-	-	10,654.80	-	-	-	-	-	-	10,654.80
TBC	HLD111 Total	Holst Museum Salaries	1	-	-	-	-	-	-	6,483.27	-	-	-	-	-	-	6,483.27
Andrew Knott	HLD170 Total	Cheltenham Trust Intercompany Account	2	-	-	-	-	-	-	-	-	35,367.04	7,490.71	-	-	-	42,857.75
Mark Nelson	HOS004 Total	Housing Standards	8	-	602.70	1,382.80	-	-	-	-	-	-	-	-	-	-	1,985.50
Jayne Gilpin	LTC001 Total	Council Tax Collection	1	-	-	-	-	-	-	2,517.65	-	-	-	-	-	-	2,517.65
Dominic Stead	NDC001 Total	Non Distributed Costs	5	-	-	-	-	-	-	2,498.33	2,062.50	475.00	-	-	-	-	5,035.83
Adam Reynolds	OPS001 Total	Parks & Gardens Operations	10	23,801.50	9,538.88	-	-	-	-	235.60	1,000.00	1,504.70	-	-	-	-	36,080.68
Adam Reynolds	OPS002 Total	Sports & Open Spaces Operations	22	3,412.63	-	-	-	-	-	11,235.09	7,513.26	3,147.21	107.09	-	-	-	25,415.28
Adam Reynolds	OPS004 Total	Allotments	77	251.64	240.26	-	-	-	-	-	58.51	3,636.37	-	-	323.73	135.85	4,646.36
Tim Atkins	PLP105 Total	Cyber Business Park	1	-	-	-	-	-	-	240,000.00	-	-	-	-	-	-	240,000.00
Mike Redman	PUT101 Total	Royal Well Bus Node	2	-	-	-	-	-	-	-	15,231.36	-	-	-	-	-	15,231.36
Helen Thomas	PUT102 Total	Shopmobility	1	-	-	204.00	-	-	-	-	-	-	-	-	-	-	204.00
Yvonne Hope	REG001 Total	Environmental Health General	3	3,115.00	1,668.98	-	-	-	-	-	-	-	1,150.00	-	-	-	5,933.98
Louis Krog	REG002 Total	Licensing	42	-	-	-	-	-	-	8,782.34	3,381.77	230.00	180.00	-	-	-	12,574.11
Mark Nelson	REG003 Total	Animal Control	1	-	100.57	-	-	-	-	-	-	-	-	-	-	-	100.57
Mark Nelson	REG018 Total	Pest Control	1	-	-	-	-	-	-	250.00	-	-	-	-	-	-	250.00
Karen Watson	RYC006 Total	Recycling Collection Schemes	4	-	-	-	-	-	-	58,559.27	146,000.36	63,763.36	-	-	-	-	268,322.99
Karen Watson	RYC008 Total	Bulking Facility	7	-	-	-	-	-	7,156.13	-	24,204.06	25,894.74	18,450.34	-	-	-	61,393.00
Martin Stacey	SPP001 Total	Supporting People	1	14.53	-	-	-	-	-	-	-	-	-	-	-	-	14.53
Chris Morrall	SPP002 Total	Community Alarms	955	163,481.55	1,149.44	-	-	43.54	-	5,124.62	86.40	29.06	129.99	298.02	-	27.15	170,282.63
Mark Nelson	STC011 Total	Abandoned Vehicles	6	-	-	932.00	-	-	-	280.00	-	-	96.00	-	-	-	1,308.00
Judy Hibbert	SUP008 Total	Reception/ Customer Services	1	-	-	-	-	-	-	265.00	-	-	-	-	-	-	265.00
Dominic Stead	SUP025 Total	Property Services	1	-	-	-	-	-	-	-	250.00	-	-	-	-	-	250.00
Helen Thomas	SUP040 Total	Built Environment	1	-	-	-	-	-	-	-	420.00	-	-	-	-	-	420.00
David Jackson	TOU002 Total	Tourist / Visitor Information Centre	14	-	-	-	-	-	-	7,092.00	2,970.00	1,521.00	7,593.30	2,602.00	-	-	21,778.30
Karen Watson	TRW001 Total	Trade Waste	503	56,805.95	30,171.60	-	-	-	182.35	42,009.30	734.40	4,276.39	579.55	1,763.21	-	-	136,158.05
	Grand Total		1883	264,919.29	44,690.06	6,209.80	275.34	-	16,441.10	631,007.13	472,354.02	174,421.71	62,785.59	9,428.23	323.73	163.00	1,650,136.80
Cost centre manager	CostC	CostC (T)															
Matt Ward	HRA100 Total	Repairs and Maintenance	60	22,335.37	-	226.50	-	-	-	-	-	78.38	78.38	39.19	78.38	117.57	22,953.77
Matt Ward	HRA210 Total	Non-dwelling Rents	36	1,401.67	7,167.00	-	-	-	10.00	10,211.00	25,802.50	383.13	-	105.55	-	-	45,060.85
Matt Ward	HRA221 Total	Service Charges to Leaseholders	75	50,426.03	-	-	-	-	-	-	-	-	-	-	490.57	227.40	51,144.00
	Grand Total		171	74,163.07	7,167.00	226.50	-	-	10.00	10,211.00	25,802.50	461.51	78.38	144.74	568.95	344.97	119,158.62
		This Month's Position	2,054	339,082.36	51,857.06	6,436.30	275.34	-	16,451.10	641,218.13	498,156.52	174,883.22	62,863.97	9,572.97	892.68	507.97	1,769,295.42
		Last Month's Position	1,915	159,998.94	4,451.42	9,294.88	101.56	209.14	13,228.28	273,492.99	269,059.07	112,543.61	104,163.26	7,569.06	954.46	480.82	928,672.65

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## HRA OPERATING ACCOUNT

	2019/20	
	Forecast	Actual
	£	£
<b>EXPENDITURE</b>		
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
<b>TOTAL</b>	<b>18,641,600</b>	<b>18,661,413</b>
<b>INCOME</b>		
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
<b>TOTAL</b>	<b>20,002,600</b>	<b>20,169,090</b>
<b>NET INCOME FROM SERVICES</b>	<b>1,361,000</b>	<b>1,507,677</b>
Interest Receivable	104,400	106,865
<b>NET OPERATING SURPLUS</b>	<b>1,465,400</b>	<b>1,614,542</b>
<b>Appropriations</b>		
Revenue Contributions to Capital	-8,790,500	-3,370,175
Net Increase/(Decrease) in reserves	<b>-7,325,100</b>	<b>-1,755,633</b>
Revenue Reserve brought forward	<b>8,825,100</b>	<b>8,825,100</b>
Revenue Reserve carried forward	<b>1,500,000</b>	<b>7,069,467</b>

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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
	<b>4,942,300</b>	<b>4,936,085</b>
Utilised to fund Capital Programme	<b>-4,942,300</b>	<b>-4,936,085</b>
Balance carried forward	<b>0</b>	<b>0</b>

## HRA CAPITAL PROGRAMME

	2019/20	
	Forecast	Actual
	£	£
<b>EXPENDITURE</b>		
<b>EXISTING STOCK</b>		
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
	<b>9,649,800</b>	<b>8,841,493</b>
<b>NEW BUILD &amp; ACQUISITIONS</b>	<b>20,196,100</b>	<b>17,181,767</b>
<b>TOTAL</b>	<b>29,845,900</b>	<b>26,023,260</b>
<b>FINANCING</b>		
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
<b>TOTAL</b>	<b>29,845,900</b>	<b>26,023,260</b>

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**Cheltenham Borough Council**  
**Cabinet – 28<sup>th</sup> July 2020**  
**The Burrows Pavilion**  
**(Authority to Dispose of Open Space)**

<b>Accountable member</b>	<b>Cabinet Member for Finance, Councillor Rowena Hay</b>
<b>Accountable officer</b>	<b>Head of Property and Asset Management, Dominic Stead</b>
<b>Ward(s) affected</b>	<b>Leckhampton</b>
<b>Key/Significant Decision</b>	<b>No</b>
<b>Executive summary</b>	<p>A collaboration between Leckhampton Rovers and the Council to facilitate an improved playing surface and better value for money. The following suite of documents are being considered to facilitate this.</p> <p><u>Lease</u></p> <p>Leckhampton Rovers Football Club seeks permission to lease The Burrows Pavilion and changing rooms from the council on a 21 year lease. By leasing the pavilion, it will become their home base and from where they can hold further community events.</p> <p><u>Licence and Additional Document ( AD)</u></p> <p>An arrangement has been negotiated to include the use of the playing fields with permission from the Council (a Licence). A further document is proposed (the AD) to outline how the playing fields will be improved, managed and maintained.</p> <p><u>Funding</u></p> <p>Leckhampton Rovers are keen to bring funding to the table, improve the playing surfaces and help with the ongoing maintenance of the playing field. A lease is important to the club as it enables them to try and secure funding from other organisations as well as the Football Association.</p> <p>The proposed approach is intended to benefit all parties and users but at the same time protect the Council's position. The proposal has the backing from Balcarras School, Leckhampton Primary School and the Gloucestershire Football Association.</p>
<b>Recommendations</b>	<p><b>That Cabinet RESOLVES</b></p> <ol style="list-style-type: none"> <li><b>1. to dispose by way of lease for a term of 21 years the pavilion outlined in red on the attached plan, Appendix 2, to Leckhampton Rovers Football at a market rent.</b></li> <li><b>2. To enter into a Licence (a permission to use) with Leckhampton Rovers for the playing field, shown edged red on the attached</b></li> </ol>

plan.

3. To enter into a document that outlines an understanding between the Council and third parties in respect of improvements and ongoing maintenance of the playing field.
4. To enter into such documents as the Borough Solicitor deems necessary or desirable to reflect the terms negotiated, including any grant agreements with third party funders

**Financial implications**

In terms of the new lease, the financial impact is low due to the fact that the rental for the Pavilion will replace the lost playing field income. This income is likely to increase due to this agreement however. Although the playing field income will be lost, this will be recovered through the Pavilion lease. Therefore with potential S106 contributions and potential funding from the Football Foundation into the playing fields, the income from this is likely to increase and general use is likely to increase as well. In terms of the financial return, the numbers are fairly low and likely to be a £1,000 increase to the current income received.

**Contact officer: Andrew Knott, [Andrew.knott@publicagroup.uk](mailto:Andrew.knott@publicagroup.uk), 01242 264121**

<p><b>Legal implications</b></p>	<p>The Council has a statutory duty to obtain best consideration when disposing of a lease for more than 7 years: this would include a duty to obtain best consideration upon future rent reviews.</p> <p>Whilst a lease is the grant of an interest in land, the grant of a licence is a mere personal right and does not grant the licensee the privileges and powers that a tenant enjoys. Care will have to be taken to ensure that the provisions contained in the licence, taken together with any additional documents, do not amount to the grant of a tenancy or a contract for services</p> <p>Additional Documents will be carefully reviewed by One Legal to ensure that they fall within the Council's powers and do not imply rights which are not intended to be granted. It is the intention that the Additional Documents are not to be legally binding. The Licence would need to contain appropriate termination provisions to allow the Council to bring the occupation to the field to an end if the arrangements were not working.</p> <p>The risk of a "living document" (the Additional Document referred to in paragraph 3.3) is that it is not kept up to date, particularly in respect of responsible personnel where a number of third parties are involved.</p> <p>It is advised that the Council is the employer under the works and professional contracts because it is the owner of the Pavilion and field. The Council's contract rules must be followed when procuring these works and professional services.</p> <p>An early draft of the Additional Document refers to the potential for any shortfall from the S106 monies to be met by the Football Foundation. A copy of the proposed terms of the grant must be reviewed as soon as possible and before committing expenditure. The relevant S106 agreements must also be checked to ensure that the proposed use of the sums is permitted. <b>Contact officer: One Legal , <a href="mailto:legalservices@tewkesbury.gov.uk">legalservices@tewkesbury.gov.uk</a>, 01242 272691</b></p>
<p><b>HR implications (including learning and organisational development)</b></p>	<p>IN/A</p> <p><b>Contact officer: , @cheltenham.gov.uk, 01242</b></p>
<p><b>Key risks</b></p>	<p>The football club could disband during the lease term. At lease end the premises may not be returned to the Borough in an appropriate condition.</p> <p>The football Club could disband mid-season leaving other clubs unable to book or play.</p>
<p><b>Corporate and community plan Implications</b></p>	<p>The application by Leckhampton Rovers Football Club contributes to the Council's corporate objectives of: <i>'Being able to lead a healthy lifestyle and the enjoyment of a strong sense of community'</i>.</p>
<p><b>Environmental and climate change implications</b></p>	<p>None</p>
<p><b>Property/Asset Implications</b></p>	<p>As outlined in this report.</p> <p><b>Contact officer: <a href="mailto:Dominic.Stead@cheltenham.gov.uk">Dominic.Stead@cheltenham.gov.uk</a></b></p>

## 1. Background

Leckhampton Rovers Football Club was formed in 1996 to provide football facilities for 20 boys and girls who wanted to kick a ball around. Since 1996 the demand for youth football in the area has escalated to the extent that the Club now has 26 youth teams, aged 9 to 18, in the Cheltenham Youth League, with a total of 572 registered players. They continue to register more teams each year and expect the number of teams at all levels to increase in the future. They have also recently started girls' football and in the future hope to offer ladies and disabled football along with Walking Football for the over 50s. They also run a Saturday morning Academy throughout the year regularly attended by 100+ boys and girls aged 4 to 8.

In 2009, they identified a need to form a men's team due to the progression through the Under 16s, together with demand for football from students at the University of Gloucestershire. This demand continued and they now have a successful adult team in The Cheltenham League with 30 registered players who play at the University's The Folley, Swindon Road ground. They also have a Veterans team who compete in the Gloucestershire Football Association Veterans.

The Club is now registered as a charitable incorporated organisation, registered with the Charities Commission registration number 1182944.

2. The Burrows Pavilion forms part of the Council's Public Open Space, and the decision to grant a lease on Public Open Space must first be advertised for 2 consecutive weeks as a 'Disposal of Open Space' pursuant to Section 123 2A of the Local Government Act 1972 in the Public Notice section of a local newspaper and any comments raised are to be considered before any final decision can be made whether to dispose of the Open Space.

2.1 The advertisement was placed in the Gloucestershire Echo 11<sup>th</sup> and 18<sup>th</sup> June 2019 and it has been confirmed by One Legal that no representations were made.

2.2 The property is a QEII field and therefore subject to restrictions imposed by Fields in Trust. An application for approval of the proposed lease of the pavilion was made to the Fields in Trust and was approved on the 20<sup>th</sup> June 2019.

## 3. Reasons for recommendations

3.1 Granting the lease on full repairing terms will reduce the amount of officer time spent physically managing the asset to carry out minor and major repairs and maintenance such as re-fixing gutters and graffiti caused by petty vandalism. This will be a saving to the Council.

3.2 Granting a lease will generate a rental income for the council and save the authority the cost of providing utilities. It will provide the club with a home and the ability to secure funding and grants towards the facilities and improvements to the pavilion and playing surfaces.

3.3 Granting the Licence will allow Leckhampton Rovers to be involved in the quality of the playing surface, share the costs of ongoing maintenance and management and help manage and promote the social, physical and ongoing use of the playing fields. This contributes to our Corporate Strategy, the Playing Field Strategy and reduces the Council's costs. It shares the burdens of management and maintenance with the users, who will benefit from an improved provision. A Licence leaves the control with the Council and prevents anyone or any group from being excluded.

**3.4** The football club will be required (at no cost to the Council) to take bookings from other clubs and members of the public should they wish to book a pitch, saving the council resource time. Bookings will be in line with the Council’s booking policies and charges. Any money lost is compensated by the rental income generated by letting the pavilion. The arrangements covering bookings, management responsibilities, charging, and maintenance will form part of the AD. It is proposed that an initial draft is approved, but that this is an organic document that is a record of understanding between the parties and users. This means if representatives or staff changes occur, there is an ongoing record of what has been agreed and can be adhered to. Changes to the AD are mutually agreed. The ultimate remedy, if no agreement can be reached in relation to the AD, or if relationships breakdown, is that the Licence can be revoked by the Council returning full control of the playing fields back to the Council.

**4. Alternative options considered**

**4.1** Lease of the whole playing field. Could potentially lead to the feeling of ownership by the Club of the playing surface, which may lead to exclusion of people and groups. It was less likely to obtain approval via the S123 route and from Fields in Trust. A Licence allows the Council to unite with the users to the ultimate benefit of all parties involved and all playing field users.

**5. How this initiative contributes to the corporate plan**

**5.1** The application by Leckhampton Rovers Football Club contributes to the Council’s corporate objectives of: ‘Being able to lead a healthy lifestyle and the enjoyment of a strong sense of community’.

**6. Consultation and feedback**

**6.1** Ward Councillors have been advised to the proposal and no objections have been received.  
**6.2** Letters of support have been received from Balcarras School, Leckhampton Primary School, Cheltenham Youth League and the Gloucestershire Football Association, see appendix 3.

**7. Performance management –monitoring and review**

**7.1** Property & Asset Management in consultation with the Borough Solicitor will execute the lease.

<b>Report author</b>	<b>Contact officer: <a href="mailto:simon.hodges@cheltenham.gov.uk">simon.hodges@cheltenham.gov.uk</a>, 01242-264349</b>
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<b>Appendices</b>	<ol style="list-style-type: none"><li>1. Risk Assessment</li><li>2. Heads of Terms Lease</li><li>3. Lease Plan</li><li>4. Heads of Terms Licence</li><li>5. Licence Plan</li><li>6. Memorandum of Understanding/ Another Document</li></ol>
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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
	At lease end the premises may not be returned to the Borough in the appropriate condition.	Dominic Stead	16/07/19	2	2	4	Accept	Appropriate warranties to be put in place to ensure the Council is not exposed to cost-risk.	01.04.21	Abigail Marshall	
	Licence may be interpreted as a tenancy if the terms are too onerous upon the occupier	Dominic Stead	22.6.20	3	2	6	Reduce	Ensure the terms of the licence and any additional documents do not elevate the licence to the status of a tenancy	01.04.21	Abigail Marshall	
	Additional Documents may not be kept up to date, particularly in terms of third party responsible personnel	Dominic Stead and Adam Reynolds	22.6.20	3	4	12	Reduce	By frequent contact with the third parties through the term of the Additional Documents	01.04.21	Abigail Marshall	
	Additional funding is not received or is not available on acceptable terms meaning that the Council would need to fund the shortfall or the works would need to be scaled down or cancelled	Dominic Stead and Adam Reynolds	22.6.20	4	2	8	Reduce	Ensure that the grant from the Football Foundation received or at least the grant agreement is completed before entering into the construction contracts.	01.04.21	Abigail Marshall	
<b>Explanatory notes</b>											

**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

### Guidance

Types of risks could include the following:

- Potential reputation risks from the decision in terms of bad publicity, impact on the community or on partners;
- Financial risks associated with the decision;
- Political risks that the decision might not have cross-party support;
- Environmental risks associated with the decision;
- Potential adverse equality impacts from the decision;
- Capacity risks in terms of the ability of the organisation to ensure the effective delivery of the decision
- Legal risks arising from the decision

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

### Risk ref

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

### Risk Description

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

### Risk owner

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

### Risk score

Impact on a scale from 1 to 5 multiplied by likelihood on a scale from 1 to 6. Please see risk [scorecard](#) for more information on how to score a risk

### Control

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

**Action**

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

**Responsible officer**

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

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

**Transferred to risk register**

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

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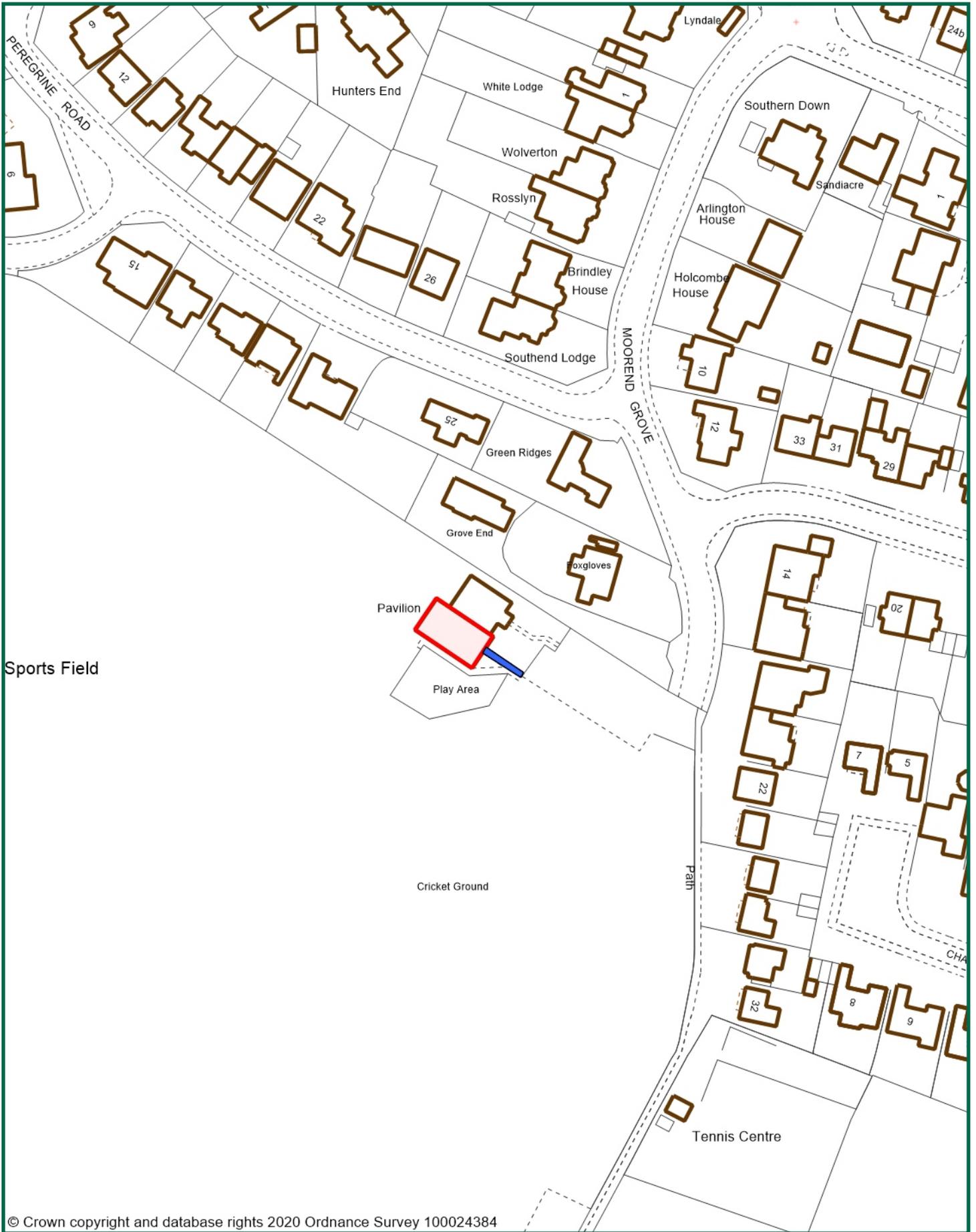
*Subject to Contract*

Heads of Terms – Pavilion Lease  
*Organic document subject to further change*  
*Version 2 - 23.10.19*

- Property/ Demise:** **Burrows Pavilion, Moorend Road, Cheltenham, Gloucestershire, GL53 0EX.**
- Landlord:** **Cheltenham Borough Council, Municipal Offices, The Promenade, Cheltenham, Gloucestershire, GL50 1PJ.**
- Tenant:** **Leckhampton Rovers Football Club, C/O 10 The Spindles, Leckhampton, Cheltenham, Gloucestershire, GL53 0QD.**
- Commencement:** **Upon completion of Agreement.**
- Term:** **21 years.**
- Rent:** £6,000 pa payable quarterly in advance (on the normal quarter days)
- Rent Reviews:** 5 yearly, upwards only and based on pitch fee percentage increases. This assumes that as of today the income equates to £6,000 pa (2016/17)
- Break options:** The tenant will be able to end the lease every 5<sup>th</sup> year. The landlord will have a break option in year 10 and 15. To action the break notice must be provided in writing not less than 3 months in advance. If the playing field licence is cancelled then the tenant can break the lease at the same time.
- Conditions:** The property will be let on a Full Repairing basis.
- User:** To use the pavilion and rights to apply for a licence for the playing fields for the provision of youth and adult sport and ancillary activities only and only for the objects of the tenant, the tenant may invite other organisations to part take in their activities as long as the land is not overcrowded.

## Page 70

Restrictive Cov:	The tenant will not have exclusive use of the playing fields and must allow other clubs and of other sports, i.e. cricket, to use the playing fields including members of the public.
Pitch Charges:	See Licence for details
Insurance:	The landlord will insure the building, the premium will be charged to the tenant as Insurance Rent.
Utilities:	The tenant will be responsible for electricity, gas, water and business rates.
1954 Act:	The lease will be contracted out of the Landlord & Tenant Act, 1954.
Alienation:	The tenant cannot assign or sublet the whole or in part without landlord's consent, such consent not to be unreasonably withheld.
Planning/building Regulations:	The tenant must satisfy themselves as to the proposed use, alterations and future proposals.
Alterations:	The tenant cannot make any alterations without obtaining prior written consent from the landlord.
Landlord Works:	None to the pavilion. Please refer to Memorandum of Understanding for agreed works to the pitches.
Safe Guarding:	The tenant must comply with all Safe Guarding Governance and undertake Disclosure and Barring Service (DBS) checks as required.
Sch. of Condition:	A photographic Schedule of Condition will form part of the lease.
Intellectual property rights:	Any plans pertaining to the Councils land or property may be used and kept by the Council indefinitely and all intellectual rights pass to the Council in perpetuity.
Landlord solicitor:	One Legal, Council Offices, Tewkesbury, Gloucestershire, GL20 5TT.
Tenant solicitor:	tbc
Legal Costs:	Each party to bear their own costs.



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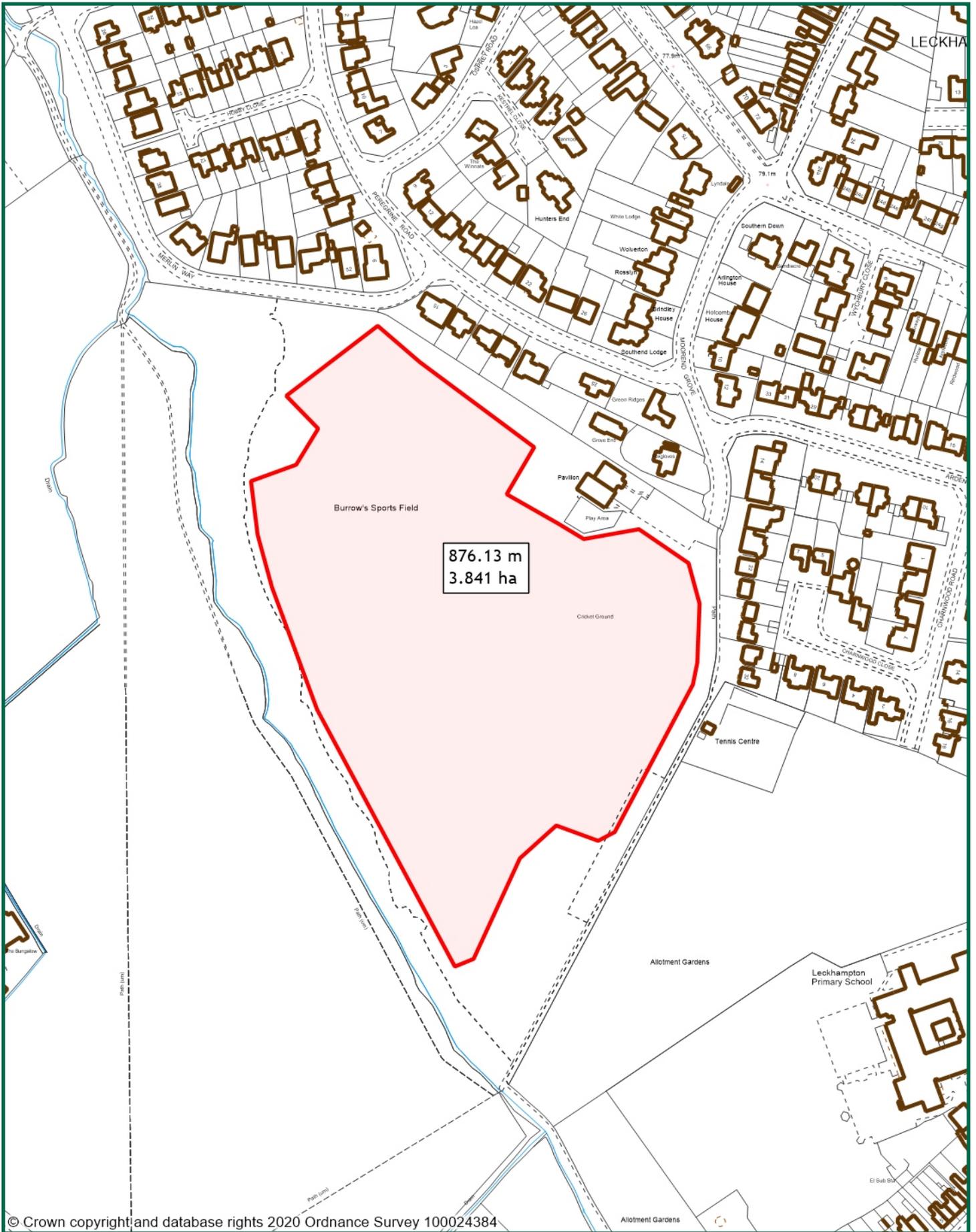
*Subject to Contract*

Heads of Terms – Playing Fields Licence  
*Organic document subject to further change*  
Version 2 - 22.01.20

- Property:** Burrows Playing Fields, Moorend Road, Cheltenham, Gloucestershire, GL53 0EX.
- Landlord:** Cheltenham Borough Council, Municipal Offices, The Promenade, Cheltenham, Gloucestershire, GL50 1PJ.
- Licensee:** Leckhampton Rovers Football Club, C/O 10 The Spindles, Leckhampton, Cheltenham, Gloucestershire, GL53 0QD.
- Commencement:** At the Councils absolute discretion and upon completion of agreement.
- Term:** 21 years, subject to having a lease secured on the pavilion. To continue until one party serves not less than 6 months' notice in writing the other to bring the licence to an end.
- Licence fee:** £0
- User:** The playing fields are deemed suitable for the provision of youth and adult sport and ancillary activities only in terms of this licence and the Licencee may invite other organisations to part take in their activities as long as the land is not overused. *Further guidelines provided in the supplementary agreement.*
- Restrictive use:** The tenant will not have exclusive use of the playing fields and must allow other clubs and of other sports, i.e. cricket, to use the playing fields including members of the public.
- Pitch Charges:** The pitch hire fees will be set by the Council in February of each year and applied annually on the 1<sup>st</sup> April.

- Bookings:** No preferential treatment, all pitch use to be on an equal footing. A cricket pitch provision to remain and use not to be hindered by use of other pitches.
- Insurance:** The landlord will insure the land, any specific insurance relating to the activities that the Club are responsible for will need to be covered by the club.
- Alterations:** The Licencee cannot make any works without obtaining prior written consent from the landlord or if it has been previously captured in the supplementary agreement.
- Intellectual property rights:**  
Any plans pertaining to the Councils land may be used and kept by the Council indefinitely and all intellectual rights pass to the Council in perpetuity.
- Landlord solicitor:** One Legal, Council Offices, Tewkesbury, Gloucestershire, GL20 5TT.
- Licencee solicitor:** tbc
- Legal Costs:** Each party to bear their own costs.

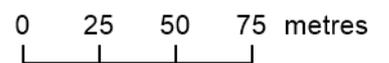
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**Burrows Licence Area**



1:2500

11 June 2020



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**Another Document (AD)**

**Formal Title for this document to be confirmed.**

**Between:**

<b>Cheltenham Borough Council (CBC)</b>	<b>Freehold owner</b>
<b>Leckhampton Rovers Football Club (LRFC)</b>	<b>Licencee / User</b>

**Property: Burrows Playing Field**

**Effective date:**

**Document owner: Cheltenham Borough Council**

<b>Version</b>	<b>Date</b>	<b>Description of change</b>	<b>Author</b>	<b>Approved by Authorised Officer for the Council</b>
1.0		Original document	Adam Reynolds and Mark Beaney	



## 1. Agreement overview

This (AD) ((AD)) is a capture of each party's intentions towards upkeep and improvements and use of Burrows Playing Field and pavilion.

It sets out the rationale for the project and how CBC and LRFC will allocate roles and responsibilities during and after the project is completed. It is intended to be a "working document" that will be reviewed at least annually so that each party remains clear about their individual and collective roles.

It is representational of how the parties intend to work together, and forge a working ethos towards positive change for the use of the playing fields and an improved offering on an enhanced playing surface.

It shows how the project will improve pitch quality and heightened benefits for all in terms of access to additional funding, investment of time (outside of the Council), pride and the ultimate results which will benefit all users.

Therefore, this Agreement will cover;

- Pitch improvement objectives, working arrangements and means of investment
- Managing pitch improvement works and roles
- Pitch maintenance and pitch management responsibilities and contributions
- Pitch hire and user policy

## 2. Stakeholders

- CBC (includes but is not limited to; Green Spaces operatives, staff and contractors and councillors).
- LRFC
- Leckhampton Primary School
- Local MP / Parish Council
- Fields in Trust
- All users (general public)

## 3. Goals and Objectives

This document gives significant weight to the benefits of sport and physical activity and enhancing that experience on Burrows playing fields, inline with the strong feeling and support of the stakeholders listed above.

Its purpose has an organic nature where it will log, assess and grow to support the affiliation between the Council and the sporting community in this locality. It will allow

future stakeholders, to contribute whilst understanding the original ethos and intentions.

It will allow CBC and LRFC to plan, design and maintain buildings, facilities, land and environment best suited to the community. It will protect and promote existing sport and physical activity provision and ensure new development does not prejudice its use. It will ensure long –term viability, effective management and maintenance of new and existing physical activity provisions. It will provide best value.

Ultimately the users are one of our customers and this (AD) allows the best possible experience for our customers, whilst providing value for money, community buy in, enhancement of an asset and an increased experience. This is being achieve via a proactive approach, **a new way of thinking** to meet the needs of a sporting community, which will be fit for purpose, well designed and hopefully encourage future generations to take part and have pride in the offering.

It will also provide the Licencee the opportunity to widen the sporting opportunity in its club, offering more girls football, women’s football, disabled football and walking football. Some of these cannot be undertaken at present due to the facilities falling short of current standards. It will therefore truly be an inclusive provision for all.

#### 4. Periodic review and ongoing amendments

Although review dates will not be set, where matters change, require review, this document should be used to capture those changes. This allows all parties to be transparent and to stand up to scrutiny with well-reasoned responses. This document should be reviewed at a minimum once per a fiscal year.

Representatives of CBC and LRFC are primarily responsible for facilitating those reviews. Contents of this document may be amended as required, provided mutual agreement is obtained for the primary stakeholder and communicated to all affected parties. The document owner will incorporate all subsequent revisions and obtain agreements and approvals as required. However, it is down to the Licencee to ensure changes are captured, as consequences of losing sight of this document will affect them the most.

Current main lead for the Council:	Adam Reynolds
Assisted by:	Abigail Marshall (Surveyor)
LRFC Lead Trustees	Mark Beaney and Andy Pitchford

#### 5. Legal agreements

- |                                  |                                   |
|----------------------------------|-----------------------------------|
| a. Lease of the Pavilion         | LRFC (represented by Mark Beaney) |
| b. Licence for the playing field | LRFC (represented by Mark Beaney) |

#### 6. Intended works

LRFC and CBC will work together to oversee the intended works. This will be subject to full tender processes as set out by CBC. There are 2 areas of work that will be carried out; levelling the playing field and refitting the pavilion.

### **Levelling and Drainage of the playing field**

The playing fields have been assessed by the Institute of Groundsmen who are experts in supporting this work. They have provided a full works specification to level the whole playing area in line with current football and cricket standards. The site will still have a small slope from top to bottom but this will be a consistent slope across the field. The expected outcome is an excellent playing area that can be used for football, cricket and general recreation for LRFC and the local community. These will be some of the best playing facilities in the area when the work is finished. It will be undertaken in 2 phases over 2 years to ensure that the Burrows is still available for use at all times for the local community. Each phase will include:

- Clear and prepare site
- Topsoil strip
- Installation of appropriate drainage
- Replace topsoil
- Seeding and growing of new grass
- Remarking pitches

### **Refitting the pavilion**

The pavilion has the opportunity to be improved to be a community hub. The current facilities are limited and the Leasee wants to have it at the core of the community.

The existing facilities are inadequate for many types of football including women's, girls and disabled football. They also do not meet the current requirements for youth and adult football. The plan is to refit the entire inside of the pavilion so that it can enable a wider community use including the additional football listed above. The plans have been drawn up by a qualified architect, in conjunction with the Football Foundation. The works will include:

- Removal of all the existing internal fittings in the pavilion, including internal walls, plumbing, electrics etc
- Reconfiguring the internal walls to meet the standards listed above
- Refitting all plumbing, electrics and furniture
- Redecorating the whole inside of the building

The estimated costs of the works is £660,000. LRFC and CBC are the joint beneficiaries of a s106 agreement for c£710,000. This is to be shared with the owners of King George V Playing Fields in Shurdington. The 2 beneficiaries are working together to finalise both their plans so that the money can be shared appropriately. The Football Foundation

have indicated that they will fund any shortfall to ensure a successful outcome. LRFC is not expecting any funding from the council to complete the project.

- **Timescales**

Subject to approval from the Council Cabinet:

- July 2020 – Agree HOTs and sign off from Cabinet for lease and licence
- August 2020 to October 2020 – Finalise lease and licence between parties
- September 2020 - Finalise plans for pavilion and works on the playing fields
- September 2020 – Secure funding from the Football Foundation
- October 2020 – Submit planning application for the works at the Burrows Fields
- October / November 2020 – Deal with any issues arising from the plans
- December 2020 – Start tender process for the pavilion and playing fields
- January 2021 – Send documents to tender
- February 2021 – Select appropriate contractors
- May 2021 – Start works on pavilion and first half of levelling of the playing fields
- August 2021 – First phase of works finish
- May 2022 – Start works on second phase of levelling of the playing fields
- August 2022 – Works finish

### 7. **Managing people's expectations and PR (communication, stakeholder engagement)**

The project will affect the local community. The Burrows Field will be partially unavailable to the general public and sporting community as the works are carried out. In addition, there will be disruption as contractors for the field and pavilion will be on site over several months. However, fundamentally nothing will change to the public at the end of the project. The existing playing fields will still be used for the same purpose as they are now, just much improved. The pavilion will not change externally but will be a superb community facility.

All existing stakeholders are fully supporting this project. It has huge benefits to the Leckhampton Community and beyond. LRFC currently has around 600 people registered playing football and this is increasing every year. Most of these are under the age of 18. Local schools will also benefit from the excellent facilities.

LRFC will help to manage the communication to the local community and plans to do the following:

- Produce a document to outline the objectives of the project and the expected outcomes to share with stakeholders
- Hold face to face meetings with any members of the public who have further questions about the plans. Depending on the numbers they will either be in groups or individual format
- Provide detailed plans of the project and timeframes to anyone who wishes to have further information
- Publish progress on its web site regularly
- Liaise with the local council, MP and CBC to communicate with the general public as required throughout the project
- Ensure that the project has appropriate publicity when stages are complete
- Hold an open day at the end to “show off” the finalised facilities
- Actively encourage new people to partake in football and cricket whilst the project is ongoing and afterwards
- Promote the new football opportunities that will be available – women, girls, disabled and walking football

### **8. Overview of pitch hire (current provision and provision going forward) fall back position.**

- LRFC will be responsible for taking all bookings for the site including football pitch usage, cricket pitch usage and pavilion hire (if appropriate)
- LRFC will have a minimum of 2 people who will be responsible for this at all times
- Bookings will be available either via telephone or online via the website
- The booking process will run annually from 1 September each year

### **9. Management and Maintenance Roles**

#### **Before the works take place on the Burrows field**

##### **LRFC**

- Deal with all matters in relation to fund raising with FF or other organisations
- Arrange architect’s drawings for relevant matters for the pavilion / storage area etc
- Act as planning agent and deal with planning application and queries in relation to the Burrows fields and pavilion
- Respond to planning queries from the case officer and prepare written responses to consultation feedback to planning application

- Deal with all legal matters in relation to the lease / licence of the Burrows fields and pavilion

### **CBC**

- Undertake the tender process for all works required in the project
- Establish internal project structure to deliver pitch improvements

### **CBC & LRFC**

- Agree the optimum use of the space at the Burrows for sport in line with the local strategic plans including the Cheltenham Playing Pitch Strategy
- Agree project manager for overseeing the works
- Establish interim plans for the provision of sport on the Burrows whilst any works take place to minimise disruption
- Agree with stakeholders the allocation of the s106 monies held by Tewkesbury Borough Council. These include CBC, Tewkesbury BC, LRFC, Glos FA and Shurdington Parish Council

### **During the works phase**

#### **CBC**

1. Hold all funds in relation to the pitch improvement project and be responsible for the payment of invoices in relation to the contract
2. Oversee financial management, and maintain project within agreed budget
3. Employer for all the works in relation to the Burrows fields and the pavilion. Will be responsible for either providing directly, or appointing specialist (from project budget):
  - Designer Supervisor,
  - H & S manager
  - Contract administrator
  - Topographical surveyor
  - Project management
  - Drainage discharge advice

### **After the works are completed**

#### **LRFC**

- Responsibility for care and maintenance of the Burrows fields over and above that currently provided by CBC.
- Responsibility for all bookings for sport at the Burrows from the agreed start date. This will run annually from 1 September each year.
- Manage the usage of the site to ensure it remains in a suitable standard for sport.

### **CBC**

- Continue the same level of care and maintenance at the Burrows fields during and after the project is completed as set out above. Existing operation encompasses the following:
  - a. grass cutting to four football pitches
  - b. line marking of four football pitches, one cricket square and boundary,
  - c. provision of fixed goal posts to four pitches,
  - d. one verti drain operation per year to four football pitches,
  - e. goal (AD)th restoration of four pitches, comprising soiling and seeding in close season
  - f. ad-hoc responsive maintenance of four pitches, hole filling etc
  - g. pest control.
- **CBC and LRFC** Collate and share feedback with a minimum of an annual review