

Cheltenham Borough Council Council

Meeting date: 24 July 2023

Meeting time: 2.30 pm

Meeting venue: Council Chamber - Municipal Offices

Membership:

Councillors Matt Babbage (Chair), Paul Baker (Vice-Chair), Glenn Andrews, Victoria Atherstone, Adrian Bamford, Garth Barnes, Ian Bassett-Smith, Graham Beale, Angie Boyes, Nigel Britter, Jackie Chelin, Ed Chidley, Barbara Clark, Flo Clucas, Mike Collins, Iain Dobie, Stephan Fifield, Bernard Fisher, Wendy Flynn, Tim Harman, Steve Harvey, Rowena Hay, Sandra Holliday, Martin Horwood, Peter Jeffries, Tabi Joy, Alisha Lewis, Paul McCloskey, Emma Nelson, Tony Oliver, John Payne, Richard Pineger, Julie Sankey, Diggory Seacome, Izaak Tailford, Julian Tooke, Simon Wheeler, Max Wilkinson, Suzanne Williams and David Willingham

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Phone: 01242 264 246

1 Apologies

2 Declarations of interest

3 Minutes of the last meeting (Pages 5 - 26)

Minutes of the meeting held on 19 June 2023

4 Communications by the Mayor

5 Communications by the Leader of the Council

6 To receive petitions

7 Public Questions

8 Member Questions

9 Housing Benefit War Pensions Disregard Policy (Pages 27 - 34)

Report of the Cabinet Member for Finance and Assets

10 Financial Outturn Report 2022-23 (Pages 35 - 76)

Report of the Cabinet Member for Finance and Assets

11 Disposal of Municipal Offices (Pages 77 - 94)

Report of the Cabinet Member for Finance and Assets

12 Notices of Motion

13 Any other item the Mayor determines as urgent and which requires a decision

14 Local Government Act 1972 -Exempt Information

The committee is recommended to approve the following resolution:-

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

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

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

15 Exempt Minutes (Pages 95 - 98)

Exempt minutes of the meeting held on 19 June 2023

16 Cheltenham Improvement Act 1852 (Pages 99 - 110)

Report of the Cabinet Member for Customer and Regulatory Services

17 A Financial Matter (Pages 111 - 118)

Report of the Cabinet Member for Finance and Assets

Gareth Edmundson
Chief Executive

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Cheltenham Borough Council

Council

Minutes

Meeting date: 19 June 2023

Meeting time: 2.30 pm - 6.45 pm

In attendance:

Councillors:

Matt Babbage (Chair), Paul Baker (Vice-Chair), Glenn Andrews, Victoria Atherstone, Adrian Bamford, Garth Barnes, Ian Bassett-Smith, Graham Beale, Angie Boyes, Nigel Britter, Jackie Chelin, Ed Chidley, Barbara Clark, Mike Collins, Iain Dobie, Stephan Fifield, Bernard Fisher, Wendy Flynn, Tim Harman, Steve Harvey, Rowena Hay, Sandra Holliday, Martin Horwood, Peter Jeffries, Tabi Joy, Paul McCloskey, Emma Nelson, Tony Oliver, Julie Sankey, Diggory Seacome, Izaac Tailford, Julian Tooke, Simon Wheeler, Max Wilkinson, Suzanne Williams and David Willingham

Also in attendance:

Paul Jones (Executive Director of Finance, Assets and Regeneration), Claire Hughes (Corporate Director and Monitoring Officer) and Gareth Edmundson (Chief Executive)

1 Apologies

Apologies were received from Councillors Clucas, Lewis, Payne and Pineger.

2 Declarations of interest

There were none.

3 Minutes of the last meeting

The minutes of the last meeting were approved as a true record and signed accordingly.

4 Communications by the Mayor

The Mayor shared the sad news that Honorary Alderman Martin Hale passed away in early May, a former Labour Councillor for Hesters Way, Pittville and Oakley from 1986-1994 and 1995-2006.

Following the recent horrific attack in Annecy, he has written to express Cheltenham's shock at the event, and to say all those affected are in our thoughts. He invited everyone in the Chamber to stand in silence for one minute as a show of solidarity.

He sent best wishes from the Council to Councillor Payne who has taken leave of absence for three months, to undertake caring responsibilities.

5 Communications by the Leader of the Council

The Mayor began by adding her condolences to Diane Hale on the loss of her husband, Honorary Alderman Martin Hale, saying he was a well-respected and committed councillor for the then Whaddon, Lynworth and Priors ward, now known as Oakley.

She went on to share the following items:

- the Cheltenham Zero Sustainable Travel Showcase is taking place at Park Campus, 9am-1pm on Tuesday 27 June. This inspiring event will cover all things to do with sustainable travel, including fleet transition, accessibility, and active travel options, with guests including Clevely Motors, Stagecoach and Cheltenham Borough Council. All are invited, and free tickets are available from Eventbrite;
- congratulations to trophy winners at the Cheltenham Skittles League prevention night on Friday, in particular the Mayor, Councillor Babbage, whose team, Albion House, won the Men's Division 4 championship;
- congratulations to the 200 artists who opened their premises to the public for Cheltenham Open Studios;
- the first families are benefitting from the #FeedCheltenham leisure pass, which provides free leisure activities for food bank users;
- subject to committee agreement, Councillor Bamford will take over the Chair of the Audit, Compliance and Governance Committee at the next meeting. Thanks to the current Chair, Councillor McCloskey, who is stepping down;
- congratulations to Cheltenham's MP, Alex Chalk, on his recent appointment as Lord Chancellor and Secretary of State for Justice.

6 To receive petitions

No new petitions had been submitted.

7 Public Questions

Public Questions (3 total)

1. Question from Mr Jay-Jay Potter-Peachey to Cabinet Member for Economic Development, Culture, Tourism and Wellbeing, Councillor Max Wilkinson

Having passed a [motion](#) to agree to a Rainbow Crossing installation here in Cheltenham. Can I ask for an update and whether or not this is going to be happening soon. The motion passed agreed that Cheltenham should have one and as per the motion from GCC it also identified a location.

Response from Cabinet Member

Thank you to Jay-Jay for his question. I am a supporter of Pride in Gloucestershire and an ally of the LGBTQ+ community and I know that he has been an effective campaigner on this subject for many years. I welcome and applaud his ongoing commitment to the cause.

As Jay-Jay will be aware from his involvement in the rainbow crossing scheme in Gloucester, these projects must be overseen by the Highways Authority, Gloucestershire County Council. The County Council's response to Cheltenham Borough Council is several hundred words and not appropriate for inclusion in an answer, but I am happy to share it separately. While the County Council expressed support for the aims of Pride, the view expressed was that rainbow crossings are costly when compared with other potential support that might be given to the cause. The County Council also referenced the very many other considerations it takes into account, including safety and site selection.

The County Council concluded that it would not support or be funding a rainbow crossing in Cheltenham and, even if Cheltenham Borough Council had sufficient budget to fund a scheme, Highways Officers would recommend other ways to spend the money. Jay-Jay may wish to consider further engagement with the County Council on the subject of the rainbow crossing and other options for infrastructure and street furniture. In terms of potential funding from the Borough Council, there are various annual grants available that could support public engagement activities for Pride, as well as the Community Infrastructure levy Neighbourhood Fund.

I am, of course, happy to meet Jay-Jay and discuss this at his convenience. I would recommend that if and when a meeting is convened, a member of the County Council highways team is in attendance.

2. Question from Hon. Alderman Anne Regan to the Cabinet Member for Waste, Recycling and Street Services, Councillor Iain Dobie

People's homes in Hatherley were recently photographed by recycling staff using an iPad.

- a. Does the council have legal permission to invade residents' privacy?
- b. If the front door bearing the house number is on the side of the house will this photography contribute to trespassing?
- c. Many people have justifiable reasons for not leaving their recycling boxes outside their premises, Age constraints, holidays, business travel etc are reasons for not having their boxes out. Why is the council taking this heavy-handed approach?
- d. How many telephone calls in the last 6 months, per week, has the council received from residents asking for a second collection?
- e. What is the legality of this action and what financial toll does the council propose to fine residents?

Response from Cabinet Member

The Council has a statutory responsibility to collect waste and recycling for residents in Cheltenham just like all other waste collection authorities across the country. Collection crews collect from the kerbside, in other words, the pavement, unless residents give their permission for collections to be made from an agreed location on their land as part of an assisted collection.

Collection crews now have access to 'in cab technology' allowing them to take photographs of any operational issues which are relevant to delivering that service for residents. These photographs are stored securely in the system for 30 days, then deleted, and only shared with the resident at that property if there is an issue raised by the resident regarding their collection, for example, a missed bin report. The photographs are intended to evidence that a collection has or hasn't been made, or other operational issues, and I am assured does not constitute any invasion of privacy or trespassing. The same image may well be available on Google Maps Street View.

Unfortunately we are unable to provide any telephone statistics on 'second collections' as they are not identified as such.

The Council has no powers to fine any resident for failing to present waste or recycling, nor do we have any plans to seek to do so.

We are actively encouraging the reduction in waste across the borough and we applaud residents who do not present refuse bins because they do not have any waste. We are however keen to ensure that tax payers money is not wasted in funding crews having to return to collect refuse bins from properties who had failed to present in time for their scheduled collection.

Equally we are keen for residents to present sorted recycling for collection but not all do. Photographing unsorted recycling boxes will help us support residents to sort their recycling.

3. Question from Hon. Alderman Anne Regan to Cabinet Member for Finance and Assets, Councillor Peter Jeffries

The council-owned site in Hayden Lane was used as a gardening centre for the council. I understood the land was to be sold for housing development many years ago.

Why has nothing been achieved on this site when we are so desperate for social housing in this town?

Response from Cabinet Member

Thank you, Alderman Anne Regan, for your question, as an ex Cheltenham borough councillor you will undoubtedly be aware of the pressures we face in Cheltenham because of the national housing crisis. This crisis has been going on for decades, and differing governments have over this time not really grasped the depth of the crisis and provided any meaningful impact in bring about positive change. I am sure you will be supportive of this administrations housing investment plan being a key priority. Investing £180 million pounds in providing more affordable housing will make a meaningful difference in providing more much needed homes in our town.

I'm sure you will agree that one of the key challenges we face in reducing the housing pressures across Cheltenham is where are homes going to be provided and what site are appropriate.

Following the decision to close operations at Arle Nursery, the site was allocated and adjoining land within the Cheltenham Plan for housing development. The council have been exploring the various issues involved in securing redevelopment, with the objectives of maximising housing delivery, maximising housing options (including provision of affordable to rent housing and shared ownership housing) and maximising the latent value of the site to generate a capital receipt for reinvestment into the council's corporate priorities and capital programme.

The site and adjoining land is constrained by various matters, including highways and access, flooding along the line of the nearby River Chelt, ecology and wildlife and most pertinently, two high-pressure gas pipes running north to south between the Nursery and the adjoining allocated land. This has two implications: firstly, the need maintain a protection zone along the line of these pipes; and secondly, the requirement for substantial engineering works in order to provide an access road over the line of them, which is both challenging and expensive.

Having undertaken various surveys, including ecological, legal, ground and utilities, the site was originally appraised for development by the councils housing arm, Cheltenham Borough Homes. However, they were unable to deliver a scheme that would meet all of the objectives for this site. The council therefore re-evaluated the delivery options and determined a partnership approach with a third party was most likely to deliver on the core objectives.

Subsequently, the council has been working with another housing provider who has been able to overcome the constraints within the site area and are now completing the necessary site investigations as part of the preparation and submission of a

planning application. The council and its partners are working together to deliver a consented scheme by March 2024, with construction starting shortly thereafter, and the first new dwellings being ready for occupation towards the end of 2024.

Supplementary question from Hon. Alderman Anne Regan

With the housing shortage now critical, especially social housing, the town needs to work hard to provide for its residents. What proportion of social and private housing will the site hold, and how many Cheltenham residents are on the waiting list for social housing?

Response from Cabinet Member

The Cabinet Member was unable to provide answers at the meeting, and agreed to provide these by email as soon as possible.

8 Member Questions

Member Questions (5 total)

1. Question from Councillor Tim Harman to Cabinet Member for Economic Development, Culture, Tourism and Well-being, Councillor Max Wilkinson

Following his response to my question at the last Council meeting with regard to Tourism, will the Cabinet Member urgently look at the signage that is in a number of locations which shows that the Tourist Information Centre is located at the Wilson which it has not been for some time which is potentially misleading ?

Response from Cabinet Member

Through this question, Councillor Harman has rightly raised that, at the time of asking, a number of signs in the town centre still referred to the Tourist Information Centre which was previously based at the Wilson Art Gallery and Museum. Some months ago, officers removed all fingerpost directional signage and reported to me that this had been dealt with. It has since come to officers' attention that there were some residual totem signs which referred to this location but had been missed at the time. This was an oversight but I can confirm that these have now been updated temporarily with a longer term, more permanent, redesign in the process of being commissioned.

I would like to take this opportunity to update members on the reinstatement of seven-day-a-week in-person tourist information provision, which has been a subject of debate in this chamber and elsewhere. I thank members of this council and members of the public for raising this important issue. I'm happy to report that we now have uniformed Visitor Welcome Assistants in the town centre on weekends and bank holidays during the key footfall hours of 11am-3pm. Based at The Cheltenham Pod on the High Street, the staff provide information, directions and a friendly welcome. This initiative has been well received and they are providing an important service for both visitors and residents. This is in addition to the in-person information provided by reception staff at the Municipal Offices on weekdays.

2. Question from Councillor Tim Harman to Cabinet Member for Waste, Recycling and Street Services, Councillor Iain Dobie

It is good news that three trees have now been planted in the Bath Terrace Car Park entirely funded by the splendid Suffolk Traders.

It is also good news that other trees have been planted and funded from other sources across the town including from the County Council Build Back Better Fund.

Since declaring a Climate Emergency, how many trees has the council planted and funded itself?

Response from Cabinet Member

Bath Rd Traders generously gave £500 towards the cost of installing the trees in Bath Terrace car park.

Glos County Council paid for the trees themselves, as well as providing the planting accessories (stakes, cages etc).

CBC paid for the actual planting, whilst also providing aftercare and watering.

Tree planting numbers since 2019:

2019: 2,600

2020: 2,500

2021: 1,800

2022: 2,100

These tree planting numbers are for trees planted by this council only within the Cheltenham borough.

The numbers must be taken in context and do not necessarily reflect the number of trees which will reach maturity.

Many of the planted trees are very small (approx. 1.2m high). These were planted by public volunteers as mixed native species groups of trees. As the trees establish and grow, many of them (>80%) will need to be "thinned out" so as to retain the "best" trees for the space in which they will be planted.

CBC plants "large" (3-3.5m high) trees as "landscape features" in parks, gardens and open spaces. Many of these trees will be replacements for trees felled/removed.

Approx 40 such trees are planted each year. These combine a mix of native and exotic, long and short lived, large and small tree species. This wide palette gives a wide range of arboricultural interest, as well as helping to mitigate the impact of climate change and newly introduced pests and diseases (e.g. ash die-back, red band needle blight, *Phytophthora ramorum* etc).

Similarly, a proportion of the trees will fail to establish, be vandalised, or simply become suppressed and die as a result of dominating more vigorous neighbouring tree(s).

Tree planting numbers are only the very start of the journey towards the canopy cover target for the town. Subsequent to planting, there is a relatively high level of husbandry (watering, mulching, occasional fencing etc) so as to help ensure successful tree establishment.

Members of public are able to “sponsor” the establishment of a tree (£350). Tree sponsorship numbers have remained relatively constant over the years (approx. 25 per annum).

Gloucestershire Highways (with a 50% financial contribution by CBC) plants 70 x 3.5m high mixed species trees each year. The majority of these trees are replacement trees for trees previously removed.

Supplementary question from Councillor Harman

How many trees have been directly funded by Cheltenham Borough Council.

Response from Cabinet Member

I will ask the Senior Trees Officer for the precise figures and forward these by email to Councillor Harman.

3. Question from Councillor Stephan Fifield to Cabinet Member for Cabinet Member for Economic Development, Culture, Tourism and Well-being, Councillor Max Wilkinson

Could the cabinet member please give an update on waters at the Pump Room and when they will be made accessible to the public?

Response from Cabinet Member:

Thank you to Cllr Fifield for his question. I know he takes a keen interest in this matter. The spa water at Pittville Pump Room is unfortunately still not available to the public due to presence of bacteria in the water.

Work is underway to understand whether the bacteria is coming from the water source or the system. If we find the source of the water is contaminated then my understanding is that it is unlikely that the water will ever be made fit for human consumption.

If the source is not contaminated, then there maybe scope to disinfect the system. However, the UV filters have been cleaned and replaced a number of times, and the system has been disinfected but bacteria was still present.

An alternative option might be to replace the whole system, but clearly that would come at some cost to local taxpayers and if the source is indeed contaminated this work would still not result in drinkable Spa water being available.

For clarity, Cheltenham Borough Council is responsible for the building works that may arise and the repairs and maintenance of the system.

The Cheltenham Trust, which has responsibility for the testing of the spa water, has asked a specialist contractor to undertake a site visit within the next two weeks to review the system condition. That contractor has been asked to supply an options and costs proposal.

Supplementary question from Councillor Fifield

Is there any indication as to when the spa waters will be fit to drink?

Response from Cabinet Member:

Further tests and consultation will be carried out over the next couple of weeks, but the timescale depends on whether the source of the waters is contaminated, which will be a lot more difficult to remedy than simply replacing machinery. As the Pump Room is in Councillor Fifield's ward, he may be reassured that no stone is left unturned by attending a site meeting.

4. Question from Councillor Stephan Fifield to Cabinet Member for Finance and Assets, Councillor Peter Jeffries

Could the cabinet member please give an update on the status of Idsall Drive Car Park? Back in 2020 it was common knowledge that the Council was looking to sell the car park. Could the member give an update on whether this is still a possibility?

Response from Cabinet Member:

Thank you for your question Cllr Fifield, It is a matter of public record that in November 2020 as part of the Council's COVID-19 Recovery Budget there was a recommendation to note a list of assets for disposal which included Idsall Drive car park. This recommendation was approved by Full Council as part of the report which identified a total of eight sites for disposal. The proposal to dispose of these assets to generate a capital receipt were put forward for the benefit of the whole Borough and to ensure the ongoing viability of the Council and the delivery of our key priorities, for the benefit of our residents across Cheltenham.

In 2021/22, negotiations for the sale of Idsall Drive car park to Prestbury Parish Council halted. Whilst the car park remains earmarked for disposal, on the grounds that it is surplus to our operational requirements, no scheme has been brought forward for its disposal. Work is ongoing in relation to this asset disposal and the Cabinet have given a commitment to both Ward Councillors that they will be directly consulted before any proposals are brought forward.

Supplementary question from Councillor Fifield

EV chargers were recently installed in the car park. Is there a plan to move these to another location when the site is sold?

Response from Cabinet Member

I was not aware of any EV chargers in the car park, but conversations with the Property Team are ongoing to provide the community with this benefit wherever possible.

5. Question from Councillor Emma Nelson to Cabinet Member for Waste, Recycling and Street Services, Councillor Iain Dobie

It's good to see the hanging baskets going up around the town recently and the formal beds in front of the Municipal Offices being planted up.

Please would the Cabinet Member confirm whether there will be the usual window boxes on two floors at the front of the building and the hanging baskets in the window archways?

Response from Cabinet Member:

Thanks to Councillor Nelson for her question. I am pleased to confirm that the hanging basket and window boxes that were installed on 15th June at the Municipal offices are the same as we have done in recent years.

I hope all members will agree that the floral displays across Cheltenham including all the wind flowers, look amazing and I would like to thank the Ubico staff for all their hard work planting up and installing them, even in this heat.

Supplementary question from Councillor Nelson

Was the decision to extend the floral displays from the ground floor to the first floor taken as a result of her question?

Response from Cabinet Member

It may have been influential, but I cannot say the decision followed on directly from Councillor Nelson's question. I will look into the matter and report back.

9 Voter Identification

The Executive Director for Finance, Assets and Regeneration introduced the report, which followed a Council motion in December 2022, requesting an investigation of the risk of disenfranchisement as a result of the government's new voter ID requirements. The reports articulates the actions being undertaken to comply, and the recommendations to appoint three deputy electoral officers and use £20k of the Elections Equalisation Earmarked Reserve to further promote the voter ID requirement in future elections.

In response to Members' questions, officers provided the following responses:

- door-to-door canvassing tends to be for those people who have not returned their household enquiry forms and officers will rely on information received from canvassers as the forms are returned to understand whether those are the people less likely to have appropriate ID;

- rather than second-guess how many people in Cheltenham may be disenfranchised, we need to rely on the Electoral Commission report later this year about the broad national picture;
- secondary legislation in October will require postal voters to provide further, verified information, adding an layer to the process and requiring them to reapply each time. This which will result in further work for both the elections team and postal voters;
- everyone who may be affected will be contacted, with all details included on the form. People will also be able to apply for postal votes on line, which will make it more accessible;
- while it is true that the council is having to pay for this government initiative, New Burdens Funding cannot be used to cover all costs as this is specifically for staff training. The council has funding earmarked for this type of activity. Some of the extra expenditure will be covered by New Burdens Funding, but if the authority wants to do more, it will be at its own expense;
- regarding funding, money is put into the reserve each year, whether or not there is an election, so if the cost of an election is calculated as £60k, £30k is put into the reserve one year and topped up the following year to cover the £60k costs. Sufficient funding is therefore available to support the actions outlined in the report;
- the authority always holds extra funding in reserve to deal with multiple elections (e.g. for the county, police commissioner etc);
- anyone can apply for a Voter Authority Certificate, but they will be asked by the portal if they have any other form of ID. If they have, they will be informed that they don't need a certificate; if they say they haven't, their application will be pushed through;
- it wouldn't be feasible to have a photo booth in every polling station, and in any case, certificates must be applied for six working days before polling day, but it may be feasible to see if one can be installed at the Municipal Offices, where members of the public can apply in person for a certificate;
- officers will consider what training may be given to help polling staff make good judgements on the photo evidence presented;
- additional work will be done with people in areas with boundary changes and who need to attend a different polling station.

In debate, Members made the following comments:

- this appalling measure is an assault on local democracy, justified as a means to protect against fraud despite the Electoral Commission saying that this is not a problem in the UK. Their research has confirmed that the existing system of polling cards and trust works well;
- a government pilot led to 1000 people being turned away, many of whom are likely to be from ethnic backgrounds; projecting this across 230 voting councils suggests that 26k people could be denied ballots. Added to these are people who may not even have entered their polling station;
- the obvious explanation is that this is gerrymandering, an attempt to suppress the votes of certain sections of the community, as effectively admitted by Jacob Rees-Mogg at the National Conservative Conference, recognising that elderly voters will now be at a disadvantage; this smacks of racism and elitism, as it

seems that the part of the population that needs the vote most is least likely to have the required documents. It also seems like a way of introducing ID cards by stealth;

- this is outrageous and the council must do everything in its power to make the barriers to voting as light as possible;
- thanks for the election team for their hard work and efforts to try and help people to vote, despite this abhorrent and scandalous dereliction of democracy;
- the report is welcome as the start of a bigger piece of work to increase voter turn-out, which is just 24% in some wards and could drop further without interventions;
- it is too late to re-open the debate on the principle of voter ID, and we should remember that in addition to local publicity, a national awareness scheme was run across the country earlier this year;
- CBH is including information about this in its digital and hard copy newsletter, and it would be helpful to approach Bromford, Home Group and other social housing organisations to encourage them to do the same.

RESOLVED THAT:

- 1. the contents of this report be noted;**
- 2. Gareth Edmundson, Kim Smith and Alison Murray be appointed as Deputy Electoral Registration Officers;**
- 3. the use of £20,000 from the Elections Equalisation Earmarked Reserve to further promote the requirement for Voter ID in future elections be approved.**

10 Revisions to the Constitution

The Leader introduced the report, saying openness, transparency and inclusivity are key fundamental principles of the council, and the Constitution acts as our 'rule book' to ensure the public and Members understand the decisions we make and how we make them. The Constitution Working Group has been working closely with the Monitoring Office to make it easier to navigate and understand, with a whole raft of proposed changes, including:

- change to the rules on substitutes, allowing any member to substitute for another in their group, provided the required training has been undertaken;
- the introduction of a key set of parameters around the submission of funding bids and acceptance of grants to enhance the council's system of control and governance;
- keeping webcasts of all meetings available on line for four years;
- the use of electronic signatures and seals, once a guidance document has been provided clearly setting out parameters on use;
- an updated flow chart on the procedure for motions.

She thanked the Monitoring Officer and Constitution Working Group for their hard work.

In response to a Member's question, the Leader confirmed that:

- thorough cyber security vigilance will be applied before electronic signatures are used widely, as the opportunity for fraud is recognised;
- it was down to planners to consider the situation regarding prior approval for telecom masts, which currently give the public little opportunity to raise concerns; a change to the constitution regarding this could not be guaranteed.

The Chair of Planning added that the legislation is such that telecom mast applications cannot be referred to Planning Committee, but there is still process for engagement, and officers have refused permission for masts on the grounds of location, appearance and design. He agreed that it was important for the community to be aware of applications to install them, and to engage in the process. He encouraged all Members to attend the upcoming planning training session.

In debate, Members made the following comments:

- licensing, like planning, requires training, either in-house or through the LGA or Institute of Licensing; Members should be encouraged to take this up;
- the use of electronic signatures is good progress;
- keeping meetings on line for longer is good for both councillors and the public;
- the removal of all gender references is refreshing to see;
- the flexibility on substitution is to be welcomed.

RESOLVED THAT:

- 1. authority is delegated to the Monitoring Officer to update the document to reflect the current accessibility, equity, equality, diversity and inclusivity requirements, including gender neutralization;**
- 2. the provisions regarding substitutes as set out in part 6 of this report are approved;**
- 3. the revised debate flowchart to replace the existing version in Appendix G of the Constitution is approved ;**
- 4. the amendments to Part 3 (Responsibility for Functions) as set out in part 8 of this report are approved;**
- 5. authority is delegated to the Monitoring Officer to make further amendments to Part 3 to ensure that officers delegations reflect the current structure and sit at the appropriate level;**
- 6. the amendments regarding webcasting and the retention of recordings as set out in part 9 of this report are approved;**
- 7. the use of electronic signatures and seals as set out in part 10 of this report is approved**
- 8. authority is delegated to the Monitoring Officer to make the necessary changes to the Constitution to reflect these decisions.**

11 Notice of Motion A

Motion A

Proposed by: Councillor Max Wilkinson

Seconded by: Councillor Victoria Atherstone

Honeybourne Line extension

Council notes:

That the extension of the Honeybourne Line from Cheltenham Spa Station south to Shelburne Road has been an ambition of this town for almost four decades.

That the current proposal to extend the line requires partnership working between Network Rail (landowner), GWR (developer), Gloucestershire County Council (transport authority) and Cheltenham Borough Council (authority responsible for managing the Honeybourne Line).

That as delays to the project were experienced, costs increased significantly due to inflation in the construction market, as well as other factors, including the specification of the project.

That this project is a key part of Gloucestershire County Council's wider sustainable transport ambitions, linking Cheltenham to Gloucester in one direction and to Bishop's Cleeve in the other.

The strong support from Cheltenham people for this extension.

Council regrets:

That after significant progress, the project is currently delayed indefinitely after government funding cuts to the rail industry.

That the identified funding gap will require further contributions from various sources.

That this authority does not typically benefit from budgets for strategic transport, has a budget gap of its own to meet, and therefore does not have any scope for funding this project from general budgets.

Council supports:

The petition by Cheltenham and Tewkesbury Cycling campaign, signed by more than 1,000 residents.

Work with partners in the project, primarily Gloucestershire County Council, to explore ways to bridge the funding gap, including reviewing the opportunity to

prioritise the Honeybourne Line Extension as an allocation for Community Infrastructure Levy funding.

Additionally Council notes:

The potential for a northern extension of the Honeybourne Line, between the Prince of Wales Stadium and Swindon Lane.

That this land is owned by Gloucestershire Warwickshire Steam Railway, but remains unused.

That Gloucestershire Warwickshire Steam Railway's historic ambition to extend the steam railway track into the town centre is unlikely to be realised for various practical reasons.

Council recognises:

The potential for this corridor of land to become a sustainable transport link and linear park as far as Swindon Lane, improving public health and boosting the environment.

The potential for this land to help link the main railway line and the town centre to Gloucestershire Warwickshire Steam Railway, boosting local tourism.

Council instructs:

Officers engaged in strategic planning to explore policies to protect this corridor of opportunity.

Officers to engage with Gloucestershire Warwickshire Steam Railway to discuss the extension of the Honeybourne Line northwards with a view to pursuing opportunities for the environment, leisure and tourism in a way that is mutually beneficial.

Council asks:

Officers to report back on progress with planning policies, and discussions with Gloucestershire Warwickshire Steam Railway at, or before, the Council meeting on 11 December.

In proposing the motion, Councillor Wilkinson began by highlighting CBC's commitment to driving the sustainable transport agenda, since commissioning the Connecting Cheltenham report in 2019 and working with the highways authority since then to deliver it. He said the Honeybourne Line is a cherished and much-used green corridor, and there is a long-running campaign to extend it southwards from the station to Shelburne Road, and to protect the corridor northwards for future extension.

The southwards extension comprises a few hundred yards only, but would cut out the busy and dangerous Gloucester Road for cyclists and walkers. However, it is a complex project, involving Network Rail, the Gloucestershire Warwickshire Steam

Railway, CBC and GCC, as well as the Department of Transport. Sadly, after a huge amount of work by all, this year's financial situation, construction inflation, and Network Rail's additional safety requirements, mean the project will be delayed further.

He thanked officers – Phil Williams at GCC, Tracey Birkinshaw, Jackie Jobes and Simon Hodges at CBC – for keeping the project on track. The county council is still interested in delivering the scheme, which forms a short but important stretch of its cycle spine project, and is open to an increased contribution from CBC. The Gloucester and Tewkesbury Cycle Campaign have a petition of over 1,000 signatures in support of this extension, and can still be signed via their website. The motion commits CBC to exploring the options – including community infrastructure levy and developer contributions – to continue work on this missing link.

The second part of the motion focusses on the more long-term northbound extension, which would ideally continue beyond the Prince of Wales Stadium as far as the Honeybourne Tunnel. This land is currently owned by Gloucestershire Warwickshire Railway, and the motion proposes the exploration of policies to protect the corridor of land in future strategic plans, and open discussions with GWR to explore the options of a future proposal that would be beneficial to all.

He urged Members to support the motion.

In seconding the motion, Councillor Atherstone agreed that the Honeybourne Line is crying out to be extended southwards, and the 2019 Connecting Cheltenham report highlighted the need to work with transport partners and community groups to achieve this. It would improve accessibility and inclusivity, encouraging further active travel; many people choose not to ride bikes due to safety concerns, and the busy Gloucester Road is likely to get worse when the Arle Court Transport Hub is fully functional and Golden Valley development active. She thanked Gloucester and Tewkesbury Cycle Campaign for increasing awareness through their petition, and called on CBC to continue working with partners to find alternative solutions and further funding.

She said a northwards extension of the Honeybourne Line offered a fantastic opportunity to increase environmentally friendly active travel and leisure, and improve connections. She asked Members to support the motion which would allow relevant officers to engage with strategic planners to find ways to protect this very special green corridor of opportunity.

Members made the following comments:

- the GWR has various plans for improvement and expansion, and this may help them finance what they want to do. It would be fantastic if the railway could extend to Stratford. A key point in the motion is to talk to them, understand their proposals for the land, and report back by the end of the year;
- the motion is very messy – it should be easier to recognise the proposed actions and what the motion is trying to achieve;
- it is a shame that the project has stalled, but this is symptomatic of Network Rail which tends to be only concerned with trains rather than cyclists, down times at

level crossings, resulting traffic chaos etc. It's hoped that CBC and GCC will work together to put pressure on the government to allow work on this important link to continue;

- the northern extension to create a longer and safe off-road cycle route would be a really good extra deliverable, providing extra links, a safer way to get to the race course, a longer running track and pleasant green environment. Protecting this corridor via the planning process is a good first step, followed by pressure on CBC's partners and Network Rail;
- residents in south Cheltenham are also excited about the southwards extension, which among other benefits will enable school students to travel more safely to Dean Close and Bournside.

Councillor Wilkinson thanked Members for their comments, acknowledging the particular importance of the route for schools in south Cheltenham wards, and the public health benefits of opening this route for walking and cycling route to the northernmost boundary of the town. He took on board and apologised for any lack of clarity in the motion as set out.

RESOLVED (unanimous)

- **to approve the motion**

12 Notice of Motion B

Motion B

Proposed by: Councillor Paul Baker

Seconded by: Councillor Tabi Joy

On the 25th March 2019 this Council unanimously supported a resolution, proposed by Councillor Wilkinson and seconded by Councillor Boyes, to recognise the work done by Cheltenham Welcomes Refugees (CWR) and for Cheltenham to adopt the title of Town of Sanctuary.

In doing so, the authority sought to take practical steps to welcome and include refugees and to support them wherever it can. It also pledged to deepen its work with Cheltenham Welcomes Refugees, to build new links between them, the council's partners and other local organisations to support and provide inclusive and accessible activities.

It further committed to supporting activities that promote the education and training of refugees, enabling them to better integrate into the town and play an active role in the success of our local economy and creating sustainable communities.

Since 2019 the Council has been a very proactive Town of Sanctuary offering a place of safety and welcoming both refugees and asylum seekers from across the world.

Actions include :

- Providing homes for 31 Syrian families and 7 Afghan families and looking to house a further 20 Ukrainian families and 1 Afghan family this year
- Working in partnership with GCC and the 6 district councils to see how we can best respond to support people seeking asylum, this includes attending regular meetings e.g Migrant Resettlement meetings and Gloucestershire Operations Partnership Forum meetings.
- Working in close partnership with Gloucestershire Action for Refugees and Asylum Seekers (GARAS), CWR, the South West Strategic Migration Partnership and Clearspring Ready Homes
- Facilitating meetings to discuss support for asylum seekers with for example CTFC and CBC Communities Partnership and Wellbeing Team, undertaking a survey of newly arrived asylum seekers to see what activities they would be interested in and contacting local football and cricket teams.
- Worked with the Everyman Theatre and other partners to organise the 'Walk with Amal' for Refugee Week 2022, a festival to remind us all of the displaced children worldwide who are forced to flee their homes due to war or violence. The procession by the 'Little Amal' 3.5 m puppet was a huge success.
- In addition a considerable amount of work has gone into supporting those fleeing from Ukraine with housing and supporting hosts.

MOTION

To further enhance Cheltenham's strong record of welcoming, supporting and helping both refugees and asylum seekers we now request that the council appoints up to 4 Refugee Champions. The role of these Champions will include but not be limited to :-

- Promoting the work of GARAS and CWR with Council colleagues and within their communities.
- Helping to forge new links within our communities and schools to support and engage with refugees and asylum seekers.
- Correcting the rhetoric and highlighting the positive contribution that refugees and asylum seekers can play, and do play in our town, they are an asset, not a liability.

- Working with CWR to support new initiatives to help and support refugees and asylum seekers in our community
- Inspiring groups such as residents' associations to run events to raise funds for refugee charities and to support refugees and asylum seekers within their local community

Sadly Government language towards refugees and asylum seekers is often unhelpful, inaccurate and unashamedly hostile. Cheltenham Borough Council seeks to distance itself from such rhetoric. We recognise that refugees and asylum seekers are fleeing their homes due to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion. We recognise that no one would want to leave their homes, their communities, their families and friends and everything they have ever known and enjoyed unless they were in fear of their lives. We absolutely believe that refugees and asylum seekers should be treated with respect, understanding and kindness.

Finally this Council resolves to :-

- Condemn the Illegal Migration Bill which it considers to be a breach of the fundamental tenets of international human rights law;
- to write to our MP, calling on him to do everything he can to withdraw this appalling legislation :
 - To commit to resourcing an asylum system that can deliver fair and timely asylum decisions, so saving millions of pounds of tax payers money on temporary and often unsuitable accommodation.
 - To allow refugees and asylum seekers to work at the earliest opportunity so they can begin to rebuild their lives, become more independent and contribute to our society and our economy.

In proposing the motion, coincidentally on the first day of Refugee Week, Councillor Baker firstly reflected on the positive progress made by CBC and CBH since Cheltenham adopted sanctuary town status 2019. He now seeks to further develop that progress with four refugee champions to work with and promote the aims of Cheltenham Welcomes Refugees (CWR), and to record CBC's strong objection to the Illegal Migration Bill currently going through parliament.

As trustee of CWR, he has met many refugees and asylum seekers, and finds it a humbling and rewarding experience. These inspiring people, often with young children, have fled appalling circumstances, risking their lives in search of safe and secure future. We are all incredibly lucky to live in safe and beautiful town and

country, no one wants to be ref or a seeker, and should be proud of Cheltenham's progress over the last few years, in particular the hard work of Richard Gibson and team at CBC and Nigel Potter and team at CBH.

He also acknowledged the support of the Everyman theatre, and the many local schools who have welcomed the children of refugees and asylum seekers - these children are so happy to be at school, making friends, engaging with community. He praised CWR, which does an amazing job, providing practical, emotional and social help and support, and thanked Cheltenham Town Football Club for providing tickets for matches.

The four refugee champions can help promote activities in the council and to the wider community in variety of ways, some of which are suggested in motion. Cheltenham is a friendly, welcoming and generous town, and the vast majority of the population maintains those values. The UK's incredible record of welcoming those fleeing war, conflict and persecution is now sadly damaged by government's latest Illegal Migration Bill, which is widely condemned and will be thrown out by the House of Lords.

The simple answer is to provide safe routes and prompt processing of asylum applications, which will save millions of pounds in hotel accommodation. Economic migrants and those fleeing safe countries such as Albania should be returned, but most asylum seekers are granted refugee status. They have a huge variety of skill sets much needed in the UK since Brexit, and should be allowed to work at the earliest opportunity.

The Rwanda plan will not save the tax payer any money and is, as described by the Archbishop of Canterbury, morally unacceptable, and yet is supported by Cheltenham's MP. The least Council can do is express its unanimous dismay and ask him to reconsider.

Seconding the motion, Councillor Joy said CWR has been operating for eight years, and has achieved an immense amount through volunteer engagement, both supporting displaced people and helping them settle in Cheltenham, and liaising with the public to dismantle harmful ideas about refugees and asylum seekers. Refugees come from many different countries, with different individual circumstances, and it makes moral good sense to share what we have. People reciprocate so much – they want to give back to the community by volunteering or giving blood – and they don't see themselves as refugees, just a people doing what they can to survive and protect themselves and their children.

CWR has an overwhelming workload, including highly trained legal professionals working on individual cases, in a situation which is changing all the time. She welcomed any attempt of the council to be proactive and give all the support it can, and said no-one should be complacent – although the UK doesn't have laws

objectively based in moral standing, showing solidarity with others and helping turn their lives around from immeasurable trauma.

Many members gave the motion their full support, shared their own experiences and made the following comments:

- it is humbling to see what CWR does to help refugees and asylum seekers and the motion is welcomed;
- the government's Illegal Migration Bill is a repugnant piece of legislation, an attempt to stop the boats, when what is needed is simply safe and legal routes and efficient processing of applications. If people are not supposed to be in the UK, they will be returned; if they are, they must be welcomed;
- hosting a Ukrainian has been a privilege and an education; this person is working long and hard days, paying tax and national insurance, and has made a life in a foreign country, which isn't easy at the best of times. We cannot do enough to make sure people's time in Cheltenham is happy, and additional support for the work of CWR and GARAS is to be welcomed;
- it is vital that the council and town lead the way as the crisis grows, revealing the UK's shameful and dehumanising asylum system to be in tatters;
- it is impossible to explain the level of gratitude an asylum seeker feels for a country which has allowed them to stay. Since Brexit, there has been an increased 'othering' of outsiders – a broad range of groups, not only asylum seekers – but we should welcome them, not judge them. People who should know better refer to the 'will of the British people' in reference to the Illegal Migration Bill, but conservative voters need to seek deep within their hearts and recognise that this is not the Britain we know and love;
- the Corporate Plan refers to residents and communities being able to thrive, not just survive – this should be on every council document. The motion is one step on the journey;
- not only GARAS and CWR, but many community groups – schools, colleges, churches – go a long way to welcome refugees and asylum seekers. Cheltenham is a town of sanctuary, and it will be good to ensure there is enough housing for those who need it;
- while supporting the spirit of the motion, and recognising that asylum seekers deserve our help, there are still many illegal immigrants without any right to be here;
- immigrants are only labelled illegal because someone has said they are. We are extremely privileged to be UK citizens, compared with those people who live in danger and take huge risks to get here. If they are simply economic migrants, they should be returned to their homes or go through the proper immigration route. It isn't for us to say whether someone is legal or illegal.

Councillor Baker thanked Members for their comments. He reminded them that the government has changed the rules regarding asylum applications – the only way to apply is to be on British soil, and 70% of those who apply are allowed to stay. The government is making everyone who arrives an illegal immigrant.

RESOLVED (28 in support, 4 abstentions)

- **to approve the motion**

13 Any other item the Mayor determines as urgent and which requires a decision

There were none.

14 Local Government Act 1972 -Exempt Information

RESOLVED THAT:

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

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

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

15 A Financial and Legal Matter

The Leader of the Council introduced the report.

Members had the opportunity to ask questions and then debate the report.

RESOLVED THAT

The recommendations 1, 3, 4 and 2B be approved

Cheltenham Borough Council

Council – 24 July 2023

Housing Benefit War Pensions Disregard

Accountable member:

Councillor Peter Jeffries, Cabinet Member Finance, Assets and Regeneration

Accountable officer:

Jayne Gilpin, Head of Revenues and Benefits

Accountable scrutiny committee:

n/a

Ward(s) affected:

All

Key/Significant Decision:

No

Executive summary:

The purpose of this report is to reconfirm that war disablement and war widow(er)'s pensions should be disregarded as income when calculating entitlement to Housing Benefit entitlement

Recommendations: That Council

- 1. Approves the Housing Benefit War Pensions Disregard Policy in appendix 2 to confirm that war pensions should continue to be fully disregarded in the calculation of Housing Benefit**
 - 2. Delegate decisions relating to the application of these income disregards to the Head of Revenues and Benefits and officers in the Revenues and Benefits team**
-

1. Implications

1.1. Financial implications

This report proposes that the Council continues to disregard these pensions as it has done for many years. The Government will fund 75% of the additional disregard provided it does not exceed 0.2% of the total Housing Benefit subsidy received in any year. This council is required to fund 25%. In 2022/23 the cost to this council was just under £5,000.00 which is well below the 0.2% threshold. The cost is not expected to increase significantly and will be funded within existing budgets.

Signed off by: Gemma Bell, Director of Finance and Assets, gemma.bell@cheltenham.gov.uk

1.2. Legal implications

2. [please send to legalservices@onelegal.org.uk to summarise any legal implications of the recommendations]

Under section 134(8) of the Social Security Administration Act 1992 the Council has a discretion to disregard income from war pensions when calculating any entitlement to Housing Benefit.

Signed off by: One Legal; legalservices@onelegal.org.uk

2.1. HR implications

There are no HR implications arising from the content of the report

Signed off by: Georgie Tweddle, HR Business Partner, georgie.tweddle@publicagroup.uk

Environmental and climate change implications

There are no environmental and climate change implications arising from the content of the report or recommendations

Signed off by: Laura Tapping officer, Climate Emergency Programme Officer, laura.tapping@cheltenham.gov.uk

2.2. Property/asset implications

There are no property implications arising from the content of the report or recommendations

Signed off by: Gemma Bell, Director of Finance and Assets, gemma.bell@cheltenham.gov.uk

2.3. Corporate policy framework implications

The disregard is directly for claimants in receipt of War Disablement or War Widows(er)'s Pensions to ensure the support provided through Housing Benefit is maximised. In terms of the impact on groups that have protected characteristics under the Equality Act 2010, the

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proposal will support those that are older or are living with disabilities. No negative impacts are identified, therefore no equality impact assessment has been required

Signed off by: Richard Gibson, Head of communities, wellbeing and partnerships
richard.gibson@cheltenham.gov.uk

3. Promoting equality and reducing discrimination

The disregard is directly for claimants in receipt of War Disablement or War Widows Pensions to ensure the support provided through Housing Benefit is maximised.

4. Performance management – monitoring and review

The number of disregards and total awarded are reviewed and reported to the Department for Work and Pensions annually.

5. Background

- 5.1. Cheltenham Borough Council administers Housing Benefit on behalf of the Department for Work and Pensions and the Government reimburses the Council for the cost via the Housing Benefit Subsidy claim.
- 5.2. Whilst almost every aspect of Housing Benefit is determined by legislation local authorities do have the discretion to approve a local policy regarding how much of a person's income from War Disablement Pension and War Widow(er)'s Pensions should be disregarded. Housing Benefit rules provide for the first £10 to be disregarded but the council can decide to disregard some or all of the income in addition to the £10.
- 5.3. The Council is required to fund 25% of the cost of the local disregard and the Government funds 75%.
- 5.4. A small number of Housing Benefit customers currently receive the 100% disregard at a cost to this council of just under £5,000.00 in 2022/23.
- 5.5. The caseload is unlikely to increase as these pensions are only paid to those who qualified prior to 2005, when they were overhauled and a new scheme introduced. The current scheme provides a full statutory disregard.
- 5.6. This report recommends that the Council resolves to continue applying the 100% disregard for War Disablement and War Widow(er)'s Pensions, in relation to the Housing Benefits scheme.

6. Reasons for recommendations

- 6.1. Cheltenham Borough Council has previously agreed that War Disablement or War Widow(er)'s Pensions should be fully disregarded for Housing Benefit purposes and the proposal in this report provides for continuity in our approach.

6.2. During the latest audit of the Housing Benefit Subsidy claim our auditors recommended that the policy is renewed.

6.3. War pensions are also fully disregarded in the local Council Tax Support Scheme so this will ensure a consistent approach.

7. Alternative options considered

7.1. None. Reducing or revoking the disregard would potentially bring financial hardship to war pensioners and war widow(er)'s.

8. Consultation and feedback

8.1. No consultation has been undertaken

9. Key risks

9.1. The risks are in Appendix 1

Report author:

Jayne Gilpin, Head of Revenues and Benefits, Jayne.gilpin@cheltenham.gov.uk

Appendices:

- i. Risk Assessment
- ii. The Housing Benefit War Pensions Disregard policy

Background information:

1. The Social Security Administration Act 1992
2. The Housing Benefit Regulations 2006
3. The Housing Benefit and Council Tax Benefit (War Pension Disregards) Regulations 2007

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	If the caseload increases significantly the cost to the council will increase	Jayne Gilpin	1	2	3	Accept	annual review of the scheme	Jayne Gilpin	ongoing
	If the disregard for war pensioners and war widow(er)'s pension is not continued it would cause reputational damage to the Council	Jayne Gilpin	1	1	2	Avoid	Approve	Jayne Gilpin	24/07/2023

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Cheltenham Borough Council

Housing Benefit War Pensions Disregard Policy

Council 24 July 2023

1. Introduction

- 1.1. This policy sets out the circumstances in which War Pensions will be fully disregarded when working out a claimant's income in their Housing Benefit assessment.
- 1.2. The Housing Benefit Regulations 2006 make statutory provision for the first £10.00 of income from the War Pension and War Widow(er)'s Pension schemes to be disregarded in any Housing Benefit assessment. The cost of this disregard is fully reimbursed to the Council.
- 1.3. The Social Security Administration Act 1992 gives the Council discretion to disregard any amount it chooses in addition to the statutory provision. The Council has fully disregarded the income claimants receive from the War Pension and War Widow(er)'s Pension schemes.

2. Policy Aims

2.1. The policy aims to:

- Ensure income from the schemes is treated consistently when assessing entitlement to Housing Benefit;
- Ensure that everyone affected gets fair, consistent treatment;
- Promote a transparent and simple process that is easily understood; and
- Provide staff with guidance for making reasonable, fair and consistent decisions.

3. Policy

- 3.1. In line with Section 134(8) of the Social Security Administration Act 1992 the Council will fully disregard income from War Pension and War Widow(er)'s Pension schemes when assessing entitlement to Housing Benefit.

4. Evidence and changes in circumstances

- 4.1. The claimant will be required to provide evidence of the income at the application stage. They will also be required to provide evidence of changes to the income each April. This will ensure that the Council claims the correct amount of Housing Benefit subsidy from the Department for Work and Pensions annually.

5. Fraud

- 5.1 The Council takes fraud seriously and has adopted a zero tolerance approach. All allegations of fraud will be investigated; should a person make a false statement or provide incorrect evidence in support of their application for Housing Benefit, they may commit a criminal offence. All such instances will be dealt with in accordance with the Counter Fraud and Anti-Corruption Policy and any overpaid monies will be recovered.

Cheltenham Borough Council

Cabinet – 11 July 2023 & Council 24 July 2023

Financial Outturn 2022/23

Accountable member:

Councillor Peter Jeffries, Cabinet Member for Finance and Assets

Accountable officer:

Gemma Bell, Director of Finance & Assets (Deputy s151 Officer)

Ward(s) affected:

All

Key Decision: No

Executive summary:

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 and sets out the General Fund and Housing Revenue Account (HRA) revenue and capital outturn position for 2022/23. The information contained within this report is being used to prepare the Council's Statement of Accounts for 2022/23.

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.

The Council's Treasury Management Policy requires the Section 151 Officer to report to members annually, by the 30 September, on the treasury management activities and treasury management indicators for the previous financial year. This report also seeks to meet this requirement.

Recommendations:

- 1. That Council receives the financial outturn performance position for the General Fund, and notes that in delivering services in 2022/23, after the application of carry forward requests and following the use earmarked reserves, there was an overspend of £101,294 against the 2022/23 revised budget approved by Council on 20 February 2023.**

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2. Notes £859,147 of carry forward approved by the Section 151 Officer under delegated powers at Appendix 5 and approves £72,000 of carry forward requests which require Member approval.
 3. Notes the annual treasury management report at Appendix 7 and note the actual 2022/23 prudential and treasury indicators.
 4. Notes the capital programme outturn position as detailed in Section 7 of this report and Appendix 8, approve the carry forward of unspent budgets into 2022/23 and the inclusion of two new projects in the 2023/24 capital programme with no additional funding commitment required from the Council.
 5. Notes the year end position in respect of Section 106 agreements and partnership funding agreements at Appendix 9.
 6. Notes the outturn position in respect of collection rates for council tax and non-domestic rates for 2022/23 in Appendix 10.
 7. Receives the financial outturn performance position for the Housing Revenue Account for 2022/23 in Appendix 11 and approves the carry forward of capital budgets from 2022/23 into 2023/24 as set out in Appendix 12.
-

1. Implications

1.1. Financial, Property and Asset implications

As detailed throughout this report.

Signed off by: Gemma Bell, gemma.bell@cheltenham.gov.uk, 01242 264124

1.2. Legal implications

As detailed in the body of the report, the Council has adopted and complied with the CIPFA Code of Practice for Treasury Management in the Public Services. This provides assurance that investments are, and will continue to be, within its legal powers.

Signed off by: One Legal, legalservices@onelegal.org.uk, 01684 272012

1.3. Environmental and climate change implications

Key elements of the budget are aimed at delivering the corporate objectives in the Corporate Plan, including the climate change and net zero carbon priorities. The sustainability of general balances and earmarked reserves is vital to continue to work towards this objective.

Signed off by: Laura Tapping, laura.tapping@cheltenham.gov.uk

1.4. Corporate Plan Priorities

The actions outlined in this outturn report to support general balances, implement savings and grow commercial income will help ensure that the Council can continue to deliver its corporate objectives as set out in the revised Corporate Plan for 2023- 2027.

Signed off by: Ann Wolstencroft, Head of Performance, Projects and Risk

2. Background

- 2.1. On 21 February 2022, Council approved the budget for 2022/23, including setting the Council Tax. The 2022/23 approved budget identified ambitious efficiency savings and additional income of £1.507m and was set at a time of huge financial uncertainty over the long term impact of the pandemic on customer behaviour and the emergence of the Omicron variant in the winter of 2021. It also forecast that in 2022/23 a contribution of £302k would be made to strengthen the general balances.
- 2.2. The 2022/23 economic climate has been more challenging than anyone could have expected. Inflation rose from 6.7% when the final budget was approved to 11.1% and is still at 8.7% in June 2023. The Bank of England's decision to increase interest rates 13 consecutive times over the same period also continues to create a huge financial pressure for the Council who are a net borrower.
- 2.3. Throughout 2022/23, significant budget variances have been reported to Cabinet, most recently in November 2022 it was forecasted that the 2022/23 budget would be overspent by £2.39m. This was predominantly due to the impact of inflation on the annual pay award, energy costs and falling customer demand in some services.
- 2.4. The 2022/23 revised budget which was presented to Council for approval on 20 February 2023 reflected these changes with the proposal to fund the overspend using over £2.505m of general balances. This was possible as a legal settlement received in May 2022 meant the contribution to general balances was increased by £1.889m.
- 2.5. The revised budget forecast for general balances at 31 March 2023 shifted to under £1.5m, very close to the Section 151 Officer's most recent assessment of the optimum level of balances. The net contribution forecast from general balances for 2022/23 was £300k as outlined in Appendix 2 and 3. This is a marked shift from the original budgeted contribution to general balances.
- 2.6. With economic uncertainty expected to be ongoing into 2023/24, we are still in a position where spending commitments need to be reviewed and considered in line with General Fund balances to make sure the Council retains financial stability and is able to deliver the 2023-28 Corporate Plan.
- 2.7. This report draws together the financial outturn position for 2022/23 for the General Fund against the Revised 2022/23 budget. It also summarises the Housing Revenue Account (HRA) revenue and capital budgets, details reserve movements and summarises requests for carry forward of budgets approved by the Section 151 Officer under delegated powers.

3. General Fund Outturn 2022/23

- 3.1. The outturn position at 31 March 2023 reports that £2.606m of general balances was required to balance the budget rather than the forecast £2.505m. This represents an overspend of £101,294 against the revised budget. This is after relevant earmarked reserves have been applied to fund budget overspends as outlined in Appendix 4. The earmarked reserves are within the delegated authority of the Section 151 Officer and many of these will be replenished as part of the 2023/24 budget as outlined in Appendix 6.
- 3.2. A summary of the General Fund outturn position by directorate is contained in Appendix 2 and by service area 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 2022/23.

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- 3.3. The 2022/23 budget set an ambitious savings target of £1.507 million. £0.810m of this target was achieved through a variety of methods and work streams. The Council is committed to delivering value for money for its residents, and these savings will help to ensure that essential services can be maintained.
- 3.4. Inflation is currently at a 40-year high, and is expected to remain high over the next 12 months. This has put a significant strain on 2022/23 budgets. The cost of living crisis along with the ongoing war in Ukraine is having a significant impact on expenditure. Key budgets such as energy and supplies and services were significantly impacted and caused overspends in some services. Details of these significant variances are explained further in Appendix 4.
- 3.5. The general balance at 31 March 2023 is £1.398m which is below the optimum level assessed by the Section 151 Officer in the Section 25 report to Council in February 2023. This is after a review of earmarked reserves which has transferred £179k into this balance. Section 8 of this report outlines the medium term strategy to strengthen this position.

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:
- Some requests are in respect of goods and services ordered but not received by 31 March 2023.
 - 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.
- 4.2. 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 £859,147, for which expenditure is in line with the original approved purpose, is contained in Appendix 5.
- 4.3. A list of carry forward budgets totalling £72,000 which require member approval, for which expenditure has previously been carried forward or where the purpose of the expenditure is different to the original approved purpose is also contained in Appendix 5
- 4.4. In accordance with the Service Reporting Code of Practice (SeRCOP), a transfer was made to a 'carry forward' reserve in 2022/23 (Appendix 6) and transfers will be made from the 'carry forward' reserve in 2023/24 to the appropriate cost centres in order that members and officers have a clear indication of the total budget, including carry forwards, available for 2023/24.

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 6 July 2023, is attached at Appendix 7.

6. Business Rates Retention Scheme (BRRS)

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- 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 Department for Levelling Up, Housing and Communities (DULHC). The NNDR1 return was submitted to DLUHC by the deadline of 31 January 2023 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 variance for the year of £507,368 when taking into account the Gloucestershire Business Rates pooling arrangement.

	2022/23 Original Budget £	2022/23 Revised Budget £	2022/23 Actual £	2022/23 Variance £
Retained business rates	20,219,722	20,219,722	20,217,722	-
Tariff payable to government	(19,244,897)	(19,244,897)	(19,244,897)	-
Grant to compensate for government decisions	3,889,118	4,038,464	3,412,090	(626,374)
Estimated levy payable to government after Pool surplus/deficit	(517,409)	(431,972)	(312,969)	119,003
Net retained business rates	4,346,534	4,581,317	4,073,943	(507,371)
Less Baseline Funding (target level of net retained rates)	(2,841,443)	(2,841,443)	(2,841,443)	-
Net surplus on business rates against baseline funding	1,505,091	1,739,874	1,232,503	(507,371)
Deficit adjustment re 2020/21	(361,769)	(361,769)	(361,769)	-
Deficit Adjustment re 2021/22	(4,903,766)	(5,937,118)	(5,937,115)	3
Total One-off adjustments re previous years' deficits	(5,265,535)	(6,298,887)	(6,298,884)	3
Net retained business rates (after one-off deficit adjustments & LIGS)	(919,001)	(1,717,570)	(2,224,938)	(507,368)
Transfer to/(from) BRR earmarked reserve	5,308,695	5,908,740	5,908,740	0
Net income included in outturn	4,389,694	4,191,170	3,683,802	(507,368)

- 6.3. A transfer of £5.9m has been made from the Business Rates Retention (BRR) earmarked reserve at

year end as per revised budget agreed at February 2023 Full Council.

- 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 created a need for this Council to develop a long-term strategy which was 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 2022/23

- 7.1. The outturn position in respect of General Fund capital programme is contained in Appendix 8. Members are asked to note the outturn position and, where there is slippage, approve the carry forwards into 2022/23 requested by officers.
- 7.2. Since the approval of the 2023/24 budget in February 2023, funding for two new projects has been requested.
- 7.3. The projects are outlined below:

Leisure @ EVO Project –

In 2022/23 an application was made to BEIS for SALIX funding for the leisure centre to substitute the heating and air handling unit power systems with a unique solution which uses both ground and air source heat pumps. We have been notified that this could be the first example of this technology being used in this way in the leisure sector so this is a fantastic opportunity to put Cheltenham on the map for innovation. The bid was made because regardless of whether the application was successful, an upgrade of the system is required to improve energy efficiency and maintenance costs.

It was confirmed in February 2023 that the application had been successful and we have been awarded £287,546 towards the project. The remaining total project cost of £59,956 will be met by the existing carbon neutral capital budget. Planning and design for the project will be carried out in 2023/24 with delivery in 2024/25 in line with the Government grant award letter.

Replacement of Lifeline Equipment

The lifelines team were notified in 2022/23 that they have been awarded £280,370 by the County Council Strategic Housing Partnership to facilitate the funding and installation of new digital lifeline equipment in readiness for the 2025 Digital Switchover. The decision notice to accept this funding has been published by the Council and it will be used to procure new digital lifeline equipment to replace to 1,058 existing analogue units currently used by our customers.

8. Reserves and Section 151 Officer Advice

- 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 2022/23 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 31 March 2023. In setting the budget for 2023/24 a review of reserves was undertaken to assess whether the levels were appropriate and in line with the policy for reserves and Page 7 of 13 balances; and also whether they took into account the needs and risks of the organisation and the prevailing economic conditions as we continue to be in a cost of living crisis.
- 8.3. In assessing the adequacy of reserves and balances for 2023/24 the Section 151 Officer used a risk based approach to assess the appropriate level of general balances which calculated the optimum level to be £1.527m. At the year end, the General Fund Balance stands at £1.398m and therefore is below the optimum level recommended by the Section 151 Officer at year end – an impact of the pressures experienced through 2022/23 as the economy continues to go through a cost of living crisis with rising interest rates. As set out in Appendix 6 based on the current 2023/24 budget we expect

general balances to increase to £1.550m by the 31st March 2024 however this is contingent on delivering the £1.3m of approved savings in 2023/24.

8.4. Members will need to be mindful that there will be an expectation to further strengthen these reserves in order that the Council is robustly covered against further financial pressures which may emerge through recovery or future changes to local government financial support. With diminishing central government support in the form of direct grant and New Homes Bonus, uncertainty over the long term impact of the cost of living crisis, and the impact on individual's ability to pay council tax or business rates, it may be the case that that some difficult choices 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 2022/23, compared to 2021/22.

	2021/22	2022/23
Balance of unused Section 106 receipts	1,685,454	1,182,703
Net additional receipts in year	18,237	1,150,798
Receipts used to finance projects in year	(520,988)	(199,038)
Balance outstanding at year end	1,182,703	2,134,463

9.3. In 2022/23, there were two large s106 contributions received for the Starvehall Farm and Pate Court developments. Both of these contributions are in relation to affordable housing and will be used to support the achievement of the Council's Corporate Priority to increase the number of affordable homes in our town.

10. Council tax and Business Rates Collection and Support

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 2023. The collection rate for council tax has fallen slightly to 98.23% in 2022/23 from 98.31% in 2021/22. The cost of living crisis is having an impact on households and the team continue to work with any customers who are struggling to pay. The collection rate for business rates collection has increased from 97.43% to 98.31% in the same period as businesses continue to recover from the pandemic.

11. Housing Revenue Account (HRA)

HRA Income and Expenditure

1.1 The HRA revised forecast for 2022/23 financial year, based on performance to December 2022, anticipated an operating surplus of £351,400. After appropriating revenue contributions of £1,174,400 towards capital, it was expected that there would be a remaining balance of £1,500,000 in revenue reserves at 31st March 2023.

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1.2 The outturn statement, as presented in Appendix 11, shows a significant improvement (an increase of £438,800) with an operating surplus of £790,200 for the year. Revenue contributions to capital were increased to £1,613,600 leaving a balance of £1,500,000 in revenue reserves at year end.

1.3 Below is an explanation of variances exceeding £50,000:

Detail	Forecast £'000	Actual £'000	Variation £'000	Explanation
Repairs & maintenance	5,005	4,861	144	Demand slightly lower than forecast partially offset by higher void costs
Bad debts	225	53	172	Income recovery above target
Depreciation of other Assets	309	257	52	Changes to asset valuation & classification
Other variations less than £50,000 - net			71	
Increase in Operating Surplus			439	

Major Repairs Reserve

1.4 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

1.5 Actual expenditure for the year was £14,601,700, an underspend of £2,366,100 compared with the forecast of £16,967,800.

1.6 The programme includes projects where expenditure plans span more than one financial year 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 are controlled at both contract and project level. During 2022/23 the completion dates for a number of projects have been extended to reflect material and resourcing challenges being experienced by contractors.

1.7 Significant project variations from forecast (exceeding £250,000) are shown below:-

Project	Forecast £'000	Actual £'000	Variation £'000	Explanation
Major void refurbishment	1,082	1,405	(323)	Increased proportion of higher value void work
External Improvements	1,952	2,386	(434)	Works brought forward from 2023/24 to offset delays in other projects
Acquisitions	2,699	2,433	266	Market conditions have made the acquisition of financially viable properties more difficult
New Build Schemes	3,301	1,245	2,056	Challenges in progressing new schemes due to material and labour supply shortages and higher interest rates impacting the financial viability of developer owned sites

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Other net variances below £250,000			801	Primarily arising from extended delivery targets (see 1.6 above)
Total variance to forecast			2,366	

11.1. Changes to the projected financing of the capital programme have primarily arisen from the reduction in overall spend (£2.366m.) and the availability of additional capital receipts and revenue contributions.

12. Consultation

12.1. Appropriate members and officers were consulted in the process of preparing the outturn position and associated reports and accounts. The report was also presented for discussion at the Budget Scrutiny Working Group on 4 July 2023.

13. Key risks

13.1. As outlined in Appendix 1.

Report author:

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Appendices:

1. Risk Assessment
2. Summary Outturn Performance Position – General Fund
3. Service Level Outturn Performance Position – General Fund
4. Significant Variances
5. Carry Forward Requests
6. Movement on Earmarked Reserves and General Balances
7. Annual Treasury Management review
8. Capital Programme – General Fund
9. Section 106 Receipts Statement
10. Council Tax and NNDR collection
11. HRA Operating Account
12. HRA Capital Programme and Major Repairs Reserve

Background information:

- Final Budget Proposal for 2022/23 – Council 21 February 2022
- Section 25 Report – Council 20 February 2023
- Final Budget Proposals including the Revised budget for 2022/23 – Council 20 February 2023

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
347	If energy costs keep rising / fluctuating as per the current market then it impacts on our ability to accurately budget/forecast expenditure and may impact on our the investments we can make in projects / programmes whilst still being able to achieve our MTFS	Gemma Bell, Director of Finance and Assets	4	4	16	Reduce	This policy and the associated action plans.	Gemma Bell, Director of Finance and Assets	Ongoing
	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	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.	ED Finance and Assets	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	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	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.	ED Finance and Assets	Ongoing
	If income streams from the introduction of the business rates retention scheme in April 2013 are impacted by the loss of major business and the constrained	ED Finance and Assets	5	4	20	Accept & Monitor	The Council joined the Gloucestershire pool to share the risk of fluctuations in business rates revenues retained by the Council.	ED Finance and Assets	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	ability to grow the business rates in the town then the MTFS budget gap may increase.						<p>The Gloucestershire S151 Officers continue to monitor business rates income projections and the performance and membership of the pool / pilot.</p> <p>Work with members and Gloucestershire LEP to ensure Cheltenham grows its business rate base.</p>		
	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	4	4	16	Reduce	<p>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</p>	ED Finance and Assets	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
							income generation will be prioritised to mitigate the risk of income fluctuations.		
	If the assumptions around government support, business rates income, impact of changes to council tax discounts prove to be incorrect, then there is likely to be increased volatility around future funding streams.	ED Finance and Assets	5	3	15	Reduce	Work with Publica and countywide CFO's to monitor changes to local government financing regime including responding to 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.	ED Finance and Assets	Ongoing
	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	ED Finance and Assets	5	3	15	Reduce	The Council will continue to lobby for additional resource, as promised by Central Government from the outset of the pandemic.	ED Finance and Assets	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	asset sales.						Work programmes are underway to review service provision, capital programmes and rationalisation of assets.		

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APPENDIX 3 - GENERAL FUND REVENUE OUTTURN 2022/23

		Revised Budget 2022/23 £	Actual Spend 2022/23 £	(Under)/ Overspend 2022/23 £	Carry Forward £	Planned Maintenance Reserve £	s106 Funded £	Other Reserves £	Adjusted (Under)/Overspend £
111COR	Corporate Resources	1,389,436	1,348,062	(41,374)	69,000			(91,350)	(63,724)
112ICT	Information & Communications Technology	649,350	558,893	(90,457)					(90,457) *
113SUP	Support Services	1,228,049	1,264,337	36,288					36,288
121DEMO	Democratic Services	556,619	519,793	(36,826)					(36,826)
1CEXEC	Chief Executive	3,823,454	3,691,085	(132,369)	69,000	0	0	(91,350)	(154,719)
211CC	Climate Change	69,440	100,042	30,602					30,602
212PARKS	Parks, Gardens & Green Spaces	2,116,880	2,148,374	31,494					31,494
213TOWN	Townscape	364,358	122,198	(242,160)	12,830			205,459	(23,871) *
214WRSC	Waste, Recycling & Street Cleaning	4,592,366	4,592,152	(214)					(214)
221COMMS	Communications & Marketing	141,313	151,010	9,697					9,697
231BUSSUP	Business Support & Customer Services	898,331	885,336	(12,995)	3,200			24,870	15,075
232LIFE	Lifelines	(76,586)	(17,950)	58,636					58,636 *
233PEST	Pest Control	12,574	(1,219)	(13,793)					(13,793)
234LAND	Land Charges	(120,570)	(135,545)	(14,975)					(14,975)
241CWP	Communities, Wellbeing & Partnerships	1,120,647	1,103,104	(17,543)	16,000				(1,543)
242MARK	Marketing & Inward Investment	280,516	316,892	36,376					36,376
243PLAN	Planning & Enforcement	424,660	543,546	118,886				37,000	155,886 *
251EMP	Emergency Planning	28,000	29,316	1,316					1,316
252LIC	Licensing	(169,004)	(209,748)	(40,744)					(40,744)
253PSH	Private Sector Housing	322,653	251,449	(71,204)					(71,204) *
254COMF	COMF	0	0	0					0
255ENVH	Environmental Health	813,719	769,246	(44,473)					(44,473)
2COMMPL	Communities & Place	10,819,297	10,648,203	(171,092)	32,030	0	0	267,329	128,265
311BER	Bereavement Services	(833,572)	(722,569)	111,003				(25,000)	86,003 *
313COMM	Commercial & Income Generation	77,105	90,308	13,203					13,203
314LEG	Legal	526,808	517,592	(9,216)					(9,216)
321ELEC	Elections & Electoral Registration	373,815	431,638	57,823				(57,000)	823 *
331CFUAUD	CFY & Audit	178,243	193,753	15,510					15,510
332FIN	Finance	1,567,955	1,541,078	(26,877)					(26,877)
333PROP	Property & Assets	5,247,860	5,858,044	610,184		(237,872)	(137,759)		234,553 *
341HOUS	Housing & Communities	889,291	382,109	(507,182)	390,017				(117,165) *
352GOLD	Major Dev and Building Control	461,939	(352,079)	(814,018)	390,100			200,000	(223,918) *
312ROY	Royal Well	28,913	21,489	(7,424)					(7,424)
361BRCTAX	Business Rates & Council Tax	254,827	129,287	(125,540)	50,000				(75,540) *
362CARP	Car Parking	(2,127,884)	(1,950,834)	177,050				(50,000)	127,050 *
363HOUBEN	Housing Benefits	287,318	326,867	39,549					39,549
3FINAR	Finance, Assets & Regeneration	6,932,618	6,466,683	(465,937)	830,117	(237,872)	(137,759)	68,000	56,551
91COR	Capital Charges	(3,386,938)	(3,118,625)	268,313				(268,442)	(129)
92COR	Interest and Investment Income	(2,319,480)	(2,308,420)	11,060					11,060
93COR	Use of balances and reserves	(6,533,063)	(6,533,063)	0				(179,127)	(179,127)
99COR	Funding	(9,035,050)	(8,574,789)	460,261				(400,000)	60,261
	Net Outturn Position	300,834	271,074	(29,760)	931,147	(237,872)	(137,759)	(603,590)	(77,838)

*Significant Variances over £50k after carry forwards are explained in Appendix 4

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Appendix 4 - Significant Variances

Ref	Over/(under)spend after transfers to/(from) reserves £	SA Code	Service Area	Budget Holder	Explanation
Chief Executive Directorate					
CE1	-90,457	112ICT	Information & Communications Technology (ICT)	Ann Wolstencroft	In the revised 2022/23 budget we included an increased budget for additional Cyber Security costs, due to timing and allocation of resources across our shared service which hasn't all yet materialised into additional costs. In March 2023 Publica reviewed its allocation of infrastructure ICT costs and how they are distributed between each of the partners, the result was a underspend against budget.
Communities and Place Directorate					
CP1	-23,871	213TOWN	Townscape	Jackie Jobes	The underspend is mainly a result of a large flooding grant (£205k) which is held on the cost centre. No conditions remain to be met to recognise the grant and as a result there is a proposal to move to the flooding reserve (RES010) to fund future flood risk management in the area. This has been reflected in Appendix 3 and 6. The residual is due to delays in the delivery of projects and carry forward requests 3 - 7 have been submitted to fund these in 2023/24. This reduces the underspend to £23,871.
CP2	58,636	232LIFE	Lifelines	Chris Morrall	Income in the community alarms costs centre is £36k down against the budget and equipment costs have been impacted by inflation resulting in a £23k overspend. A review of the pricing structures is underway.
CP3	155,886	243PLAN	Planning & Enforcement	Mike Holmes	This is driven by two main factors; 1) Interest rates are high, so homeowners are struggling to borrow to fund development. 2) Construction costs are at an all time high. Cost savings of £23k marginally offset this deficit but the net impact is £118k. Elsewhere on the cost centre there is a budget relating to the Joint Strategic Plan which was unspent in 2022/23 and has been transferred to an earmarked reserve to contribute towards the funding of work in 2023/24 onwards. This is reflected in Appendix 6.
CP4	-71,204	253PSH	Private Sector Housing	Mark Nelson	The underspend against the budget is as a result of income being higher than expected. This has been due to two factors: 1) HMO licenses were 43K up on budget 2) We received income of £32k from the homes for Ukraine scheme in order to provide housing inspections - the vast majority of this work was covered by our in-house team whose costs are already covered within base budget
Finance, Assets & Regeneration Directorate					
FAR1	86,003	311BER	Bereavement Services	Ben Jenkins	There is a number of reasons behind the overspend for this service: 1) Income is down by £49k against the annual target 2) Goods for re-sale expenditure is over budget by £38k due to an increased demand for products. 3) Materials expenditure overspend of £12k due to operational demand and the creation of new memorial areas. 4) Ubico rechargeable works over by £26k as reactive and planned maintenance costs higher than expected. 5) An underspend of £40k on R&M Plant Contracts, and other small overspends in areas such as equipment purchase, tool hire/lease, and other operational materials make up the remaining £25k overspend. In order to offset some of the impact of the reduced income, £25k has been transferred from the Cemetery Income Equalisation Reserve to support the budget in 2022/23. This is reflected in Appendix 6.
FAR2	823	321ELEC	Elections & Electoral Registration	Kim Smith	In May 2022 CBC held Borough elections, this was the first time in a number of years that this wasn't shared with any of the following: County Council, PCC & Central Government. As a result where we would normally share the costs of holding the election, we have to bare the full costs. The overspend has been funded directly by using £57,000 from the elections equalisation reserve which is maintained for this purpose. This is reflected in Appendix 6.
FAR3	234,553	333PROP	Property & Assets	Gemma Bell	The overspend is due to costs exceeding budget in three main areas: 1. Electricity and Gas - although significant additional budget was provided for in the 2022/23 revised budget, a colder and longer than expected low winter temperatures meant that this was exceeded in order to ensure public buildings were heated to a safe level. This accounts for £216k of the overspend. 2. Reactive Repairs at Leisure@ Cheltenham - there were a number of reactive repairs costs which had to be actioned by the property team for health and safety and compliance reasons. In particular: <ul style="list-style-type: none">• £56k on essential H&S expenditure on Fire doors and C2 Electrical remedial works arising from annual testing.• £237k to restore the safety of the plant room as a result of significant flooding from the River Chelt. Appendix 3 and Appendix 6 show £237k of these costs being met by the repairs and maintenance reserve 3. Car Parks – Costs relating to car park repairs were impacted by an 11% increase in the Regent Arcade Car Park Service Charges, £37k of additional costs was associated to Town Centre East Repairs to Vandalism and H&S related maintenance.
FAR4	-117,165	341HOUS	Housing & Communities	Martin Stacy	CBC's homelessness cost centre receives a variable level of grant income each year and the service manager is often notified of this within the current year, which makes it challenging to match service provision with grant income levels. In 2022/23 we received grant funding of £430k but due to the timing of the announcement a lot of the statutory services had to be provided by our in-house team whose costs are already covered by base budget. This has given rise to a significant underspend as the grant could be used to offset base budget spend. The carry forward request of £390k in Appendix 5 means the remaining underspend is £117,165.
FAR5	-223,918	352GOLD	Major Dev and Building Control	Paul Minnis	Major Development underspent against budget (£340k) on professional fees. It should be noted that due to the long term nature of the projects covered by this cost centre, the proposal is to carry this balance forward to fund fees required in future years. This is reflected in carry forward request 13 and 14 in Appendix 5. In addition, salary costs were underspent by £73k were made in the year as a result of carrying four vacancies at different points of the year. A grant of £200k was also received from Government and is designated for specific purposes. An earmarked reserve has been created in Appendix 6 RES030 Major Developments where the transfer is reflected.
FAR6	-75,540	361BRCTAX	Business Rates & Council Tax	Jayne Gilpin	CBC received new burdens funding in 2022/23 for administering various support schemes including the council tax energy rebate. The majority of this underspend relates to the significant grants received, large parts of the additional workload was completed by existing staff already in the budget. this resulted in an underspend for the service. Carry forward request 15 in Appendix 5 is requested in order that the work can continue to be delivered in 2023/24.
FAR7	127,050	362CARP	Car Parking	Jayne Gilpin	Car parking income has now fully recovered post-covid and car parking fees were £87k up vs budget (+2%). However excess parking fees (FPNs) and permit income were down vs budget - causing our total income figure to be £20k under budget. However, costs were significantly over budget, mainly driven by the reasons below: 1) £64k relates to the 2 years worth of Regent arcade insurance (rectified in the 23/24 budget). 2) £51k is overspend on the "fees and charges" account, which is predominantly security cover at Town Centre East car park following the anti-social behaviour issues. 3) £19k overspend on credit card charges, which is a direct result of car par income being over-budget and also the social change of more people paying by card. 4) £16k overspend as a result of higher than budgeted electricity costs. In Appendix 6, a transfer of £50,000 is reflected which is a contribution from the Car Parking Equalisation Reserve to offset some of these one off costs.

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Appendix 5: 2022/23 CARRY FORWARD REQUESTS

Ref	Amount £ (Net of VAT)	Expenditure Code	Cost Centre	Detail Code	Reason for carry forward	Service Manager	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	20,000	R1652	DRM001	NA	Unspent carry forward from previous year to deliver Member training. Will be used to fund Members training in 2023/24 through the Member development group.	Beverly Thomas			20,000	
2	49,000	R1000	APP001	NA	Allocation of the base budget for apprenticeship salaries which was unspent in 2022/23. This will be used to fund a new, larger intake of apprentices in 2023/24.	Corry Ravenscroft	49,000			
	69,000	TOTAL CHIEF EXECUTIVE DIRECTORATE					49,000	-	20,000	
3	5,500	R4010	URB101	NA	Underspend to be carried forward to fund ERDF closedown activities required by the funding agreement.	Jackie Jobes	5,500			
4	2,560	R4010	URB101	NA	To fund an audit of the benches in town which was delayed in 2022/23.	Jackie Jobes	2,560			
5	1,500	R4010	URB101	NA	Underspent budget to be carried forward to pay for the first year maintenance on Clarence Fountain in advance of a review to secure permanent budget.	Jackie Jobes	1,500			
6	1,270	R4010	URB101	NA	To fund the maintenance of planters removed from Regent Street as a result of GCC not extending the Temporary Traffic Regulation Order in May 2023.	Jackie Jobes	1,270			
7	2,000	R4010	URB101	NA	This carry forward is earmarked to support the development of a proposal to deliver enhanced cycle storage provision across the town which has been delayed in 2022/23.	Jackie Jobes	2,000			
8	4,000	R6280	GBD001	GRA003	Community grants allocated in June 2022 which have yet to be claimed by applicants who have up to 12 months from the award date.	Richard Gibson	4,000			
9	12,000	R1006	CSM001	NA	Unspent budget to be carried forward to fund the documentation officers until September 2023.	Richard Gibson			12,000	
10	3,200	R4010	SUP040	NA	Street name plates can only be ordered in batches of 10 units and we had not reached that number by 31st March 23. Budget fully allocated in 2023/24 so carry forward of unspent budget required to cover this timing issue.	Judy Hibbert	3,200			
	32,030	TOTAL COMMUNITIES & PLACE DIRECTORATE					20,030	-	12,000	
11	10,100	R1650	BUC001	NA	Request to support team as their CPD has changed and require unspent budget from 2022/23 to be carried forward to fund further training requirements in line with statutory guidance.	Ian Smith	10,100			
12	390,017	R6280	HOM001	HGR024	Homelessness grant allocations are confirmed in-year - so it is essential we carry a buffer to ensure that we can plan better, rather than having to make cuts to services should grant entitlement be lower than expected.	Martin Stacy	390,017			
13	40,000		PLP105		Underspend from the major developments budget to be used as one off seed funding for the front door proposal to support the period in advance of the Innovation Centre opening to bring cyber businesses to the town.				40,000	
14	340,000	R4400	PLP105	NA	Major Development made significant savings against budget on professional fees. It should be noted that due to the long term nature of the projects covered by this cost centre, the proposal is to carry this balance forward to fund fees required in future years.	Paul Minnis	340,000			
15	50,000	R4400	LTC001	NA	CBC received new burdens funding in 2022/23 for administering various support schemes including the council tax energy rebate. As work is still ongoing funding needs to be carried forward to cover additional costs that will be incurred in 2023/24.	Jane Gilpin		50,000		
	830,117	TOTAL FINANCE, ASSETS & REGENERATION DIRECTORATE					740,117	50,000	40,000	
	931,147	TOTAL CARRY FORWARD REQUESTS					931,147	809,147	50,000	72,000

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Appendix 6 - Reserves Statement 2022/23 & 2023/24

		31st March 2022 £	2022/23 Movement Revenue £	2022/23 Movement Capital £	2022/23 Movement Adjustments £	2022/23 Reserves Review	Outturn Adj	31st March 2023 £	2023/24 Movement Revenue £	2023/24 Movement Capital £	31st March 2024 £
EARMARKED RESERVES											
Other											
RES002	Pension & Restructuring Reserve	(226,003)	(250,000)		228,520		91,350	(156,133)	(100,000)		(256,133)
RES003	Economic Development & Tourism Reserve	(4,200)				4,200		0			0
RES008	House Survey Reserve	(5,616)						(5,616)			(5,616)
RES009	Twinning Reserve	(8,366)						(8,366)			(8,366)
RES010	Flood Alleviation Reserve	(30,500)					(205,459)	(235,959)			(235,959)
RES014	GF Insurance Reserve	(77,106)				77,106		(0)			(0)
RES016	Joint Core Strategy Reserve	(127,780)					(37,000)	(164,780)			(164,780)
RES020	Ubico Reserve	(54,000)						(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	(251,469)	24,870	43,200			(24,870)	(208,269)	93,675	54,000	(60,594)
RES025	Budget Strategy (Support) Reserve	(177,177)	(339,032)		345,000			(171,209)	161,757		(9,452)
RES026	Social Housing Marketing Assessment	(41,534)	(2,500)					(44,034)	(2,500)		(46,534)
RES028	Green Economic Recovery and Investment	(250,000)	30,721	86,387		(4,200)		(137,092)		100,000	(37,092)
RES030	Major Developments Reserve	0					(200,000)	(200,000)			(200,000)
		(1,328,676)						(1,460,383)			(1,153,451)
Repairs & Renewals Reserves											
RES201	Commuted Maintenance Reserve	(48,691)	12,172					(36,519)	12,172		(24,347)
RES204	I.T. Repairs & Renewals Reserve	(167,200)	(50,000)					(217,200)	(50,000)		(267,200)
RES206	Delta Place Reserve	(374,792)	(100,000)	124,567				(350,225)	(50,000)		(400,225)
RES205	Property Repairs & Renewals Reserve	(741,872)	102,000				237,872	(402,000)	102,000	46,950	(253,050)
		(1,332,555)						(1,005,944)			(944,822)
Equalisation Reserves											
RES029	Council Tax Appeals Equalisation Reserve	(53,926)						(53,926)			(53,926)
RES101	Rent Allowances Equalisation	(131,431)				31,431		(100,000)			(100,000)
RES102	Planning Appeals Equalisation	(76,612)						(76,612)			(76,612)
RES105	Local Plan Equalisation	(9,795)						(9,795)			(9,795)
RES106	Elections Equalisation	(186,787)	62,900				57,000	(66,887)	(62,100)		(128,987)
RES107	Car Parking Equalisation	(269,341)			25,120	44,221	50,000	(150,000)			(150,000)
RES108	Business Rates Retention Equalisation	(5,932,560)	5,308,695		600,045			(23,820)	(250,000)		(273,820)
RES109	Cemetery income Equalisation reserve	(126,369)				26,369	25,000	(75,000)			(75,000)
RES110	HMO Licenses Equalisation	(58,667)	29,333					(29,334)	29,334		0
		(6,845,488)						(585,374)			(868,140)
Reserves for commitments											
RES301	Carry Forwards Reserve	(705,218)	705,218				(931,147)	(931,147)	931,147		0
CAPITAL											
RES402	Capital Reserve - GF	(293,403)	(200,000)	14,288			400,000	(79,115)	(200,000)		(279,115)
TOTAL EARMARKED RESERVES		(10,505,340)						(4,061,963)			(3,245,528)
GENERAL FUND BALANCE											
B8000 - B8240	General Balance - RR	(1,621,114)	(2,204,769)		2,505,604	(179,127)	101,294	(1,398,111)	(152,258)		(1,550,369)
		(1,621,114)						(1,398,111)			(1,550,369)
TOTAL GENERAL FUND RESERVES AND BALANCES		(12,126,453)	3,129,608	268,442	3,704,289	0	(435,960)	(5,460,074)	463,227	200,950	(4,795,897)

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Treasury Management Outturn Report 2022/23

1. Introduction

1.1 In February 2011 this Council 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.

1.2 The continuing economic recovery from coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the period.

1.3 UK CPI (UK measure of inflation) was 5.5% in March 2022 but rose strongly to hit 10.1% in July 2022 and then peaked at 11.1% in October 2022. Inflation remained high in subsequent months but appeared to be past the peak, before unexpectedly rising again in February 2023. Annual headline CPI registered 10.4% in February, up from 10.1% in January, with the largest upward contributions coming from food and housing. RPI followed a similar pattern during the year, hitting 14.2% in October 2022.

1.4 The Bank of England, to combat global inflation, increased interest rates over the period. The UK's official rate in March 2022 was 0.75%, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the financial year, taking the Base Rate to 4.25% in March 2023. At the time of writing this report, the MPC put rates up to 5% on the 22nd June 2023, a further increase of 0.50% to combat the current high inflation.

2. Headlines for 2022/23

2.1 Investment and borrowing interest for 2022/23 have produced a net surplus of £46,562 against the revised budget. The revised budget saw a cost increase of £40,837k compared with the original budget. The variance against the original budget was a surplus of £5,725.

2.2 Pooled Funds have returned dividends that were budgeted at the start of the financial year, and starting against higher capital values returned 4.14% against the £7m invested in this area. This was slightly better than what was budgeted for in February 2022 but fell £2k short of the revised budget.

2.3 The capital values of the Pooled Funds realised losses of over £803k for 2022/23. UK and global equities remained volatile against a backdrop of high and sticky inflation, rapid policy rates tightening and an increasing risk of recession. There was a large sell-off in global equities in April, and again in June and September 2022 for both UK and global equities.

2.4 The Council had total borrowings of £179.133m as at 31st March 2023 at an average rate of 3.09% compared with borrowing of £174.417m at an average rate of 2.20% as at 31st March 2022. The increase is mainly down to receiving in March 2022, Energy relief grants of over £6m to distribute to the local community. This reduced the need to borrow temporarily until the grant money was spent in May/June 2022.

2.5 All treasury prudential indicators were within their permitted limits for 2022/23.

3. Local Context

3.1 On 31 March 2022, the Authority had net borrowing of £166.351m arising from its revenue and capital expenditure, an increase of £13.484m from 31 March 2021. 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.

3.2 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 March 2023 and the year-on-year change is shown in table 1 below.

Table 1: Treasury Management Summary

	31.3.22 Balance £m	2022/23 Movement £m	31.3.23 Balance £m	31.3.23 Rate %
Long-term borrowing	118.420	(2.309)	116.111	3.15
Short-term borrowing	56.000	7.000	63.000	2.99
Total borrowing	174.420	4.691	179.111	3.09
Long-term investments	8.382	(504)	7.878	4.25
Short-term investments	0	0	0	-
Cash and cash equivalents	10.420	(5.515)	4.905	4.14
Other Investments				
Total investments	18.802	(6.019)	12.783	4.21
Net borrowing	155.618	10.710	166.328	

3.3 Borrowing Activity as at 31st March 2023, the Authority held £179.111m of loans, an increase of £4.694m on the previous year. The Council back in February 2022 was forecasting to borrow up to £17.7m in respect of asset purchases for the Housing Revenue Account (HRA) and new build. No borrowing was taken from the PWLB in 2022/23 due to the increase in long term borrowing rates, instead further temporary borrowing known also as internal borrowing was used in order to reduce risk and keep interest costs low. As an example, the 40 year PWLB maturity rate averaged 4.04% for 2022/23 financial year compared to a rate of 1.53% for temporary borrowing taken. This amounts to saving circa of £440k interest costs on the forecast prudential borrowing of £17.7m.

Table 2: Borrowing Position

	31.3.22 Balance £m	2022/23 Movement £m	31.3.23 Balance £m	31.3.23 Rate %
Public Works Loan Board	102.520	(0.309)	102.211	3.05
Banks (LOBO)	7.000	(2,000)	5.000	3.95
Banks (fixed-term)	8.900	0	8.900	3.87
Banks (short-term LOBO)	0	2,000	2.000	4.95
Local authorities (short-term)	56.000	5.000	61.000	2.93
Total borrowing	174.420	4.691	179.111	3.09

3.4 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 council's long-term plans change being a secondary objective.

3.5 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Council. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

3.6 The Authority currently holds PWLB debt of £42.86m for commercial investments that were purchased prior to the change in the CIPFA Prudential Code.

4. Investment Activity

4.1 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2022/23, the Council's investment balance ranged between £15m and £32m due to timing differences between income and expenditure. The year-end investment position and the year-on-year change in show in table 3 below.

Table 3: Investment Position (Treasury Investments)

	31.3.22 Balance £m	2022/23 Movement £m	31.3.23 Balance £m	Interest Rate %
MMF's/Call Accounts		(5.515)	4.905	4.14
Pooled Funds	10.420	0	7.000	4.13
Other Investments*	7.000	3.408	8.886	3.17
	5.478			
Total Investments	22.898	(2.107)	20.791	4.14

- **Other Investments include non- treasury investments which are not included in table 1 above.**

4.2 £7m of the Council'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 £289,107 (4.13%), however the capital value of these funds fell by £803,754, which is treated as an unrealised capital loss. See table 4 below for a breakdown of the individual returns for each fund.

4.3 For fixed income bond investors, 2022 was a very difficult year - bonds had their worst year of performance in several decades; long-term government bonds had their worst year ever as central banks delivered larger interest rates hikes than initially expected and promised more to combat inflation. As policy rates rapidly rose from very low levels, bond investors suffered large unrealised losses from rising sovereign and corporate bond yields (i.e. falling prices). The return on the All-Gilts index was -16.3% over the 12 months to March 2023.

4.4 The Council has invested £2m with the Schroders Maximiser Income Fund, which has a 9% exposure to equities within the oil and gas industries as at 31st March 2023. This equates to £184,000 of our investment fund. Due to the fund being valued at £472,000 below our original investment, the time is not right to crystallise this investment, but wait for the value to increase before selling.

Table 4: Current Pooled Funds

Fund Manager	Investment	Capital Value as at 31st March 2022	Capital Value as at 31st March 2023	Dividends Received 2022/23	2022/23 Gain/(Loss)	Gain/(Loss) v Original Investment
	£	£	£	£	£	£
CCLA Property Fund	3,000,000	3,238,505	2,704,632	117,093	(533,873)	(295,368)
Schroders Income Maximiser Fund	2,000,000	1,614,650	1,528,554	115,001	(86,096)	(471,446)
CCLA Diversified Income Fund	2,000,000	2,068,773	1,884,988	57,013	(183,785)	(115,012)
Total –current Funds	7,000,000	6,921,928	6,118,174	289,107	(803,754)	(881,826)

4.5 The nature of these funds is that values can fluctuate from one year to another. Their performance and suitability in meeting the Council'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 Council'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.

5. Financial Implications

5.1 The outturn for debt interest paid in 2022/23 was £4.549 million (2.68%) on an average debt portfolio of £169.271 million against a budgeted £4.522 million. A deficit of £17k was recorded for the financial year after taking into account the re-imburement of £2.017m for the debt associated to the HRA for 2022/23.

5.2 The outturn for investment income received in 2022/23 was £736k which equates to a 2.98% return (21/22 – 1.67%) on an average investment portfolio of £24.701 million against a budgeted £667k. The General Fund reimbursed the HRA £45k for revenue balances held within investment balances during 2022/23. A General Fund surplus of £64k was made for investment income.

5.3 Net loans and investments budget for 2022/23 which also includes leasing and third party loans repayments, was a budgeted cost of £1.589m but made an actual cost return of £1.542m, a surplus of £47k. See table 5 below for a breakdown.

Table 5 – Borrowing and Investment Costs

Borrowing Costs	2022/23 Original £	2022/23 Revised £	2022/23 Actual £	Variance (surplus)/loss £
Temp Borrowing	260,000	735,095	768,676	33,581
LT Borrowing	3,787,239	3,787,239	3,780,630	(6,609)
HRA Share	(1,930,290)	(2,007,408)	(2,017,149)	(9,741)
Total GF Cost	2,116,949	2,514,926	2,532,157	17,231
Investment Income	2022/23 Original £	2022/23 Revised £	2022/23 Actual £	Variance (surplus)/loss £
Pooled Funds	271,000	287,915	289,107	(1,192)
Short term/call	10,950	123,900	182,112	(58,212)
Other Loans/Lease	317,821	554,196	563,835	(9,639)
HRA Share	(30,800)	(39,900)	(45,150)	5,250
Total GF Income	568,971	926,111	989,904	(63,793)
NET COST (Saving)	1,547,978	1,588,815	1,542,253	(46,562)

6. Compliance Report

6.1 The Council can confirm that it has complied with its Prudential Indicators for 2022/23, which was set in March 2022 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 2022/23. 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

	2022/23 Maximum £m	31.3.23 Actual £m	2022/23 Operational Boundary £m	2022/23 Authorised Limit £m	Complied
Borrowing	179.111	179.111	264	274	✓

6.2 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 2022/23.

7. Treasury Management Indicators

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

7.1 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:

Table 7 Maturity structure of borrowing

	31.3.23 Actual	Actual Debt Due	Upper Limit	Lower Limit	Complied
Under 12 months	43.80%	£78.447m	50%	0%	✓
12 months and within 24 months	1.63%	£2.925m	50%	0%	✓
24 months and within 5 years	4.12%	£7.388m	100%	0%	✓
5 years and within 10 years	23.97%	£42.925m	100%	0%	✓
10 years and above	26.48%	£47.426m	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. The actual maturity percentages for 31st March 2022 are calculated on the debt outstanding of £179.111m.

7.2 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:

Table 8 Principal invested over 364 days

	2020/21	2021/22	2022/23
Actual principal invested beyond year end	7m	7m	7m
Limit on principal invested beyond year end	10m	10m	10m
Complied	✓	✓	✓

Appendix 8 - The Capital Programme

Code	Directorate / Scheme	Scheme Description	Total Scheme Budget £	Revised Budget 2022/23 £	Actual Spend 2022/23 £	Variance 2022/23	Forecast Budget 2023/24 £	Forecast Budget 2024/25 £	Forecast Budget 2025/26 £	Forecast Budget 2026/27 £
FINANCE, ASSETS & REGENERATION										
CAP516	Gloucestershire Airport Limited	Runway repairs	7,500,000	3,193,000	3,110,429	(82,571)	270,000			
CAP515	Minster Innovation Exchange	20,000 sq ft purpose-built commercial space adjacent to the Minster	5,657,539	2,718,191	1,955,294	(762,897)	2,262,897			
CAP522	Electric Vehicle Charging Points	Infrastructure to support the delivery of EV charging points	75,000	-	-	-	75,000			
CAP033	Refurbishment of the Reception	Refurbishment of the Reception in advance of re-opening	125,000	125,000	124,567	(433)	-			
CAP506	Enterprise Way Phase 2	Industrial units to complete development	22,651	22,651	22,651	-	-			
CAP524	Green Investment Fund - Upgrade of the Building Management System	Installation of a new building management system to reduce energy usage across the main buildings in our portfolio.	151,000	151,000	7,487	(143,513)	143,513			
CAP513	Smart Working project	Municipal Offices ground and first floor refurbishment	200,000	100,000	107,946	7,946	100,000			
CAP518	Sandford Park toilets	Provide for new public toilet provision at Sandford Park	150,000	-	-	-	150,000			
		Refurbishing the Clarence Fountain area in line with Green Economic Recovery and Investment strategy outlined in the 2020/21 outturn report.								
CAP208	Clarence Fountain		95,000	87,049	86,387	(662)	-			
CAP521	Montpellier Toilets	To improve public toilet provision in the town.	100,000	25,000	18,123	(6,877)	426,950			
CAP109	Pittville Steps	The restoration of the Pittville Pump Room steps which is to be funded by external resources and project managed by CBC.	63,300	-	3,175	3,175	60,125			
CAP026	IT Infrastructure	5 year ICT infrastructure strategy	250,000	80,523	67,652	(12,871)	332,348	150,000	150,000	150,000
		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								
CAP131	One Legal case management system		40,000	40,000	-	(40,000)	-			
CAP129	Off Street car parking Infrastructure Investment	St Georges Road Car Park- Landscaping	-	-	5,804	5,804	-			
CAP507	Changing Places	Two changing room accessible toilets in the town centre	42,185	-	-	-	42,185			
CAP227	Housing Delivery	Enabling the delivery of Private Rented Sector (PRS) Housing through Cheltenham Borough Homes	4,500,000	-	-	-	4,500,000	4,500,000	4,500,000	4,500,000
		Expenditure in support of enabling the provision of new affordable housing in partnership with registered Social Landlords and the Homes and Communities Agency (HCA)								
CAP228	Housing Enabling		252,746	252,746	-	(252,746)	252,746			
CAP606	Crematorium Scheme - existing chapel	Redevelopment of existing chapel	285,000	50,000	9,687	(40,313)	275,313			
CAP523	High Street Regeneration and Investment	Investment for the purchase and regeneration of properties and enhancement of the Council's property portfolio	6,232,410	3,307,507	3,339,257	31,750	-			
CAP517	Imperial Gardens Railing Restoration	The restoration of the Imperial Gardens Railing to be funded by external resources and project managed by CBC. £100k	100,000	90,431	90,431	-	-			
		To upgrade the AHU and Heating system to air and ground source heat pumps in line with the SALIX funding bid.								
	Leisure@ EVO Project		-	-	-	-	-	347,502		
				10,243,098	8,948,890	(1,294,208)	8,891,077	4,997,502	4,650,000	4,650,000
PLACE & COMMUNITIES										
CAP030	Carbon Neutral agenda	Seed funding to deliver the actions needed, as outlined in the report to Full Council in October 2019, to facilitate the Council's ambition to become carbon neutral by 2030.	332,016	150,000	126,672	(23,328)	145,388			
CAP032	Public Sector Decarbonisation Scheme	Installation of the sub-meters in line with the SALIX grant application	-	152,174	148,074	(4,100)	-			
CAP010	Digital Platform	Implementation and roll out of the new digital platform across the Council 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);	180,000	43,200	43,200	-	54,000			
CAP135	Commercialisation opportunities within the Cheltenham Trust	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.	1,000,000	250,000	253,780	3,780	400,000			
CAP607	In Cab Technology	Forward funding for the Leckhampton playing field works.	150,000	130,781	61,954	(68,827)	88,046			
CAP204	The Burrows Improvement Project		584,000	298,159	256,943	(41,216)	41,216			
CAP204	Public Realm Investment - Grosvenor Street Car Park	Improving linkages to the High Street, signage and decoration.	115,500	-	-	-	-			
CAP201	CCTV	Additional CCTV in order to improve shopping areas and reduce fear of crime	131,500	10,000	9,520	(480)	121,980			
CAP205/6/7	Public Realm Improvements - High Street Phase 2	Public Realm in the Strand / Cambray	412,914	412,914	53,963	(358,951)	358,951			
CAP221	Disabled Facilities Grants	County Council Grant funding 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	500,000	673,708	173,708	513,708	500,000	500,000	500,000
CAP223	H&S, vacant property & renovation grants	Assistance available under the council's Housing Renewal Policy	206,400	206,400	4,592	(201,808)	201,808			
CAP224	Warm & Well	A Gloucestershire-wide project to promote home energy efficiency, particularly targeted at those with health problems	18,400	18,400	15,000	(3,400)	21,800	18,400	18,400	18,400
CAP101	Play Areas (Section 101)	Developer Contributions	50,000	50,000	61,280	11,280	17,780	-	0	0
CAP034	UK Shared Prosperity Funding - Capital Projects	Delivery of the capital projects in line with the UKSPF funding bid	15,000	15,000	-	(15,000)	15,000			
CAP102	Play Area Enhancement	We are tendering one large playground improvement contract. Both will be committed this year, but paid for in next financial year.	123,800	123,800	169,697	45,897	-			
CAP608	Naunton Park Improvements	Contribution to pathways and drainage work	25,000	-	6,097	6,097	18,903			
CAP609	Burrows Storage Facility	Contribution to the works required to build the storage room for Leckhampton Rovers	25,000	-	5,040	5,040	19,960			
CAP501	Allotments	Allotment Enhancements - new toilets, path surfacing, fencing, signage, and other improvements to infra-structure.	161,000	161,000	3,250	(157,750)	157,750			
CAP133	Replacement Parks & Gardens Vehicles	Replacement vehicles for parks and gardens	-	-	-	-	40,800			
CAP301	Vehicles and recycling equipment and receptacles	Replacement vehicles and recycling equipment	1,034,925	1,710,795	575,738	(1,135,057)	2,435,057			
		To upgrade the existing lifeline equipment as part of the digital switchover					280,370			
				4,232,623	2,468,508	(1,764,115)	4,932,517	518,400	518,400	518,400
TOTAL CAPITAL PROGRAMME				14,475,721	11,417,398	(3,058,323)	13,823,594	5,515,902	5,168,400	5,168,400

Funded by:									
General Fund Capital Receipts		4,242,464	1,454,398	(2,788,066)	4,719,496	209,956	150,000	150,000	
Capital Reserve		-	-	-	-	-	-	-	
RCCO (funded from reserves)		285,652	268,441	(17,211)	200,950				
Prudential Borrowing		8,369,698	8,082,762	(286,936)	7,176,410	4,500,000	4,500,000	4,500,000	
Partner Funding		847,736	521,468	(326,268)	585,895				
Capital Grant or Contribution		167,174	340,341	173,167	437,555				
Better Care Fund		518,400	688,708	170,308	685,508	805,946	518,400	518,400	
s106 Funding		50,000	61,280	11,280	17,780				
Total		14,481,124	11,417,398	(3,063,726)	13,823,594	5,515,902	5,168,400	5,168,400	

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Detail	Contributions	YEAR of receipt	Balance @ 1/4/22 £	Receipts/ Refunds in year £	Amounts Applied to fund Cap expend £	Transferred to Revenue £	Grants & Contributions @ 31/3/23 £
RECEIPTS IN ADVANCE							
Long Term							
DEV005	High St, Brewery phase 3 - affordable housing	17/18	(40,078.08)				(40,078.08)
DEV008	Newland Homes Prestbury Road - affordable housing	20/21	(39,637.20)				(39,637.20)
DEV009	Vistry Homes- Starvhall Farm-affordable homes	22/23	-	(481,880.00)			(481,880.00)
DEV010	Bromford Dev Ltd - Village Road	22/23	-	(5,000.00)			(5,000.00)
DEV011	Pate Court S106 Contribution	22/23	-	(663,917.53)			(663,917.53)
B7410 CAPITAL			(79,715.28)	(1,150,797.53)	-	-	(1,230,512.81)
DEV403	Cold Pool Lane Grounds Maintenance	11/12	(53,303.83)				(53,303.83)
DEV406	Rosebay Gardens Grounds Maintenance	13/14	(41,835.83)				(41,835.83)
DEV407	Portland St & North Place MSCP repairs & insurance	14/15	(100,000.00)				(100,000.00)
DEV408	Portland St & North Place compensation claims	14/15	(80,000.00)				(80,000.00)
B7420 REVENUE			(275,139.66)	-	-	-	(275,139.66)
TOTAL GRANTS RECEIPTS IN ADVANCE			(354,854.94)	(1,150,797.53)	-	-	(1,505,652.47)
CAPITAL GRANTS UNAPPLIED							
SECTION 106							
Housing Enabling (affordable housing)							
DEV004	Pegasus Life - John Dower House	16/17	(470,550.00)				(470,550.00)
DEV007	Moss Construction - Hatherley Lane and Leckhampton Road	17/18	(137,758.56)			137,758.56	-
			(608,308.56)	-	-	137,758.56	(470,550.00)
Public Art							
DEV101	Dunalley St-Public Art	10/11	(4,250.00)				(4,250.00)
DEV102	Rosemullion-Public Art	07/08	(1,340.57)				(1,340.57)
DEV103	75-79 Rowanfield Road-Public Art	08/09	(5,342.50)				(5,342.50)
DEV106	12/13 Hatherley Lane (B&Q) - Public Art	12/13	(32,371.67)				(32,371.67)
DEV107	Devon Avenue - Public Art	12/13	(1,414.96)				(1,414.96)
DEV110	Spirax Sarco St Georges Road	13/14	(6,500.00)				(6,500.00)
DEV111	Public Art - Midwinter site	14/15	(50,000.00)				(50,000.00)
DEV112	Wayfinding - University Pittville Campus	14/15	(1,257.05)				(1,257.05)
DEV113	Taylors Yard, Gloucester Road - Public Art	17/18	(30,000.00)				(30,000.00)
			(132,476.75)	-	-	-	(132,476.75)
PlaySpaces							
DEV201 & DEV001	S106 Playspace-Adult/Youth		(66,650.45)		61,279.80		(5,370.65)
DEV267	S106 Playarea - St. Peters/Chelt Walk	17/18	(10,261.35)				(10,261.35)
DEV303	131 Old Bath Road Playspace	19/20	(2,151.94)				(2,151.94)
			(79,063.74)	-	61,279.80	-	(17,783.94)
Other							
DEV302	Former Gas Club flood defence maintenance contribution	18/19	(8,000.00)				(8,000.00)
			(8,000.00)	-	-	-	(8,000.00)
Section 106 Totals - Capital Grants Unapplied (BAL101)			(827,849.05)	-	61,279.80	137,758.56	(628,810.69)
TOTAL Section 106			(1,182,703.99)	(1,150,797.53)	61,279.80	137,758.56	(2,134,463.16)

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Council Tax and Business Rates Collection Rates 2021-22

Council Tax 2022/23

Current Year Charges - 2022/23		
Monitoring Period	% Collected at 31.03.2023	Target 31.03.2023
	98.23%	98.31%
Comparison with 2021/22	As at 31.03.2022	
	98.31%	

The collection rate for 2022/23 has not quite reached the target level and is slightly lower than for 2021/22. We are continuing to work with council tax payers struggling to pay.

Previous Years Charges Outstanding in 2022/23		
Monitoring Period	Amount outstanding at 31.03.2023	Target 31.03.2023
	£2,157,168	£2,250,000
Comparison with 2021/22	As at 31.03.2022	
	£2,034,315	

The arrears outstanding at the end of 2022/23 have reduced to below the target level. We are continuing to work with council tax payers struggling to pay.

Business Rates 2022/23

Current Year Charges - 2022/23		
Monitoring Period	% Collected at 31.03.2023	Target 31.03.2023
	98.31%	98.00%
Comparison with 2021/22	31.03.2022	
	97.43%	

The yearend collection rate is above the target which the target and higher than in 2021/22. We are continuing to work with business rate payers struggling to pay

Previous Years Charges Outstanding in 2022/23		
Monitoring Period	Amount outstanding at 31.03.2023	Target 31.03.2023
	£490,158	£1,000,000
Comparison with 2021/22	Amount outstanding at 31.03.2022	
	£1,005,952	

The arrears outstanding at the end of 2022/23 have reduced to below the target level. We are continuing to work with business rate payers struggling to pay

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	2022/23	
	Forecast	Actual
	£	£
EXPENDITURE		
General & Special Management	2,786,100	2,757,400
ALMO Management Fee	5,633,000	5,621,900
Rents, Rates, Taxes and Other Charges	120,000	116,600
Repairs & Maintenance	5,005,100	4,860,700
Provision for Bad Debts	225,000	53,200
Interest Payable	2,006,900	2,017,100
Depreciation & Impairment of Dwellings	5,337,700	5,337,700
Depreciation of Other Assets	309,100	256,700
Debt Management Expenses	94,700	94,700
TOTAL	<u>21,517,600</u>	<u>21,116,000</u>
INCOME		
Dwelling Rents	20,414,800	20,390,100
Non Dwelling Rents	214,900	240,900
Charges for Services and Facilities	953,600	967,800
Feed in Tariff from PV Installations	255,000	262,200
TOTAL	<u>21,838,300</u>	<u>21,861,000</u>
NET INCOME FROM SERVICES	320,700	745,000
Interest Receivable	30,700	45,200
NET OPERATING SURPLUS	<u>351,400</u>	<u>790,200</u>
Appropriations		
Revenue Contributions to Capital	<u>-1,174,400</u>	<u>-1,613,600</u>
Net Decrease in Reserves	-823,000	-823,400
Revenue Reserve brought forward	2,323,000	2,323,400
Revenue Reserve carried forward	<u><u>1,500,000</u></u>	<u><u>1,500,000</u></u>

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MAJOR REPAIRS RESERVE

	2022/23	
	Forecast	Actual
	£	£
Balance brought forward	0	0
Depreciation of Dwellings	5,337,700	5,337,700
Depreciation of Other Assets	309,100	255,100
	<u>5,646,800</u>	<u>5,592,800</u>
Utilised to fund Capital Programme	-5,646,800	-5,592,800
Balance carried forward	<u><u>0</u></u>	<u><u>0</u></u>

HRA CAPITAL PROGRAMME

	2022/23	
	Forecast	Actual
	£	£
EXPENDITURE		
EXISTING STOCK		
Property Improvements & Major Repairs	10,332,800	10,323,500
Adaptions for the Disabled	575,000	468,100
Repurchase of Shared Ownership Dwellings	60,000	132,200
	<u>10,967,800</u>	<u>10,923,800</u>
NEW BUILD & ACQUISITIONS	6,000,000	3,677,900
TOTAL	<u><u>16,967,800</u></u>	<u><u>14,601,700</u></u>
FINANCING		
Capital Receipts	1,511,000	2,058,100
HRA Revenue Contribution	1,174,400	1,613,600
Leaseholder & Other Contributions	300,000	357,700
Major Repairs Reserve	5,646,800	5,592,800
Grants & Shared Ownership Sales	1,534,000	799,300
Borrowing	6,801,600	4,180,200
TOTAL	<u><u>16,967,800</u></u>	<u><u>14,601,700</u></u>

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Cheltenham Borough Council

Cabinet – 11th July 2023 / Council – 24th July

Disposal of Municipal Offices

Accountable member:

Councillor Peter Jeffries, Cabinet Member Finance & Assets

Accountable officer:

Paul Jones, Executive Director Finance, Assets and Regeneration

Accountable scrutiny committee:

Overview and Scrutiny Committee

Ward(s) affected:

n/a

Key/Significant Decision:

Yes

Executive summary:

The Municipal Offices (MO) is an iconic building which plays a prominent role in shaping Cheltenham's town centre identity. As the long-standing home of Cheltenham Borough Council (CBC), it has a direct influence on a number of the Council's strategic objectives, from creating a collaborative working environment that attracts and retains top talent through to maintaining an efficient cost base.

In a report to Full Council in April 2015, it was acknowledged that remaining in the Municipal Offices was not a viable option for the future. Since that date, the Council has purchased a number of investment properties that could meet the operational requirements of its workforce in a reduced office 'footprint'.

The CBC organisation and the shape of its workforce have changed significantly over the years, leaving the asset underutilised. Occupancy studies have established that the number of CBC employees that the building needs to accommodate is considerably less than at certain times in the past. The CBC operating model and accelerated adoption of hybrid working in a post pandemic world is not optimised by the condition and internal layout of the building. This has presented a timely opportunity to reflect on what the long-term purpose and uses of the MO building are so that it continues to play an active role in shaping a vibrant future for the town centre, while enabling CBC to remain financially sustainable.

Recommendations:

Cabinet recommends that Council:

- 1. disposes of the Municipal Offices on the open market, in line with our agreed Asset Management Strategy, as the Municipal Offices are now surplus to our operational requirements;**
 - 2. commissions a development brief for the Municipal Offices which will take a creative and conservation-led approach to the reuse, adaptation and extension of the listed building, its setting and the setting of neighbouring listed buildings and the conservation area;**
 - 3. on completion of the development brief, invites bids for development proposals for the Municipal Offices; and**
 - 4. requests that the Cabinet Member for Finance and Assets bring back proposals to Full Council for a final decision on its future use and disposal.**
-

1. Implications

1.1. Financial implications

A full financial analysis comparing the forecast net present value of each option has been undertaken by the finance team and is contained at Appendix 2. Following scrutiny by the Executive Leadership Team (ELT), there is a good level of confidence in the cash flow model being used to inform the debate.

The financial model which forecasts the best return for CBC (by both net present value and payback) is the “sell and move” option and therefore the recommendation from a purely financial standpoint is to begin to explore opportunities for alternative uses for the MO. This recommendation has been cemented by the on-going pressure on the council’s operational cash flow and the need to “right-size” our infrastructure.

Signed off by: Andrew Taylor, Principal Commercial Accountant,
andrew.taylor@cheltenham.gov.uk

1.2. Legal implications

The recommendations to explore possibilities for the disposal of the MO within the property market do not, at this stage, introduce any legal commitment upon CBC.

Officers will engage with One Legal when looking to implement the recommendations detailed in this report.

Section 123 of the Local Government Act 1972 gives a local authority the power to dispose of land held by it in any manner it wishes provided that the local authority achieves the best consideration that can reasonably be obtained. Steps should therefore be taken when disposing of the Municipal Offices to ensure that CBC obtains the best consideration that it can, and it should not be disposed of for less than market value. Disposal for less than market value may be possible but will require Secretary of State consent.

It is noted that there are occupational leases to third parties of parts of the Municipal Offices. Any disposal will need to be made subject to any occupational leases that are still subsisting at the date of disposal.

Signed off by: Hayley Sims, Head of Law (Commercial and Property),
legalservices@onelegal.org.uk

1.3. HR implications

There is no immediate direct impact on staff since it would take at least 2-3 years to commence any redevelopment taking into account the process for decision making, planning and determining the best approach in respect of tenure. However continued engagement with staff as to what is happening with their current base is recommended as this will help to ensure a smooth transition in the future. Once decisions have been made the appropriate HR support will be provided according to any potential impact on staff.

Signed off by: Julie McCarthy, HR Consultant,
julie.mccarthy@cheltenham.gov.uk

1.4. Environmental and climate change implications

Currently the MO DEC (display energy certification - a statutory obligation for public authority buildings) rating is C (69/200), compared to most new buildings that aim to achieve an A rating (0-25/200) as a minimum. CBC has an ambition to achieve net zero carbon emissions by 2030, and has committed to using 100% renewable electricity across council owned assets by 2027. Reaching these targets would result in a DEC rating of A+ (0/200). The recommendation presents an opportunity to explore the most viable approach for CBC to deliver positive climate change initiatives and reach our net zero targets.

Signed off by: Laura Tapping, Climate Emergency Programme Officer,
laura.tapping@cheltenham.gov.uk

1.5. Property/asset implications

The recommendation aligns with our ambition to be one of the leading Local Authorities for development, investment and asset management taking a proactive approach to driving the best from the resources available and in doing so contributing to our place based outcomes, as captured in the Asset Management Strategy in Appendix 3.

In order that we can lead the economic recovery of our town, we will continue to use our assets for the benefit of our residents, businesses, staff and communities, stimulating a positive environment for inward investment in our place and people.

Signed off by: Gemma Bell, Head of Property,
gemma.bell@cheltenham.gov.uk

1.6. Corporate policy framework implications

The Asset Management Strategy forms part of a suite of documents that comprise the Councils investment and expenditure strategies, and governance and decision making arrangements. The recommendation aligns with corporate plan priorities to assess opportunities towards carbon net

zero by 2030 and place shaping through revitalisation opportunities in the town centre.

Signed off by: Ann Wolstencroft, Head of Performance, Projects & Risk,
ann.wolstencroft@cheltenham.gov.uk

2. Promoting equality and reducing discrimination

The recommendations, if agreed, do not yet have an impact on the way council services are delivered to customers, local residents or staff.

As noted in s6.4, the Municipal Offices are not fully DDA compliant so there is an opportunity for the council's future office accommodation to be more inclusive. The options that are developed for future CBC office accommodation will be tested for equality and access impacts.

3. Performance management – monitoring and review

n/a

4. Background

- 4.1. The construction of the row of terraced houses on the west side of the Promenade was developed between 1823 and 1840. As is still the case today, the design involved a symmetrical main frontage with 63 bays facing onto the Promenade; the central section of three bays, which slightly projected forward, featured a window flanked by two doorways on the ground floor.
- 4.2. Cheltenham Borough Council acquired its first 4 properties in 1913 for a total sum of £4,600. A further 9 properties were purchased between 1920 and 1958, and collectively these 13 properties are now commonly referred to as the Municipal Offices.
- 4.3. Whilst these iconic buildings have served their purpose as Cheltenham Borough Council's head office for more than a century, Cheltenham Borough Council (CBC) has had a long term aspiration '**to relocate to modern, more flexible office accommodation which meets both existing and future needs, improves customer experience and provides better value for money for the tax payers of Cheltenham**'.
- 4.4. At a meeting of Full Council in April 2015, Council acknowledged that remaining in the Municipal Offices was not a viable long-term option, and authorised officers to investigate options for the future of the Municipal Offices, including the process for securing a partner to enter into a joint venture for the redevelopment of the Municipal Offices.
- 4.5. Members will recall that at that same meeting, Council approved the acquisition of Delta Place which was earmarked as the potential location for the Council to base its head office along with a number of other public sector partners in 2023. Given the change in shape of its workforce, and that of its partners, alongside the accelerated adoption of hybrid working in a post pandemic world, this is no longer deemed a viable option.
- 4.6. This has presented a timely opportunity to reflect on what the long-term purpose and uses of

the MO building are so that it continues to play an active role in shaping a vibrant future for the town centre, while enabling CBC to remain financially sustainable. Given the Council's ambitious Corporate Plan, the Council does not have the in-house capacity to explore a joint venture opportunity for redevelopment and therefore is recommending an outright disposal – this will ultimately provide a generous capital receipt to finance a number of our corporate priorities as well as driving economic growth and recovery for the Town.

5. The Cabinet's Vision Statement

- 5.1. The Municipal Offices is a beautiful building and it has been the home of Cheltenham Borough Council for many years. We value this building and love what it brings to our town, but it is no longer appropriate for the needs of a modern local authority. That is why we are looking at alternative options to secure its future. Our ambition is to preserve 47-83 The Promenade, known as the Municipal Offices, in all its glory. But this will not be a project that seeks merely to preserve a beautiful building, it seeks to also add new beauty and function.
- 5.2. In honouring the building and safeguarding it for the future, the Cabinet is committed to respecting the heritage of its setting, while taking every opportunity offered by modern architecture, technology and new building materials. This will allow a development that augments and improves its surroundings and creates new space for future use, leaving an appropriate legacy.
- 5.3. The stunning 19th century façade has been described as 'equal to any terrace in Europe' and the council agrees. It will be protected as a key heritage asset. The rear of the building, however, does not mirror the grandeur of the frontage. This creates an opportunity to improve the sense of place, albeit within a constricted footprint. To the rear, we would want to see an equally stunning but unique example of 21st century architecture. Innovative and free-thinking, while remaining within the local vernacular, it will provide a modern counterpoint to the graceful Regency sweep of Royal Crescent. Sensitive and sustainable for both old and new, it will challenge the boundaries of engineering and available technologies.
- 5.4. The building has a long civic history. Therefore, part of it will remain in perpetuity an address for Civic use on major occasions, such as Remembrance Day. Such dates are specifically linked to that location because of the War Memorial. This will require careful and sensitive consideration.
- 5.5. The Long Garden, incorporating the War Memorial, will be respected by the development. Indeed, there are opportunities for improvement in the vehicle-dominated street scene, to sensitively and sustainably maintain this area as a beautiful setting for the building, whatever its ownership and use.
- 5.6. There are manifold opportunities in development to improve the appearance, function, accessibility, and performance of this iconic building. As a Regency era structure, fuel efficiency and environmental performance is poor. While any future project would inevitably make improvements, we will aim high. The result will be a development which would be recognisably Cheltonian in style, but functionally modern. This is a development that will capture the imagination and hearts of so many for the future, as it already has done for almost 200 years. When it is complete, it will be a building that draws the attention of more people than ever far beyond the boundaries of our town. Cheltenham demands nothing less.

6. Rationale for review

6.1. Our Corporate Plan sets out five clear Corporate Priorities:

- Enhance Cheltenham as the Cyber Capital of the UK
- Work with others to help make Cheltenham net zero by 2030
- Increase the number of affordable homes in Cheltenham through our £180m housing investment plan
- Ensuring residents, communities and businesses benefit from our future growth
- Being a more modern, efficient and financially stable council

6.2. The Asset Management Strategy, approved by Full Council in February 2022 and aligned to delivering our corporate priorities, took a refreshed approach to future asset management decisions and the management of our portfolio which balances social value, sustainability, regeneration, commercial and housing needs at a strategic level to ensure a positive direction of travel to economic recovery continues.

6.3. The Council's assets and the way in which they are managed have the potential to both contribute to and detract from elements of these ambitions. The purpose of the Asset Management Strategy is to:

- set out the approach we will take to review the strategic purpose of our asset portfolio and ensure we are allocating available resources to land and property which best help support our Corporate Plan and the wider vision and ambition for Cheltenham;
- establish a framework to monitor the continuous performance of our asset portfolio against our priorities, test whether it remains fit for purpose and better plan for a future that looks through a broader sustainable lens; and
- outline the governance arrangements on which asset rationalisation, development, investment and construction decisions can be consistently based

6.4. The following issues prompted the need for a review of the MO options appraisal;

- a) Projected costs of long term maintenance backlog to CBC is £7.6m, informed by Evans Jones Partnership commissioned in February 2021 to provide a condition survey of the building; this generated a profiled costing schedule that has been incorporated into the options modelling.
- b) Accelerated adoption of flexible working arrangements in light of the covid pandemic means that CBC no longer need the existing space within the MO. Whilst CBCs overall occupation of the MO has significantly consolidated, the cellular footprint is a limitation to collaborative working.
- c) The carbon footprint of the MO is excessive, costly to address and potentially compromises CBCs climate aspirations of achieving net zero by 2030.
- d) The building is not DDA compliant therefore adaptations are required for stakeholders with

access and mobility requirements.

- e) Commercial letting prospects are poor. Demand for permanent cellular office space has reduced, evidenced by vacant space at 53-57 Rodney Road and other similar offices across the town. Any potential rental income is likely to be significantly less than current occupancy costs, and is limited by the condition of the rooms, poor facilities and restricted opening hours. The MO cannot compete with new spaces becoming available e.g. The Quadrangle, Honeybourne Place, and West Cheltenham .
- f) Pre-pandemic property values for existing use range from £3.85m to £4.2m, and in excess of £9m for residential development as considered to be highest and best use (based on the existing foot-print of the building). Post-pandemic values need to be obtained in order to assess the impact of a potential capital receipt towards the Medium term Financial Strategy.

6.5. A leading property consultant was commissioned in July 2019 to conduct an independent, impartial strategic opportunities assessment of the Municipal Offices. Their brief was to explore the redevelopment of the building for alternative uses compared to retaining and investing in the building. Their emerging 'best' option is to redevelop the MO (residential led with commercial ground floor) and relocate to another building owned by CBC e.g. Ellenborough House. Any further progression of the findings were dependent upon completion of the operating model and workplace strategy, which in turn were delayed by the pandemic.

6.6. The analysis was reviewed by the CBC in-house Finance team and the emerging conclusions at Appendix 2 were shared with the Cabinet and the Overview and Scrutiny Committee. These have helped to inform the recommendations put forward today.

6.7. CBC commissioned a Historic Assessment of the MO in September 2010 in order to have a full understanding of the heritage asset in any development proposals to be invited from interested developers. It is critical that this assessment is captured within the development brief to ensure the 'market' is fully informed on any limitations on the buildings future use.

6.8. In making the recommendation for disposal of the Municipal Offices, the following considerations have been assessed in the alignment of the asset purpose against our Corporate Priorities.

- facilitates economic growth and recovery;
- helps to meet our housing needs, including contributing to our housing strategy;
- creates commercial space that supports our key employment sectors;
- stimulates a positive climate for inward investment into Cheltenham;
- improves and drives quality and innovation of our public realm; and
- delivers on our climate and environmental commitments and approach to social value outcome

7. Development brief and 'meanwhile' use

7.1. A development brief for the Municipal Offices will take a creative and conservation-led

approach to the reuse, adaptation and extension of the listed building, its setting and the setting of neighbouring listed buildings and the conservation area.

- 7.2. This will be best achieved by understanding and respecting the significance of the affected heritage assets. Particular regard will be given to the buildings significance as a grade II* listed former Regency townhouses and its later use as the Municipal Offices. New development could include, but not limited to, a number and mix of uses including residential townhouses, apartments, offices, retail (particularly to the lower ground floor) and hotel uses.
- 7.3. The development brief will need to take advantage of the opportunity to create an active and creative new frontage that engages with the public open space and Royal Crescent located on Royal Well Road. Any reuse, adaptation and extension should be informed by a thorough understanding of the significance of the site and its context, the impact of the interventions proposed be justified in heritage terms and be informed and supported by the relevant heritage legislation and policy.
- 7.4. It is anticipated that any disposal would take at least 2-3 years to commence any redevelopment taking into account the process for decision making, planning and determining the best approach in respect of tenure.
- 7.5. With this in mind, Officers will be working alongside our development partners, HBDXF, to offer short-term lettings within the Municipal Offices, with favourable break-clauses, to any prospective tenants for the Golden Valley Development who wish to have a presence in Cheltenham ahead of the construction of the National Cyber Innovation Centre and neighbouring office buildings.

8. Reasons for recommendations

- 8.1. To gain an up to date understanding of the potential opportunities for the MO to support placing shaping and economic development within the town centre.
- 8.2. To determine the current property value of the MO and therefore assess the impact of any such capital receipt contribution to the MTFs.

9. Alternative options considered

- 9.1. After careful consideration, two options have been discounted on the grounds of viability; the first being 'do nothing' and the other being a full refurbishment to adapt, modernise and achieve a carbon neutral footprint. These are captured in the CBC financial analysis at Appendix 2.

10. Consultation and feedback

- 10.1. A meeting with Heritage England took place in May 2023. Their representatives are keen to be involved in the formulation of the development brief as a prominent stakeholder.
- 10.2. Overview and Scrutiny Committee were briefed in a confidential session at their meeting on 3rd July 2023 on the pathway to how the recommendations put forward in this report were established.

10.3. An engagement workshop with a cross section of stakeholders was held in the MO in January 2023. Stakeholders included the Cheltenham Civic Society, Cheltenham Local History Society, Architects Panel members, Cheltenham Chamber of Commerce, Cheltenham BID and representatives from youth groups including a number of our own apprentices.

10.4. Feedback captured included the following:

- Retain the façade and build an energy-efficient scheme behind. This should be an opportunity to build a decent Royal Well frontage, which is a high priority.
- The cleared site (retaining the façade) could be rebuilt in an organised way, retaining the option to change the use of parts of it as needed over time. (Cohesive development dividing the present interior would be a very complicated and expensive option).
- Residential use would transform that side of the Promenade at night, bringing it alive, rather than the present 'dead black windows'.
- It would be good to see something that took advantage of the roadway, and possibly some of the gardens, in front of the buildings, e.g. create a large piazza; vehicular access to the buildings should then only be from the rear (and tie in with changes to make rear of building visually acceptable.)
- The Engagement Workshop discussion summary states 'the property ... distorts the promenade to what has become a one-sided retail offering'. The Promenade originally begun as a residential street, and since the 1820s that area has always been a 'one-sided retail offering'. The general feeling is that it should largely remain so, perhaps with some limited, sensitive commercial use of some of the Municipal Offices premises. The site is viewed as an oasis of calm amongst the bustling retail.
- This is a once in a generation opportunity to do something special for Cheltenham that place-shapes around an iconic building. Please give some direction to the market via a development brief as we only have one opportunity to get this right.

11. Key risks

- 11.1. If the Municipal Offices remain in CBC ownership then the long term maintenance requirements for the building will draw money away from the provision of essential services to CBC residents and inhibit the ability for us to deliver our corporate plan objectives.
- 11.2. If the Municipal Offices remain in CBC ownership then the poor carbon footprint of the building will mean we will not achieve our goal of making Cheltenham Borough Council net zero by 2030.
- 11.3. If CBC continue to use the Municipal building as an office then we will never be a diverse workforce as the building is unable to provide us with an accessible and mobility friendly work environment.
- 11.4. If CBC do not downsize to a smaller office then it will continue to have empty spaces that require heating, maintenance and reduce collaboration opportunities.

11.5. If CBC do not get the disposal brief correct then the building may be developed in a way that is detrimental to its central position in the town.

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Appendices:

1. Risk Assessment
2. CBC financial analysis
3. Asset Management Strategy –
https://democracy.cheltenham.gov.uk/documents/s39437/2022_02_21_COU_Asset_Management_Strategy_appendix.pdf

Background papers

https://democracy.cheltenham.gov.uk/documents/s15295/2015_04_%2014_CAB_Accommodation_Strategy_report.pdf

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
1	If the Municipal Offices remain in CBC ownership then the long term maintenance requirements for the building will draw money away from the provision of essential services to CBC residents and inhibit the ability for us to deliver our corporate plan objectives.	Paul Jones	4	4	16	Reduce	Asset Management Strategy	Gemma Bell	In place
2	If the Municipal Offices remain in CBC ownership then the poor carbon footprint of the building will mean we will not achieve our goal of making Cheltenham Borough Council net zero by 2030.	Paul Jones	4	4	16	Reduce	Climate Pathway	Darren Knight	In place
3	If CBC continue to use the Municipal building as an office then we will never be a diverse workforce as the building is unable to provide us with an accessible and mobility friendly work environment.	Gareth Edmundson	4	3	12	Reduce	1.Updated Equality Policy 2.Equality Impact Assessment	Ann Wolstencroft Claire Hughes	31/8/23 31/8/23

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
4	If CBC do not downsize to a smaller office then it will continue to have empty spaces that require heating, maintenance and reduce collaboration opportunities.	Gemma Bell	3	3	9	Reduce	1. Asset management strategy 2. Energy Policy	Gemma Bell Gemma Bell	In place In place
5	If CBC do not get the disposal brief correct, then the building may be developed in a way that is detrimental to its central position in the town.	Paul Jones	4	4	16	Reduce	Employ relevant expert to produce brief	Paul Jones	31/12/23

CURRENT STATE

Discount Factor	3.50%												
Inflation rate	2%												
PERIOD (Years)	0	1	2	3	4	5	6	7	8	9	10	11-15	16-20
INCOME													
EXISTING STREAMS	Sq. Ft.	Rate											
2F North	96,000												
Publica Rent	51,369	41,095	32,876	26,301	26,827	27,364	27,911	28,469	29,038	29,619	30,212	160,367	177,058
CBH	25,944	26,463	26,992	27,532	28,083	28,644	29,217	29,802	30,398	31,005	31,626	167,872	185,345
Police (Old Tourist Office)	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190	64,706	71,440
Folk to Folk	2,490	2,540	2,591	2,642	2,695	2,749	2,804	2,860	2,917	2,976	3,035	16,112	17,789
TOTAL EXISTING INCOME	185,803	80,298	72,863	67,088	68,429	69,798	71,194	72,618	74,070	75,551	77,062	409,057	451,632
TOTAL INCOME	185,803	80,298	72,863	67,088	68,429	69,798	71,194	72,618	74,070	75,551	77,062	409,057	451,632
COSTS													
RUNNING COSTS													
Maintenance	227,000	231,540	236,171	240,894	245,712	250,626	255,639	260,752	265,967	271,286	276,712	1,468,819	1,621,695
Business Rates	105,800	107,916	110,074	112,276	114,521	116,812	119,148	121,531	123,962	126,441	128,970	684,586	755,839
Insurance	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190	12,434	66,000	72,869
Utilities	76,600	78,132	79,695	81,289	82,914	84,573	86,264	87,989	89,749	91,544	93,375	495,646	547,233
TOTAL COSTS	419,600	427,992	436,552	445,283	454,189	463,272	472,538	481,989	491,628	501,461	511,490	2,715,051	2,997,636
NET PRESENT VALUE													
NET CASHFLOW	-233,797	-347,694	-363,689	-378,195	-385,759	-393,474	-401,344	-409,371	-417,558	-425,909	-434,428	-2,305,994	-2,546,004
Discount Factor	1.000	0.966	0.934	0.902	0.871	0.842	0.814	0.786	0.759	0.734	0.709		
DISCOUNTED CASHFLOW	-233,797	-335,936	-339,507	-341,111	-336,167	-331,295	-326,494	-321,762	-317,099	-312,503	-307,974	-1,474,198	-1,370,424
NPV (20 Yr)	-6,348,266												

OPTION 1:

LIGHT REFURB

Discount Factor	3.50%													
Inflation rate	2%													
PERIOD (Years)	0	1	2	3	4	5	6	7	8	9	10	11-15	16-20	
INCOME														
EXISTING STREAMS	Sq. Ft.	Rate												
2F North	96,000													
Publica Rent paid	51,369		41,095	32,876	26,301	26,827	27,364	27,911	28,469	29,038	29,619	30,212	160,367	177,058
CBH	25,944		26,463	26,992	27,532	28,083	28,644	29,217	29,802	30,398	31,005	31,626	167,872	185,345
Police (Old Tourist Office)	10,000		10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190	64,706	71,440
Folk to Folk	2,490		2,540	2,591	2,642	2,695	2,749	2,804	2,860	2,917	2,976	3,035	16,112	17,789
TOTAL EXISTING INCOME	185,803		80,298	72,863	67,088	68,429	69,798	71,194	72,618	74,070	75,551	77,062	409,057	451,632
NEW STREAMS														
First Floor	7,924	£24.00	190,176	193,980	197,859	201,816	205,853	209,970	214,169	218,452	222,821	227,278	1,206,419	1,331,984
Second Floor	6,780	£24.00		192,437	196,286	200,212	204,216	208,300	212,466	216,716	221,050	225,471	1,196,827	1,321,394
Third Floor	7,987	£24.00		199,432	199,432	203,421	207,489	211,639	215,872	220,189	224,593	229,085	1,216,010	1,342,574
Void Allowance		10.0%	(19,018)	(38,642)	(59,358)	(60,545)	(61,756)	(62,991)	(64,251)	(65,536)	(66,846)	(68,183)	(361,926)	(399,595)
TOTAL NEW INCOME	0		171,158	347,775	534,220	544,904	555,802	566,918	578,256	589,822	601,618	613,650	3,257,331	3,596,356
TOTAL INCOME	185,803		251,456	420,638	601,307	613,333	625,600	638,112	650,874	663,892	677,169	690,713	3,666,387	4,047,988
COSTS														
CAPEX														
Condition Budget Assessment per Evans Jones	704,030		764,445	826,229	1,414,897	1,103,626	237,032	237,032	237,032	237,032	237,032	160,937	804,684	643,747
Fire Exits/Building remodelling	500,000													
RUNNING COSTS														
Business Rates	55,102		56,204	57,329	58,475	59,645	60,838	62,054	63,295	64,561	65,853	67,170	356,544	393,654
Insurance	10,200		10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190	12,434	66,000	72,869
Utilities	76,600		78,132	79,695	81,289	82,914	84,573	86,264	87,989	89,749	91,544	93,375	495,646	547,233
Interest on Borrowing			210,770	203,591	196,123	188,352	180,268	171,857	163,106	154,002	144,530	134,676	511,046	197,611
TOTAL COSTS	1,345,932		1,119,956	1,177,455	1,761,607	1,445,578	573,972	568,695	563,140	557,296	551,149	468,591	2,233,919	1,855,114
NET PRESENT VALUE														
NET CASHFLOW	-1,160,129	-868,499	-756,817	-1,160,300	-832,245	51,628	69,417	87,734	106,596	126,020	222,122		1,432,468	2,192,874
Discount Factor	1.000	0.966	0.934	0.902	0.871	0.842	0.814	0.786	0.759	0.734	0.709			
DISCOUNTED CASHFLOW	-1,160,129	-839,130	-706,497	-1,046,524	-725,253	43,469	56,471	68,958	80,950	92,465	157,467		912,123	1,171,308
NPV (20 Yr)	-1,894,322													

OPTION 2:	FULL REFURB
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Discount Factor		3.50%													
Inflation rate			2%	2%	2%	2%	2%	2%	2%	2%	2%	2%			
PERIOD (Years)		0	1	2	3	4	5	6	7	8	9	10	11-15	16-20	
INCOME															
			Closed	50% Closed											
EXISTING STREAMS	Sq. Ft.	Rate													
2F North	96,000		-	-	-	-	-	-	-	-	-	-	-	-	
Publica Rent paid	51,369		-	16,438	26,301	26,827	27,364	27,911	28,469	29,038	29,619	30,212	160,367	177,058	
CBH	25,944		-	13,496	27,532	28,083	28,644	29,217	29,802	30,398	31,005	31,626	167,872	185,345	
Police (Old Tourist Office)	10,000		-	5,202	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190	64,706	71,440	
Folk to Folk	2,490		-	1,295	2,642	2,695	2,749	2,804	2,860	2,917	2,976	3,035	16,112	17,789	
TOTAL EXISTING INCOME			185,803	-	36,432	67,088	68,429	69,798	71,194	72,618	74,070	75,551	77,062	409,057	
NEW STREAMS															
First Floor	7,924	£35.00	-	138,670	282,887	288,545	294,315	300,202	306,206	312,330	318,576	324,948	1,724,863	1,904,389	
Second Floor	6,780	£35.00	-	118,650	280,638	286,250	291,975	297,815	303,771	309,847	316,044	322,365	1,711,150	1,889,248	
Third Floor	7,987	£35.00	-	139,773	285,136	290,839	296,655	302,588	308,640	314,813	321,109	327,532	1,738,577	1,919,529	
Void Allowance		10.0%	-	(39,709)	(84,866)	(86,563)	(88,295)	(90,061)	(91,862)	(93,699)	(95,573)	(97,484)	(517,459)	(571,317)	
TOTAL NEW INCOME			-	-	357,383	763,794	779,070	794,652	810,545	826,756	843,291	860,157	877,360	4,657,131	
TOTAL INCOME			185,803	-	393,815	830,882	847,500	864,450	881,738	899,373	917,361	935,708	954,422	5,066,188	
COSTS															
CAPEX															
Full Refurb	9,430,500		-	-	-	-	-	-	-	-	-	-	-	-	
Listed Status uplift @ 40%	3,772,200		-	-	-	-	-	-	-	-	-	-	-	-	
FF&E @ 8%	1,056,216		-	-	-	-	-	-	-	-	-	-	-	-	
Carbon Neutrality @10%	1,320,270		-	-	-	-	-	-	-	-	-	-	-	-	
Fees on the above @12%	1,869,502		-	-	-	-	-	-	-	-	-	-	-	-	
Contingency @ 5%	872,434		-	-	-	-	-	-	-	-	-	-	-	-	
Project Risk @12%	2,198,535		-	-	-	-	-	-	-	-	-	-	-	-	
RUNNING COSTS															
Maintenance			-	56,500	115,260	117,565	119,917	122,315	124,761	127,256	129,801	132,398	702,782	775,928	
Business Rates	105,800		-	29,480	60,139	61,342	62,568	63,820	65,096	66,398	67,726	69,081	366,688	404,853	
Insurance	10,200		10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190	12,434	66,000	72,869	
Utilities	68,940		35,159	53,794	73,160	74,623	76,115	77,638	79,190	80,774	82,390	84,037	446,081	492,510	
Interest on Borrowing			813,992	786,268	757,424	727,415	696,194	663,711	629,916	594,756	558,175	520,116	1,973,657	763,175	
TOTAL COSTS	20,704,597		859,555	936,654	1,016,807	991,986	966,056	938,970	910,680	881,135	850,282	818,065	3,555,208	2,509,335	
NET PRESENT VALUE															
NET CASHFLOW			-20,518,794	-859,555	-542,839	-185,925	-144,486	-101,606	-57,232	-11,307	36,225	85,426	136,357	1,510,980	3,084,146
Discount Factor	1.000		0.966	0.934	0.902	0.871	0.842	0.814	0.786	0.759	0.734	0.709			
DISCOUNTED CASHFLOW			-20,518,794	-830,488	-506,746	-167,694	-125,911	-85,550	-46,558	-8,887	27,510	62,680	96,666	954,608	1,649,648
NPV (20-Yr)			-19,499,518												

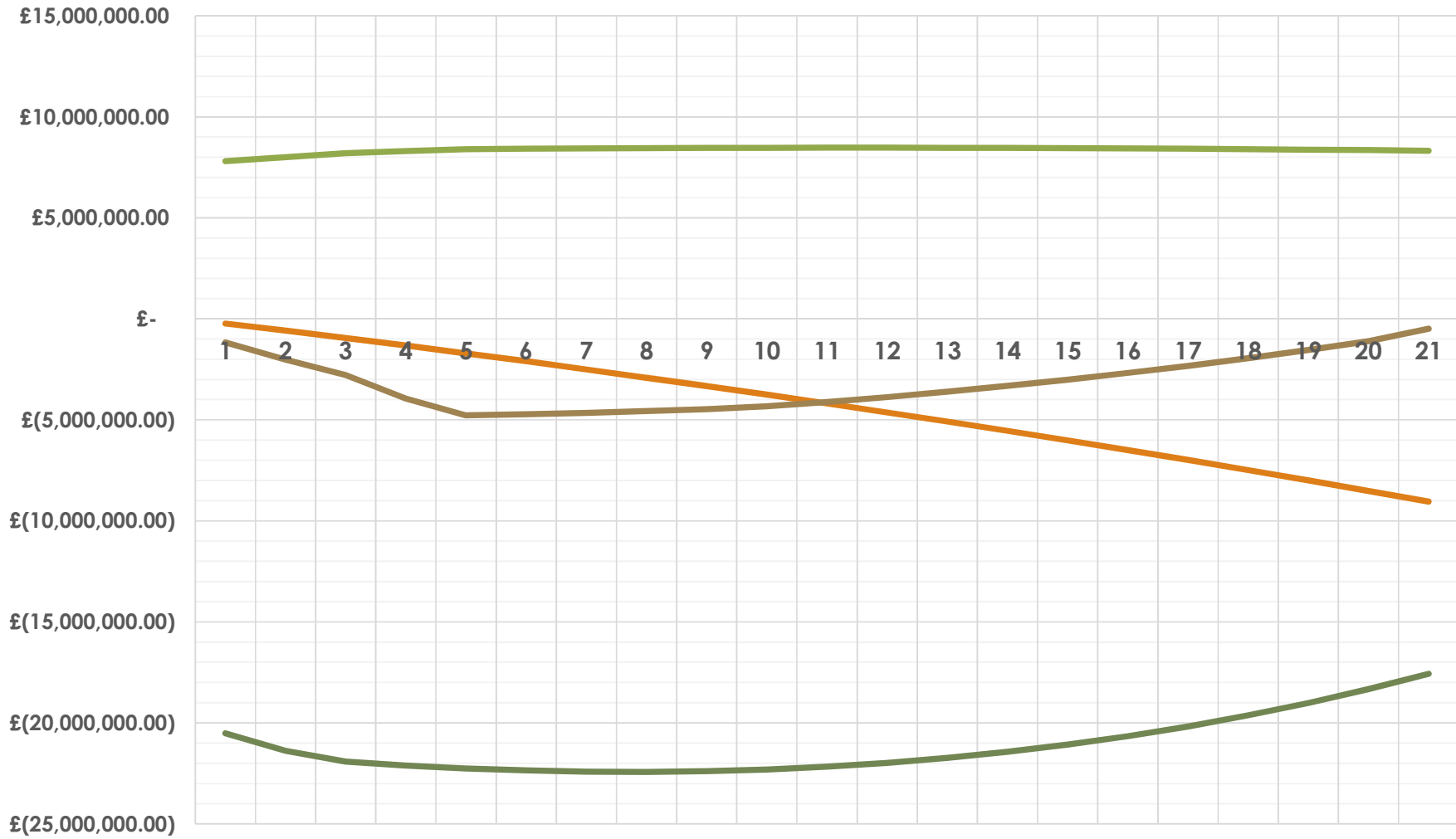
OPTION 3:

SELL AND MOVE

PERIOD (Years)	0	1	2	3	4	5	6	7	8	9	10	11-15	16-20
Discount Factor	3.50%												
Inflation rate	2%												
INCOME													
CAPITAL RECEIPT	9,400,000	-	-	-	-	-	-	-	-	-	-	-	-
EXISTING STREAMS													
Publica Rent paid	51,369	41,095	32,876	26,301	26,827	27,364	27,911	28,469	29,038	29,619	30,212	160,367	177,058
TOTAL EXISTING INCOME	51,369	41,095	32,876	26,301	26,827	27,364	27,911	28,469	29,038	29,619	30,212	160,367	177,058
NEW STREAMS													
Interest on Net Capital Receipt (4%/3%/2%)		320,000	320,000	240,000	240,000	160,000	160,000	160,000	160,000	160,000	160,000	800,000	800,000
TOTAL INCOME	9,451,369	361,095	352,876	266,301	266,827	187,364	187,911	188,469	189,038	189,619	190,212	960,367	977,058
COSTS													
CAPEX													
Fit out cost new offices	863,674	-	-	-	-	-	-	-	-	-	-	-	-
Relocation	36,326	-	-	-	-	-	-	-	-	-	-	-	-
Creation of Civic function/CS B	500,000	-	-	-	-	-	-	-	-	-	-	-	-
RUNNING COSTS													
Annual Maintenance (Service C	37,298	38,044	38,805	39,581	40,373	41,180	42,004	42,844	43,701	44,575	45,466	241,340	266,459
Rates	62,164	63,407	64,675	65,969	67,288	68,634	70,006	71,406	72,835	74,291	75,777	402,234	444,099
Insurance	1,700	1,734	1,769	1,804	1,840	1,877	1,914	1,953	1,992	2,032	2,072	11,000	12,145
Utilities	13,788	14,064	14,345	14,632	14,925	15,223	15,528	15,838	16,155	16,478	16,807	89,216	98,502
Loss of 3rd party income (oppc	134,434	39,203	39,987	40,786	41,602	42,434	43,283	44,149	45,032	45,932	46,851	248,690	274,574
TOTAL COSTS	1,649,384	156,451	159,580	162,772	166,028	169,348	172,735	176,190	179,714	183,308	186,974	992,481	1,095,779
NET PRESENT VALUE													
NET CASHFLOW	7,801,985	204,644	193,296	103,529	100,800	18,016	15,176	12,279	9,325	6,311	3,238	-32,113	-118,721
Discount Factor	1.000	0.966	0.934	0.902	0.871	0.842	0.814	0.786	0.759	0.734	0.709		
DISCOUNTED CASHFLOW	7,801,985	197,724	180,444	93,377	87,841	15,169	12,346	9,651	7,081	4,631	2,295	-19,833	-63,316
NPV (20-Yr)	8,329,395												

Cumulative Annual Cashflows by Option

Current State Partial Refurb Full Refurb Sell & Move



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