

Cheltenham Borough Council Council

Meeting date: 22 July 2024

Meeting time: 2.30 pm

Meeting venue: Council Chamber - Municipal Offices

Membership:

Councillors Paul Baker (Chair), Dr David Willingham (Vice-Chair), Frank Allen, Glenn Andrews, Victoria Atherstone, Adrian Bamford, Garth Barnes, Dilys Barrell, Graham Beale, Angie Boyes, Jackie Chelin, Barbara Clark, Julia Chandler, Flo Clucas, Mike Collins, Ashleigh Davies, Chris Day, Iain Dobie, Jan Foster, Juan Carlos Garcia Clamp, Steve Harvey, Rowena Hay, Sandra Holliday, Martin Horwood, Peter Jeffries, Tabi Joy, Alisha Lewis, Cathal Lynch, Andy Mutton, Tony Oliver, Ben Orme, Helen Pemberton, Richard Pineger, Julie Sankey, Stan Smith, Dr Steve Steinhardt, Izaak Tailford, Julian Tooke, Simon Wheeler and Suzanne Williams

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Phone: 01242 264 246

1 Apologies

2 Declarations of interest

3 Minutes of the last meeting (Pages 5 - 10)

Minutes of the meeting held on 17 June 2024.

4 Communications by the Mayor

5 Communications by the Leader of the Council

6 To receive petitions

7 Public Questions

None received.

8 Member Questions

None received.

9 Financial Outturn 2023 - 2024 (Pages 11 - 54)

Report of the Cabinet Member Finance and Assets

10 Productivity Plan 2024/25 (Pages 55 - 62)

Report of the Leader

11 Appointment to the Gloucestershire Economic Strategy Scrutiny Committee

Gloucestershire Economic Strategy Scrutiny Committee (scrutiny of the City Region Board) – (Member and Substitute Member nomination required).

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 paragraph 3, Part (1) Schedule (12A) Local Government Act 1972, namely:

Paragraph 3; Information relating to the financial or business affairs of any particular

person (including the authority holding that information)

15 Exempt Minutes (Pages 63 - 66)

Exempt minutes of the meeting held on 18 March 2024

Gareth Edmundson
Chief Executive

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Cheltenham Borough Council

Council Minutes

Meeting date: 17 June 2024

Meeting time: 2.30 pm - 2.55 pm

In attendance:

Councillors:

Paul Baker (Chair), Dr David Willingham (Vice-Chair), Frank Allen, Glenn Andrews, Victoria Atherstone, Adrian Bamford, Garth Barnes, Dilys Barrell, Angie Boyes, Jackie Chelin, Barbara Clark, Julia Chandler, Flo Clucas, Ashleigh Davies, Chris Day, Iain Dobie, Jan Foster, Juan Carlos Garcia Clamp, Steve Harvey, Rowena Hay, Sandra Holliday, Martin Horwood, Peter Jeffries, Tabi Joy, Alisha Lewis, Andy Mutton, Ben Orme, Helen Pemberton, Richard Pineger, Julie Sankey, Stan Smith, Dr Steve Steinhardt, Izaac Tailford, Julian Tooke, Simon Wheeler and Suzanne Williams

Also in attendance:

Paul Jones (Deputy Chief Executive (Section 151 Officer)), Claire Hughes (Director of Governance and Customer Services and Monitoring Officer) and Gareth Edmundson (Chief Executive)

1 Apologies

Apologies were received from Cllrs Barnes, Beale, Chandler, Clucas, Collins, Lynch and Oliver.

2 Declarations of interest

Councillor Barrell declared an interest in agenda item 13.

3 Minutes of the last meeting

The minutes of the Annual and Selection Council meeting and the Extraordinary meeting held on 20 May were approved and signed as a correct record.

4 Communications by the Mayor

The Mayor highlighted that one of his roles was to be out in the community listening to residents and feeding back any learning points to the Council. feeding back. He took the opportunity to report on the following recent engagements :

King's birthday reception at Imjin Barracks

Science Festival

D-Day commemoration

Lives of Colour Event

Gloucestershire Volunteer Awards

Cavendish House pop ups

5 Communications by the Leader of the Council

The Leader wished to recognise the recent D-Day commemoration and the opportunity councillors had to engage with veterans.

6 To receive petitions

There were none.

7 Public Questions

1. Question from Mr Barry Brown to Cabinet Member for Waste, Recycling and Public Realm, Councillor Izaak Tailford

Cheltenham town centre looks untidy and unkept. An example is that there are huge weeds growing out of most tree pits. On your website you say that tree pits will be cut back at least once a month right to the soil level to discourage any weed growth. Can you confirm that the tree pits are cut back at least once a month? I appreciate that it isn't possible to keep on top of every tree pit so if it is easier then please just answer the above on the trees from Neptune's Fountain to 131 on either side of the road (Prom). Thank you for your time.

Member response

Thank you for your question Mr Brown. I appreciate having my first public council question as a cabinet member.

As a festival town we are pleased to welcome a lot of visitors to the town, many of whom enjoy our thriving night-time economy venues and take away food outlets. Our service provider, Ubico, is out every morning from around 5.30am with manual crews litter picking, sweeping up and emptying bins along with two small pavement sweepers, the jet washing crew and the mechanical road sweeper to ensure the town centre is clean by the time most of us get up in the morning.

We all know there is a climate emergency, and the vital role trees play, so we are being very careful how we look after our trees across the borough. This year we will be further reducing the amount of weed spray used across the borough by not spraying around tree bases in grass verges or on paved areas which will assist in allowing vegetation to grow around tree bases helping to maintain moisture levels. I can confirm that we intend to carefully manually cut back tree bases in hard standing, such as in the Promenade, on a monthly basis where possible and this work has already begun or is about to.

I acknowledge the pavements themselves are in need of improvement too, and we are working with Gloucestershire County Council who are responsible for this.

2. Question from Mr Barry Brown to Cabinet Member for Waste, Recycling and Public Realm, Councillor Izaac Tailford

Are there any plans to deep clean the pedestrianised areas of the town centre? The High Street from Poundland all the way to John Lewis really needs a deep clean. I have recently visited Worcester and Leamington Spa and there is no comparison. Their streets are so much cleaner than ours. This is important when it comes to attracting visitors to the town. These are two rival destinations.

Member response

Thank you Mr Brown.

Whilst I am not sure I agree with your comments about the cleanliness of Cheltenham compared to Worcester and Leamington Spa, I am a firm believer that things can always be improved. In fact, your question is very timely and I am pleased to say that there are plans to carry out a deep clean of the pedestrianised areas of the town centre and more details will be made available early in July.

It is important that we don't focus all our efforts in the town centre and forget the rest of the borough. I have therefore asked that a deep clean of some of the outlying shopping areas is carried out and you may have noticed that work is already starting in outlying shopping areas such as Windyridge (w/c 10 June) and Rowanfield (w/c 17 June). Whaddon Road shop fronts are scheduled for w/c 24 June and Lynworth Exchange shop fronts are planned for w/c 1 July. After this work, the crews will move into the town centre and more details will be publicised nearer the time.

I hope this shows the council's commitment to making Cheltenham as clean and tidy as possible, in both the town centre and across the borough.

8 Member Questions

None received.

9 Housing Transition Governance Arrangements and Revisions to the Constitution

The Leader introduced the report and explained that on 11 June Cabinet considered a paper setting out the proposals for the new governance arrangements to reflect the return of housing management to CBC. These new arrangements are vital to establishing effective and robust governance, but also have wider importance in setting a framework that will help to facilitate and create ways in which our tenants and leaseholders can play an essential part in helping to shape CBC's housing service.

In summary, the revised structure includes the establishment of a new Housing Cabinet Committee, made up of 5 elected members, one of whom will be the Cabinet Member for Housing, two tenant representatives, one leaseholder representative and one shared ownership representative.

The main role of the committee will be to:

- Monitor performance and delivery of the consumer standard including the new tenancy satisfaction measures.
- Monitor the impacts of investment in ensuring the Council maintains decent homes, fire and building safety and customer satisfaction.
- Receive and considering complaints data to inform service delivery.
- Have oversight of the risk register for housing services.
- Provide strong and effective connectivity between the Council and the Tenant Panel.

In order to ensure that tenant involvement and engagement is one of the fundamental principles within this new governance arrangement, alongside the Cabinet Housing committee a Tenant Panel and a separate Leaseholder/Shared Ownership Panel will be established. These panels will create a space where tenants and leaseholders, can act as scrutineers and critical friends, working with the Council to develop plans, priorities and policies.

In order to facilitate the above and to ensure effective decision making can continue it has been necessary to review Part 3D (Officer Non-Executive Functions) and Part 3E (Executive Functions) of the constitution and Council are asked to approve the necessary amendments. The Leader also highlighted that some specific delegations around Building Control have also been added. These reflect our current practice but are included to provide additional clarity in the case of any legal proceedings.

Members welcomed the tenant, leaseholder and shared ownership model and thanked officers at CBH and CBC for their input.

RESOLVED (unanimously) THAT

1. the new governance arrangements as set out in the Cabinet Report of 11 June be noted.
2. the appointment of members to the Housing Cabinet Committee be delegated to Group Leaders.
3. the consequential amendments to the constitution to reflect the new governance arrangements be approved.
4. the amendments to Parts 3D, 3E and 3F of the constitution as set out in appendices 4, 5 and 6 be approved.
5. the updated contract procedure rules as set out in appendix 7 be approved.

10 Capital Investment to reduce the energy usage at Leisure@Cheltenham

The Cabinet Member Climate Emergency introduced the report and explained that the investment in Leisure@ was absolutely in line with the Council's net zero action plan. It is funded by the Green Investment Fund and the detailed business case had been agreed by the Green Investment Board.

Both of the investments will reduce energy use and cost and the purchase of pool covers will generate a 16.4 % return on investment. He noted how half of the energy bills for the council were spent on the leisure centre. This investment therefore represented a wise spend to save decision.

Makes sense financially and delivers significance carbon savings and hence on track to meet council declared net zero ambitions.

In response to a question, the Cabinet Member undertook to ask officers to provide more detail on the calculations relating to carbon saving.

In the debate that followed the Cabinet Member Finance and Assets highlighted the significance of the project for CBC since energy consumption represented a huge part of its carbon footprint. It was hoped that additional schemes would be rolled out across town.

Officers in both the property and finance teams were thanked for their input into this project which would deliver an impressive rate of return for the council.

RESOLVED (unanimously) THAT

1. a capital investment of £264,500 to replace the existing lighting system in the leisure centre with LED technology be approved.
2. a capital investment of £83,750 from the Green Investment Fund to install pool covers across the building be approved; and

3. **authority be delegated to the Director of Finance and Assets (Deputy s151 Officer) to procure and award the contract for the installation of the equipment and monitor the implementation.**

11 Council Appointments

The Chief Executive informed that the appointment to the Gloucestershire Economic Strategy Scrutiny Committee had been deferred, pending the Gloucestershire County Council meeting to approve the terms of reference at the end of June.

Members were invited to put forward nominations for the Joint Strategic Community Infrastructure Levy Joint Committee.

RESOLVED THAT

The Leader of the Council and the Cabinet Member Planning and Building Control be appointed to the Joint Strategic Community Infrastructure Levy Joint Committee.

12 Notices of Motion

There were none.

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

None.

Cheltenham Borough Council

Council 22 July 2024

Financial Outturn 2023/24

Accountable member:

Councillor Alisha Lewis, 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 2023/24. The information contained within this report has been used to prepare the Council's Statement of Accounts for 2023/24.

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.

Under normal circumstances these recommendations would be presented first to the Cabinet for approval before being presented to Full Council. Due to the General Election on 4 July 2024, the dates for committees were amended and this report is instead being presented directly to Council for approval.

Recommendations:

1. That Council receives the financial outturn performance position for the General Fund, and notes that in delivering services in 2023/24, after the application of carry forward requests

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and following the use earmarked reserves, there was an underspend of £318 against the 2023/24 revised budget approved by Council on 23 February 2024.

2. Notes £508,081 of carry forward approved by the Section 151 Officer under delegated powers at Appendix 5.
 3. Notes the annual treasury management report at Appendix 7 and note the actual 2023/24 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 2024/25 and the inclusion of one new project in the 2024/25 capital programme with a total commitment of £170,000.
 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 2023/24 in Appendix 10.
 7. Receives the financial outturn performance position for the Housing Revenue Account for 2023/24 in Appendix 11 and approves the carry forward of capital budgets from 2023/24 into 2024/25 as set out in Appendix 12.
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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: Maizy McCann, Climate Change Officer

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 20 February 2023, Council approved the budget for 2023/24, including setting the Council Tax. The 2023/24 approved budget identified ambitious efficiency savings and additional income of £1.3m and was set at a time of huge financial uncertainty over the cost of living crisis with record increases in interest rates and a 40 year high in inflation. It also forecast that in 2023/24 a contribution of £152k would be made to strengthen the general balances after a torrid 2022/23.
- 2.2. The 2023/24 economic climate continued to be more challenging than anyone could have expected. Inflation rose from 6.7% when the final 2022/23 budget was approved to 11.1% in year and was still at 8.7% in June 2023 before stabilising. The Bank of England's decision to increase interest rates 13 consecutive times over the same period also continued to create a huge financial pressure for the Council who are a net borrower.
- 2.3. Throughout the year budget variances have been reported to Cabinet, most recently the 2023/24 revised budget which forecast an overspend of £521k against the original approved budget. This was predominantly due to the continued pressure on interest rates and inflation on our borrowing costs and demand in some services.
- 2.4. Although the overspends and pressures were significantly less than the £2.606m in 2022/23, the 2023/24 revised budget still relied on general balances to support the pressures which were forecast to reduce to £1.030m by 31 March 2024. This is a marked shift from the original budgeted contribution of £152k to general balances.
- 2.5. This means general balances are now significantly below the recent assessment of the optimum level of balances which was made at £1.660m in February 2024. With a general election just concluded and continued uncertainty over interest rate reductions, 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.
- 2.6. This report draws together the financial outturn position for 2023/24 for the General Fund against the Revised 2023/24 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 2023/24

- 3.1. The outturn position at 31 March 2024 reports an underspend of £318 against the revised budget approved in February 2024. This is after relevant earmarked reserves have been applied to fund budget overspends 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 2024/25 budget as required. The position of our earmarked reserves is 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 2023/24.
- 3.3. The 2023/24 budget set another ambitious savings target of £1.3 million. £1.053m 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. The general balance at 31 March 2024 is £1.030m which is below the optimum level assessed by the

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Section 151 Officer in the Section 25 report to Council in February 2024. The medium term financial strategy approved by Council in February 2024 outlines the strategy for recovering 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 2024.
- 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 £508,081 for which expenditure is in line with the original approved purpose, is contained in Appendix 5.

4.3. In accordance with the Service Reporting Code of Practice (SeRCOP), a transfer was made to a 'carry forward' reserve in 2023/24 (Appendix 6) and transfers will be made from the 'carry forward' reserve in 2024/25 to the appropriate cost centres in order that members and officers have a clear indication of the total budget, including carry forwards, available for 2024/25.

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 is attached at Appendix 7.

6. Business Rates Retention Scheme (BRRS)

6.1. One of the key documents in the budget setting process is the estimate of business rates yield which is reported in the National Non Domestic Rates return (NNDR1) which is submitted to the Department for Levelling Up, Housing and Communities (DLUHC). 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 £103,715 when taking into account the Gloucestershire Business Rates pooling arrangement.

	2023/24 Original Budget £	2023/24 Revised Budget £	2023/24 Actual £	2023/24 Variance £
Retained business rates	23,769,071	23,769,071	23,769,071	-
Tariff payable to government	(20,991,879)	(20,991,879)	(20,991,879)	-
Grant to compensate for government decisions	4,181,908	4,045,605	3,883,563	(162,042)
Estimated levy payable to government after Pool surplus/deficit	(1,279,572)	(984,830)	(585,874)	398,956
Net retained business rates	5,679,528	5,837,967	6,074,880	236,913
Less Baseline Funding (target level of net retained rates)	(2,947,776)	(2,947,776)	(2,947,776)	-
Net surplus on business rates against baseline funding	2,731,758	2,890,191	3,127,104	236,913
Deficit adjustment re 2020/21	(542,148)	(542,148)	(542,148)	-
Surplus adjustment re 2021/22	967,084	967,084	967,084	-
Surplus adjustment re 2022/23	318,370	318,370	318,370	-
Total One-off adjustments re previous years' deficits	743,306	743,306	743,306	-
Net retained business rates (after one-off deficit adjustments & LIGS)	6,422,834	6,581,273	6,818,186	236,913
Transfer (to)/from BRR earmarked reserve	(250,000)	(358,609)	(491,807)	(133,198)
Net income included in outturn	6,172,834	6,222,664	6,326,379	103,715

7. Capital Outturn 2023/24

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 budgets to be carried forward into 2024/25 requested by officers.

7.2. Since the approval of the 2024/25 budget in February 2024, funding for one new project has been

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approved by Council in May 2024 for investment in the decarbonisation of Leisure@ Cheltenham. The appendix includes one more additional project which is requested for approval. The project relates to car park resurfacing.

- 7.3. In line with the lease for the Regent Arcade an annual service charge is payable to Canada Life to operate the Regent Arcade car park. In addition to covering ongoing service charges we are also required to cover the cost of major works, including the resurfacing of the car park which is being undertaken in 2024/25. The impact of the recent fire at Regent Arcade is still being understood at the time of writing and any impact on this project or required budget will be included in our quarterly budget monitoring reports.

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 2023/24 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 2024. 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 balances; and also whether they took into account the needs and risks of the organisation and the prevailing economic conditions.
- 8.3. In assessing the adequacy of reserves and balances for 2024/25 the Section 151 Officer used a risk based approach to assess the appropriate level of general balances which calculated the optimum level to be £1.660m. At the year end, the General Fund Balance stands at £1.030m and therefore is below the optimum level recommended by the Section 151 Officer at year end – an impact of the pressures experienced since 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 2024/25 budget the objective is to increase general balances to £1.660m by the 31st March 2025 however this is contingent on delivering over £2.7m of approved savings in the year.
- 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 or future changes to local government financial support. With the general election bringing uncertainty to any future central government support or multi-year settlements, 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 2023/24, compared to 2022/23.

	2022/23	2023/24
	£	£
Balance of unused Section 106 receipts	1,182,703	2,134,463
Net additional receipts in year	1,150,798	2,097,899
Receipts used to finance projects in year	(199,038)	(241,891)
Balance outstanding at year end	2,134,463	3,990,471

9.3. In 2023/24, there was a significant s106 contributions received for the Starvehall Farm development. This contribution is 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 2024. The collection rate for council tax has increased slightly from 98.23% in 2022/23 to 98.32% in 2023/24. This is a positive result as the cost of living crisis continues to have an impact on households and the team are continuing to work with any customers who are struggling to pay. The collection rate for business rates collection has increased from 98.31% to 98.56% in the same period which also indicates the businesses in the town continue to successfully recover from the recent economic pressures.

11. Housing Revenue Account (HRA)

HRA Income and Expenditure

- 1.1 The HRA revised forecast for 2023/24 financial year, based on performance to December 2023, anticipated an operating deficit of £172,070 and it was expected that there would be a remaining balance of £1,331,930 in revenue reserves at 31st March 2024.
- 1.2 The outturn statement, as presented in Appendix 11, shows a larger deficit than expected of £568,100 for the year leaving a balance of £935,307 in revenue reserves at year end. This is the first occasion that the HRA balance has dropped below the target level of £1.5m however the decision to wind up Cheltenham Borough Homes and bring the housing services back in-house will generate significant savings which will strengthen the HRA revenue reserve in 2024/25 and 2025/26. It is expected that the target levels will be restored by 31 March 2026.
- 1.3 Below is an explanation of variances exceeding £50,000:

Detail	Forecast £'000	Actual £'000	Variation £'000	Explanation
Repairs & maintenance	5,574	5,764	190	Increased use of agency staff and subcontractors due to higher demand and challenges in recruiting own operatives. Additional activity to complete electrical tests accelerating the transition from a 10 year to 5 year certification for residential properties to comply with new regulations.
Interest Rates	2,538	2,760	222	Higher temporary borrowing rate than forecast.
Depreciation of other Assets	305	762	457	Revaluation of HRA element of Golden Valley Development land.
Other variations less than £50,000 – net			41	
Reduction in Net Operating Surplus			910	

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 £20,558,700, an underspend of £682k compared with the forecast of £21,240,000.
- 1.6 The three year programme approved by Council in February 2024 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.
- 1.7 Significant project variations from forecast (exceeding £250,000) are shown below:-

Project	Forecast £'000	Actual £'000	Variation £'000	Explanation
Internal Improvements	550	904	354	Additional kitchen and bathroom replacements delivered through higher void property numbers and remedial DMC works (damp, mould, condensation) due to proactive approach taken by new team.
Neighbourhood Works	601	273	(328)	Delays in starting on site due to extended tenant consultation and adverse weather for Monkscroft neighbourhood works - rolled over into 24/25.
PV Installations and Sustainability Projects	1,395	738	(657)	Delays in finalising and signing off contract for external improvements term contract in Q4 rolling over Social Housing

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				Decarbonisation Fund works into 24/25
Major Refurbishment to Void Properties	1,320	1,653	333	Higher number of major versus minor void properties in the year requiring additional works such as plastering, asbestos removal and redecoration
Other net variances below £250,000			(383)	
Total variance to forecast			(681)	

- 11.1. Changes to the projected financing of the capital programme have primarily arisen from the reduction in overall spend 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 outturn figures will also be presented for discussion at the Budget Scrutiny Working Group on 1 August 2024.

13. Key risks

- 13.1. As outlined in Appendix 1.

Report author:

Jon Whitlock, Chief Accountant jon.whitlock@cheltenham.gov.uk

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 2023/24 – Council 20 February 2023
- Section 25 Report – Council 20 February 2023

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- Final Budget Proposals including the Revised budget for 2023/24 – Council 23 February 2024

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 2: GENERAL FUND REVENUE OUTTURN 2023/24

	A 2023/24 Current Budget	B 2023/24 Outturn per Ledger	overspend / (underspend) before adjustments
	£	£	£
Chief Executive	3,331,259	3,173,198	(158,061)
Communities & Place Directorate	12,111,758	12,275,052	163,294
Finance, Assets & Regeneration Directorate	8,453,010	8,332,974	(120,036)
	23,896,027	23,781,224	(114,803)
Capital Charges	(3,269,131)	(3,365,944)	(96,813)
Interest and Investment Income	(1,224,161)	(1,104,990)	119,171
Use of balances and reserves - Appendix 6	(1,208,776)	(1,327,357)	(118,581)
NET BUDGET	18,193,959	17,982,933	(211,026)
Deduct:			
National Non-Domestic Rate	(1,792,362)	(2,191,729)	(399,367)
National Non-Domestic Rate - 2021/22-22/23 (surplus) / deficit	(743,306)	(743,307)	(1)
National Non-Domestic Rates - S31 Grants	(4,045,605)	(3,883,563)	162,042
SFA Levy Surplus			0
New Homes Bonus	(31,640)	(31,640)	0
S31 Grants - Lower Tier Services Grant			0
Services Grant	(114,920)	(114,920)	0
3% Funding Guarantee	(817,477)	(817,477)	
Council Tax (Surplus)/deficit	(32,989)	(33,761)	(772)
Other	(173,582)	(209,869)	(36,287)
NET SPEND FUNDED BY COUNCIL TAX	(10,073,547)	(10,073,547)	(0)
TOTAL INCOME	(17,825,428)	(18,099,814)	(274,386)
Net Transfer to/From General Balances	368,531	(116,881)	(485,412)

KEY

- A - Revised budget approved by Full Council in February 2024
- B - Outturn net expenditure before year end adjustments
- C - Operational transfers to / (from) reserves approved by the Chief Finance Officer under delegated powers - Appendix 6
- D - Carry forward requests approved by the Chief Finance Officer under delegated powers - Appendix 5
- E - Net variance after adjustments in columns C to D
- F - Carry forward requests requiring Member approval - Appendix 5
- G - Net variance on cost centres taking into account all carry forward requests - see detail at Appendix 5

C Trf to / (from) Other Reserves Appendix 6 £	D C/F requests approved by S151 Officer Appendix 5 £	E Variance net of S151 c/f approvals £	F C/F requests to be approved Members Appendix 5 £	G Variance net of all c/f requests £
0	57,000	(101,061)		(101,061)
(55,700)	0	107,594		107,594
(70,485)	451,081	260,560		260,560
(126,185)	508,081	267,093	0	267,093
		(96,813)		(96,813)
(30,000)		89,171		89,171
		(118,581)		(118,581)
(156,185)	508,081	140,870	0	140,870
133,198				(266,169)
				(1)
				162,042
				0
				0
				0
				0
				(772)
				(36,287)
				0
NET OVER/(UNDER) SPEND AFTER APPLICATION OF RESERVES				(318)

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APPENDIX 3 - GENERAL FUND REVENUE OUTTURN 2023/24

		Revised Budget 2023/24 £	Actual Spend 2023/24 £	(Under)/ Overspend 2023/24 £	Carry Forward £	Other Reserves £	Adjusted (Under)/Overspend £
111COR	Corporate Resources	915,003	837,490	(77,513)	57,000		(20,513)
112ICT	Information & Communications Technology	599,299	571,857	(27,442)			(27,442)
113SUP	Support Services	1,233,765	1,204,113	(29,652)			(29,652)
121DEMO	Democratic Services	583,192	559,738	(23,454)			(23,454)
1CEXEC	Chief Executive	3,331,259	3,173,198	(158,061)	57,000	0	(101,061)
211CC	Climate Change	182,740	210,064	27,324			27,324
212PARKS	Parks, Gardens & Green Spaces	2,301,534	2,345,197	43,663			43,663
213TOWN	Townscape	259,012	250,285	(8,727)			(8,727)
214WRSC	Waste, Recycling & Street Cleaning	5,438,511	5,634,635	196,124		(54,000)	142,124
221COMMS	Communications & Marketing	152,050	148,211	(3,839)			(3,839)
231BUSSUP	Business Support & Customer Services	912,225	905,507	(6,718)			(6,718)
232LIFE	Lifelines	(3,640)	(18,300)	(14,660)			(14,660)
233PEST	Pest Control	9,161	4,757	(4,404)			(4,404)
234LAND	Land Charges	(136,670)	(140,414)	(3,744)			(3,744)
241CWP	Communities, Wellbeing & Partnerships	827,849	776,870	(50,979)			(50,979)
242MARK	Marketing & Inward Investment	286,754	304,002	17,248			17,248
243PLAN	Planning & Enforcement	780,234	775,308	(4,926)		(1,700)	(6,626)
251EMP	Emergency Planning	32,135	31,690	(445)			(445)
252LIC	Licensing	(137,327)	(120,775)	16,552			16,552
253PSH	Private Sector Housing	285,273	263,395	(21,878)			(21,878)
254COMF	COMF	0	0	0			0
255ENVH	Environmental Health	921,917	904,620	(17,297)			(17,297)
2COMMPL	Communities & Place	12,111,758	12,275,052	163,296	0	(55,700)	107,594
311BER	Bereavement Services	(771,498)	(597,946)	173,552		(25,000)	148,552
312ROY	Royal Well	32,304	27,553	(4,751)			(4,751)
313COMM	Commercial & Income Generation	212,290	212,429	139			139
314LEG	Legal	511,438	426,868	(84,570)		50,000	(34,570)
321ELEC	Elections & Electoral Registration	276,080	254,235	(21,845)		21,845	0
331CFUAUD	CFY & Audit	193,810	192,236	(1,574)			(1,574)
332FIN	Finance	3,357,840	3,308,125	(49,715)			(49,715)
333PROP	Property & Assets	5,016,819	5,896,077	879,258		(302,267)	576,991
341HOUS	Housing & Communities	811,302	370,222	(441,080)	377,017		(64,063)
352GOLD	Major Dev and Building Control	798,377	77,891	(720,486)	40,000	334,937	(345,549)
361BRCTAX	Business Rates & Council Tax	465,856	401,306	(64,550)	11,460		(53,090)
362CARP	Car Parking	(2,667,427)	(2,598,975)	68,452		(50,000)	18,452
363HOUBEN	Housing Benefits	215,819	362,951	147,132	22,604	(100,000)	69,736
3FINAR	Finance, Assets & Regeneration	8,453,010	8,332,974	(120,038)	451,081	(70,485)	260,560
91COR	Capital Charges	(3,269,131)	(3,365,944)	(96,813)			(96,813)
92COR	Interest and Investment Income	(1,224,161)	(1,104,990)	119,171		(30,000)	89,171
93COR	Use of balances and reserves	(1,208,776)	(1,327,357)	(118,581)			(118,581)
99COR	Funding	(17,825,428)	(18,099,814)	(274,386)		133,198	(141,188)
Net Outturn Position		368,531	(116,881)	(485,412)	508,081	(22,987)	(318)

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

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Appendix 4 - Significant Variances 2023/24

Ref	Over/(under)spend after transfers to/(from) reserves £	Service Area	Budget Holder	Explanation
Communities and Place Directorate				
CP1	142,124	Waste, Recycling & Street Cleaning	Karen Watson	The overspend is due to a combination of factors. Key reasons include an overspend of £58k on provision of receptacles and additional costs for in-cab technology due to the timing of invoices in the first year of operation. There was also a shortfall of £45k in income from kerbside recycling material sales due to lower volumes, material quality and the volatility of the markets. The trade waste service faced a £45k overspend due to a drop in income combined with increased tipping charges. Furthermore, the Ubico contract exceeded revised budgets by £73k, representing a 0.9% increase, primarily due to repair costs for the pick line and baler in the bulking facility.
CP2	-50,979	Communities, Wellbeing & Partnerships	Richard Gibson	Majority of the underspend relates to the admin fee for years 2021-2023 (£32k), which we have only now accounted for. Further £10k relates an underspend from activities such as Pensioners Tea Dance and Bands in the Park that did not take place and another £9k relates to commitments in 24/25
Finance, Assets & Regeneration Directorate				
FAR1	148,552	Bereavement Services	Ben Jenkins	Income was £89k lower than expected at revised budget stage (-3%). While total income for the year was up 1.5% on prior year, income in the 2nd half of the year was lower than forecast (2% lower than for the same period in 22/23). Costs were £60k higher than in the revised budget. The main drivers of this were; 1) Tree works that needed to be completed for Health and Safety reasons (£12k), 2) Utility bills being higher than forecast (£12k) and 3) Vehicle maintenance costs via Ubico being higher than anticipated (£10k)
FAR2	480,178	Property & Assets + Capital Charges	Gemma Bell	The total net budget for property and assets is £8.568m and includes staffing costs, all operational costs of managing our properties, utilities for all our properties and facilities and business support. The key overspends in this area relate to the following: 1. Significant repairs and maintenance work which was required to be undertaken at the Cheltenham Depot in order that the buildings and infrastructure remained safe for Ubico and Cheltenham Borough Homes to operate from. Some of these costs are re-charged through the lease agreements but the Council are still required to absorb a proportion of these. (£172k) 2. There has been continued anti-social behaviour at Town Centre East car park. Reactive repairs work has been required to be undertaken to repair the damage and ensure the car park can remain open in line with our lease obligations for the site. (£54k) 3. In 2023/24 there was RAAC concrete identified in the Leisure@ and remedial works were required to make the high risk areas safe. There was also remedial works required in the Pittville Pump Rooms. Although the capital reserve was used to offset some of this expenditure, there was still an overspend because of the complexity of the work required. (£154k) 4. The Municipal Offices have previously been let to tenants and the rental income has been used to offset the ongoing costs of the operating and maintaining the building. A key tenant has vacated which has impacted the income budget which has been adjusted in 2024/25 with net expenditure on the site now increased. (£99k)
FAR3	-64,063	Housing & Communities	Martin Stacy	CBC's homelessness cost centres receive 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 2023/24 we granted various windfall grant funding for homelessness and rough sleeping services. Most notably was £210k additional Homelessness Prevention Grant funding to support homelessness arising from the Ukrainian crisis. Other windfall grants included £20k towards emergency accommodation for rough sleepers during periods of cold weather, and £54k for move-on and prevention funding for rough sleepers and those at risk of rough sleeping. These were on top of the £384k Homelessness Prevention Grant that was expected to be provided to this authority. Ultimately these windfall payments have given rise to a significant underspend as some of the grants (particularly the £210k) could be used to offset base budget spend.
FAR4	-345,549	Major Dev and Building Control	Paul Minnis	Within Major Developments, The £179k positive variance was mainly driven by underspends on Professional fees (£86k), Consultancy fees (£45k) and also a saving on the Holmlea farm demolition project (£24k). Within Building Control, the £166k positive variance was predominantly (£120k) due to a change in the agreed rechargeable building control works to Tewkesbury Borough Council relating to the years 2019-2023. In addition to this, there were cost savings on supplies and services.
FAR5	-53,090	Business Rates & Council Tax	Jayne Gilpin	Within the Business Rates and Council Tax areas, there are budgets totaling over £1.2 million. While there is a small underspend related to staffing and other minor expenditures across the service, although this underspend is above £50k is not significant when considering the budget as a whole.
FAR6	69,736	Housing Benefits	Jayne Gilpin	Despite the transition from Housing Benefit to Universal Credit for many recipients, the overall annual Housing Benefit expenditure remains constant. However, the composition of this expenditure has changed, with a significantly higher proportion of claims coming from non-Housing Association supported accommodation. These claims do not receive full Housing Benefit subsidy, resulting in a greater contribution required from the local authority to offset the subsidy loss.
FAR7	89,171	Interest and Investment Income	Gemma Bell	The overspend on the investment property budget is because there has been more vacant space than budgeted at Ellenborough House. When space is vacant, there is lost rental income but also the Council has to cover the business rates and service charge for the space. In June 2024 a significant amount of the vacant space was let and this variance should be mitigated in future years.

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Appendix 5: 2023/24 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	57,000	R1000	APP001		Carry forward of apprenticeship budgets to support the on-going apprenticeship programme	Corry Ravenscroft		57,000	
	57,000	TOTAL CHIEF EXECUTIVE DIRECTORATE					-	57,000	-
2	377,017	R6280	HOM001	HGR024	Grants are paid annually by the government, and there continues to remain some uncertainty about future levels. Carrying forward this sum will help mitigate the risks of a sudden reduction in future grant funding, enabling CBC to review service provision in a more planned way, and minimising potential impact on the General Fund. It should be noted that there are increasing financial pressures on homelessness services, and whilst the government have provided additional 'windfall' payments over the last couple of years, these are sporadic and not guaranteed. It would therefore be unwise to rely on any potential future windfall payments to cushion any non-budgeted costs. Please also note, £39,000 of this funding is now committed to support CBC's contract with Citizens Advice (£13k/year over the next 3 years).	Martin Stacey		377,017	
	377,017	TOTAL COMMUNITIES & PLACE DIRECTORATE					-	377,017	-
3	40,000	R4038	PLP105	NA	Carry over of unspent professional services budget to support workstreams in future years (please roll total balance to R4401)	Paul Minnis		40,000	
4	11,460	R9102	LTC001	AFF001	New burdens funding received from Department for Energy Security and Net Zero (DESNZ) for reconciliation work on alternative Fuel Funding schemes which is on-going	Jayne Gilpin		11,460	
5	22,604	R9060	HBP001	NA	DWP funding to be carried forward to offset 2024/25 expenditure	Jayne Gilpin		22,604	
	74,064	TOTAL FINANCE, ASSETS & REGENERATION DIRECTORATE					-	74,064	-
	508,081	TOTAL CARRY FORWARD REQUESTS				508,081	-	508,081	-

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Appendix 6 - Reserves Statement 2023/24 & 2024/25

		<u>2023/24</u> <u>1st April</u> <u>2023</u> £	<u>2023/24</u> <u>Movement</u> <u>Revenue</u> £	<u>2023/24</u> <u>Movement</u> <u>Capital</u> £	<u>2023/24</u> <u>Changes</u> £	<u>2023/24</u> <u>Movements</u> <u>Adjustments</u> £	<u>2023/24</u> <u>31st March</u> <u>2024</u> £	<u>2024/25</u> <u>Movement</u> <u>Revenue</u> £	<u>2024/25</u> <u>Movement</u> <u>Capital</u> £	<u>2024/25</u> <u>Adjustment</u> £	<u>2024/25</u> <u>31st March</u> <u>2025</u> £
<u>EARMARKED RESERVES</u>											
<u>Other</u>											
RES002	Pension & Restructuring Reserve	To fund future reorganisational changes	(156,133)	(100,000)		187,720	23,152	(45,261)	(50,000)		(95,261)
RES008	House Survey Reserve	To fund cyclical housing stock condition surveys	(5,616)					(5,616)			(5,616)
RES009	Twinning Reserve	Twinning towns civic visits to Cheltenham	(8,366)					(8,366)			(8,366)
RES010	Flood Alleviation Reserve	To fund future flood resilience work, delegated to the Flood working group for allocation	(235,959)					(235,959)			(235,959)
RES016	Joint Core Strategy Reserve	To fund Joint Core Strategy	(164,780)			123,000		(41,780)			(41,780)
RES020	Ubico Reserve	To fund environmental services provided by Ubico	(54,000)				54,000	0			0
RES022	Homelessness Reserve	To cover future homelessness prevention costs	(41,100)					(41,100)			(41,100)
RES023	Transport Green Initiatives Reserve	To fund Transport Green Initiative Schemes	(33,825)					(33,825)			(33,825)
RES024	New Initiatives reserve	To fund the transformation programme	(208,269)	93,675		(21,820)		(136,414)	71,855		(64,559)
RES025	Budget Strategy (Support) Reserve	To support budget strategy	(171,209)	161,757				(9,452)			(9,452)
RES026	Social Housing Marketing Assessment (SHMA) Reserve	To fund Social Housing Marketing Assessment work	(44,034)	(2,500)				(46,534)	(2,500)		(49,034)
RES028	Green Economic Recovery and Investment Funding Reserve	To fund Green Economic Recovery and Investment	(137,092)			37,000		(100,092)			(100,092)
RES030	Major Developments Reserve	To fund major Developments	(200,000)			200,000	(334,937)	(334,937)			(334,937)
			(1,460,383)					(1,039,336)			(1,019,981)
<u>Repairs & Renewals Reserves</u>											
RES201	Commuted Maintenance Reserve	Developer contributions to fund maintenance	(36,519)	12,172				(24,347)	12,172		(12,175)
RES204	I.T. Repairs & Renewals Reserve	Replacement fund	(217,200)	(50,000)	118,581			(148,619)	(50,000)		(198,619)
RES205	Property Repairs & Renewals Reserve	20 year maintenance fund	(402,000)	102,000		30,000		(270,000)	102,000		(168,000)
RES206	Delta Place Reserve	maintenance fund	(350,226)	(50,000)		176,000		(224,226)	(50,000)		(274,226)
RES207	Ellenborough House Dilapidations Reserve	maintenance fund	0	(30,000)			30,000	0			0
			(1,005,945)					(667,193)			(653,021)
<u>Equalisation Reserves</u>											
RES029	Council Tax Appeals Equalisation Reserve	To fund fluctuations in overpayment of court costs	(53,926)					(53,926)			(53,926)
RES101	Rent Allowances Equalisation	Cushion impact of fluctuating activity levels	(100,000)				100,000	0			0
RES102	Planning Appeals Equalisation	Funding for one off appeals cost in excess of revenue budget	(76,612)					(76,612)			(76,612)
RES105	Local Plan Equalisation	Fund cyclical cost of local plan inquiry	(9,795)				1,700	(8,095)			(8,095)
RES106	Elections Equalisation	Fund cyclical cost of local elections	(66,887)	(62,100)			(21,845)	(150,832)	55,000		(95,832)
RES107	Car Parking Equalisation	To fund fluctuations in income from closure of car parks	(150,000)				50,000	(100,000)			(100,000)
RES108	Business Rates Retention Equalisation	To fund fluctuations in income from retained business rates	(23,820)	(250,000)		(108,609)	(133,198)	(515,627)	300,000		(215,627)
RES109	Cemetery income Equalisation reserve	Additional Crematoria income to 2nd chapel build scheme	(75,000)				25,000	(50,000)			(50,000)
RES110	HMO Licenses Equalisation	To fund fluctuations in income from HMO Licenses	(29,334)	29,334				0			0
RES112	One Legal Reserve	To fund fluctuations in One Legal Contract	0				(50,000)	(50,000)			(50,000)
			(585,374)					(1,005,092)			(650,092)
<u>Reserves for commitments</u>											
RES301	Carry Forwards Reserve	Approved budget carry forwards	(931,147)	931,147			(508,081)	(508,081)		508,081	0
<u>CAPITAL</u>											
RES402	Capital Reserve - GF	To fund General Fund capital expenditure	(79,115)	(200,000)			279,115	0	(200,000)		(200,000)
TOTAL EARMARKED RESERVES			(4,061,965)					(3,219,702)			(2,523,094)
<u>GENERAL FUND BALANCE</u>											
B8000 - B8240	General Balance - RR	General balances	(1,398,111)	(152,258)		520,789	(318)	(1,029,898)	(629,942)		(1,659,840)
			(1,398,111)					(1,029,898)			(1,659,840)
TOTAL GENERAL FUND RESERVES AND BALANCES			(5,460,076)	433,227	118,581	1,144,080	(485,412)	(4,249,600)	(441,415)	0	508,081 (4,182,934)

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Treasury Management Outturn Report 2023/24

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 8.7% at the start of 2023/24. By the last quarter of the financial year this had fallen to 3.2% but was still above the Bank of England's 2% target at the end of the period.

1.4 Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 5.25% in August 2023 with a 3-way split in the Committee's voting as the UK economy appeared resilient in the face of the dual headwinds of higher inflation and interest rates. Bank Rate was maintained at 5.25% through to March 2024. Although financial markets shifted their interest rate expectations downwards with expectations of a cut in June, the MPC's focus remained on assessing how long interest rates would need to be restrictive in order to control inflation over the medium term.

2. Main Points

2.1 Investment and borrowing interest for 2023/24 have produced a net surplus of £16,815 against the revised budget.

2.2 Pooled Funds have returned dividends that were budgeted at the start of the financial year and starting against higher capital values returned 4.49% against the £7m invested in this area.

2.3 The capital values of the Pooled Funds realised losses of over £6k for 2023/24.

2.4 The Council had debt of £201.326m as of 31st March 2024 at an average rate of 4.18%.

2.5 All treasury prudential indicators were within their permitted limits for 2023/24.

3. Local Context

3.1 On 31st March 2024, the Authority had net borrowing of £179.339m arising from its revenue and capital expenditure, an increase on 2022/23 of £13.048m. 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 of 31st March 2024 and the year-on-year change is shown in table 1 below.

3.3 On 31st March 2024, the Authority had net borrowing of £179.399m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.23 Actual £m	31.3.24 Actual £m
General Fund CFR	125.425	130.309
HRA CFR	66.715	73.341
Total CFR	192.140	203.650
External borrowing	179.111	201.326
Internal (over) borrowing	13.029	2.324
Less: Balance sheet resources	(20.755)	(21.927)
Net borrowing	158.356	179.399

3.4 The treasury management position at 31st March 2024 and the change during the year is shown in table 2 below.

Table 2: Treasury Management Summary

	31.3.23 Balance £m	2023/24 Movement £m	31.3.24 Balance £m	31.3.24 Rate %
Long-term borrowing	116.111	18.815	134.926	3.33
Short-term borrowing	63.000	3.400	66.400	5.90
Total borrowing	179.111	22.215	201.326	4.18
Long-term investments	(15.850)	(1.077)	(16.927)	4.50
Short-term investments	-	-	-	-
Cash and cash equivalents	(4.905)	(0.095)	(5.000)	5.29
Total investments	(20.755)	1.172	21.927	4.89
Net borrowing	158.356	21.043	179.399	

3.5 Borrowing Activity as at 31st March 2024, the Authority held £201.326m of loans, an increase of £22.215m on the previous year. New borrowing of £20m was taken from the PWLB in 2023/24 due to an opportunity when the gilt market rates reduced to lower than the base rate. This enabled the Council to take out a 11 year loan at the rate of 4.32% to fund previous and current capital expenditure financed by borrowing.

Table 3: Borrowing Position

	31.3.23 Balance £m	2023/24 Movement £m	31.3.24 Balance £m	31.3.24 Rate %
Public Works Loan Board	102.211	18.815	121.026	3.27
Banks (LOBO)	5.000	-	5.000	3.95
Banks (fixed-term)	8.900	-	8.900	3.82
Banks (short-term LOBO)	2.000	(2.000)	0	4.95
Local authorities (short-term)	61.000	5.4000	66.400	5.90
Total borrowing	179.111	22.215	201.326	4.18

3.6 As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

3.7 Long term interest rates have seen substantial rises over the last two years, although these rises have now begun to plateau. Gilt yields fell in late 2023, reaching April 2023 lows in December 2023 before rebounding to an extent in the first three months of 2024. Gilt yields have remained volatile, seeing upward pressure from perceived sticker inflation at times and downward pressure from falling inflation and a struggling economy at other times.

3.8 The cost of short term borrowing from other local authorities has generally risen with Base Rate over the year. Interest rates peaked at around 7% towards the later part of March 2024 as many authorities required cash at the same time. These rates are expected to fall back to more normal market levels in April 2024.

3.9 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.

3.10 The Authority currently holds PWLB debt of £42.018m 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 2023/24 the Council's investment balance ranged between £14.5m and £27m 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 4: Investment Position (Treasury Investments)

	31.3.23 Balance £m	2023/24 Movement £m	31.3.24 Balance £m	Interest Rate %
Banks & Building Societies	0	0	0	-
Government (inc. Local Authorities)	0	0	0	-
MMF's/Call Accounts	4.905	0.095	5.000	5.29
Pooled Funds	7.000	0	7.000	4.49
Other Investments	8.850	1.077	9.927	4.10
Total Investments	20.755	1.172	21.927	4.89

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 £314k (4.49%), with the capital value of these funds fell by just £6k, which is treated as an unrealised capital loss. See table 4 below for a breakdown of the individual returns for each fund.

Table 5: Current Pooled Funds

Fund Manager	Investment £	Capital Value as at 31 st March 2023 £	Capital Value as at 31 st March 2024 £	Dividends Received 2023/24 £	2023/24 Gain/(Loss) £	Gain/(Loss) v Original Investment £
CCLA Property Fund Schroders Income Maximiser Fund	3,000,000	2,704,632	2,599,135	136,164	(105,497)	(400,865)
CCLA Diversified Income Fund	2,000,000	1,528,554	1,535,497	126,496	6,943	(464,503)
Total –current Funds	2,000,000	1,884,988	1,977,682	51,525	92,694	(22,318)
	7,000,000	6,118,174	6,112,314	314,185	(5,860)	(887,686)

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 2023/24 was £6.684 million (3.70%) on an average debt portfolio of £180.468 million against a budgeted £6.373 million. A deficit of £75k was recorded for the financial year after taking into account the re-imburement of £2.760m for the debt associated to the HRA for 2023/24.

5.2 The outturn for investment income received in 2023/24 was £1.307m which equates to a 5.10% return (22/23 – 2.98%) on an average investment portfolio of £19.834 million against a budgeted £1.153m. The General Fund reimbursed the HRA £62k for revenue balances held within investment balances during 2023/24. A General Fund surplus of £92k was made for investment income.

5.3 Net loans and investments budget for 2023/24 which also includes leasing and third party loans repayments, was a budgeted cost of £2.694m but made an actual cost return of £2.677m, a surplus of £17k. See table 6 below for a breakdown.

Table 6 – Borrowing and Investment Costs

Borrowing Costs	2023/24 Original £	2023/24 Revised £	2023/24 Actual £	Variance (surplus)/loss £
Temp Borrowing	1,825,000	2,684,291	2,807,887	123,596
LT Borrowing	3,744,349	3,688,746	3,874,684	185,938
HRA Share	(2,198,751)	(2,525,630)	(2,760,342)	(234,712)
Total GF Cost	3,370,598	3,847,407	3,922,229	74,822
Investment Income	2023/24 Original £	2023/24 Revised £	2023/24 Actual £	Variance (surplus)/loss £
Pooled Funds	293,200	293,200	314,184	(20,984)
Short term/call	255,100	140,556	181,050	(40,494)
Other Loans/Lease	727,455	794,555	812,070	(17,515)
HRA Share	(52,500)	(75,000)	(62,355)	(12,645)
Total GF Income	1,223,255	1,153,311	1,244,949	(91,638)
NET COST (Saving)	2,147,343	2,694,096	2,677,280	(16,816)

6. Compliance Report

6.1 The Council can confirm that it has complied with its Prudential Indicators for 2023/24, which was set in March 2023 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 2023/24. None of the Prudential Indicators have been breached and a prudent approach has been taking in relation to investment activity with priority being given to security and liquidity over yield.

The Prudential Indicators include:

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

Table 7: Debt Limits

	2023/24 Maximum £m	31.3.24 Actual £m	2023/24 Operational Boundary £m	2023/24 Authorised Limit £m	Complied
Borrowing	201.326	201.326	262	272	✓

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 2023/24.

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 8 Maturity structure of borrowing

	31.3.24 Actual	Actual Debt Due	Upper Limit	Lower Limit	Complied
Under 12 months	45.46%	£91.528m	50%	0%	✓
12 months and within 24 months	1.49%	£3.008m	50%	0%	✓
24 months and within 5 years	6.71%	£13.514m	100%	0%	✓
5 years and within 10 years	14.21%	£28.608m	100%	0%	✓
10 years and above	32.13%	£64.668m	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 2024 are calculated on the debt outstanding of £201.326m.

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 9 Principal invested over 364 days

	2021/22	2022/23	2023/24
Actual principal invested beyond year end	7m	7m	7m
Limit on principal invested beyond year end	10m	10m	10m

Complied	✓	✓	✓
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Appendix 6 - The Capital Programme

Code	Funded	Directorate / Scheme	Scheme Description	Revised Budget 2023/24 £	Actual Spend 2023/24 £	Carry Forward to 2024/25 £	Revised Budget for 2024/25 £
		<u>FINANCE & ASSETS</u>					
CAP516	PB	Gloucestershire Airport Limited	Runway repairs	1,839,571	516,347	-	-
CAP515	PB/Capital Grant	Minster Innovation Exchange and Minster Gardens	20,000 sq ft purpose-built commercial space adjacent to the Minster	4,117,779	3,498,932	618,847	618,847
CAP522	GF Cap receipts	Electric Vehicle Charging Points	Infrastructure to support the delivery of EV charging points	75,000	-	75,000	75,000
CAP524	PB	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.	143,513	148,874	-	-
CAP513	GF Capital Receipts	Smart Working project	Municipal Offices ground and first floor refurbishment	125,000	143,121	-	-
CAP518	GF Cap receipts	Sandford Park toilets	Provide for new public toilet provision at Sandford Park	150,000	-	150,000	150,000
CAP521	Capital Grant Funding/Capital	Montpellier Toilets Refurbishment - including Changing Places	To improve public toilet provision in the town.	600,000	18,909	581,091	581,091
CAP109	Partner funding	Pittville Steps	The restoration of the Pittville Pump Room steps which is to be funded by external resources and project managed by CBC.	60,125	54,348	5,777	5,777
CAP026	GF Cap receipts	IT Infrastructure	5 year ICT infrastructure strategy	332,348	118,581	213,767	288,767
CAP227	PB	Housing Delivery	Enabling the delivery of Private Rented Sector (PRS) Housing	4,500,000	-	-	4,500,000
CAP526	Capital Grant/Receipts	Leisure @ EVO Project	To upgrade the AHU and Heating system to air and ground source heat pumps in line with the SALIX funding bid.	-	-	-	347,502
CAP014	Capital Receipts	Digital Platform for the Cem & Crem	To develop a digital platform to replace the current records system used by Bereavement Services	-	-	-	55,000
CAP035	PB	Civic Events Space	Funding for an event space to become a potential Council Chamber and meeting space following the sale of the Municipal Office building.	-	-	-	500,000
CAP036	Capital Receipts	Resurfacing of the Regent Arcade Car park	To meet the obligations of the lease.				170,000
CAP037	PB	Decarbonisation of Leisure@	To finance the investments in LED lighting and pool covers.				349,200
CAP228	Partner funding	Housing Enabling	Expenditure in support of enabling the provision of new affordable housing in partnership with registered Social Landlords and the Homes and Communities Agency (HCA)	252,746	-	252,746	252,746
CAP606	GF Cap receipts	Crematorium Scheme - existing chapel	Redevelopment of existing chapel	275,313	13,590	261,723	261,723
CAP517	Partner funding	Imperial Gardens Railing Restoration	The restoration of the Imperial Gardens Railing to be funded by external resources and project managed by CBC. £100k	10,119	10,119	-	-
CAP525	PB	CTFC Solar Panels	Grant loan towards solar panels at CTFC	40,000	40,000	-	-
				12,521,514	4,562,821	2,158,951	8,155,653
		<u>PLACES & COMMUNITIES</u>					
CAP030	GF Cap receipts	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.	145,388	54,503	90,885	90,885
CAP032	Capital Grant contribution	Public Sector Decarbonisation Scheme	Installation of the sub-meters in line with the SALIX grant application	-	1,443	-	-
CAP010	Revenue Reserves	Digital Platform	Implementation and roll out of the new digital platform across the Council	54,000	-	54,000	54,000
CAP135	GF Cap receipts	Commercialisation opportunities within the Cheltenham Trust	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);	400,000	8,820	391,180	391,180
CAP306	GF Cap receipts	In Cab Technology	The introduction of an In-Cab system would reduce the mileage required to be completed by Ubico, because it would guide the crew around their collection route and would largely eliminate mistakes.	88,046	123,581	-	50,000
CAP607	Partner funding	The Burrows Improvement Project	Forward funding for the Leckhampton playing field works.	49,958	52,105	-	-
CAP204	GF Cap receipts	Public Realm Investment - Grosvenor Street Car Park	Improving linkages to the High Street, signage and decoration.	115,500	-	115,500	115,500
CAP201	GF Cap receipts	CCTV	Additional CCTV in order to improve shopping areas and reduce fear of crime	121,980	1,750	120,230	346,511
CAP205/6/7	GF Cap receipts	Public Realm Improvements - High Street Phase 2	Public Realm in the Strand / Cambray	358,951	167,566	191,385	191,385
CAP107	Section 106 Funding	Public Art	Public Art investment in line with Section 106 funding agreements	15,000	25,000	-	-
CAP221	Better Care Fund	Disabled Facilities Grants	Mandatory Grant for the provision of building work, equipment or modifying a dwelling to restore or enable independent living, privacy, confidence and dignity for individuals and their families.	513,708	772,738	-	500,000
CAP223	Partner funding	H&S, vacant property & renovation grants	Assistance available under the council's Housing Renewal Policy	201,808	198,807	3,001	3,001
CAP224	Better Care Fund	Warm & Well	A Gloucestershire-wide project to promote home energy efficiency, particularly targeted at those with health problems	21,800	-	21,800	40,200
CAP101	Section 106 Funding	Clyde Scooter Skate Park	Developer Contributions	17,780	2,220	15,560	15,560
CAP034	Capital Grant contribution	UK Shared Prosperity Funding - Capital Projects	Delivery of the capital projects in line with the UKSPF funding bid	79,494	82,137		300,000
CAP102	GF Cap receipts	Play Area Enhancement	We are tendering one large playground improvement contract. Both will be committed this year, but paid for in next financial year.	80,000	7,974	72,026	152,026
CAP609	Partner funding	The Burrows Improvement - phase two	Contribution to the works required to build the storage room for Leckhampton Rovers	25,000	7,400	1,955	1,955
CAP608	GF Cap receipts	Naunton Park Improvements	Contribution to pathways and drainage work	25,000	18,902	6,098	6,098
CAP501	GF Cap receipts	Allotments	Allotment Enhancements - new toilets, path surfacing, fencing, signage, and other improvements to infra-structure.	157,750	3,142	154,608	154,608
CAP133	GF Cap receipts	Replacement Parks & Gardens Vehicles	Replacement vehicles for parks and gardens	40,800	52,186		-
CAP301	GF Cap receipts	Vehicles and recycling equipment and receptacles	Replacement vehicles and recycling equipment	2,435,057	969,771	1,465,286	5,292,686
				5,216,253	2,550,044	2,703,515	<

Funded by:				
General Fund Capital Receipts	4,920,036	1,683,486	3,307,689	7,851,326
Capital Reserve	-	-	-	-
RCCO (funded from reserves)	654,000	-	54,000	54,000
Prudential Borrowing	10,640,863	4,204,153	618,847	5,968,047
Partner Funding	594,716	322,779	263,478	263,478
Capital Grant or Contribution	359,864	102,489	581,091	1,168,637
Better Care Fund	535,508	772,738	21,800	540,200
s106 Funding	32,780	27,220	15,560	15,560
Other Revenue Reserves	-	-	-	-
Total	17,737,767	7,112,866	4,862,466	15,861,244

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APPENDIX 9 SECTION 106 STATEMENT 2023/24						
Detail	Contributions	YEAR of receipt	Balance @ 1/4/23 £	Receipts/ Refunds in year £	Amounts Applied to fund Cap expend £	Grants & Contributions @ 31/3/24 £
RECEIPTS IN ADVANCE						
Short Term						
DEV114	Cotswold Beechwood SAC- s106	23/24	-	(27,840.00)		(27,840.00)
B6261 CAPITAL			-	(27,840.00)	-	(27,840.00)
Long Term						
DEV005	High St, Brewery phase 3 - affordable housing	17/18	(40,078.08)		36,000.00	(4,078.08)
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)	(1,703,067.30)		(2,184,947.30)
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)
DEV012	Miller Homes re Shurdington Road	23/24	-	(4,000.00)		(4,000.00)
DEV013	Brookworth Homes Ltd - Parabola Rd development	23/24	-	(209,640.72)		(209,640.72)
B7410 CAPITAL			(1,230,512.81)	(1,916,708.02)	-	(3,111,220.83)
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)	-	-	(95,139.66)
TOTAL GRANTS RECEIPTS IN ADVANCE			(1,505,652.47)	(1,944,548.02)	-	(3,234,200.49)
CAPITAL GRANTS UNAPPLIED						
SECTION 106						
Housing Enabling (affordable housing)						
DEV004	Pegasus Life - John Dower House	16/17	(470,550.00)			(470,550.00)
			(470,550.00)	-	-	(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)		24,999.99	(7,371.68)
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)	-	24,999.99	(107,476.76)
PlaySpaces						
DEV201 & DEV001	S106 Playspace-Adult/Youth		(5,370.65)			(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)		891.60	(1,260.34)
DEV010	Bromford Dev Ltd - Village Road	23/24	-	(153,351.00)		(153,351.00)
			(17,783.94)	(153,351.00)	891.60	(170,243.34)
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)			(628,810.69)	(153,351.00)	25,891.59	(756,270.10)
TOTAL Section 106			(2,134,463.16)	(2,097,899.02)	25,891.59	(3,990,470.59)

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Council Tax and Business Rates Collection Rates 2021-22

Appendix

Appendix 10

Council Tax 2023/24

Current Year Charges - 2023/24			
Monitoring Period	% Collected at 31.03.2024	Target 31.03.2024	It was anticipated that there would be a drop in the collection rate for 2023/24 however the target has been met and the level of collection was better than 2022/23.
	98.32%	98.15%	
Comparison with 2022/23	As at 31.03.2023		
	98.23%		

Previous Years Charges Outstanding in 2023/24			
Monitoring Period	Amount outstanding at 31.03.2024	Target 31.03.2024	The arrears outstanding at the end of 2023/24 slightly exceed the target. We will continue to work with those council tax payers who are struggling to pay.
	£2,255,021	£2,250,000	
Comparison with 2022/23	Amount outstanding at 31.03.2023		
	£2,157,168		

Business Rates 2023/24

Current Year Charges - 2023/24			
Monitoring Period	% Collected at 31.03.2024	Target 31.03.2024	The 2023/24 collection rate has met the target and has also exceeded the percentage collected in 2022/23. We will continue to work with those business rate payers struggling to pay.
	98.56%	98.32%	
Comparison with 2022/23	As at 31.03.2023		
	98.31%		

Previous Years Charges Outstanding in 2023/24			
Monitoring Period	Amount outstanding at 31.03.2024	Target 31.03.2024	The arrears outstanding at the end of 2023/24 continue to meet the target level and continue to fall each year. We will continue to work with those business rate payers struggling to pay.
	£451,590	£480,000	
Comparison with 2022/23	Amount outstanding at 31.03.2023		
	£490,158		

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Appendix 11**HRA OPERATING ACCOUNT**

	2023/24	
	Forecast	Actual
	£	£
EXPENDITURE		
General & Special Management	3,676,400	3,638,400
ALMO Management Fee	5,933,500	5,933,500
Rents, Rates, Taxes and Other Charges	134,800	158,200
Repairs & Maintenance	5,574,100	5,764,000
Provision for Bad Debts	200,000	198,200
Interest Payable	2,538,100	2,760,300
Depreciation & Impairment of Dwellings	5,548,600	5,066,600
Depreciation of Other Assets	304,800	761,500
Debt Management Expenses	104,100	104,100
TOTAL	24,014,400	24,384,800
INCOME		
Dwelling Rents	21,938,800	21,895,300
Non Dwelling Rents	248,100	248,000
Charges for Services and Facilities	1,293,330	1,300,300
Feed in Tariff from PV Installations	287,100	278,700
Other Grants	-	32,000
TOTAL	23,767,330	23,754,300
NET DEFICIT FROM SERVICES	- 247,070	- 630,500
Interest Receivable	75,000	62,400
NET OPERATING DEFICIT	- 172,070	- 568,100
Appropriations		
Revenue Contributions to Capital	-	-
Net Decrease in reserves	- 172,070	- 568,100
Revenue Reserve brought forward	1,504,000	1,504,000
Revenue Reserve carried forward	1,331,930	935,900

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Appendix 12**MAJOR REPAIRS RESERVE**

	2023/24	
	Forecast	Actual
	£	£
Balance brought forward	-	-
Depreciation of Dwellings	5,548,600	5,548,600
Depreciation of Other Assets	304,800	277,600
	5,853,400	5,826,200
Utilised to fund Capital Programme	- 5,853,400	- 5,826,200
Balance carried forward	-	-

HRA CAPITAL PROGRAMME

	2023/24	
	Forecast	Actual
	£	£
EXPENDITURE		
EXISTING STOCK		
Property Improvements & Major Repairs	10,270,500	9,698,700
Adaptions for the Disabled	600,000	439,600
Repurchase of Shared Ownership Dwellings	60,000	37,600
	10,930,500	10,175,900
NEW BUILD & ACQUISITIONS	10,309,500	10,382,800
TOTAL	21,240,000	20,558,700
FINANCING		
Capital Receipts	1,635,600	1,647,000

HRA Revenue Contribution	-	-
Leaseholder & Other Contributions	300,000	257,200
Major Repairs Reserve	5,853,400	5,826,200
Grants & Shared Ownership Sales	3,439,800	3,508,600
Borrowing	10,011,200	9,319,700
TOTAL	<u>21,240,000</u>	<u>20,558,700</u>

Cheltenham Borough Council

Full Council – 22 July 2024

Productivity Plan 2024/25

Accountable member:

Cllr Rowena Hay – Leader of the Council

Accountable officer:

Gemma Bell - Director of Finance and Assets (Deputy Section 151 Officer)

Accountable scrutiny committee:

N/a

Ward(s) affected:

All

Key/Significant Decision:

No

Executive summary:

The final Local Government Finance Settlement for 2024/25 was published by the Department for Levelling Up, Housing and Communities ("DLUHC") on 5 February 2024. This settlement included an additional £600m in funding for Local Government since the provisional settlement was published in December 2023. As £500m of this funding was for social care, the impact for Cheltenham Borough Council was an additional £150,000 of revenue grant funding for 2024/25.

In return for this additional funding, the settlement included criteria which Councils needed to address in new Government mandated productivity plans setting out how they will improve service performance and reduce wasteful expenditure. The plans are required to be subject to Member scrutiny and submitted to DLUHC by 19 July 2024 in time for the summer recess.

The guidance from the Secretary of State for DLUHC requires the productivity plan to include information on the following areas:

- Transformation of services to make better use of resources;

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- Opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design;
- Ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and discredited staff equality, diversity and inclusion programmes; and
- Barriers preventing activity that government can help to reduce or remove.

This paper presents the Council's productivity plan for 2024/25 for approval in line with the Government requirement.

Recommendations:

The Council considers and approves the Productivity Plan 2024/25.

1. Consultation

1.1. The productivity plan is based on information already included in the Council's Corporate Plan or published decisions which have already been subject to the relevant consultation processes.

1.2. Any financial information relating to 2024/25 was approved by Council on 23 February 2024.

2. Implications

2.1. Financial implications

None directly resulting from the recommendation in this report.

Signed off by: Jon Whitlock, Chief Accountant

2.2. Legal implications

None arising from the report recommendations.

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

2.3. HR implications

None arising from the report recommendations.

Signed off by: HR@cheltenham.gov.uk

2.4. Environmental and climate change implications

None directly resulting from the recommendation in this report.

Signed off by: Maizy McCann, Climate Emergency Project Officer

2.5. Property/asset implications

None directly resulting from the recommendation in this report.

Signed off by: Gemma Bell, Director of Finance and Assets, 01242 264124

2.6. Corporate policy framework implications

None directly resulting from the recommendation in this report.

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

3. Performance management – monitoring and review

- 3.1. The productivity plan is based on existing projects, programmes or activities already incorporated into the Corporate Plan and our performance information. No separate reporting or monitoring of the plan is deemed necessary.
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Report author:

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

Appendices:

1. Risk Assessment
2. Productivity Plan 2024/25

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
	The Government requirement to submit an approved productivity plan in line with the funding settlement for 2024/25 may not be met resulting in DLUHC taking action against the Council.	Gemma Bell, Director of Finance and Assets	3	1	3	Respond	To submit the attached Productivity Plan 2024/25 to the Department for Levelling Up, Housing and Communities prior to the deadline set by the Secretary of State.	Gemma Bell, Director of Finance and Assets	19 July 2024

Cheltenham Borough Council Productivity Plan 2024/25

This document has been prepared in response to the requirement set out in the 2024/25 Local Government Finance Settlement to prepare and publish a productivity plan by 19 July 2024, outlining how the Council's activities address three categories set out in the settlement.

Government Requirement	How our Budget and Corporate Plan align	How Success will be measured
Transformation of services to make better use of resources.	<ul style="list-style-type: none">• Winding up of our Arm's Length Management Organisation Cheltenham Borough Homes to transition the housing management service in-house.• Sale of the Council's Municipal Offices to deliver a capital receipt and initiate the re-location of the Council to more fit for purpose accommodation.• Marketing of the Council's shareholding in Gloucestershire Airport Limited to bring new investment for local business, taxpayers and the wider economy.• The implementation of a refreshed asset management strategy to rationalise the Council's portfolio, deliver regeneration activity and provide capital resources for investment or to repay borrowing.• The approval of the conditions for a Financial Development Agreement for the Golden Valley development to deliver the National Cyber Innovation Centre and 3,700 affordable homes.• Expand Cheltenham's cyber eco-system and increase footfall to the high street through the launch of the Minster Exchange with private sector partners.	<ul style="list-style-type: none">• Revenue budget saving for the Housing Revenue Account and the General Fund• Strong future stewardship for the Municipal Office building• Strengthening of the capital receipts reserve• More affordable housing delivered in the town.• Growth in Council Tax and Business Rates.
Opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design.	<ul style="list-style-type: none">• Development of a new digital platform to make it easier for our customers to interact with the council 24/7 and 365 days a year. This will free up more time to help those customers most in need.• Development of an in-cab technology for the waste and recycling vehicle fleet.	<ul style="list-style-type: none">• Number of digital transactions• Number of new applications launched for customer use

	<ul style="list-style-type: none"> Investment in a team of data analysts to develop new solutions to the customer service journey and process. 	
Ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and discredited staff Equality, Diversity and Inclusion programmes – this does not include programmes designed to promote integration and civic pride, and counter extremism.	<ul style="list-style-type: none"> Ensure value for money for the taxpayer by identifying commercial opportunities to increase our net income. Develop a car parking strategy that will bring real change in how we travel, how we help our communities and our financial sustainability, as the supply and provision of acceptable, accessible and good quality car parking is important to visitors, residents and businesses. Investment in directly employed construction and commercial project managers to manage the deliver of key programmes and reduce the Council's reliance on external consultants. 	<ul style="list-style-type: none"> Resident satisfaction with Cheltenham as a place to live Balanced budget Savings made through process improvements Social, environmental and financial return on investments

Barriers preventing activity that Government can help to reduce or remove

Cheltenham Borough Council is in its most transformative period in the last 15 years. In the past twelve months the administration has taken significant decisions which will change the way in which the Council delivers services in order to continue to deliver on the key priorities set out in the 2023-27 Corporate Plan. Although these decisions will have a hugely positive impact on the future of the Council, their implementation will take time to deliver in a measured and structured way.

The most significant barrier to delivering the controlled change is the is single-year finance settlements. Without a clear indication about funding for multiple years, we cannot effectively plan and manage our balances and reserves to ensure decisions can continue to be made in relation to our core services such as planning, environmental health and safeguarding.

We have also been hampered by the tendency of Whitehall to design and decide policy that affects councils without engaging the sector as fully and as early as it could. This has resulted in initiatives and funds that are more complicated than necessary and that are difficult and, in some cases costly, for councils to implement. We strongly support much closer policy co-design between central government and local councils.

We would also benefit from much greater flexibility for our council (and all councils) to decide how to raise and spend money locally. Central prescription and ringfencing constrain our ability to allocate our resources effectively.

We incur unnecessary spending and waste valuable officer time complying with rules, requirements, restrictions and processes imposed by central government and regulators. These include:

- The number of specific, formula-based revenue grants and their separate reporting requirements – it would be much simpler and more efficient to roll all specific grants into a single provision in the Local Government Finance Settlement.
- The wide range of separate one-off revenue and capital grant pots with onerous, costly and counter-productive bidding processes.
- Complicated, inconsistent, and misaligned processes for submitting data returns to central government.
- Lack of join-up between central government departments on issues including housing, homelessness prevention and asylum dispersal.
- Numerous statutory requirements to place notices in newspapers or issue written copies of routine notices.
- Excessive amount of information that is required in annual accounts or has to be published under the transparency code.
- Statutory overrides such as the requirement to value assets for accounts every year.
- Regulatory bodies seeking “to the letter” compliance with their statutory codes.

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