Council

Friday, 14th February, 2014
2.30 - 6.10 pm

Attendees

| Councillors: | Wendy Flynn (Chair), Colin Hay, Andrew Chard, Garth Barnes, Nigel Britter, Chris Coleman, Barbara Driver, Bernard Fisher, Rob Garnham, Les Godwin, Penny Hall, Tim Harman, Rowena Hay, Diane Hibbert, Sandra Holliday, Peter Jeffries, Steve Jordan, Paul Massey, Helena McCloskey, Andrew McKinlay, Paul McLain, David Prince, John Rawson, Anne Regan, Chris Ryder, Diggory Seacome, Duncan Smith, Malcolm Stennett, Charles Stewart, Klara Sudbury, Pat Thornton, Jon Walklett, Simon Wheeler (Vice-Chair), Roger Whyborn and Suzanne Williams |

Minutes

1. **APOLOGIES**
   Apologies were received from Councillors Bickerton, Fletcher, Lansley, Reid and Wall.

2. **DECLARATIONS OF INTEREST**
   Councillors Driver, C Hay, Smith and Williams declared an interest in agenda item 9 as board members of Cheltenham Borough Homes and announced their intention to leave the meeting at that point.

   Councillor Hay also declared an interest in agenda item 8 as one of the council appointed trustees on the shadow board of the Leisure and Culture trust.

3. **MINUTES OF THE LAST MEETING**
   Councillor Garnham proposed the following amendments to the minutes:

   Agenda item 7; member question 6 - final paragraph change the wording to "In response the Leader confirmed that nothing had been done on the day but explained that the..."

   On page 16 of the minutes he queried why Councillor Sudbury and a member of the public had been named in the minutes when Members had previously been told that it was not the policy to name individual members.

   The Leader did not agree with the proposed changes to his response and he explained that as the council was working on things continuously small business Saturday had been covered by these other initiatives.

   Upon a vote it was

Draft minutes to be approved at the next meeting on Monday, 17 February 2014.
Resolved that the minutes of the last meeting held on 16 December 2013
be approved and signed as a correct record with no amendments.

4. COMMUNICATIONS BY THE MAYOR
The Mayor said that her thoughts were with those affected by the floods and
she was pleased that this council was working with neighbouring councils to
help those affected.

She encouraged members to give their support to the bobble day being
organised by Councillor Harman in support of the Age Concern appeal to help
keep the elderly warm.

She invited Councillor Stewart to speak and he thanked councillors and staff for
all their support in the last two weeks since his wife sadly passed away.

The Mayor paid tribute to ex-councillor David Hall who had sadly passed away
recently and asked members to stand for a minutes silence.

She reported to members that she had been honoured to unveil the Kiss at the
Wilson the previous evening. It was great that the Wilson could attract this
quality of exhibit and she encouraged all members to go and see it.

5. COMMUNICATIONS BY THE LEADER OF THE COUNCIL
The Leader added his thanks to staff who were on standby over the weekend in
case Tewkesbury Borough Council needed additional support.

Regarding the A417 missing link, he advised members that there was a big
campaign across Gloucestershire. He had added his personal support and
suggested that it may be appropriate for Council to have a debate in this
chamber and pass a motion supporting it.

Referring to the government recommendation to hold a recorded vote on the
budget, although he was entirely happy with the principle of being open to the
public, he had a slight concern that a central government directive of this nature
seemed to be against the spirit of localism.

He thanked everybody involved in the successful completion of the sale of
North Place and Portland Street and thought the ongoing development would
bring big benefits to the town.

6. PUBLIC QUESTIONS
None received.

7. MEMBER QUESTIONS

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<th>1.</th>
<th>Question from Councillor Smith to the Leader, Councillor Steve Jordan</th>
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<td>Does the Leader of the Council agree that the decision of the Licensing Committee to permit the opening of a lap dancing club is yet another example of the failure of this council to listen to the views of the residents of Cheltenham?</td>
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<td></td>
<td>Response from the Leader</td>
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I have no wish to be drawn into a political argument about the Licensing Committee decision to which Councillor Smith refers, as it was a decision on which members made their own individual judgements and the voting on both sides was cross-party. In general I believe that the Council and its committees do consider the views of the public and try to act on them.

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<td>Can the Leader explain how the the original bid for funding for the redevelopment of Cheltenham Spa that was submitted to GLTB by the Task Force states the plans for two new bay platforms were identified as the preferred option “following consultation with both Network Rail and train operating companies”. Can he explain what consultation was actually undertaken? Who was contacted, what was asked and what responses were received? Doesn't the repudiation of this bid by Network Rail as reported in the Echo seriously undermine the credibility of the Task Force and call into question the role of the Board in approving such bids?</td>
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<th><strong>Response from Cabinet Member</strong></th>
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<td>The initial request for schemes was only on 4\textsuperscript{th} Feb 2013 with the deadline of 1\textsuperscript{st} March 2013 for bids to go to the GLTB meeting on 21\textsuperscript{st} March. A subsequent GLTB meeting on 17\textsuperscript{th} July 2013 then prioritised the bids. In developing the proposal for Cheltenham Spa, meetings were held with Network Rail and First Great Western, amongst many other interested parties. Letters were received from Katherine Campbell (NR Senior Strategic Planner Western) and Mike Hogg (FGW Head of Operations) with reference to the bay platforms as part of the wider ambition; these were submitted as part of the GLTB bid process. Having received support from key players the bid was pursued.</td>
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<td>I would like to thank the Cheltenham Development Task Force for their work in developing a scheme that if it comes about, even in a revised form, will be a long overdue improvement at Cheltenham Spa station. The bid shows clear ambition for our town and is supported by rail user groups, rail operating companies and individuals alike. I believe their pragmatic approach to try and progress the scheme minus the bay platforms but in a manner that creates passive provision for them in the future is to be congratulated.</td>
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<th>3.</th>
<th><strong>Question from Councillor Garnham to the Leader, Councillor Steve Jordan</strong></th>
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<td>The accountability of Cabinet Members is an extremely important part of their role. For many years it was part of a Cabinet Members responsibility to play a full role in scrutinising the award of contracts and even being present when tenders were opened. Can the Leader explain why this process is no longer followed and how Cabinet Members fulfil their obligations when contracts are awarded by Cheltenham Borough</td>
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Draft minutes to be approved at the next meeting on Monday, 17 February 2014.
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<td>The current position in the Council’s Constitution is that the Chief Executive, Deputy Chief Executive and Directors can accept tenders not exceeding £100K in value; tenders in excess of £100K have to be accepted by the lead cabinet member. The previous position (before March 2012)) was that senior officers could accept tenders and the Cabinet Member then briefed on the decision. Prior to September 2008 there was a requirement for a Member to witness the opening of tenders and, since that date, Members have had the opportunity to witness the opening of tenders. There has never, to my knowledge, been a requirement for Cabinet Members to witness the opening of tenders.</td>
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<td>Clearly it is important that the lead Cabinet Member is involved in agreeing the proposed work programme that would lead to letting a contract and then for the officers to procure the works/services/goods in accordance with the cabinet/cabinet lead decision and in compliance with the contract and financial rules, keeping the lead member briefed as appropriate.</td>
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<td>In a supplementary question, Councillor Garnham referred to the response given by the Cabinet Member Sustainability to Q4 saying he was “not directly involved”, and asked whether the Leader was happy with his Cabinet Member’s involvement.</td>
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<td>The Leader advised that in his view there were two different issues. Firstly there was the process for taking key decisions on major projects which would involve the Cabinet Member or in some cases Council if there were budgetary implications. The minutiae of a contract was a very different issue and members were dependent on the technical advice from officers to determine the best contract.</td>
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<th><strong>4. Question from Councillor Garnham to Cabinet Member Sustainability, Councillor Roger Whyborn</strong></th>
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<td>Can the Cabinet Member for Sustainability explain his role in the awarding of the contract to replace the burners and associated equipment at the Crematorium? Was he involved in the drawing up of the criteria in which to judge the tenders? Did he play any part in the awarding of the contract? At what point did the Cabinet Member realise that the whole refurbishment process was going wrong and what actions did he take?</td>
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<td><strong>Response from Cabinet Member</strong></td>
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<td>I was not directly involved in the contract award for the cremators and ancillary equipment, as Cabinet Member, and this was not required under the Constitution.</td>
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<td>In terms of my involvement following faults with the cremators post-installation, the chronology is that the supplier was supporting the cremator plant regularly until they went into liquidation in July. Maintenance continued to be available from third parties, but it became</td>
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necessary for matters to be escalated on the corporate risk register in the late summer, at which point I took a personal and detailed interest in all issues. I intend to issue more detailed briefing to all members, but in summary I am satisfied that the most safety-critical matters have already been rectified, and a further programme of work is well in hand. As for the long-term ‘prognosis’ regarding the cremator plant – and in particular the viability of the abatement system, I have received and accepted officer advice, and thus I consider it premature to draw conclusions until a sustained period of several months operation has been achieved.

In a supplementary question, Councillor Garnham asked what the Cabinet Member did do to merit his £16,000 annual Special Responsibility Allowance.

The Cabinet Member Sustainability responded that he would need a long time to answer that question so he proposed to respond to Councillor Garnham outside the meeting.

5. Question from Councillor Harman to Cabinet Member Built Environment, Councillor Andrew McKinlay

Will the Cabinet Member inform the Council what steps are being taken to reduce/control the number of estate agents advertising Boards in the Town including in the Conservation Area?

Response from Cabinet Member

Two months ago the Director of Built Environment wrote to all estate agents in Cheltenham explaining how regulations the Council enforce affected agents’ rights to display their boards. Common breaches of legislation included boards attached directly to listed buildings, multiple signs and boards being left up long after completion of a sale or the granting of a tenancy.

This letter was also followed up by visits to the offices of eight estate agents in town by officers from the Built Environment Enforcement team. The purpose of these officer visits was to ensure that the letter had been properly received and understood.

The need to comply with the regulations and the associated penalties for non-compliance were made clear. Contraventions may result in prosecution and / or the pasting of the board by the Council, stating that it is an illegal advertisement. It was also stated that it was the Council’s intention to enforce the legislation without further notice and in doing so, to seek to reduce the incidence of bad practice, improve household security and improve the visual amenity of the town.

Eight boards have been removed in the past few weeks following direct requests by the Council and it has been noted that since the letter was sent, there has been a marked reduction in boards in certain areas. The legitimacy of all agents’ boards will continue to be monitored and action will be taken where appropriate.

6. Question from Councillor Driver to Cabinet Member Sustainability,
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<th><strong>Councillor Roger Whyborn</strong></th>
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<td>Could the Cabinet Member responsible for recycling do something about the facilities taken away from the north place site which so many residents used and UBICO agreed with. In the planning application that was agreed at committee an amendment was put into place that these facilities should stay even after re-development, but as the developer has closed the car park they have also closed the recycling collection point. Please can this be put back into place for those people who live in flats and multi occupancy who do not have recycling bins or areas. This request comes from residents and was also asked by UBICO at an O&amp;S meeting that I attended recently.</td>
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<td>Under planning condition 39 which relates to recycling facilities on the site, the developer has provided details of proposals in order to discharge the condition.</td>
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<td>The developer can not be made liable for CBC recycling skips so a decision was made for these to be removed completely and other nearest available sites flagged to users – these are principally at St James’s car park, but also High Street car park.</td>
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<td>Subject to usage it was agreed that amendments may be necessary in terms of frequency of emptying at St James’s and High Street car parks to accommodate the additional material, so Ubico is monitoring the usage at both sites and will amend their emptying cycle accordingly. Indeed frequency of emptying is currently being studied at all sites with a view to optimising the service provided for all recycled products.</td>
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<td>Although pleased with the answer, Councillor Driver asked the Cabinet Member if he could advertise these supplementary sites and notify the public that there were plans to bring back a facility to North Place.</td>
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<td>The Cabinet Member replied that the council keeps a list of available sites and issues a media release when things change.</td>
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8. **FINAL GENERAL FUND BUDGET PROPOSALS 2014/15 (INCLUDING SECTION 25 REPORT)**

The Mayor invited the Cabinet Member Finance to introduce the budget which would then be followed by a statement from the Director of Resources, Mark Sheldon as the Council’s Section 151 officer. To facilitate the presentation of the Budget, the Mayor proposed suspension of certain rules of debate, namely:-

That the time limit on speeches is relaxed with regard to the following speeches

- Cabinet Member Finance when moving the motion to adopt the budget being proposed by the Cabinet.
- Group leaders or Group spokesperson when making budget statements on behalf of their group.
The Cabinet Member Finance and Group Leaders could also speak more than once in the debate (in addition to any rights of reply etc) for the purpose of putting and answering questions.

This was agreed by Council with 2 abstentions.

The Mayor referred to a letter from the DCLG which had been sent to all Chief Executives suggesting that a recorded vote was held on all items relating to the budget. She proposed that a recorded vote was held on any significant decision relating to the budget or council tax (including any amendments) as set out in Part 4A – Council Procedures Rule 14.5 as required by the ‘Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014’. This will apply to agenda items 8 and 9.

This was resolved unanimously.

The Cabinet Member Finance introduced the 2014/15 budget proposals with a detailed speech (please see Appendix 1).

The Cabinet Member Finance moved acceptance of the 2014/15 budget as set out in the report. The motion was seconded by Councillor Jordan who reserved his right to speak.

The Director of Resources referred to appendix 2 in the budget papers which set out his assessment of the budget and the financial risks and made the following points:

- He was satisfied that sufficient provision had been made in the budget and MTFS for future pay awards and pension-fund costs.
- There had been positive progress regarding recovery of the Icelandic bank deposits as a result of the auction of Llandsbanki claim in January 2014, where the amount recovered was above expectations, but the full impact of this was still to be built into the MTFS.
- He considered setting up a car parking reserve from the North Place receipts was a positive step to cover any shortfall in car parking income. The setting up of other reserves to support Civic Pride and implementation of the Leisure and Culture Trust was also a sensible approach. Overall the general reserve remained in his previously recommended range of £1.5 to £2 million.
- Management of pooled business rates had been challenging for officers particularly with the continuing release of guidance from government but he was confident that the future was bright. There would continue to be ongoing volatility so a reserve was prudent.
- There was a sound business strategy to support the MTFS through commissioning, shared services and other projects.
- He acknowledged that the decision to freeze council tax had been a political one but was justifiable in view of the Chancellor's Autumn statement.
- He thanked Members of the Budget Scrutiny Working Group who had made a valuable contribution to the budget proposals this year.

He concluded that it was a balanced budget which did not rely heavily on reserves and was a sensible approach in view of the ongoing financial climate.
In response to questions from Members, the Cabinet Member Finance gave the following responses:

- Would he agree that the figures from Ubico don't show a great deal of ambition in contributing to the overall savings needed in the MTFS?
  - The Cabinet Member could not disagree but he reassured Members that this was an area constantly under discussion and review.

- What is the makeup of the £440,000 reported underspend? £255,000 of it appears to be one-off windfall income so does the council have the money in the bank to spend?
  - He preferred to refer to them as budget savings rather than underspends but nevertheless nearly £0.5 million in budget savings was a very welcome result. He acknowledged that there had been windfall income resulting from changes to government funding for the small business rates scheme and other changes to the financial framework.

- There appears to be a contradiction between page 65 para 7.6 of the Pay and Policy Statement (PPS) which states that the council does not operate a performance related pay policy with a statement on page 63 regarding the grading framework which suggests that increases are made annually but can be enhanced or withheld depending on performance?
  - He indicated that he would be happy to provide a written response to all Members.
  - The Chief Executive added that the officers were required to put a PPS before Members and there was a specific question about performance related pay. The reference on page 63 referred to the basic grading framework for officers. In practice all chief officers were at the top of their grade so this did not apply. It would only apply to new chief officers who generally started at the bottom of a grade.

- As £350,000 of the underspend has been earmarked for the Leisure and Culture Trust, can the Cabinet Member explain the business plans for the trust which require such a huge sum of money to be marked as contingency funds?
  - He advised that there was an additional need for investment in Finance and HR systems to support the complex arrangements of the new trust. He considered it was a sensible move to get sound systems in place.

- Why is it only now that the Cabinet Member Finance is setting up a reserve for lost car parking income when he had known about this for some time?
  - The reserve is only relevant now that work on North Place and Portland Street is getting under way.

- There is a concern that the New Homes Bonus (NHB) may not be sustainable and how many houses would need to be built to achieve this income stream?
  - The NHB lasts for six years so cushions against fluctuations. The NHB projections are retrospective and not based on future targets for new homes.
The Director of Resources added that the NHB projections had undergone detailed scrutiny by the Budget Scrutiny Working Group (BSWG) and were based on current delivery of new homes and projections of planned developments which had already gone through the planning system.

- Has the financial loss to the council of not having a fully operating abatement system at the Crematorium and the additional £53,000 of remedial work on the cremators been factored into the budget?
  - He considered that the immediate priority was to make the cremators serviceable and safe and once this had been achieved it would be important to look at the abatement system so that the council could avoid paying the £50,000 contribution for not abating mercury.

- Given the council’s apparent failure to deliver projects and the likelihood of GO shared services not hitting targets and losing clients, what is the potential impact on the MTFS?
  - He considered the underperformance of GO was only a potential risk and he considered the MTFS was robust in terms of the savings it identified from project delivery. Any underperformance or lack of delivery would be a concern which would be reviewed.

Councillor Garnham gave a response to the budget on behalf of the Conservative party. He endorsed the thanks given to Officers and personally thanked the Members of the BSWG and the officers who had supported it from Finance and Democratic Services. The BSWG had looked at the vision of the council and their work plan had facilitated a good scrutiny process outside of the political process for the budget.

Whilst he was not proposing an alternative budget or any amendments, he did make a suggestion that some of the receipt from North Place could be used to refurbish some of the war memorials in the town as part of the 1914 Great War centenary.

His party disagreed with the budget and therefore would not be supporting it. They were particular concerned by the £1.2 million shortfall in the MTFS and that the MTFS was based on underspends, windfalls and knee-jerk reactions to crises. The budget contained no long-term vision or ideas for generating more income for the Council. He indicated that his party did have a financial vision but they would not be presenting it at this Council meeting to be voted down by the ruling group. They would present their budget to the public at election time in May and the public would be able to judge it at the ballot box. If successful they would then bring back revised budget proposals to Council in July.

Councillor Godwin had no amendments to raise on behalf of the People Against Bureaucracy and he felt the administration had produced a budget which was the best it could in the circumstances. As an independent group their role was to listen to the facts and they would be happy to support a budget if it met the requirements of the people of Cheltenham. He had been able to discuss the budget with the Cabinet Member Finance and he was pleased that as a result the budget report did make a specific reference to Gloucestershire Airport. He did have a concern that the ongoing freezing of council tax may result in the need for a sudden large increase in the future which would be a serious blow to residents.
Councillor Jordan added his comments as seconder of the motion and on behalf of the Liberal Democrats. He said that the budget could be considered low key as there were no major cuts in services or increases in council tax and consequently there had been a limited public response to the consultation. However there had been an enormous amount of hard work to achieve that result and he thanked the Cabinet Member and officers for their achievements. Whilst he understood Councillor Godwin's concerns about a sudden steep rise in council tax, if the Council had not frozen council tax this year they would not receive the government grant so there would be no net benefit. He supported the living wage for council staff and referred to the positive contributions made to the town by the Cheltenham Development Task force and the small business advisory service.

Another member commented that the balanced budget was a remarkable achievement and in particular commended the provision for the refurbishment of the pavilion at Naunton Park. Another member commented on the benefits brought to the town by thinking differently and gave Cheltenham Festivals, the Wilson, Boots Corner and the refurbishment of the promenade as examples. This reinvigoration of the town was essential for its economic survival. They also challenged the quality of any budget which was not thoroughly scrutinised through the normal budget process.

In his summing up, the Cabinet Member Finance emphasised that the revenue budget did not depend on underspends but used these wisely to strengthen reserves or on one-off expenditure. He acknowledged that the budget did depend on future savings being achieved and clearly there will be further challenges to face if the national financial situation was to worsen. He challenged the statement that the budget represented a lack of vision and the launch of the Wilson was a prime example and he hoped further projects would follow such as the redevelopment of the Town Hall. He considered the judgement to freeze council tax had been a sound one and demonstrated to the public that the council was doing its best to keep council tax to a sensible increase.

Before the vote, the Mayor reminded Members that the report referred to under recommendation 6 was to be dealt with under agenda item 12.

A recorded vote having been requested, upon a vote the recommendations in the report were all CARRIED.

Recommendations 1 and 9 to 12

Against 1: Councillor Smith.

No Abstentions

Recommendations 2 to 8

Draft minutes to be approved at the next meeting on Monday, 17 February 2014.

Against 11: Councillors Chard, Driver, Garnham, Hall, Harman, McLain, Prince, Regan, Ryder, Seacome and Smith.

Abstentions 1: Councillor Hibbert

Councillor Malcolm Stennett had left the chamber before the vote and did not return to the meeting.

RESOLVED THAT

1. The revised budget for 2013/14 with a projected budget saving of £444.6k be noted and that the proposals for its use be approved as detailed in Section 3.2.

2. Having considered the budget assessment by the Section 151 Officer at Appendix 2 the following recommendations be agreed:

3. The final budget proposals including a proposed council tax for the services provided by Cheltenham Borough Council of £187.12 for the year 2014/15 (a 0% increase based on a Band D property) be approved.

4. The growth proposals, including one off initiatives at Appendix 4, be approved.

5. The savings / additional income and the budget strategy at Appendix 5 be approved.

6. The proposed capital programme at Appendix 6, as outlined in Section 9, including the additional underwriting of £360,000 to support the Art Gallery and Museum redevelopment scheme (separate report to Council) be approved.

7. The proposed Property Maintenance programme at Appendix 8, as outlined in Section 10 be approved.

8. The reserve realignments outlined in section 8 and the level of reserves projected at Appendix 6 be approved.


10. A level of supplementary estimate of £100,000 for 2014/15 as outlined in Section 14 be approved.

11. It be noted that the Council will remain in the Gloucestershire business rates pool for 2014/15 (para 4.12).

12. There be no change to the Local Council Tax support scheme in 2014/15 (para 4.18).

9. FINAL HOUSING REVENUE ACCOUNT REVENUE BUDGET 2014/15
Having declared a personal and prejudicial interest in this agenda item Councillors C Hay, Driver, Smith and Williams left the chamber and did not participate in the debate.

The Mayor informed Members that proceedings would return to standing orders.

The Cabinet Member Finance introduced the report and said this budget was not just good news for the Council but for tenants, leaseholders and the town as a whole. The Housing Revenue Account (HRA) was in a healthy financial position with revenue reserves of three and a half million pounds with projections forecasting a reserve balance of four million pounds by March 2017 and an increasing surplus of operating income year on year. This provide an opportunity to fund very substantial investment in the housing stock, together with better services for tenants and leaseholders.

The Cabinet Member Finance noted that the capital programme being proposed for 2014/15 was £8,249,000. This included investment in property improvements and major repairs, adaptations for disabled people and environmental works. He also reminded members that CBH planned to spend a million pounds over three years on services for tenants, including support for older people, disabled people and young people, the expansion of employment services to tenants and benefits and money advice. £353,000 was budgeted for 2014/15 which was the second year of this programme.

The Cabinet Member then explained that 2014/15 was the final year of the Government’s rent restructuring scheme, designed to bring rents up to the formula rent. The proposed rent increase for next year was in line with national rent restructuring guidelines. Income generated as a result would be used to deliver the best possible value to tenants, leaseholders and where possible to the wider community.

The Council and CBH were keen to build new homes and work was progressing on St Pauls Phase two and a number of garage site developments in the town. It was now being proposed to set up a new reserve within the HRA to fund new build. £0.6 million was being proposed to help with site set up costs for new build projects with a proposal to add to the reserve by transferring funds from the HRA surplus, to be considered each year at outturn.

Finally, the Cabinet Member thanked management and staff at CBH for their achievements.

A member expressed concern about the 4% increase in rents, recognising that this was in line with national guidelines. He noted however that there would be significant funds invested back into the service to the benefit of tenants. The Cabinet Member Finance added that tenants should be assured that they would be getting value for money for their rent which included not only improvements to their properties but also the provision of specific services. The Cabinet Member Housing and Safety then referred to the positive feedback on the budget proposals received from the CBH Tenant Scrutiny Improvement Panel. He thanked CBH for the hard work it had undertaken over the last year.
A recorded vote having been requested, upon a vote the recommendations in the report were all CARRIED unanimously.

RESOLVED that

1. the revised HRA budget and capital programme for 2013/14 as set out in Appendices 2 and 3 be noted.
2. the HRA budget proposals for 2014/15 including a proposed average rent increase of 4.03% (applied in accordance with national rent restructuring guidelines) and increases in other rents and charges as detailed at Appendix 5 be approved.
3. the proposed HRA capital programme for 2014/15 as shown at Appendix 3 be approved.
4. the creation of an earmarked revenue reserve to finance future new build in the HRA be approved, the value of funds to be transferred to this reserve to be considered by Cabinet and approved by Council as part of the review of HRA outturn for each accounting year.

10. TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY 2014/15

The Cabinet Member Finance introduced the report and explained that the Treasury Management and Annual Investment Strategy 2014/15 had been scrutinised by the Treasury Management Panel to whom he was grateful. He said that the Council had operated in accordance with the Prudential Indicators and would continue to do so. He explained that the Council had followed a prudent and sensible borrowing strategy which reduced the need for short-term external borrowing whilst investment returns were low. In terms of the annual investment strategy the Council operated a very sophisticated system to determine the creditworthiness of investment counterparties. This was not just based on ratings but on a whole host of other information which was regularly reviewed. He referred to the creditworthiness policy which was laid down in section 4.3 of the report. The Council typically looked to the short end of the market when making investment decisions. He explained that whilst some overseas banks were now permitted as counterparties by the policy these were only the most highly rated institutions in countries which had a minimum sovereign rating of triple A. The Cabinet Member hoped that this strategy and general approach of investment gave the Council the confidence and security it needed.

In response to a question with regard to the Icelandic investments the Cabinet Member Finance confirmed that the council had received the funds from the recent auction of claims in Landsbanki. In response to a subsequent question with regard to the imminent break up of RBS and what that would mean for the council’s investment in the bank, the Cabinet Member Finance explained that investments were continually kept under review. It was important to consider how it could achieve the spread it wanted whilst ensuring that the bank was a safe institution. The council was currently lending short which was a reflection of the current investment policy.
A question was then raised about the possibility of local authorities issuing bonds to provide an alternative source of finance and it was asked where this would fit in the strategy. In response the Cabinet Member said this was at an early stage of development but would be considered and proposed should it be deemed appropriate.

RESOLVED that

1. The Treasury Management Strategy Statement and Annual Investment Strategy for 2014/15 at Appendix 2 be approved including:
2. The general policy objective ‘that Council should invest prudently the surplus funds held on behalf of the community giving priority to security and liquidity’.
3. That the Prudential indicators for 2014/15 including the authorised limit as the statutory affordable borrowing limit determined under Section 3 (1) Local Government Act 2003 be approved.
4. Revisions to the Council’s lending list and parameters as shown in Appendix 3 are proposed in order to provide some further capacity. These proposals have been put forward after taking advice from the Council’s treasury management advisers Capita (formerly Sector) and are prudent enough to ensure the credit quality of the Council’s investment portfolio remains high.
5. For 2014/15 in calculating the Minimum Revenue Provision (MRP), the Council will apply Option 1 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure as per section 21 in Appendix 3.

11. APPOINTMENT OF MAYOR AND DEPUTY MAYOR 2014/15
The Chief Executive introduced the report which explained that Councillor Simon Wheeler had served as Deputy Mayor since last year’s Annual Council Meeting and Members would be asked to elect him as Mayor at this year’s Annual Meeting. In accordance with the Order of Precedence in Appendix 2 Members had been approached to ascertain if they were willing and able to have their name put forward for appointment as Deputy Mayor for 2014-15. Councillor Duncan Smith had indicated a willingness to put his name forward as Deputy Mayor subject to no other eligible councillor wishing to do so.

RESOLVED that

The Order of Precedence in Appendix 2 be noted and that Councillor Simon Wheeler and Councillor Duncan Smith will be put to the Annual Council Meeting for election as Mayor and Deputy Mayor respectively for the municipal year 2014 - 2015.

12. THE WILSON - DEVELOPMENT PROJECT OUTTURN BRIEFING REPORT
The Cabinet Member Sport and Culture introduced the report which provided an update on the Art Gallery and Museum Development including a projection of the outturn financial costs and projected funding shortfall of £360 000. She explained that it was well known that the renovation of old buildings often resulted in unforeseen problems and to some extent this explained the delays in opening the Wilson which in itself carried a cost. Internal Audit had been commissioned to identify any weaknesses in the control, monitoring and
approval mechanisms supporting the Art Gallery and Museum project and to understand how the Council might have been better informed about the likely cost overrun thus giving the council an opportunity to take corrective action. This work would be important for learning lessons for future projects, such as the Town Hall redevelopment.

The Cabinet Member Sport and Culture stated that visitor numbers were expected to triple the number in the first year. The fundraising and sponsorship campaign would continue and the prospects for closing the funding gap of £360 000 were very real. She believed that the opening of the Wilson was one of the most exciting things that had happened in Cheltenham particularly now that it had a dedicated education and young people’s space and the ability to host large exhibitions.

Whilst recognising that the Wilson was an excellent facility, an asset to the town and a tribute to the hard work of officers, Members questioned the quality of the project management and the ability of the administration to keep control of costs. In addition the issue of including some information in the report and likewise on other major council projects, on pink, confidential papers was raised.

A member of the Cabinet acknowledged that the report did not provide for happy reading but paid tribute to the foresight and initiative of the council to undertake the development in the first place as it represented a landmark development for Cheltenham. It was important to review what had happened and that lessons were learned for similar developments in the future. He reiterated the fact that projects involving old buildings were often fraught with extra costs. He highlighted that the pink papers in this particular report concerned sensitive commercial information and the council was under a statutory obligation not to disclose this. The majority of the report was publicly available and there was no proposal to discuss the item in closed session. The success of the project was clearly being demonstrated by visitor numbers. Caution was expressed that this discussion risked turning the Wilson into a bad news story which could reduce the future ability to raise funds for the Art Gallery and Museum.

The Chair of the Audit Committee welcomed the fact that Internal Audit had been commissioned to undertake a review. The financial issues should be explored but questions also needed to be asked on the decision-making and whether this was done with the best possible information at hand. He made reference to the risk assessment and reminded members that he had written to all members asking them for their view on the general review of risk management and assessment at the council.

Members recognised that in a project of this size, overruns were to be expected but contingencies should have been built in to account for this and to ensure that the project was managed properly. Decision makers should have acted in a timely manner and whilst it was noted that the Cabinet Member had been kept informed of issues throughout the project, it was questioned whether the information supplied to her was accurate or appropriately delivered. The review by Internal Audit was vital so that mistakes were not repeated and so that trust and confidence in the council’s ability to manage major projects did not risk its
reputation with the public. Some members were of the view that a review should be undertaken on commissioning project management services.

The Cabinet Member Housing and Safety thanked the Friends of the Art Gallery and Museum and communities in Cheltenham for the fund raising efforts they had made in contributing to this new asset in the town.

In response to comments made, the Cabinet Member Sport and Culture acknowledged that mistakes had been made but this was a major project for the town. She highlighted that the confidential information on pink paper was in accordance with legal advice. She referred to the fact that she had compared the Art Gallery and Museum project with other large scale projects and the amounts of overspends they incurred were of a similar size.

RESOLVED that

Budgetary provision be made for the additional underwriting of the Art Gallery and Museum development project in the sum of £360 000 be approved.

Voting for : 24, against 0, abstentions :4

13. NOTICES OF MOTION
None received.

14. TO RECEIVE PETITIONS
The Mayor informed the meeting that she had received a petition containing more than 900 signatures from residents opposing a planning application in Charlton Kings. She clarified that as this was a planning application this did not fall under the Council’s petition scheme and would thus be taken as a representation to the application.

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

16. LOCAL GOVERNMENT ACT 1972-EXEMPT INFORMATION
RESOLVED that

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

Paragraph 1 : Information relating to any individual

Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information)
17. **ST PAUL’S PHASE TWO**
The Cabinet Member Housing and Safety introduced the report and explained that on 17 October 2013 CBC, CBH and the contractor entered into a development agreement and it has become necessary to agree changes to the terms of the development agreement as access to the whole of the development site has been delayed from January. Access to most of the site is possible, but to maintain the build programme and retention of HCA Grant funding the developer has identified some civil engineering work which they can bring forward. Due to this variation the cost of the preliminary works to be completed prior to the satisfaction of key requirements contained in the development agreement would increase and the developer would require CBC to reimburse this cost if the development agreement was terminated. All parties remain committed to the delivery of the development.

Members were concerned that they had only received the report immediately prior to the Council meeting and requested further explanation as to the details of the situation. The Cabinet Member Housing and Safety therefore invited Paul Stephenson, Chief Executive, CBH, to address the meeting.

A member urged that agreement was reached in order to progress the St Paul’s Phase Two project and secure the HCA funding so more affordable homes could be built in the town.

On behalf of the Council, the Cabinet Member Housing and Safety thanked CBH for their work on this issue.

RESOLVED THAT

The underwriting of the increase in the preliminary works in the event of the development agreement between The Authority, CBH and the contractor being terminated be approved.

Wendy Flynn
Chair