

## Cabinet

**Tuesday, 21st December, 2010  
6.00 - 6.42 pm**

<b>Attendees</b>	
<b>Councillors:</b>	Colin Hay (Cabinet Member Corporate Services), Steve Jordan (Leader of the Council), Andrew McKinlay (Cabinet Member Sport and Culture), John Rawson (Cabinet Member Built Environment), Klara Sudbury (Cabinet Member Housing and Safety), John Webster (Cabinet Member Finance and Community Development) and Roger Whyborn (Cabinet Member Sustainability)

## Minutes

- 1. APOLOGIES**  
None
- 2. DECLARATIONS OF INTEREST**  
Councillor Hay declared a personal interest in agenda item 7 as the council's nominee on the Cheltenham Borough Homes Board.
- 3. MINUTES OF THE LAST MEETING**  
Resolved that the minutes of the last meeting held on 7 December 2010 be approved as a correct record.
- 4. PUBLIC QUESTIONS AND PETITIONS**  
None received.
- 5. QUARTERLY BUDGET MONITORING REPORT 2010/11 - POSITION AS AT NOVEMBER 2010**  
The Head of Financial Services introduced the report. The report updated Members on the council's current financial position for 2010/11 based on the monitoring exercise at the end of November 2010. The report covers the council's revenue, capital, treasury management and the housing revenue account. The report identifies any known significant variations (minimum £10,000) to the 2010/11 original budget and provides a position statement on major schemes.  
  
The previous budget monitoring report to the end of August 2010 had projected an overspend for the year of £800,000. The Cabinet and the Senior Leadership Team had instigated an immediate recruitment freeze and a rigorous approach to recruitment requests together with a reduced spend on supplies and services. It was therefore pleasing to report that these measures had enabled the council to address the in year budget deficit.

Since the report had been written, there had been severe weather and it was predicted that car park income would fall by about £50 to £70,000 as a result. It was unlikely that this would be recovered as the weather improved.

The Cabinet Member Finance congratulated everybody on reducing the deficit to zero and the Leader acknowledged the support from staff particularly in coping with the recruitment freeze.

Resolved that:

1. The contents of the report including the key projected variances to the original 2010/11 budget which have enabled the council to deliver a balanced revised budget be noted
2. The intention to recommend to Council as part of the budget proposals for 2011/12 to transfer the interest due from its Icelandic deposits (as detailed in paragraphs 3.6 to 3.8) to the Interest Equalisation Reserve to offset any future impairment's that may arise on these deposits be noted.

## **6. GENERAL FUND REVENUE AND CAPITAL REVISED BUDGET 2010/11 AND INTERIM BUDGET PROPOSALS 2011/12 FOR CONSULTATION**

The Cabinet Member Finance and Community Development introduced the report. The report summarised the revised General Fund Revenue and Capital budget for 2010/11 and the Cabinet's interim budget proposals for 2011/12 for consultation.

In his introduction he acknowledged that it had been an extremely challenging budget given the delay in the announcement of the Government settlement and the reduction in the settlement when it was finally received. The detailed public consultation was based on a budget gap of £2.6 million but following the announcement of the settlement the council had to find nearly £3 million in economies to balance the budget and had only three days to finalise the draft proposals.

He outlined the Cabinet's general approach to the 2011/12 budget set out in section 4 of the report. He highlighted the key points to note in the presented draft budget as follows:

- No Council Tax increases
- A freeze on wages and Cabinet Members taking a 5% cut in their Cabinet allowance
- A 5% workforce reduction with a similar reduction in the following year
- Members were pleased to see the freeze of car parking charges in recognition of the impact of the recession
- Growth in invest to save projects or those crucial in helping the voluntary sector to protect services or projects which are key to the future of the town. These would be financed by capital receipts from sale of council assets.

He highlighted the 92 specific initiatives to address the deficit set out in appendix 4 and set out the rationale. An equality impact assessment and risk assessment had been carried out on each one. He acknowledged that some of cuts would be controversial including:

- the end to free travel for the over 60s between 9 and 9.30 am for the reasons set out in para 3.5 of the report
- the end of taxi vouchers for the disabled
- a move to sustainable planting in some parts of the town
- the closure of some public toilets
- a reduction in grass verge cutting
- reduction in the Cheltenham Festivals Grant
- reduced grants to the Regeneration Partnerships over the next five years
- charging for green waste
- a cut in the civic budgets for the mayor and twinning.

He emphasised that the council hadn't closed anything. The Leisure Centre would continue and the Pump Rooms and Town Hall would be kept open. The development of the new Art Gallery and Museum would continue and Civic Pride would get a boost.

Finally he set out some areas of growth which were detailed in section 5 of the report. These included £50 K of matched funding to help support youth service work and £30 K for Community Pride.

In summary, he emphasised that it was not possible to cut £3 million out of a budget without there being an impact. Budgets were about choices and he would be happy to listen to arguments during the period of public consultation if people wanted to come forward with alternatives.

The Chief Finance Officer indicated that the cuts in government support had been dramatic with what was expected over 4 years being condensed into almost the first 2 years. He drew attention to the figures in the table in 3.1 which indicated that of the total of £49 M of business rates collected in the town, the council's share of redistributed business rates was only £4.463 M. He highlighted amendments in Appendix 4 where the reduced funding to Cheltenham Festivals in 18 should refer to a figure of £49,200 and in no 39 it should refer to deleting a part-time community ranger post. Finally he advised that the recommendation 7 had been amended to delegate the authority to the CFO in consultation with the Cabinet Member. The same amendment would apply to the recommendations for the following HRA report.

In commenting on the budget. Cabinet Members acknowledged the hard work of Financial services, the Bridging the Gap team and officers across the council in bringing this budget together. They acknowledged that it was also a difficult time for staff and particularly those whose jobs may be at risk.

They made the following comments on aspects of the budget:

- With the transfer of concessionary fares to the County Council, it was unfair that the council was going to lose the £1M it had been using to top up the scheme and this was a major contributing factor to the budget deficit
- Members were pleased to see the freeze on car parking charges in recognition of the recession
- Highlighted the close down of the Sourcing Strategy in Appendix 7 and the resulting transfer to the General Reserve and other funding to

support the GO programme and potential revenues and benefits shared services

- The budget was good news for carbon reduction with a number of energy saving projects being supported
- Key leisure and culture assets had been protected in the budget in view of their importance in attracting tourists to the town and boosting the economy. However there was no complacency and the council would be looking to make these services as cost-effective as possible to ensure they were sustainable going forward.
- The loss of toilets was a concern but in many cases they were not pleasant to use and it was appropriate that other alternatives should be explored, working with shops and businesses.
- There would be concerns about charging for garden waste but this action was effectively safeguarding what was a discretionary service
- Cautioned that aspects of service growth relied on the funding from LAA performance reward grant which was still only estimated at this stage.

Resolved that:

1. The revised budget for 2010/11 be noted.
2. The interim budget proposals for consultation be approved including a proposed council tax for the services provided by Cheltenham Borough Council of £187.12 for the year 2011/12 (a 0% increase based on a Band D property).
3. The growth proposals, including one off initiatives at Appendix 3 be approved.
4. The reserve re-alignments at Appendix 8, as outlined in section 8 be approved.
5. The proposed capital programme at Appendix 9, as outlined in Section 9 be approved.
6. The proposed Property Maintenance programme at Appendix 10 be approved.
7. Authority be delegated to the Chief Finance Officer, in consultation with the Cabinet Member for Finance, to determine and approve any additional material that may be needed to support the presentation of the interim budget proposals for consultation.
8. Consultation responses be sought by a revised deadline of 22<sup>nd</sup> January 2011.

## **7. HOUSING REVENUE ACCOUNT REVISED BUDGET 2010/11 AND INTERIM BUDGET PROPOSALS 2011//12 FOR CONSULTATION**

The Cabinet Member Finance and Community Development introduced the report. The report summarised the HRA revised budget for 2010/11 and the Cabinet's interim budget proposals for 2011/12 for consultation. Cheltenham Borough Homes (CBH) had performed well throughout the year and as far as its finances were concerned it had three strategic aims:

- To adequately fund activities

- To maintain the revenue reserves of £1 million
- To put additional funds into capital activity to fund development

The revised HRA budget showed a surplus of £800K. He explained that the stability of CBH's finances resulted from the ring fenced Housing Revenue Account. The important news for tenants was the rise in rents detailed in appendix 4. This would hit those tenants not in receipt of housing benefit the hardest. The council needed to understand what the impact of such rent rises would be and how changes in the benefits system may affect HRA finances in the future.

He concluded that CBH was well managed and effective and its finances were in sound order.

Bob Dagger, the Assistant Chief Executive, CBH, advised that the new Housing Minister had recently announced some details on the move to a self financing regime for local authority housing planned from April 2012. The discount rate would be 6.5% and not the 7% in the original discounting model. This would reduce the amount of money available for borrowing for new building. The new model did take account of disability housing adaptations. It was disappointing that the current pooling arrangements for the sale of HRA properties would continue. Under this arrangement 75% of receipts on Right to Buy properties would continue to go to government and other receipts could be retained but would have to be 100% allocated to regeneration projects. The self financing model will be amended to reflect stock loss. The Treasury is now anticipating a net receipt of £6.5 billion from the self-financing settlement which was an increase on the previous indicative figure of £4.5 billion.

Resolved that:

1. The HRA revised budget for 2010/11 be approved.
2. The HRA 2011/12 interim budget proposals for consultation be approved including a proposed average rent increase of 5.43% (applied in accordance with the rent restructuring guidelines) and increases in other rents and charges as detailed at Appendix 5.
3. The revised HRA capital programme for 2010/11 at Appendix 6 be approved.
4. The draft HRA capital programme for 2011/12 for consultation at Appendix 6 and 7 be approved.
5. Authority be delegated to the Chief Finance Officer, in consultation with the Cabinet Member for Finance, to determine and approve any additional material that may be needed to support the presentation of the interim budget proposals for consultation.
6. Consultation responses be sought by 22<sup>nd</sup> January 2011.

## **8. CABINET MEMBER BRIEFINGS**

The Leader advised that during the bad weather, members of staff had been redeployed to clear the town centre of snow. This had improved the safety of pedestrians and the vehicular access to shops and businesses. He apologised to residents that waste collections had been cancelled but this was

understandable in the circumstances and safety issues were paramount. He hoped that services would be resumed as soon as possible and it was the intention to do a full collection in the week after Christmas.

**9. CABINET MEMBER DECISIONS**

The decision taken by the Cabinet Member Built Environment regarding the disposal of Six Ways Hall was noted.

**Chairman**