

Council

Tuesday, 14th April, 2015
6.30 - 10.55 pm

Attendees	
Councillors:	Simon Wheeler (Chair), Duncan Smith (Vice-Chair), Matt Babbage, Flo Clucas, Adam Lillywhite, Chris Mason, Chris Nelson, John Payne, Max Wilkinson, Wendy Flynn, Andrew Chard, Paul Baker, Garth Barnes, Nigel Britter, Chris Coleman, Bernard Fisher, Jacky Fletcher, Colin Hay, Tim Harman, Sandra Holliday, Peter Jeffries, Steve Jordan, Helena McCloskey, Andrew McKinlay, David Prince, John Rawson, Anne Regan, Rob Reid, Chris Ryder, Diggory Seacome, Malcolm Stennett, Klara Sudbury, Pat Thornton, Jon Walklett, Roger Whyborn and Suzanne Williams

Minutes

- 1. APOLOGIES**
Apologies were received from Councillor Rowena Hay.
- 2. DECLARATIONS OF INTEREST**
Councillors Smith and Hay declared an interest in Agenda item 8 as members of the Cheltenham Trust.
- 3. MINUTES OF THE LAST MEETING**
The minutes of the last meeting held on 30 March 2015 were approved as a correct record.
- 4. COMMUNICATIONS BY THE MAYOR**
None.
- 5. COMMUNICATIONS BY THE LEADER OF THE COUNCIL**
The Leader announced that it was now open for community groups to bid for monies from the community pride pot. A total sum of £50K was available as well as £4K for smaller events. Bidding was open from 20 April to 22 June and he encouraged Members to promote it in their wards and communities.
- 6. PUBLIC QUESTIONS**
- 7. MEMBER QUESTIONS**
- 8. ASSET MANAGEMENT PLAN**
The Cabinet Member Finance introduced the report and explained that the Council's current Asset Management Plan expired in 2015. He reported that advice had been received from CIPFA to review the approach to Asset

Management which would help shape future thinking including the role of members in making decisions and reviewing the performance of the property portfolio. Therefore a more dynamic and purposeful document had been drawn up focused around a small number of clear, forward looking policy objectives.

The Cabinet Member explained that the Asset Management Plan was crucial in making a number of important linkages with the corporate strategy, the medium term financial strategy and with the Cheltenham economic development strategy. The key objective of the asset management policy was to use assets to generate income and cut costs.

The Cabinet Member made reference to the Athey consultant's report which recently reported on the economic strategy. It highlighted the positive contribution the Cheltenham Development Task Force had made to promoting economic development but more work was required to bring forward more sites for commercial development. This was a key issue for the Council's asset management.

The Cabinet Member highlighted the new draft terms of reference for the Asset Management Working Group, approved by the group at its last meeting and which would give them a more strategic role in asset management.

The Planned Maintenance Budget of £846 k which represented a substantial investment in the council's assets was also highlighted by the Cabinet Member. He reported that at the same time a new 10 year planned maintenance programme was being worked up to provide a longer term view about the need for further investment.

New capital projects were detailed in Appendix 4 of the report. These had been assessed and scored by a panel of officers against the corporate objectives, deliverability, likely costs and return on investment and feedback from the public consultation. The Cabinet Member emphasised that this had not been an easy process and at this stage some of the proposals required more work. High priority would however be given to projects which could attract additional external funding, such as the town hall redevelopment scheme. This scheme had been most highly rated by the public in the public consultation. He reported that some time ago consultants had been asked to look at how the Town Hall could be improved and updated and a plan had been drawn up to increase capacity of the main hall, improve the flow of people around the building and create new dedicated spaces for events and create new hospitality and catering facilities. He proposed to earmark £2.4 million for this project (£2.2 million from the £8 million capital pot and a further £200 000 still to be found from future capital receipts). He reported that £400k should be made available immediately so that the project could be worked up in enough detail to go forward to potential funders such as the Heritage Lottery Fund and charitable trusts. It was estimated that the total scheme was likely to cost about £10 million, with £7.6 million being supplemented from other funders. The Cabinet Member Finance believed that this project would provide a lasting legacy to the town and its people.

The Cabinet Member Finance talked in general terms about the accommodation strategy which would be discussed later in the meeting. He emphasised that this was not just a freestanding project but an essential part of the Medium

Term Financial Strategy to cut costs through organisational change. In his view it was a practical example of how assets and capital could be used to generate additional income for the Council and opened up the most exciting regeneration opportunity for many years by turning the current offices to new uses and helping to revitalise the town centre. He reminded the meeting that the Council had repeatedly restated its commitment, across party lines, to relocating our offices. For all those reasons it was proposed that £2.5 million from capital be set aside to assist the acquisition of a new building.

In terms of other projects to which it was proposed that funds be allocated or held in reserve, he highlighted the investment in the cemetery and crematorium project which was a necessity both in terms of recent problems with the cremators but also the opportunity to provide a more customer friendly service. Reference was also made to Boots corner improvements to which the Council was committed although the current proposals needed to be rethought if the County Council modified the Cheltenham Transport Plan. Finally, the Cabinet Member referred to the proposal for £300k to be allocated to a new and improved children's play area in Pittville Park.

The Cabinet Member Finance believed that the vision and implementation of the capital programme would make a lasting difference to the quality of life in the town.

The Cabinet Member said he was aware that some members may not feel they could support the £2 million in reserve for public realm improvements pending the completion of the Cheltenham Transport Plan so he suggested a separate vote on that part of the recommendations.

The Mayor invited questions to the Cabinet Member Finance.

In response to questions from Members, the Cabinet Member Finance gave the following responses:

- Could the Cabinet Member give more explanation on the internal borrowing required for the Accommodation Strategy which seemed to leave little of the pot behind and would this allocation hold up other important work in the Capital Strategy.
 - The Cabinet Member explained that internal borrowing went on all the time and was an important part of the council's finances. What was being suggested was short-term borrowing to support the Accommodation Strategy and would be repaid over a period of seven years through revenue contribution to capital. The use of this capital reserve had been carefully modelled so that it would not interfere with the Capital Programme and the modest cost of internal borrowing had been included in the figures.
- What questions were asked in the public budget consultation and what responses were received that would support the £2 million investment for public realm improvements and was it specific to the Cheltenham Transport Plan (CTP) going ahead?
 - The Cabinet Member did not have the details of the budget consultation to hand but advised that 300 people had taken part. The proposals today were concerned with allocating funds to commitments that had already been made. The final form of the

CTP was yet to be agreed but it was accepted that some type of work in this area would be required, even if the CTP did not proceed, and hence the recommendation to put £2 million in reserve. Public realm improvements in that part of town had been very high on people's priorities.

- A member asked to what extent the public had been made aware of the shared space proposals for Boots Corner and the potential difficulties for the disabled.
 - The Cabinet Member reminded members that this was not a debate on the CTP and the Mayor supported this statement.
- How was the £2.5 million figure in reserve for relocation of the council HQ arrived at?
 - The Cabinet Member explained it was a proportion of the capital figure that was available which would still allow other important schemes to go ahead. It formed an essential part of the finances allowing the Accommodation Strategy to proceed.

Councillor Babbage seconded by Councillor Seacome proposed the following amendment.

To amend the summary of Appendix 4 of the Asset Management Plan and Capital Strategy Update as follows:

1. *Remove (iii) £2.5 million for relocation of council HQ*
2. *Add (vi) - To allocate £1.843 million for upgrade to Prince of Wales Stadium Sport and Play Hub*
3. *Add (vii) -To hold £250K in reserve to support full fttc broadband coverage in Cheltenham*
4. *Add (viii) – to hold £180K in reserve for structural works at the Playhouse Theatre*
5. *Add (ix) – To allocate £227K towards Leisure@gym upgrade*

In proposing the amendment Councillor Babbage apologised for its late circulation. While supporting the investments for the Town Hall, the cemetery and crematorium and the Pittville Park play area, he could not support the other recommendations. He was not in favour of the Boots Corner Scheme but if it did go ahead it should be done properly and he was keen to have a guarantee that the amount put in reserve would not be spent before a final decision was made on the CTP.

He added that the removal of £2.5 million did not indicate a lack of support for the Accommodation Strategy but supported the view that any decision to relocate out of the municipal offices should be based on its own financial merit, adding £2.5 M to the Public Works Loan if necessary.

Regarding the broadband recommendation, he reminded the Cabinet Member that members had supported the motion at a recent Council meeting and he had suggested that Councillor Babbage bring something back to Council.

The Playhouse Theatre had not been in the original consultation but these were costs that the council would have to bear at some point. Therefore his proposal was that some money should be set aside in reserve and then a formal proposal brought back for budget approval at the July Council.

The gym at leisure@ were suffering from lack of space and the proposal was that the council was allocate a sum to cover 50% of the upgrade improvements. The remainder of the project would be funded through a loan on future capital receipts.

In the debate that followed a member had sympathy for the removal of the reserve for the Accommodation Strategy and agreed that the scheme should be self- financing but he could not support the other recommendations without further consultation and firm proposals. Another member was concerned by the suggestion to take out a further £2.5 million loan to finance the accommodation strategy which would increase the council's debt over the long-term or require a deeper cut in services. On that basis it was not a wise or sensible proposal.

It was confirmed that the Playhouse Theatre had a fully repairing lease and was not part of the Cheltenham Trust. The Playhouse was due to undergo a full architectural survey and undoubtedly the building would need more money spending on it which the Playhouse would not be in a position to raise for themselves.

A number of members spoke against the recommendation that the council should be putting money in reserve to support broadband coverage in Cheltenham as they felt this was not a responsibility of the Cheltenham taxpayer. They questioned where the figure had come from. In response, Councillor Babbage said it had been calculated from an estimate of £60 per household derived from figures supplied by BT and would be simply a top up on the funding he hoped BT would put forward. Another member highlighted that the recommendation was purely to put some money into reserves with the objective of getting some resources to kick start this important issue.

In his summing up Councillor Babbage was disappointed in the response to his proposals which were intended to build on existing legacy projects using the once-in-a-lifetime opportunity presented by the £8 million capital receipt. The figures suggested for the Broadband reserve was relatively small.

In response the Cabinet Member questioned the soundness of the amendment as there was very little financial detail to support it. He highlighted that the primary aim of the Accommodation Strategy was to reduce the burden on the revenue budget hence the need for capital investment. This amendment would make the strategy more expensive to implement by increasing borrowing.

Regarding leisure@, this needed to be regarded as a commercial enterprise and to investigate what could be borrowed without the public purse. He had some sympathy for the position of the Playhouse Theatre and he confirmed that they had already been in touch with him on this issue. He acknowledged there were problems at the Prince of Wales Stadium and they would need to look at leveraging money in from outside sources.

Upon a vote the amendment was LOST

Voting: For 9, Against 25 and no abstentions.

Members now debated the main motion.

A member supported the investment for the Prince of Wales Stadium. It was a very tired building and the improved emergency lighting was much needed. He highlighted that the stadium was already supported by volunteers and it would be difficult for them to secure additional income to facilitate further improvements that were needed.

In his summing up the Cabinet Member Finance said the option for investment in new facilities at the Prince of Wales Stadium could be explored but would need to be based on borrowing from future income projections or funding a private investor.

Upon a vote on the recommendations, excluding ii), were resolved unanimously.

Upon a vote on recommendation ii) this was CARRIED.
Voting: For 30, Against 4 with 1 abstention.

Resolved that

- 1. The Planned Maintenance Programme for 2015/16 at Appendix 5 be approved**
- 2. The provisional allocation of the receipt of North Place / Portland Street car parks to support key property investment aspirations at Appendix 4 be approved.**

9. ACCOMMODATION STRATEGY

The Cabinet Member Finance introduced the report on the Accommodation Strategy which had been circulated with the agenda.

The report explained that the council had had a long-term aspiration to relocate to modern, more flexible office accommodation which would meet both existing and future needs, improve the customer experience and provide better value for money to the taxpayers of Cheltenham. This had been restated at the Council meeting of 31 March 2014 and the report and the supporting business case now outlined the case for relocation and considered how each option met the Council's desired outcomes. An amended cost benefit analysis for option 2 including inflation had been circulated in Members' places at the start of the meeting together with corresponding amendments to the summary.

In his introduction the Cabinet Member highlighted that the Municipal Offices were unsuitable for modern office accommodation but he was passionate to secure the building's long-term survival. The accommodation strategy was also a critical part of the ongoing process to achieve budget savings without the need to cut critical services. He acknowledged that it was a huge decision but it was the opportunity of a lifetime for the town. The council had a successful history of purchasing property for investment and the Regent Arcade was a good example where the council had secured a long term income through this joint-venture. A recent review from Cipfa had also urged the council to invest in property to secure future income. In acquiring the property, the council would be purchasing grade A office accommodation in the centre of the town which was fully accessible, provided modern office accommodation, underground car parking and would attract prospective tenants. CBH had indicated they were keen to relocate with the council. The council had been conservative in the

rental estimates but the rental income stream in the next 8 years would cover 71% of the purchase price and stamp duty. Acquiring the building would also give the council flexibility for the future in terms of accommodating its future workforce. In conclusion he thanked officers for all their hard work. He considered he had done his duty for Cheltenham in bringing this proposal to Council today and he urged members to support the recommendations.

The Mayor invited questions to the Cabinet Member Finance.

In response to questions from Members, the Cabinet Member Finance gave the following responses set out below:

- A number of members asked for clarification on the Cabinet Member's stated expression of interest from CBH in moving into the building as they were not aware that this had been proposed to the Board of Directors or agreed by senior management. They understood that CBH was preparing its own accommodation strategy in preparation for their lease on Cheltenham House running out in September 2016. It was not correct to assume that CBH would be paying the council a future rent and therefore this should not be assumed in the proposals.
 - The Cabinet Member confirmed that senior management of CBH had seen the building and expressed an interest. He was aware that the matter had been discussed within CBH but had not been the subject of any decision.
- Could the Cabinet Member confirm that independent legal advice regarding the lease was being sought from a specialist property lawyer?
 - He advised that this had been looked at by the in-house legal team but in view of the importance of the decision, officers would be consulting external lawyers. Although he was not anticipating any problems, clearly if it highlighted any significant concerns the deal would not go ahead.

The Mayor advised that the Council would now need to move into exempt session to enable members to ask questions on the restricted papers.

According the following resolution was passed unanimously:

Resolved that the following resolution be approved:-

“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)

Members of the public were excluded from the public gallery at 8.50 pm.

In closed session Members were able to ask questions on the exempt information in the report and debate any issues arising.

The Mayor advised that all members had now had the opportunity to ask questions and debate the exempt information and he now intended to invite the public back to hear the rest of the debate.

At 10.15 the public were invited back into the meeting at the meeting went back into open session. As the time was approaching when the meeting would have been in session for 4 hours, members agreed unanimously to continue the meeting until the business was concluded.

A member recognized the professionalism of officers but today the decision lay very clearly with elected members whose role was to challenge and question the evidence before them. On that basis he had come to the conclusion that although he agreed with the aspirations of the accommodation strategy he could not support the recommendations as presented. He still had grave doubts given some of the important questions that had been asked during the meeting and suspected other members felt the same. Another member was passionate about the town and wanted to do what was best in the interests of the people of Cheltenham.

Another Member questioned the need for an urgent decision and felt members and the public needed to be given more time to consider the most important decision that the council had taken in a hundred years. There had been new or contradictory information in the papers circulated and the variation in the figures given for the maintenance of this building was an example. There was certainly a need for a further valuation of the intended property and if the owner was aware of some dissent in this chamber that could assist in any future negotiation. There was also a concern that the recommendations required £2.5 million of internal borrowing from the proceeds of the sale of North Place. Why was the council not looking at the alternative option of acquiring Cheltenham House? Another member suggested that the council should have a huge advantage over other potential purchasers but instead had got itself into a position where it was paying way above the valuation.

Members speaking in support of the recommendations highlighted the unsuitable quality of current office accommodation for staff, some working in the basement. A solution had been found which offered the right sort of accommodation with good facilities and in addition gave a good income stream. A member referred to the solution as a 'no brainer'. The price should be set at what the purchaser is prepared to pay and the owner is prepared to accept. Another member felt that members opposing the recommendation had failed to grasp the essential maths behind the proposals. What was being offered was potential to create a true civic centre with other public services in the same location and was forward thinking. This proposal would enable the municipal offices to come alive again to the benefit of the people in Cheltenham and any dithering would result in the deal being lost and less income in the future. Another member reminded council that this had been discussed over a period of 30 years and it was now the right time to make a decision.

In his summing up the Cabinet Member Finance said this was a very sensitive decision for Council today and he acknowledged the contribution that members had made during the debate. All the information had been fully available to all

members and the outcomes of the NPVs were all in the public domain and he considered the facts spoke for themselves. He highlighted the letter from the valuers dated the 10 April 2015 which crystallised the valuation figure and the council's particular position in seeking an investment as well as a potential home. The recommendations provided a modern town centre location for the council offices and a vision for the Municipal Offices going forward. He was sorry that some members felt they couldn't commit to this exciting future and there was a huge flaw in their argument in proposing that there was a better alternative because in his view there wasn't one.

Upon 7 members standing in seat a recorded vote was required and this was CARRIED

RESOLVED THAT the budgets for financing the acquisition and refurbishment as detailed in Appendix 2 and 3 be approved.

Voting For 22: Councillors Baker, Barnes, Britter, Clucas, Coleman, Fisher, Flynn, C Hay, Holliday, Jeffries, Jordan, McCloskey, McKinlay, Rawson, Reid, Sudbury, Thornton, Walklett, Wheeler, Whyborn, Wilkinson and Williams

Against 13: Councillors Babbage, Chard, Fletcher, Harman, Lillywhite, Mason, Nelson, Payne, Regan, Ryder, Seacome, Smith and Stennett.

No abstentions.

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

Simon Wheeler
Chair

This page is intentionally left blank

14 April 2015

Public Questions (6)

1.	<p>Question from Mary Nelson to the Leader of the Council, Councillor Jordan</p>
	<p>Just one week before this Extraordinary Decision meeting, taxpayers are informed in the Echo that CBC are about to make “<i>the most important decision in a century</i>”. (Therefore a vital Key Decision.) Yet the core detail of this decision i.e. the name, location and purchase price of the intended new building and the current valuation of the Municipal Offices are not available to the public – all these essential details are classified as ‘exempt information’.</p> <p>Using the government’s rules for Council Executive decisions and in particular the definitions of Exempt information (numbered 1 to 7) together with qualifying clauses A to C in Annexe A (electronic link provided here): https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207528/Your_councils_cabinet_-_going_to_its_meetings_seeing_how_it_works.pdf</p> <p>Can the Leader confirm that Clause A is not applicable, but most importantly can he fully justify and explain why Clause C does not apply i.e. why the public interest does not outweigh any of the listed exemptions, and is he confident that CBC’s reasoning for dismissing Clause C would stand up to a legal challenge?</p> <p>For ease of councillor understanding Clauses A and C are as follows (my emboldening in C):</p> <p>A. Information falling within number 3 above is not exempt information by virtue of that paragraph if it is required to be registered under-- the Companies Acts as defined in section 2 of the Companies Act 2006; the Friendly Societies Act 1974; the Friendly Societies Act 1992; the Co-operative and Community Benefit Societies and Credit Unions Acts 1965 to 1978; the Building Societies Act 1986</p> <p>C. Information which - falls within any of numbers 1 to 7 above; and is not prevented from being exempt by virtue of number A or B above, is exempt information if, and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>
	<p>Response from the Leader of the Council</p>

	<p>I can confirm that Clause A is not applicable; the vendor organisation is not obliged to register information relating to negotiations for the sale of property in their ownership. With regard to Clause C, this is a matter of judgement for the Council. We have taken the view that to disclose the exempt commercially sensitive information could prejudice the Council's ability to satisfactorily complete the negotiations for the property transaction. This is a standard approach which the Council follows when negotiating contracts on the basis that it is not in the wider public interest for such commercially sensitive negotiations to be prejudiced by general public knowledge of the detail of those negotiations, including who it is negotiating with and the price being discussed. I am confident that this approach is the right one to take in this case and that we have a sound legal basis for taking it.</p>
<p>2.</p>	<p>Question from Mary Nelson to the Leader of the Council, Councillor Jordan</p>
	<p>There are so many questions which come to mind regarding this huge and risky Council business proposition but there is no time for the public to ask them, or even for the public to be properly informed.</p> <p>Therefore do you not consider that you are acting with too much haste, in too much secrecy, and that the public will be justified in having little confidence in this complex business plan, requiring the rushed acquisition of a building which, just like the Municipal Offices, has almost double the space it actually requires, especially in view of the LibDem Cabinet's past track record which has presided over the loss of £2 million in the failed Laird High Court prosecution, more millions in the Icelandic banks, and most recently a £1 million overspend on the new Museum and Art Gallery due to poor and inadequate project management?</p>
	<p>Response from the Leader of the Council</p>
	<p>The Council has spent many years considering the possibility of moving offices, over 30 in fact and has not made any secret of the fact. There has been much press coverage of proposals over the years.</p> <p>In considering the current range of options, we have tried to be as open as possible by putting the report, supporting business case and most of the financial modelling of options in the public domain. The potential building we are considering purchasing has been subject to long and complex confidential negotiations with the owner and head lessee, neither of which wants any publicity or their financial affairs disclosed. As such, the financial transaction is confidential and has therefore been restricted as such at this stage.</p> <p>However, the financial impact of this option is summarised in the public papers for comparison purposes and as you will see it is the best option for the council and the taxpayers of Cheltenham. The alternatives, including staying in the Municipal Offices, would require more expenditure which would have to be funded from cuts elsewhere.</p> <p>Whilst the building is bigger than we need, it includes lettable space which will bring in income and allow for cost sharing with partners e.g. Cheltenham Borough Homes or other public sector bodies. This is something we have not been able to achieve with the Municipal Offices due to its limitations.</p> <p>I could quarrel with Mrs Nelson's version of recent history, especially her apparent</p>

	<p>belief that the Icelandic deposits were invested under a Liberal Democrat Cabinet. However, there is a more serious point to be made here. The current administration, with officers, has worked hard to face the challenge of shrinking resources in local government following the economic crisis in 2008. Since 2009 around £7 million of savings a year have been found in the Council's budgets with minimal impact on front-line services and without increasing the burden on the council tax payer. This is the real "track record" and it is a good one. It is a record of successful organisational change of which relocating the council offices is the next important step.</p>
<p>3.</p>	<p>Question from Ken Pollock to Cabinet Member Finance, Councillor Rawson</p>
	<p>Considering the following near-certainties:</p> <p>(1) It will never be viable to close Boots Corner to general traffic, because Cheltenham simply cannot dispense with its <u>sole</u> ring road, the vital Inner Ring, which is the unavoidably essential hub of the town's distributor road network. Therefore there is no possible land-grab (of a made-redundant Royal Well Road) for a deep re-development extension at the rear of the Municipal Offices.</p> <p>(2) There is no possible creation of an enlarged "public square" at Boots Corner because the necessary bus-lane <u>intersection</u> (on the site of the current pedestrian crossing) has not met the required safety/Equality duty, (the TRO Committee did not take into account the fact that the new east-west bus-lane would require the crossing to be removed). Therefore there is no major 'public realm' gain at Boots Corner to offset the dire impact of crippling Cheltenham's general traffic network.</p> <p>(3) It will <u>not</u> be possible to attach a cheap concrete structure (i.e. the inevitable 'budget hotel') onto the rear of a Grade 2-<u>star</u> Listed Building, the Municipal Offices (Harward's Buidlings by G.A Underwood, 1823).</p> <p>(4) Any resolution of an acceptable conversion of the Municipal Offices needs open exploration and is <u>years</u> away, by which time staff could either be added to Cheltenham (from partner Councils), or more likely CBC could be abolished for a unitary North Gloucestershire authority,</p> <p>Considering the above uncertainties of there being any 'bonanza' from the Municipal Offices "redevelopment", will you admit there is huge <u>Risk</u> that this hastily half-disclosed proposal to purchase a further building will prove to be another too expensive "investment", a duplication of floorspace and of running costs?</p>
	<p>Response from Cabinet Member Finance</p>
	<p>I would answer item by item as follows:</p> <p>(1) The accommodation strategy report makes it clear that the modelling and business case for the current proposal does not assume that the Cheltenham Transport Plan will go ahead.</p> <p>(2) The Council has a commitment to provide funding for public realm improvements if the Cheltenham Transport Plan goes ahead. All I am proposing is that £2 million of capital should be held in reserve against that commitment.</p>

(3) Of course it would not be possible to attach a cheap concrete structure to the back of the Municipal Offices, for a whole series of reasons, not least among them that residents and councillors would not want it to happen. On the other hand, you would need to be a fairly dyed in the wool traditionalist to believe that the rear of the Municipal Offices block cannot be improved. It is one of the ugliest sights in the centre of Cheltenham.

(4) I agree entirely that an acceptable conversion of the Municipal Offices needs open exploration and is years away. The beauty of the current proposal is that it gives us time to do this, together with the confidence that we have an alternative office to move to. Another benefit is that the proposed new location is modern, purpose-built office accommodation that is designed to be sub-let. At any given time in the future, we can adjust our accommodation needs by adjusting the amount of floorspace we sub-let.

As I make clear in my answer to Cllr Lillywhite, this will be Grade A office accommodation in the centre of Cheltenham – precisely the kind of accommodation the consultant Athey said is needed in the town. Therefore the element of risk is modest, especially when compared with the certainty of heavy additional costs if we continue to have our headquarters in the Municipal Offices or the uncertainties involved in new build.

In a supplementary question, Mr Pollock said the Cabinet Member claimed not to be assuming the implementation of the "Cheltenham Transport Plan" (i.e. closing Boots Corner), but the largest (i.e. most 'Impactful') Risk, the only one coloured Red (maximum) in the Risk Assessment for this purchase, is precisely that, the non-delivery of a closed Boots Corner (and thereby a 'low traffic' Royal Well Road).

In view of this glaring inconsistency, is it not transparently clear that you are eyeing some Municipal Offices 'bonanza' (albeit more likely to be illusory) ?

In response the Cabinet Member advised that the risk referred to was speculative rather than implicit. It was highlighting that in the worst case scenario would render the return from the proposed development marginal. Modest returns had been included in the financial estimates because they make no assumptions that the Cheltenham Transport Plan will go ahead.

4. Question from Ken Pollock to Cabinet Member Finance, Councillor Rawson

Just as you had to abort Full Council from making these 'Key' investment and "capital strategy" decisions in haste on 30th March, so now (just two weeks later) the decisions still cannot proceed because they fail the 28-day notification period for releasing the relevant documents, both to councillors and to the public.

When you do abort/postpone these decisions, will you agree to expand the publicly available documentation, and explain fully why the identity and therefore the characteristics of the specific building have been kept 'Exempt' ?

	<p>As soon as it is no longer concealed, residents need to be entitled to ask Public Questions about the suitability of the specific building, and its complex leaseings.</p>
	<p>Response from Cabinet Member Finance</p>
	<p>I have agreed the release to the public domain of as much information as possible on this proposed property transaction and this should be apparent from the substantial amount of information on 'white papers' before Members of the Council. These papers were properly published in accordance with the statutory requirements of five clear days' notice; the twenty eight day period referred to does not apply to Council decisions. The Leader has already addressed, in his response to an earlier question, why the commercially sensitive information regarding the proposed property transaction is on 'pink papers'.</p> <p>I think most fair-minded people would understand and accept that property owners (including the potential vendor and head lessee) do not wish to bandy commercially sensitive figures in public. In fact premature disclosure of certain details would undoubtedly cause the negotiation to collapse. That is the only reason why some of the details of the transaction are exempt. However, I have been keen to ensure that everything that is not commercially sensitive is disclosed on white paper, including the business case behind the current proposal.</p> <p>In a supplementary question Mr Pollock said that it appeared to be the Cabinet Member's wish, by hastening now into this transaction, to close the door on any reconsideration of a sensitive refurbishment and part-retention of the Municipal Offices.</p> <p>What evidence was there that the Option of using the North Place funds for a sensitive refurbishment has continued to be properly explored and consulted upon?</p> <p>In response the Cabinet Member said that the report covered all the options being considered. Clearly the options for the use of this building had been considered in depth over a period of time including the option of subletting. The Municipal Offices, being as it is essentially a row of houses with limited parking, has limited use as modern office accommodation. It would also require a heavy level of investment over the next 20 years. Personally he felt very strongly about the building and that was why he was recommending the proposals which would bring new life and new investment to it.</p>
<p>5.</p>	<p>Question from Anne Brookes to Cabinet Member Finance, Councillor John Rawson</p>
	<p>In view of the stated square footage of this building being well above the stated 30,000 sq foot current requirement for new offices, and changes in local government are unlikely to result in a need for more space, how can this proposal for premises far too large be justified when this will require the council making investments and speculating in the commercial property market now when there may be an opportunity to move within a sensible timescale to premises that are a better 'fit', by new build or the</p>

	<p>purchase of an existing building, without the complexity and obvious pitfalls of this proposal?</p>
	<p>Response from Cabinet Member</p>
	<p>The proposed acquisition is modern, purpose built office accommodation, smaller in size than the existing Municipal Offices and – very importantly – designed to allow sub-letting and equipped with a substantial amount of on-site parking. . It has been carefully assessed against the alternatives and is clearly the best option financially.</p> <p>It is a specific part of the strategy to sub-let part of the new building in the long-term in order to generate an income for the Council. The recent review of our asset management strategy by a team from the Chartered Institute of Public Finance and Accountancy (CIPFA) specifically recommended that we should invest in income generating property.</p> <p>Investing in Grade A, purpose built office accommodation at the heart of Cheltenham is hardly speculative. In fact it is investing in precisely the kind of office accommodation that the consultant Athey says is needed.</p> <p>Also the structure of the likely agreement is such that we will have time to find a new use for the Municipal Offices and move out on a sensible timescale – i.e. not so quickly that the current offices are left empty for any significant length of time.</p> <p>In a supplementary question, Mrs Brooks asked whether the aspirations for office buildings which are energy efficient and environmentally sound were being thrown out in order to secure income from additional office space.</p> <p>In response the Cabinet Member indicated that Council had agreed the brief for the Accommodation Strategy in March 2014 which set out the requirements for any potential new building. These included energy efficiency and location. A solution was now being proposed which met that brief and most importantly it was delivering on the central location and accessibility.</p>
<p>6.</p>	<p>Question from Anne Brookes to Cabinet Member Finance, Councillor John Rawson</p>
	<p>This council has a poor record for identifying and managing risk, and this has cost the town £millions. How can councillors properly make a decision and assess the risks, when no ratings have been included for the risks for this proposal?</p>
	<p>Response from Cabinet Member</p>
	<p>I disagree. We have robust risk management processes which compares favourably with other organisations. This was confirmed by a recent peer review of the Council by external assessors, which commented that our risk management processes were sound.</p> <p>Whist the risk summary in the covering report at appendix 1 describes the risks of this complex programme of activity at a high level without scores, the detailed programme risk assessment is attached at Appendix 4 of the report and it does include scores.</p>

I would also add that it is a mistake to believe that doing something creates a risk but doing nothing creates no risk. One of the pressing issues is the risk to the Council's finances and therefore to front-line council services if we do not take action.

In a supplementary question, Mrs Brooks asked why the risk designated as red and scoring 16 was not on the corporate risk register.

In response the Cabinet Member asked for input from officers. The Director of Resources, Mark Sheldon, advised that the risk register for the accommodation strategy had been updated for these council reports and the red risk now identified would be going on the council's corporate risk register.

This page is intentionally left blank

14 April 2015

Member Questions (1)

<p>1.</p>	<p>Question from Councillor Lillywhite to Cabinet Member Finance, Councillor Rawson</p>
	<p>The vision for this council is to reduce its staff and responsibilities, it is claimed that the Municipal offices is too big, it would seem somewhat disingenuous to then buy a building that is possibly larger? For almost triple the book value of our own asset at the peak of the last property boom and then claim that the Council is branching out into property speculation on the back of its last disastrous commercial property transaction that floundered just eight days after breaking ground. It seems particularly surprising given the recent Athey Economic Report which stated that Cheltenham had a surplus of non grade 'A' office space, that we should be rushed into investing in this area on the back of a Government loan without the requisite consultation of the Councillors or sufficient detail being passed into the public, to judge whether they are prepared to allow this Council to consider such speculative risk in an area where CBC have clearly been advised there is an oversupply, where they have such a poor record and no clear mandate, Why are the public not being fully consulted when it is they that are responsible for the costs?</p>
	<p>Response from Cabinet Member Finance</p>
	<p>I must start by correcting Cllr Lillywhite's view about the Council's vision. In the face of unprecedented government funding cuts, we have worked hard to maintain both services and responsibilities by taking a different approach to service delivery. The harsh reality of this has been a reduction or sharing of staff with neighbouring councils over the past few years which has left us with a building that is much too big for current needs.</p> <p>However the size of the current office building is only one issue. The other is the fact that the current building is a former row of houses, organised vertically on a cellular model which is unsuited to modern office use and very difficult to subdivide and sub-let. This is in direct contrast with the proposed acquisition which is modern, purpose built office accommodation, smaller in size than the existing Municipal Offices and designed to allow sub-letting.</p> <p>It is a specific part of the strategy to sub-let part of the new building in the long-term in order to generate an income for the Council. The recent review of our asset management strategy by a team from the Chartered Institute of Public Finance and Accountancy (CIPFA) specifically recommended that we should invest in income generating property. Investing in Grade A, purpose built office accommodation at the heart of Cheltenham is hardly speculative. In fact it is investing in precisely the kind of office accommodation that Athey says is needed.</p> <p>A typical Grade A office building will be new or refurbished and will be to a finish that will compete for premier users and usually demand rents that are above the average for the area. In addition will have a specification such as raised floors, suspended ceilings lifts and air conditioning or similar. The proposed acquisition does require some modifications but, once completed, the building will meet the criteria and able to compete quite favourably with other prime office stock in</p>

Cheltenham.

Regarding North Place and Portland Street, I do not accept that disposing of a five-acre site for £7.8 million plus the value of a 300-space public car park is a disaster. Our transaction was completed successfully. The only reason why the development has stalled is that Morrison withdrew and as a result are now in a legal dispute with Augur Buchler. However we are actively assisting Augur Buchler to find an alternative solution for the site.

As a Council we have made no secret of our desire to consider an alternative home of our offices. In fact I can remember it being debated in this chamber in 1986. Now the need to relocate has become urgent. The Municipal Offices cost us £390k annually to occupy and we need to spend £6.5m in maintenance over the next 20 years which would have to be funded from cuts in services or savings elsewhere.

Our published budget strategy, on which we annually consult, has included a savings target of £200k per annum from the accommodation strategy for a number of years. The proposal to relocate will reduce our administrative overhead costs in order to protect front line service delivery. The alternative options increase costs and therefore threaten services, which is something I do not believe the public would support.

The accommodation strategy was specifically consulted on as part of the 2015 budget consultation and was the fifth most highly rated scheme, after the leisure projects and the public square at Boots Corner. But more generally, my experience of talking to people in the town is that they are glad that we have taken hard decisions to cut our costs while protecting front-line services. They recognise the need for change and they want us to continue in this direction. Where there is public concern it is about losing control of the existing Municipal Offices building, which we have no intention of doing.

Our ultimate aim to see investment in the regeneration of the Municipal Offices and its environment which will make Cheltenham an even more attractive place to visit and stay and make a significant contribution to the local economy.

In a supplementary question, Councillor Lillywhite asked the Cabinet Member to highlight where his question had been answered in the response?

The Cabinet Member referred to his response in paragraph 6. He added that it had been debated in Council a year ago and was included in the budget consultation. Clearly it was not a matter for a public referendum but he was satisfied that the council had been as open as possible with members and the public.