

## **Cabinet**

**Tuesday, 12th February, 2019**  
**6.00 - 6.40 pm**

<b>Attendees</b>	
<b>Councillors:</b>	Steve Jordan (Leader of the Council), Chris Coleman (Cabinet Member Clean and Green Environment), Rowena Hay (Cabinet Member Finance), Peter Jeffries (Cabinet Member Housing) and Andrew McKinlay (Cabinet Member Development and Safety)
<b>Also in attendance:</b>	Councillor Matt Babbage

## **Minutes**

### **1. APOLOGIES**

Apologies were received from Councillors Clucas and Hegenbarth.

### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **3. MINUTES OF THE LAST MEETING**

The minutes of the meeting held on 22 January were approved and signed as a correct record.

### **4. PUBLIC AND MEMBER QUESTIONS AND PETITIONS**

There were none.

### **5. REVIEW OF HACKNEY CARRIAGE FARES**

The Cabinet Member Development and Safety introduced the report and explained that Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 permitted the council to set the maximum fares for hackney carriage vehicles licensed by it. He explained that the last hackney carriage fare review was undertaken in 2017 when Cabinet approved a 6% increase based on the council's adopted fare formula.

The Cabinet Member reported that a further review of hackney carriage fares had been undertaken and this report sought approval from Cabinet to revise the current fare table for hackney carriage vehicles as outlined in Appendix 2. He highlighted that the trade had informally requested that the proposed increase be reflected in the initial "flag fall" rather than adjusting the time and/or distance calculations. This would in effect discourage shorter journeys. In November 2018, the council consulted with the public hire trade on proposed revised methodologies for calculating hackney carriage fares in Cheltenham. The council received no responses to this consultation.

### **RESOLVED THAT**

**1. the revised methodology and proposed maximum fare increase for hackney carriages be approved; and**

**2. authority be delegated to the Licensing Team Leader to carry out the necessary advertising requirements to comply with section 65 of the Local Government (Miscellaneous Provisions) Act 1976; and**

**3. Subject to there being no substantive amendments being made following consultation, authority be delegated to the Director of Environment to adopt the proposed fares.**

**6. HOUSING OPTIONS: FLEXIBLE HOMELESSNESS SUPPORT GRANT AND NEW BURDENS FUNDING**

The Cabinet Member Housing introduced the report which set out the spending proposals for Cheltenham Borough Homes' Housing Options Service, using additional funding provided by the Ministry of Housing and Local Government (MHCLG). This funding comprised New Burdens Funding (to take account of the additional responsibilities placed on councils as a result of the introduction of the Homelessness Reduction Act in 2018) and a Flexible Homelessness Support Grant.

The Cabinet Member explained that a lot of work on benefit and debt support had been undertaken over the last 4-5 years. Appendix 2 provided details of the proposed spending plans which were in summary to continue funding the current additional Housing Options Officer post, along with the Housing Solutions Officer post, (both of which were being funded from the existing allocation of New Burdens and Flexible Homelessness Support grant funding).

The Leader welcomed the work being undertaken to date and believed the proposal was a sensible way to use the available funding in the best possible way.

**RESOLVED THAT**

- 1. the transfer to Cheltenham Borough Homes' Housing Options Service the sum of £196,577 be approved; this being part of the MHCLG's New Burdens Funding and Flexible Homelessness Support Grant funding allocation to the council for 2019/20.**
- 2. It be noted that the indicative expenditures detailed within Appendix 2 of the report may need to be flexible, depending upon demands of the service. The authority to make any changes to these spending plans is delegated to the Lead Commissioner – Housing Services, in consultation with Cabinet Member – Housing.**

**7. BUDGET MONITORING REPORT 2018/19-POSITION AS AT DECEMBER 2018**

The Cabinet Member Finance introduced the report, the purpose of which was to notify Members of any known significant variations to budgets for 2018/19 and highlight any key issues.

She explained that the table at 2.1 summarised the net revenue impact position of the variances identified at this stage in the financial year, of anything over 50K and areas with volatile income trends. In brief they showed an increase in income of off street car parking, recycling credits, green waste subscription, property investment income, together with additional section 31 grant, and shortfalls of targets as reported in September 2018.

The Cabinet Member Finance explained that a detailed exercise was carried out to ensure that capital schemes were being delivered as planned within allocated capital budgets, some of which were timetabled to straddle two or more financial years. She reported the following variances to capital budgets :

- The capital scheme for the provision of a new sports & play hub, including a new splashpad and changing rooms at Leisure@ had been completed within the build timescales. There was an underspend of £26k against the total scheme budget of £2.5 million which reduced the funding requirement for the scheme.
- There was an expected net surplus for the year of £222k, generated from new rental income streams of £960k arising from the purchase of 4 commercial properties during the year, net of one off costs of £120k and short term and long borrowing costs of £618k.
- Housing Revenue Account (HRA) -the operating surplus was currently forecast at £2,273,000 against a budget of £2,180,000 an increase of £93K.
- HRA capital of the existing stock showed the current forecast for capital expenditure on existing stock at £7,373,000, a reduction of £689,000 in comparison to budget (£8,062,000). Within that figure there had been the following significant project variations:-
  - External Works (£329,000 reduction from budget of £543,000).
  - Windows & Doors (£118,000 reduction from budget of £2,425,000)
  - Door Entry Systems (£95,000 reduction from budget of £130,000)
  - The HRA capital on new builds or acquisitions - good progress on development sites in both 2017/18 and the current year had reduced the pressure to identify potential acquisitions this year. It was proposed that any unspent budget would be rolled forward as required into 2019/20.

The monitoring report for the collection of council tax and business rates income at end of December 2018 and the projected outturn for 2018/19 was shown at Appendix 2.

The Cabinet Member explained that the aged debt report showed the total debt at 31st December, being £1.6m, which had reduced from the position of £1.8m at the end of November. The Accounts Receivable Team worked hard to recover outstanding debts and it was pleasing to note that there was only £9,000 of aged debt over 1 year for the general fund and £148,000 for the HRA,

mainly for tenants rechargeable works. The level of aged debt was reviewed at the end of each year as part of the statement of accounts to ensure an adequate level of provision was available to fund any irrecoverable debt.

She reported that the impact on the general fund of the variances reported above was that there was a forecast net underspend against the budget of £43,100 for 2018/19. This would be transferred to the Budget Strategy (Support) Reserve, under the delegated authority of the Chief Finance Officer.

Finally the Cabinet Member explained that it would be for Cabinet and Council to decide in July 2019, when outturn was finalised, how to apply any potential savings, although highlighted that the strategy recommended was that this should go to the budget strategy reserve.

The Leader commended the surplus on the overall budget.

#### **RESOLVED THAT**

**the contents of this report including the key projected variances to the 2018/19 budget and the expected delivery of services within budget be noted/**

**Council be recommended to approve the budget virements to the 2018/19 budget, as part of the revised budget 2018/19, as detailed in Appendix 4.**

#### **8. LOCAL DISCRETIONARY BUSINESS RATES RELIEF SCHEMES**

The Cabinet Member Finance introduced the report and explained that the Local Revaluation Support had been available since 2017/18 to help businesses facing large increases in rates bills due to the 2017 revaluation. The Government allocated a specific reducing sum of money to billing authorities for each of the four years up to 2020/21 to fund a locally designed relief scheme.

She explained that of the £271k available, £268,000 had been allocated in respect of 2017/18. Legislation allowed the relief to be awarded up to 6 months after the end of the relevant financial year so no further relief could be awarded in respect of 2017/18.

Of the £132k allocated for 18/19, £122,000 was initially awarded in this financial year but due to businesses vacating their premises and rateable value changes this had reduced to £111,000. So far relief this year had been awarded to 250 businesses

The Cabinet Member reported that Local Revaluation Support Relief would continue to be available in 2019/20 with the funding available at £54,000 with an estimated 235 businesses benefitting. In 2020/21 the final year the amount would reduce to £8,000.

As the revaluation support scheme was intended to provide relief to businesses that faced increased bills due to the revaluation, relief would only be available to businesses that have qualified continually since 2017/18.

Approval was sought to award the relief in both years in line with the funding available and the scheme conditions in appendix 2. So that the total relief awarded to businesses in both years was as close as possible to the funding available, authority was being sought for the Executive Director Finance and Assets, in consultation with the Cabinet Member for Finance, to determine the actual percentage to be applied. Which would be made prior to the annual bills being issued in March each year and the rate would be reset if required to ensure the funding was distributed.

Relief for businesses losing the small business rate relief was still available to help those ratepayers who as a result of the 2017 revaluation lost all or some of their small business rate relief and faced large increases in bills.

The relief limited the increase in 2017/18 to the greater of 5% or £600. It then reduced each year, for up to five years, until the full rate bill was met. This relief would be funded by the Government and awarded in line with the detailed guidance using the Council's discretionary powers. Sections 3 and 4 on State Aid and Administration in Appendix 2 would also apply to this relief.

In terms of new retail discounts these would be available for occupied properties being used for retail purposes with a rateable value of less than £51,000. The value of the discount was one third of the bill, to be applied after other reliefs. As these were a temporary measure, the government expected billing authorities to use their discretionary relief powers in accordance with the guidance in appendix 3. This also outlined the types of retail covered. As the discounts were subject to state aid rules larger businesses with multiple outlets would not qualify. The business rates team had so far identified over 300 businesses that would qualify for this relief and it would be applied to the 2019/20 bills when they were issued in March.

The Leader wished to thank officers for their hard work involved in facilitating the schemes. Whilst these schemes represented a "sticking plaster" to some degree he would welcome a review of business rates as a whole in order to more fairly assess high street and online retailers.

## **RESOLVED THAT**

- 1. a business rates retail discount scheme for 2019/20 and 2020/21 be approved in line with Government funding, detailed guidance in appendix 3**
- 2. the local discretionary revaluation support scheme for 2019/20 and 2020/21 be approved in accordance with section 3 of this report and appendix 2**
- 3. the Executive Director Finance and Assets, in consultation with the Cabinet Member Finance, be authorised to set the percentage relief level for local revaluation support in respect of 2019/20 and 2020/21 as detailed in section 3.5 of this report.**
- 4. the continuation of the Supporting Small Businesses Relief Scheme be approved until the scheme is ended in accordance with the Government guidance and appendix 2**

5. **Due to the volume of cases, decisions relating to the application of these reliefs be delegated to the Head of Revenues and Benefits and officers in the Business Rates team. In the case of a dispute reconsideration is to be made by the Executive Director Finance and Assets.**

**9. FINAL GENERAL FUND REVENUE AND CAPITAL BUDGET PROPOSALS 2019/20 (INCLUDING SECTION 25)**

The Cabinet Member Finance introduced the report and reminded Members that in February 2018 the council set itself a challenge to become an enterprising and commercially focused Council which people were proud to work for and which others wanted to work with, working towards the objective of being financially sustainable by the financial year 2021/22.

In response to the difficult national funding situation, the overriding financial strategy had been, and remained, to drive down the council's costs. The aim was to hold down council tax as far as possible, now and in the longer term, whilst also protecting frontline services from cuts – an immensely challenging task in the present climate.

The council's commercial strategy aligned closely with other key strategies including place-making, economic growth, digital transformation, workforce and skills development, investment and asset management which had a combined message that Cheltenham had entered a new era of business enterprise, growth and innovation. The council wished to work with partners who shared its ambition and values and would continue to put the best interests of Cheltenham residents at the heart of everything.

The commercial strategy sought to bring service costs in line with available funding and seek additional forms of funding. The development of a new crematoria, and the acquisition of 4 new commercial investment properties (Ellenborough House, Sainsbury's, Café Nero and 53-57 Rodney Road) had already resulted in the over-achievement of the new revenue income target. In addition, Public Realm investment across the Town had enabled the council to attract major new businesses which, has had a positive effect on both business rates income and the vibrancy across the Town.

The Cabinet Member Finance stated that the starting point for the 2019/20 budget was a projected funding gap of £2.019m. The final assessment of the budget gap for 2019/20, based on the detailed budget preparation and the final local government financial settlement was £1.934m. Closing a gap of this size represented a huge challenge for the council, but the challenge had been met by a proactive approach which had identified efficiencies and additional income of £1.678m, leaving the shortfall balance to be funded from the budget strategy reserve.

As in previous years, the budget for the coming year was the result of a great deal of activity and hard work throughout the year, and the Cabinet Member wished to thank all involved. She believed that this budget would deliver for the residents of the town and therefore sought Cabinet's approval of the recommendations to Council on 18 February.

**RESOLVED THAT it be recommended to Council to :**

- 1. Approve the revised budget for 2018/19.**
- 2. Consider the budget assessment by the Section 151 Officer at Appendix 2 in agreeing the following recommendations.**
- 3. Approve the final budget proposals including a proposed council tax for the services provided by Cheltenham Borough Council of £209.08 for the year 2019/20 (an increase of 2.99% or £6.07 a year for a Band D property), as detailed in paragraphs 4.18 to 4.23.**
- 4. Approve the growth proposals, including one off initiatives at Appendix 4.**
- 5. Approve the savings / additional income totalling £1,677,600 and the budget strategy at Appendix 5.**
- 6. Approve the use of reserves and general balances and note the projected level of reserves, as detailed at Appendix 6.**
- 7. Note that the Council will remain in the Gloucestershire business rates pool for 2019/20 (paragraphs 4.5 to 4.17).**
- 8. Approve the recommendations made by the Independent Remuneration Panel (IRP), as detailed in paragraph 5.14.**
- 9. Approve the Pay Policy Statement for 2019/20, including the continued payment of a living wage supplement at Appendix 9.**
- 10. Approve the Medium Term Financial Strategy (MTFS) detailed in Section 5 and Appendix 10.**
- 11. Approve a level of supplementary estimate of £100,000 for 2019/20 as outlined in Section 13.**

**10. FINAL HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS 2019/20**

The Cabinet Member Finance introduced the report and explained that there had been significant changes in Government Housing Policy during the year, most notably the abolition of the HRA debt cap. This, together with the certainty on rent policy until 2025, would have a positive impact on HRA resources enabling the Council to increase investment in new build and stock improvements.

She reported that rents would again be reduced by 1% in April 2019 being the final year of the four year policy that commenced in April 2016 and would finish in March 2020. Rent policy would then revert back to the previous guidelines of allowing annual increases of up to CPI + 1% per annum for the following 5 years before a further review.

The 30 year HRA Business Plan had been updated to reflect:-

- Anticipated revenue outturn for 2018/19.
- The current development programme for the period from April 2019 to March 2022 which would deliver 105 new build units at a total cost of £14.83m.
- Contingency budgets for market acquisitions and the purchase of new affordable units on sites where Section 106 planning agreements were in place.
- A refreshed assessment of the 30 year “need to spend” on existing stock for both capital and revenue expenditure. This included a new showers programme which had been identified as one of the most popular improvements requested during both the 2017 survey of tenants and residents and the voids review undertaken by the tenant services improvement panel..

By taking a balanced approach CBH were still able to maintain existing service levels, retain the decent homes standard, continue delivery of the major windows and doors replacement, complete the new build programme, and deliver the new showers programme.

The Cabinet Member wished to put on record her thanks to all of CBH's finance team.

The Cabinet Member Housing also wished to thank CBH for their extraordinary achievements. He made reference to paragraph 8.1 of the report which outlined the key work streams that were driving plans to modernise and transform the housing management and maintenance services delivered to tenants.

**RESOLVED THAT it be recommended to Council to :**

- 1. Note the revised HRA forecast for 2018/19.**
- 2. Approve the HRA budget proposals for 2019/20 (shown at Appendix 2) including a proposed rent decrease of 1% and changes to other rents and charges as detailed within the report.**
- 3. Approve the proposed HRA capital programme for 2019/20 as shown at Appendix 3.**

**11. BRIEFING FROM CABINET MEMBERS**

The Cabinet Member Clean and Green Environment reported a waiver to a contract for the provision of bedding plants, planters and baskets.

**12. CABINET MEMBER DECISIONS TAKEN SINCE THE LAST MEETING OF CABINET**

<b>Cabinet Member</b>	<b>Decision</b>	<b>Link</b>
Finance	Provision of legal	<a href="https://democracy.cheltenham.gov.uk/ieDecisionDetails.aspx?ID=1">https://democracy.cheltenham.gov.uk/ieDecisionDetails.aspx?ID=1</a>



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**Chairman**

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