

Cheltenham Borough Council
Cabinet – 17th December 2019
General Fund Revenue and Capital - Interim Budget Proposals
2020/21 for Consultation

Accountable member	Cabinet Member for Finance, Councillor Rowena Hay
Accountable officer	Paul Jones, Executive Director Finance and Assets (Section 151 Officer)
Accountable scrutiny committee	Overview and Scrutiny Committee and Budget Scrutiny Working Group
Ward(s) affected	All
Key Decision	Yes
Executive summary	<p>This report sets out the Cabinet’s interim budget proposals for 2020/21 for consultation. The budget projections have been prepared before the local government finance settlement consultation has been released.</p> <p>In light of the general election held on 12th December 2019, the Ministry of Housing, Communities and Local Government (MHCLG) has stated that, “the department anticipates that the provisional settlement will be a priority for ministers to consider after the general election”, with the sector calling for the local government finance settlement to be published as soon as is practically possible, to assist in local authorities’ financial planning.</p> <p>As soon as the provisional finance settlement is published, a comprehensive briefing of the settlement will be sent to all Members. This will provide details of the Settlement Funding Assessment, New Homes Bonus and other specific grants for 2020/21.</p>
Recommendations	<ol style="list-style-type: none"> 1. Approve the interim budget proposals for consultation including a proposed council tax for the services provided by Cheltenham Borough Council of £214.08 for the year 2020/21 based on a band D property (an increase of 2.39% or £5.00 a year for a Band D property). 2. Note the Medium Term Financial Strategy (MTFS) projection, outlined in section 3 and Appendix 3. 3. Approve the growth proposals, including one off initiatives at Appendix 4 and outlined in section 4, for consultation. 4. Approve the proposed capital programme at Appendix 6, as outlined in Section 7. 5. Delegate authority to the Executive Director Finance and Assets, 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 public consultation which will include any changes arising from the provisional settlement.

6. Seek consultation responses by 20th January 2020.

Financial implications	<p>As contained in the report and appendices.</p> <p>Contact officer: Paul Jones.</p> <p>E-mail: paul.jones@cheltenham.gov.uk</p> <p>Tel no: 01242 264365</p>
Legal implications	<p>This report proposes an interim budget for consultation purposes and there are no specific legal implications at this stage.</p> <p>Contact officer: Sarah Farooqi</p> <p>E-mail: sarah.farooqi@teWKesbury.gov.uk</p> <p>Tel no: 01684 272012</p>
HR implications (including learning and organisational development)	<p>Relationships with the two recognised trade unions continue to remain very positive. The Executive Leadership Team and the HR team will continue to work closely with TU colleagues in order to ensure that any potential impacts on employees as a result of realisation of budget savings are kept to a minimum.</p> <p>Contact officer: Julie McCarthy</p> <p>E-mail: julie.mccarthy@publicagroup.uk</p> <p>Tel no: 01242 264355</p>
Key risks	<p>As outlined in Appendix 1</p>
Corporate and community plan Implications	<p>The aim of the interim budget proposals is to direct resources towards the key priorities identified in the Council's Corporate Business Plan whilst recognising the reduction in Government funding.</p>
Environmental and climate change implications	<p>The draft budget contains a number of proposals for improving the local environment, as set out in this report.</p>

Background

- 1.1 In accordance with the Council's Budget and Policy Framework Rules, which are part of the Council's constitution, the Cabinet is required to prepare interim budget proposals for the financial year ahead and consult on its proposals for no less than four weeks prior to finalising recommendations for the Council to consider in February 2020. This report sets out the interim proposals for 2020/21.
- 1.2 The Local Government Finance Settlement for 2013/14 marked the introduction of the new local government resource regime with a significant change in the way local authorities are financed. Under the new regime, more than 75% of the Council's Government funding comes directly from Business Rates and, as a consequence, has the potential to vary either upwards or downwards during the year. This is a key strand of the Government policy to localise financing of local authorities and brings the potential for increased risks or increased rewards.

2. Settlement Funding Assessment

- 2.1 The Government has delayed the announcement of the provisional local government finance settlement 2020/21 due to the general election which took place on 12th December 2019. The Ministry of Housing, Communities and Local Government (MHCLG) has stated that, they anticipate that the provisional settlement will be a priority for ministers to consider after the general election, with the sector calling for the local government finance settlement to be published as soon as is practically possible, to assist in local authorities' financial planning.
- 2.2 As a direct consequence of the above, the assumptions within the interim budget proposals are based on the technical consultation on the local government finance settlement for 2020/21 which was released by MHCLG after the Spending Review 2019 (SR19) was published on 4th September 2019. Our response to the technical consultation was submitted on 31st October 2019.
- 2.3 The headlines from SR19 which directly affects local government were:
 - Confirmation that the Fair Funding Review, Business Rates Review and business rates reset has been deferred by 12 months to 2021/22;
 - There is a £2.9bn increase in Core Spending power overall. Most of the additional funding is for adults and children's services, but there is £54m for Homelessness. Clarification on how this is going to be distributed has been requested;
 - The Council Tax referendum limit is proposed at 2% but the consultation posed whether there should be a separate council tax referendum principle of 2% or £5, whichever is greater, for shire district councils in 2020-21;
 - Baseline funding for business rates will be uprated by CPI;
 - Funding to remove negative Revenue Support Grant (RSG) has been continued for 2020/21;
 - New Homes Bonus (NHB) – legacy payments will be honoured but the scheme for 2020/21 is still for discussion with ministers;
 - 75% business rates pilots will come to an end and there are no new pilots planned for 2020/21.
- 2.4 The Council's approved Medium Term Financial Strategy (MTFS) was predicated on the basis that council tax will increase by 2.99% per annum. However, the proposal to retain business rates growth achieved between 2013 and 2020 for a further year alongside a continuation of the removal of negative RSG should have a positive effect on the councils funding in 2020/21.
- 2.5 The MTFS assumed legacy payments for NHB would be honoured, however, a continuation of the same methodology for a further year could equate to an additional £301k funding in 2020/21.
- 2.6 The projections for additional new homes in the Borough were estimated to be 350 per annum

and this figure is used to calculate the New Homes Bonus. The actual number delivered over the last 12 months was an additional 423 new homes for occupation. With a baseline target of 0.4% this means we would only receive NHB for 215 additional new homes.

- 2.7** The principles of the settlement allow authorities to spend locally what is raised locally, whilst recognising the savings already made by local government. Most noticeably, there has been a shift away from freezing council tax to using council tax to generate additional funding. Reserves are noted as being one element of an efficiency plan through a voluntary drawdown of reserves as the price for greater certainty for future settlements.
- 2.8** The proposed levels of government funding for this Council are set out in the table below. Overall 'core' central government funding (referred to as the Settlement Funding Assessment) is projected to increase by 1.7% in 2020/21.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Revenue Support Grant	1.273	0.544	0.102	0.000	0.000
Baseline Funding (Cheltenham's target level of retained Business Rates)	2.600	2.653	2.733	2.796	2.843
Settlement Funding Assessment	3.873	3.197	2.835	2.796	2.843
Actual cash (decrease) / increase over previous year	(0.816)	(0.676)	(0.362)	(0.039)	0.047
% cash (decrease) / increase	(17.4%)	(17.5%)	(11.3%)	(1.4%)	1.7%

- 2.9** Since 2013 the Council has had a direct financial interest in economic and business growth in the town, and will have a larger stake in it under the Government's proposals for reforming business rates. However, the business rate baseline reset in 2021/22 will lead to a significant reduction in its share of the financial benefit from growth in business rates in the Borough from 2013.

Retained Business Rates

- 2.10** In October 2012, Council approved the principle of Cheltenham joining the Gloucestershire Business Rates Pool, subject to a thorough assessment of risks and rewards and agreement of satisfactory governance arrangements.
- 2.11** Continuation within the pool was delegated to the Section 151 Officer and Chief Executive and this is reviewed on an annual basis.
- 2.12** The Gloucestershire Business Rates Pool was set up in 2013/14 to maximise the business rate income retained within the County and to support economic growth within the area of the Local Enterprise Partnership.
- 2.13** The anticipated level of business rates due to this Council in 2020/21, taking into account the re-developments at the Brewery, John Lewis and Jessops Avenue, is significantly above the baseline funding target (Cheltenham's target level of retained Business Rates) which will result in Cheltenham still being liable to a 'levy'.

- 2.14 Taking the above into account, it is the opinion of the Section 151 Officer that this Council will benefit from remaining in the pool in 2020/21 as it will result in a reduction in the levy payment due to Government, which will be distributed in accordance with the governance arrangements

Council Tax

- 2.15 Government legislation, through the Localism Act, requires councils proposing excessive rises in council tax to hold a local referendum allowing the public to veto the rise. The referendum threshold for council tax increases is proposed at 2 per cent for all local authorities in 2020/21. However, it is anticipated that shire districts will be allowed increases of up to and including £5, or up to 2 per cent, whichever is higher.
- 2.16 With increased pressure to deliver services with reducing government support, there is a clear mandate from central government for the reliance of council tax to fund our local services.
- 2.17 The tax base has increased by 1.16% in 2020/21 which has exceeded the target of 0.8%. This increase primarily arises from additional properties completed in the past year.
- 2.18 With this in mind, the Cabinet has had to consider what level of increase in council tax is sustainable, without creating an increased risk of service cuts and/or larger tax increases in the future.
- 2.19 The uncertainty surrounding the fair funding review, the business rates reset and the future of New Homes Bonus post 2021, places a greater reliance on council tax as our main source of income.
- 2.20 Therefore, at this stage the Cabinet is proposing a 2.39% increase in council tax in 2020/21; an increase of £5.00 for the year for a Band D property.

Collection Fund

- 2.21 At this point in time, it is estimated that the Council's share of the Collection Fund surplus for 2020/21 is £73,500. Collection fund surpluses arise from higher than anticipated rates of collection of the council tax collection rates and the Council's actual share will be confirmed within the final budget proposals presented to Council in February 2020.

3. The Cabinet's budget strategy

- 3.1 In the current exceptionally difficult national funding situation, the Cabinet's overriding financial strategy has been, and is, to drive down the Council's net costs via a commercial mind-set. Our aim is to hold down council tax as far as possible, now and in the longer term, while also protecting frontline services from cuts – an immensely challenging task in the present climate.
- 3.2 The key mechanism for carrying out this strategy is the commercial strategy, which seeks to bring service costs in line with available funding and seek additional forms of funding.
- 3.3 The commercial strategy was adopted by Full Council in February 2018 with the vision “to become an enterprising and commercially focused Council which people are proud to work for and which others want to work with. We will use our assets, skills and infrastructure to shape and improve public services and enable economic growth in the Borough. We shall generate significant levels of new income for the Council working towards the objective of enabling it to become financially sustainable by financial year 2021/22”.
- 3.4 Part of our drive towards financial sustainability includes identifying new opportunities to generate income and investment in projects which provide good financial returns. Our commercial strategy aligns closely with other key strategies including place-making, economic growth, digital transformation, workforce and skills development, investment and asset

management which have a combined message that Cheltenham Borough Council has entered a new era of business enterprise, growth and innovation. We will work with partners who share our ambition and values and will continue to put the best interests of Cheltenham residents at the heart of everything we do.

- 3.5** Our Executive Director People and Change already has ambitious plans to take the modernisation programme forward and is working closely with the Executive Director Finance and Assets to deliver on the commercial skills development programme. In March 2019, the leading public commercial consultant and author, David Elverson, was commissioned to undertake a high level commercial opportunities assessment, which also included a commercial masterclass and introductory training sessions for a number of staff. Before new commercial ideas are developed, training consultancy Human Engine were commissioned to provide introductory and advanced business case writing training for staff and partner organisations with 40 people taking part. The Council's Commercial Forum has now been established to review and consider commercial businesses case proposals following the training and mentoring Officers have received.
- 3.6** In June 2019, the national MJ achievement awards recognised Cheltenham Borough Council for its efforts in making significant local investments and long-term financial planning to ensure continuity of frontline services and public realm investment. This approach has helped the council manage the impact following the loss of £6.8m funding since 2010 where the Council was successful in winning the 2019 award for Best Commercial Council:
<https://awards.themj.co.uk/library/media/pdfs/CBCMJaward2019BestCommercialCounciloriginal-compressed.pdf>
- 3.7** Heather Jameson, The MJ's editor, said: "Congratulations to Cheltenham BC for being named as Best Commercial Council. Our judges had a difficult task, selecting the best authority, never an easy decision when there are so many strong contenders, but Cheltenham stood out for its approach that covered the whole council. 'Well done to everyone at Cheltenham BC. This is a massive achievement and they should be proud of their innovative approach to saving local taxpayers' money.'" In September 2019, the Council's commercial approach to supporting its medium term financial strategy was further validated with the Council winning the APSE award for Best Commercial Council and Entrepreneurship Initiative;
<https://www.apse.org.uk/apse/index.cfm/news/articles/2019/announcing-the-apse-service-awards-finalists-2019/>
- 3.8** The Cabinet believes the longer term approach to finding efficiencies to close the funding gap is fundamentally through economic growth and investment and the efficient utilisation of our assets; linking our Place and Commercial Strategies to 'Invest in Cheltenham, for the benefit of Cheltenham'. This has seen a place focused investment approach offering long term investment, income through rents as well as other social and financial benefits. The Executive leadership team's collaborative approach has enabled considerable progress.
- 3.9** As previously reported, proposals for the Council to take a leading role in the Minster Project will bring about an innovative box park concept, forming a hub for small start-up business in the creative and tech sector. The project will use under-utilised car parking space in partnership with Creative England, Cheltenham Festivals, the Gfirst LEP and Workshop Cheltenham. It will create new jobs, regenerate the surrounding area, bring in rental and business rates, but more importantly act as a growth magnet, encouraging investment and footfall on the fringes of the town centre.
- 3.10** In September 2019, Cabinet approved the further development of Cheltenham Enterprise Centre as part of the Authority's Property Portfolio Strategy. Phase II will provide additional industrial units with projected rental income from the additional units to be in the region of £65k per annum.
- 3.11** Our Managing Director Place and Growth and Executive Director Finance and Assets are working closely with Cheltenham Borough Homes, to deliver on the £100m investment in

Housing across the Borough. This investment will deliver an additional 500 homes across the Borough which matches the needs of our residents. This investment will also provide a commercial return in addition to capital appreciation.

- 3.12** At the end of August the council completed the purchase of 112 acres of strategically important land which forms part of the West Cheltenham JCS allocation. This was the most expensive land purchase ever made by CBC. It will enable the delivery of the Cyber Central vision – which was formally launched on 17th September 2019 at Hub8 in Cheltenham. In June 2019 the government announced that Cyber Central had been awarded ‘Garden Communities’ status.
- 3.13** The Council’s £37.5m investment into this site will enable the rapid growth of the Cyber Tech and innovative industries as part of a thriving integrated community, a place where people can live, work and recreate. It is a significant step forward in achieving the council’s corporate plan priority of Cheltenham becoming the UK capital of cyber. Our Housing Investment Strategy will play a leading role in shaping the residential aspect, working with Homes England to create high quality homes that offer a range of tenures with security and affordability.
- 3.14** The budget strategy indicates broadly how the Council will close the projected funding gap over the period 2020/21 to 2023/24 with the stated aim to become financially sustainable. In future years, it includes targets rather than necessarily specific worked up projections of efficiency savings and additional income to allow the Executive leads autonomy and flexibility. Engaging with stakeholders will be crucial when it comes to developing a sense of ownership in local decision-making and service delivery. Working with stakeholders will allow the council to fine tune services based on actual needs. Holding adequate information upon which to base the allocation of scarce resources is essential to address under-met needs. The detailed schedule of target savings is provided within the MTFs extract at Appendix 3.
- 3.15** The starting point for constructing the 2020/21 budget has been a projected funding gap of £1.144m.
- 3.16** Closing a gap of this size is a huge challenge for the Council, but the challenge is being met by a proactive approach to identifying budget efficiencies, carried out by the Cabinet and the Executive Leadership Team. This work has already made significant progress towards bridging the gap, having identified efficiency savings and additional income of £0.826m.
- 3.17** It is the Cabinet’s intention to meet the shortfall in funding in 2020/21 from the budget strategy (support) earmarked reserve in order to deliver a balanced budget.

In preparing the interim budget proposals, the Cabinet and officers have considered the following:

- Provided for inflation for contractual, statutory, and health and safety purposes at an appropriate inflation rate where proven.
- Budgeted for pay inflation at 2% for 2020/21.
- Budgeted for an increase in Members allowances of 2% for 2020/21.
- Budgeted for superannuation increases in the ‘primary rate’ in accordance with the triennial review 2019 for the financial year 2020/21.
- Increased income budgets for the Cemetery and Crematorium, assuming an average increase in fees and charges of 2%.
- Frozen garden waste charges whilst retaining the prompt payment discount at £3 per bin for households renewing their subscription ahead of their annual renewal date.
- All other fees and charges, including car parking charges, are subject to annual review by the

Place and Growth management team. A target of £50k per annum has been established as part of the budget strategy approved to deliver a balanced budget.

- Assessed the impact of prevailing interest rates on the investment portfolio, the implications of which have been considered by the Treasury Management Panel.

4. Growth Proposals

- 4.1** In previous years, budgets have been prepared under a general philosophy of no growth in services unless there is a statutory requirement or a compelling business case for an 'invest to save' scheme. However, the Council's aspirations to modernise its offer, become financially sustainable and be carbon neutral by 2030, requires realignment of resources to deliver the outcomes defined above.
- 4.2** Members will recall that an allocation was agreed by the Council in April 2015 to facilitate the redevelopment to the Town Hall. A separate briefing attached to the Cabinet agenda for its meeting on 17th December 2019, outlines the progress made to date but essentially concludes that all of the options identified are currently outside the financial envelope of affordability available for the Council to progress.
- 4.3** Of the original allocation, £1.6m is still available and the Cabinet is recommending the following reallocation:
- Invest a sum of £1m to pump prime the commercial opportunities identified by The Cheltenham Trust (including investment which both sustains and grows income at the Town Hall);
 - Allocate £50k to fund 2 full-time documentation officers to ensure the collection receives accreditation status, primarily addressing the backlog of documentation inherited by The Wilson in October 2014 and not previously addressed;
 - Allocate £200k in a contingency fund to fund the associated costs of the investment in leisure@ in respect of the splash-pad;
 - Allocate £350k to a climate emergency fund to help facilitate the Council's ambition to become carbon neutral by 2030.
- 4.4** In February 2019, Full Council unanimously called on the Cabinet to declare a Climate Emergency, which was duly announced in July 2019. As part of the motion, Council requested that a report be presented back within six months, with the local actions the Council could take to help address this emergency. A report was presented to Full Council in October 2019 outlining the actions needed and an indicative timetable, as well as recommending the initial resources required for the authority to effectively gear up to delivering the scale of actions required by 2030. There is widespread public support for addressing climate change issues with more than four in five Cheltenham residents agreeing that the Council should play a role in tackling air quality issues (83%), enabling people to walk/cycle more (82%) and enabling public transport use (81%).
- 4.5** The report recommended initial 'seed funding' of £150,000 per year, to fund additional staffing resources in order to create the capacity and capability to develop the business cases for the initiatives outlined in the roadmap and to identify and secure external funding to enable climate emergency projects to progress. The Cabinet therefore proposes to allocate £350k from the original Town Hall allocation to address the resources required. In addition it proposes to allocate £75k from the planned maintenance reserve (originally allocated to the restoration of Pilley Bridge) on the grounds that it needs to prioritise its resources to the delivery of corporate plan priorities.
- 4.6** Whilst telematics technology is now being fitted to our vehicles which Ubico operate to ensure

they are being used effectively and efficiently, including reducing fuel consumption, there is a need to ensure that the technology which supports the delivery of services provided by Ubico, particularly domestic and trade waste collections, is in place and can integrate with other business systems as necessary including any Customer Relationship Management (CRM) system CBC may purchase going forward.

- 4.7** The Cabinet therefore proposes to allocate £200k, subject to a business case, for the purchase of an 'In Cab' technology system. It is anticipated that the implementation of this system would offer a number of financial, service related and carbon reduction benefits to the council and its residents.
- 4.8** The introduction of an In-Cab system would reduce the mileage required to be completed by Ubico, because it would guide the crew around their collection route and would largely eliminate mistakes. This would have a direct benefit in reducing the fuel used and associated carbon usage. In addition, it's likely that the council would see missed collections reduce meaning that return journeys to collection areas would not need to be made, which would again contribute in lowering the fuel and carbon usage. This investment would also support wider process improvements for waste collections.
- 4.9** The future provision of public conveniences was presented to Cabinet on 5th November 2019. Within that report, recognition for redeveloping the toilets at Sandford Park was identified, with a recommendation to set aside funding for a new facility within the 2020/21 budget proposals to be considered by Council in February 2020. In order to satisfy that commitment, the budget proposals include a sum of £143,500 in the proposed capital programme for 2020/21.
- 4.10** Given the ambitious agenda that the Council has set, the Leader has expressed his intent to increase the size of his Cabinet to 9 Members (including himself as Leader). This is to provide specific leads to support the growing environmental / climate change agenda and the economic development / growth agenda. These two new portfolios are generating considerable additional workloads and are of growing local and national importance.
- 4.11** In October 2019 the Council endorsed the 'Carbon Neutral Cheltenham – Leadership through Stewardship' report and roadmap. This commitment and roadmap will generate considerable additional workload. The importance of and focus on this agenda continues to grow and it is therefore important that a dedicated portfolio and cabinet lead is created.
- 4.12** In July 2018 the Council made a commitment to support the development of the West Cheltenham strategic allocation for the growth of the cyber industry and deliver housing. In June 2019, Homes England awarded Garden Community status for the 'Cyber Central Garden Community'. In August 2019, the Council announced that it had purchased two strategically important parcels of land covering 112 acres of land. Our corporate plan objective of making Cheltenham the cyber capital of the UK requires considerable resource and focus. This also links closely to the wider growth agenda and the important role Cheltenham has in the delivery of Gloucestershire's Local Industrial Strategy.
- 4.13** Cheltenham's Place Strategy sets out a vision for this to be a place where everyone thrives. Growing the economy and delivery of housing are important objectives. The West Cheltenham (Cyber Central) allocation will play a significant role in delivery of high value jobs and housing. With the recent announcement of Cheltenham (as part of Gloucestershire) being included in the Western Gateway, there is a need to have a greater dedicated focus on growth and economic development and once again, it is therefore important that a dedicated portfolio and cabinet lead is created.
- 4.14** The list of proposals for growth, including one off initiatives, is included in Appendix 4.
- 4.15** The investments the Council is making in the borough is underpinned by strong resident satisfaction that show overall 84% of Cheltenham residents are satisfied with their local area as a

place to live. This score is higher than the Local Government Association (LGA) benchmark (80%).

5. Treasury Management

- 5.1 Appendix 2 summarises the budget estimates for interest and investment income activity. Security of capital remains the Council's main investment objective.
- 5.2 Investment interest rates will probably remain very low in the medium term until there is more economic certainty following Brexit. Returns from traditional fixed term cash deposits are minimal so growth has been achieved through alternative investment sources such as investment in property assets and multi-asset funds which include exposure to the bond and equity markets.

6. Reserves

- 6.1 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to comment upon "the robustness of the estimates and the adequacy of the reserves for which the budget provides". This review forms part of the formal budget setting report to be presented to Council in February 2020. A projection of the level of reserves to be held at 31st March 2020 and 31st March 2021 respectively is detailed in Appendix 5.
- 6.2 The Cabinet is proactive in strengthening reserves when appropriate and necessary through the use of underspends and one-off income. It is therefore recommended that any future underspends or fortuitous windfalls are earmarked for transfer to either general balances or the budget strategy (support) reserve.

7. Capital Programme

- 7.1 The interim capital programme for the period 2019/20 to 2022/23 is set out at Appendix 6.
- 7.2 The strategy for the use of the council's capital resources is led by our corporate priorities. The existing programme includes sums for infrastructure investment to be funded from capital receipts and the purchase of new vehicles through Ubico. It also includes the allocations agreed by the Council to provide an earmarked contribution to public realm works within the Town Centre.
- 7.3 In addition the capital programme sets aside an allocation for enhancing our property portfolio with the aims of delivering economic growth and regeneration.

8. Property Maintenance Programme

- 8.1 The interim budget proposals include the 2020/21 property maintenance programme, which has been reviewed by the Asset Management Working Group, and the budget includes a revenue contribution of £470k to planned maintenance, as detailed in Appendix 7.

9. Reasons for recommendations

- 9.1 As outlined in the report.

10. Alternative options considered

- 10.1 The Cabinet has considered many alternatives in arriving at the interim budget proposals.

Opposition groups will be able to suggest alternative budget proposals for consideration by Council in February 2020.

11. Consultation and feedback

- 11.1** The formal budget consultation on the detailed interim budget proposals will be over the period 18th December 2019 to 20th January 2020. The Cabinet will seek to ensure that the opportunity to have input into the budget consultation process is publicised to the widest possible audience. During the consultation period, interested parties including businesses, tenants, residents, staff and trade unions will be encouraged to comment on the initial budget proposals. They will be asked to identify, as far as possible, how alternative proposals complement the Council's Business Plan and Community Plan and how they can be financed. The Overview and Scrutiny Committee will be invited to review the interim budget proposals in the meetings scheduled for January 2020 and any comments will be fed back to the Cabinet.
- 11.2** Whilst the Cabinet will be as flexible as possible, it is unlikely that any comments received after the consultation period can be properly assessed to allow consideration of their full implications and to enable them to be built into the budget.
- 11.3** All comments relating to the initial budget proposals should be returned to the Executive Director Finance and Assets (Section 151 Officer) by the end of the consultation period for consideration by the Cabinet in preparing their final budget proposals. Comments can be e-mailed to [moneymatters@cheltenham.gov.uk](mailto:money matters@cheltenham.gov.uk).
- 11.4** It is important that any political group wishing to make alternative budget proposals should discuss them, in confidence, with the Executive Director Finance and Assets (preferably channelled through one Group representative) to ensure that the purpose, output and source of funding of any proposed change is captured.
- 11.5** Given the financial pressures and the potentially very difficult decisions which will have to be made, it is important that there is time for members to carefully consider and evaluate any alternative budget proposals. Political groups wishing to put forward alternative proposals are not obliged to circulate them in advance of the budget-setting meeting, but in the interests of sound and lawful decision-making, it would be more effective to do so, particularly given that they may have implications for staff.

12. Performance management – monitoring and review

- 12.1** The scale of budget savings will require significant work to deliver them within the agreed timescales and there is a danger that this could divert management time from the delivery of services to the delivery of savings. There are regular progress meetings to monitor the delivery of savings and this will need to be matched with performance against the corporate strategy action plan to ensure that resources are used to best effect and prioritised. It is intended that this will be evidenced further in the publication of the MTFS in February 2020.
- 12.2** The delivery of the savings work streams included in the interim budget proposals, if approved by full Council will be monitored by the Budget Scrutiny Working Group.

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Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Summary net budget requirement 3. Budget Strategy 4. Growth 5. Projection of reserves 6. Capital programme 7. Programmed Maintenance programme
Background information	<ol style="list-style-type: none"> 1. Budget Strategy and Process 2020/21 report to Cabinet 8th October 2019.

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible Officer	Transferred to risk register
CR3	If the Council is unable to come up with long term solutions which close the gap in the medium term financial strategy then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision.	Cabinet	01/09/2010	5	3	15	Reduce	The budget strategy projection includes 'targets' for work streams to close the funding gap which aligns with the council's corporate priorities.	Ongoing	ED Finance and Assets	01/09/2010
CR105	If the Budget Strategy (Support) Reserve is not suitably resourced insufficient reserves will be available to cover anticipated future deficits resulting in the use of General Balances which will consequently fall below the minimum required level as recommended by the Chief Finance Officer in the council's Medium Term Financial Strategy	ED Finance and Assets	01/04/2016	4	3	12	Reduce	The MTFS is clear about the need to enhance reserves and identifies a required reserves strategy for managing this issue. In preparing the budget for 2019/20 and in ongoing budget monitoring, consideration will continue to be given to the use of fortuitous windfalls and potential future under spends with a view to strengthening reserves whenever possible.	Ongoing	ED Finance and Assets	
1.02	If income streams from the introduction of the business rates retention scheme in April 2013 are impacted by the loss of major business and	ED Finance and Assets	14/09/12	4	3	12	Accept & Monitor	The Council joined the Gloucestershire pool to share the risk of fluctuations in business rates revenues retained by	Ongoing	ED Finance and Assets	

	the constrained ability to grow the business rates in the town then the MTFS budget gap may increase.							the Council. The Gloucestershire S151 Officers continue to monitor business rates income projections and the performance and membership of the pool / pilot. Work with members and Gloucestershire LEP to ensure Cheltenham grows its business rate base.			
1.03	If the robustness of the income proposals is not sound then there is a risk that the income identified within the budget will not materialise during the course of the year.	ED Finance and Assets	15/12/10	3	3	9	Reduce	Robust forecasting is applied in preparing budget targets taking into account previous income targets, collection rates and prevailing economic conditions. Professional judgement is used in the setting / delivery of income targets. Greater focus on cost control and income generation will be prioritised to mitigate the risk of income fluctuations.	Ongoing	ED Finance and Assets	
1.07	If the assumptions around government support, business rates income, impact of changes to council tax discounts prove to be	ED Finance and Assets	13/12/10	5	3	15	Reduce	Work with Publica and county wide CFO's to monitor changes to local government financing regime including responding	Ongoing	ED Finance and Assets	

	incorrect, then there is likely to be increased volatility around future funding streams.							to government consultation on changes Business Rates and the Fair Funding review. The assumptions regarding government support have been mitigated to a certain extent by the acceptance of a multi-year settlement agreement.			
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