

Each budget over the last 10 years has been a challenge as we have seen our central government funding reduce by 6.8 million. There is no point in bemoaning what you cannot change as I have said before, what we can and have done is rise to the challenges, this Council has an excellent track record in delivering pioneering solutions to the budget pressures faced.

Over the same 10 year period, the Council has delivered savings and additional income in excess of £9.6m – this is broken down as £2.916m from staff reorganisation and service reviews; £3.378m through the creation of innovative shared services with other local authorities and the creation of alternative delivery models such as Ubico and the Cheltenham Trust; and £3.669m from additional income generation and effective asset management.

All was going well with our budget monitoring position then along came a unique challenge which requires a unique response. Covid-19 has tested Cheltenham's communities, economy and way of life in a way that has not been seen since the Second World War. Our Borough has lost loved ones, business has been disrupted and we have all had to re-learn a new existence that tries to retain our human connections while being apart. We have been humbled by the dedicated and caring values shown by all to support and shield those who need help and we are proud to witness the strength and resilience of our town in the face of this challenge. Overcoming Covid-19 involves more than finding a medical cure, we must also focus on how we can rebuild our economy and communities to be stronger than before. Nevertheless, the challenge of this global pandemic requires a response that is more innovative and ambitious than we might have thought previously possible.

So a bit of context. Despite the significant input from Central Government to cover some of the additional expenditure and lost income we are still facing a budget deficit in this financial year of £1.831m. That is more than 12% of our net budget! This could be replicated in future years as we wait for the economy to recover and adapt to some of the changes that have been imbedded such as home working, all of which impacts on our income base. Section 3 of this report documents in detail where and why these have happened and I do not propose to go through them in detail now.

In determining the strategy for us and working closely with our Section 151 Officer, I have recommended ruling out 3 other options as follows:

We could blow a great proportion of our reserves to balance the books but that leaves us exposed in future years as no-one really knows how long the recovery process will take. Members would need to make extremely difficult choices in terms of what services would be provided in future years to enable the Council to replenish its reserves and for that reason, this is not an option I could support we have successfully come through the years of austerity with no cuts to services.

We heard only last week that a London Borough found itself in the situation whereby it had to issue a Section 114 notice. Our Section 151 Officer could issue a Section 114 Notice which would effectively put a stop to all expenditure on discretionary services, the very services that make Cheltenham what it is. This would damage future plans for growth, reduce employment, job creation and leave the spaces and places of Cheltenham in an increasingly deteriorating state. Once again not an option I would wish this Council to fall in.

We could go cap in hand to the Government but this is unlikely to come in the form of additional grant. It is likely to come with various conditions and effectively take the control away from us in determining our own future so once again not an option I wish to pursue at this moment in time.

So that leaves us with the strategy that is being proposed. Clever in so many ways yet simple to implement! As I have mentioned many times, we have a significant asset portfolio valued at in excess of

£0.5Bn, and that, fundamentally, is why Cheltenham is so unique compared to many of our neighbouring authorities.

The capital strategy approved by council annually & the investment property portfolio have clear aims and objectives as set out at 4.22, bearing that in mind, the immediate focus has been on those assets held in our portfolio that are deemed surplus to operational requirements and are currently low yielding in terms of delivering a return to our residents.

They are, however, strategically placed to drive economic activity and the creation of jobs to deliver much needed housing and commercial opportunities for the wider benefit of the whole town and its communities, these have the potential to realise capital receipts in excess of 4 million pounds, it is important to say at this point that what I am asking of council today is to NOTE the potential disposal as there would of course need to be all of the normal due diligence and consultation done before cabinet would accept any decision.

The strategy, utilising existing legislation, allows us to utilise capital funds to replenish revenue and the best way I can articulate this is to steal from Paul Jones explanation at the recent staff briefing which I was at and thought what a simple way to explain that makes it relevant !

Many of us will have a mortgage, paying monthly repayments through our monthly pay. If you are fortunate enough to be able to generate a capital sum say from the sale of another asset, you are permitted to make a lump sum repayment against your mortgage, thus reducing future repayments. In layman's terms this is what we are proposing.

So the result of this strategy means we will be able to release £1.7m to fund this years budget and ensure it is balanced without the need for any further cuts in services.

It provides a further £1.7m to act as a cushion for next year whilst we await some of our income streams to recover and it provides a further £1.4m in 2022/23 to provide additional resilience. That is almost £5m over the next 3 years to ensure the financial sustainability of this Council.

It is imperative that we ensure there is stability for our whole town over the following two years , we cannot rely upon central government to financially support us as we know not when, how or if they will, that said we are thankful for the support we have received to date, what our Town deserves right now is strong and clear leadership that is not afraid to propose and make difficult decisions, the Cabinet accepts that some of the proposals may not be universally supported by some members and some individuals and groups in our communities but that they are put forward for the benefit of the whole Borough and to ensure the ongoing viability of the Council and the delivery of its priorities.

The proposals before you today also provides a further £1.5m to realise our ambition to make Cheltenham the cyber capital of the UK through the Golden Valley Development through the use of Section 106 monies and the adoption of a flexible use of capital receipts strategy as detailed in Appendix 4.

It also ensures we can continue with our major house building investment of £100 million, the work of the economic recovery taskforce to support our business's, ensuring that our communities are strengthened and empowered, working together with our partners tackling the Environmental climate challenge.

Our housing revenue account also puts forward a revised budget forecast for members consideration today.

The forecast revenue position after the first six months of 2020/21 shows a negative variance of £149,000 from budget, reducing the operating surplus for the year to £1,201,000 (previously £1,350,000). The significant revenue variations can be seen in the report at 8.1, Cheltenham Borough Homes have been

affected mainly by lockdown restrictions causing delays. Their capital programme has also been significantly delayed as members can see at 8.2 of the report.

It is customary for me to present the budget strategy for the following financial year at this time of year and the report details this in sections 6 and 7.

Mayor lastly I would like to give my sincere thanks to Paul Jones in particular for the very detailed report he has given us my thanks go also to each and every member of this authority and its partners for their involvement.

We have the people, ambition and skills to ensure we are best placed to recover from Covid and it is the coming together of everyones efforts over the last 9 months that has enabled this.

Happy to take any questions and as we are accustomed to now relevant cabinet members will answer questions around their own portfolios.