

Council

Wednesday, 29th July, 2020
4.00 - 5.25 pm

Attendees	
Councillors:	Roger Whyborn (Chair), Sandra Holliday (Vice-Chair), Victoria Atherstone, Matt Babbage, Dilys Barrell, Angie Boyes, Nigel Britter, Jonny Brownsteen, Chris Coleman, Stephen Cooke, Iain Dobie, Bernard Fisher, Wendy Flynn, Tim Harman, Steve Harvey, Karl Hoble, Steve Jordan, Paul McCloskey, Andrew McKinlay, Tony Oliver, Dennis Parsons, John Payne, Louis Savage, Diggory Seacome, Malcolm Stennett, Jo Stafford, Max Wilkinson, Suzanne Williams and David Willingham

Minutes

- 1. APOLOGIES**
Apologies were received from Councillors Baker, Barnes, Clucas, Hay, Hegenbarth, Horwood, Jeffries, Mason and Sudbury.
- 2. DECLARATIONS OF INTEREST**
There were no declarations of interest.
- 3. MINUTES OF THE LAST MEETING**
The minutes of the meeting held on 20th July 2020 would be considered at the next meeting of Council.
- 4. COMMUNICATIONS BY THE MAYOR**
The Mayor confirmed that there were very few ceremonial civic events at the moment, although there were a couple of socially distanced appointments in the diary. He reported that the Mayor's food bank had donated £2500 to the scheme due to launch on 1st August to ensure that children who normally have free school meals would receive a hot meal over the summer holidays. The fund also made donations to assist people who were previously homeless buy hardware goods for their new accommodation.
- 5. COMMUNICATIONS BY THE LEADER OF THE COUNCIL**
The Leader recognised all the efforts by staff involved in the holiday food scheme, and reiterated his thanks to all officers for all the efforts that they had made and continued to make. He added that Councillor Wendy Flynn would be joining the Licensing Committee.
- 6. TO RECEIVE PETITIONS**
There were none.
- 7. PUBLIC QUESTIONS**
There were no public questions.

8. MEMBER QUESTIONS

1.	Question from Councillor Matt Babbage to Cabinet Member Finance, Councillor Rowena Hay																																																										
	Please could you provide an updated summary of the council's investment property portfolio, including breakdown by property type and industry/commercial sector.																																																										
	Response from Cabinet Member																																																										
	<p>Thank you for your very appropriate questions during this time which formed part of a useful discussion at the Audit, Compliance and Governance Committee last week.</p> <p>I trust that the responses will help reduce any concerns Members may have but as I am sure everyone is aware, these are very uncertain times.</p> <p>Here is the breakdown of our 'investment' portfolio:</p> <p>General Fund</p> <table border="1"> <thead> <tr> <th style="background-color: #ffff00;">Address</th> <th style="background-color: #ffff00;">Property type</th> <th style="background-color: #ffff00;">Further simplification of pro</th> </tr> </thead> <tbody> <tr> <td>75 Priors Road</td> <td>Takeaway/ restaurant</td> <td>Food and beverage</td> </tr> <tr> <td>77 Priors Road</td> <td>Takeaway</td> <td>Food and beverage</td> </tr> <tr> <td>79 Priors Road</td> <td>Hair dressers</td> <td>Retail</td> </tr> <tr> <td>Regent Arcade - CBC Lease (Freehold - Land)</td> <td>Retail (Leasehold)</td> <td>Leasehold</td> </tr> <tr> <td>Cheltenham Enterprise Centre (multi let units)</td> <td>Industrial Park</td> <td>Industrial Park</td> </tr> <tr> <td>211 High Street</td> <td>Retail</td> <td>Retail</td> </tr> <tr> <td>Sainsbury's, Prior Road</td> <td>Supermarket</td> <td>Retail</td> </tr> <tr> <td>53-57 Rodney Road (multi let unit)</td> <td>Office</td> <td>Office</td> </tr> <tr> <td>Ellenborough House (multi let units)</td> <td>Office</td> <td>Office</td> </tr> <tr> <td>Delta Place aka 127 Bath Road</td> <td>Office</td> <td>Office</td> </tr> </tbody> </table> <p>Overview of the General Fund Investment portfolio: 2 Food and Beverage, 3 Retail, 1 Leasehold, 1 Industrial Park (this comprises 4 occupied units, and a further 3 units are nearing completion), and 3 offices.</p> <p>Investment HRA</p> <table border="1"> <thead> <tr> <th style="background-color: #ff8c00;">Address</th> <th style="background-color: #ff8c00;">Property type</th> <th style="background-color: #ff8c00;">Further simplification of pro</th> </tr> </thead> <tbody> <tr> <td>1 Rowanfield Exchange</td> <td>Dry Cleaners</td> <td>Retail</td> </tr> <tr> <td>6 Rowanfield Exchange</td> <td>Betting Shop</td> <td>Retail</td> </tr> <tr> <td>11 Rowanfield Exchange</td> <td>Cash for clothes</td> <td>Retail</td> </tr> <tr> <td>12 Rowanfield Exchange</td> <td>Community use</td> <td>Community use</td> </tr> <tr> <td>18/19 Rowanfield Exchange</td> <td>Supermarket</td> <td>Retail</td> </tr> <tr> <td>24 Rowanfield Exchange</td> <td>Takeaway</td> <td>Food and beverage</td> </tr> <tr> <td>52 Windermere Road</td> <td>Pharmacy</td> <td>Retail</td> </tr> </tbody> </table>		Address	Property type	Further simplification of pro	75 Priors Road	Takeaway/ restaurant	Food and beverage	77 Priors Road	Takeaway	Food and beverage	79 Priors Road	Hair dressers	Retail	Regent Arcade - CBC Lease (Freehold - Land)	Retail (Leasehold)	Leasehold	Cheltenham Enterprise Centre (multi let units)	Industrial Park	Industrial Park	211 High Street	Retail	Retail	Sainsbury's, Prior Road	Supermarket	Retail	53-57 Rodney Road (multi let unit)	Office	Office	Ellenborough House (multi let units)	Office	Office	Delta Place aka 127 Bath Road	Office	Office	Address	Property type	Further simplification of pro	1 Rowanfield Exchange	Dry Cleaners	Retail	6 Rowanfield Exchange	Betting Shop	Retail	11 Rowanfield Exchange	Cash for clothes	Retail	12 Rowanfield Exchange	Community use	Community use	18/19 Rowanfield Exchange	Supermarket	Retail	24 Rowanfield Exchange	Takeaway	Food and beverage	52 Windermere Road	Pharmacy	Retail
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	94 Tewkesbury Road	Takeaway	Food and beverage
	95 Tewkesbury Road	Off Licence	Retail
	96/97 Tewkesbury Road	Betting Shop	Retail
	8 & 10 Hesters Way Road	Supermarket	Retail
	16-18 Hesters Way Road	Community use	Community use
	3/4/5 Lynworth Exchange	Supermarket	Retail
	19 Lynworth Exchange	Beauty Salon	Retail
	20 Lynworth Exchange	Takeaway	Food and beverage
	21 Lynworth Exchange	Hair dressers	Retail
	34 Grasmere Road, Hatherley	Takeaway	Food and beverage
	35 Grasmere Road, Hatherley	Dental surgery	Health Service
	266 High Street	Tanning salon	Retail
	272/282 High Street (freehold land)	Retail	Retail
	<p>Overview of the HRA investment portfolio: 4 Food and Beverage, 14 Retail, 2 Community Use, and 1 Health Service.</p> <p>HRA properties are mainly small units forming parts of parades in the heart of residential areas (not town centre). Town Centre units are considered prime retail, town centre fringes are considered to be secondary units, therefore these units would be considered as tertiary units.</p> <p>What is evident from even a quick glance is that we have an extremely <u>diverse</u> investment portfolio.</p>		
2.	Question from Councillor Matt Babbage to the Cabinet Member Finance, Councillor Rowena Hay		
	What assessment has been made of the risks to and valuations of the council's investment property portfolio?		
	Response from Cabinet Member		
	<p>The Councils surveyors who are responsible for the Asset Valuations and act on behalf of the Council as Portfolio advisors have been working very closely with the finance team in regards to the reporting of Asset Valuations in light of COVID 19. We have been in communication and have been following guidance issued by both CIPFA (Chartered Institute of Public Finance) and the RICS (Royal Institution of Chartered Surveyors) in terms of reporting and tracking risks to the values of the Councils investment portfolio. It is generally accepted that we are currently in a period of 'Valuation Uncertainty' and until markets start to act more normally, this will remain the case in the short term. Values are linked to income, so in order to assess the risk we continue to track and monitor incomes, not just within our portfolio but in the Cheltenham's commercial market place.</p> <p>We are acutely aware of the positions of other Councils and some of the difficulties they are being faced with, but we are <u>not</u> in the same boat as many Councils. The surveyors</p>		

within the team have been in constant touch with local Agents in the Cheltenham commercial market place and tracking, as much as possible fluctuations and changes. For example one Agent reported that some of his Landlords were receiving less than 10% of their retail rental income in June 2020. Another agent reported that the majority of their Landlords with commercial portfolios were lucky to receive rents at greater volume than 30% of their normal income, during April, May and June 2020. All agents agree that Industrial is the strongest commercial market and is continuing to show signs of growth and secure income streams throughout the COVID shutdown and continues to do so. All agents have seen an increase in Landlords seeking advice in terms of disposals and redevelopment of typical commercial (mainly prime retail) premises. The residential market remains strong and the Agents assume that many retail (and possibly some office) buildings will look to convert to mixed use, to protect the Landlords investment value.

Traditionally in retail markets Primary Retail Units have been considered the most desirable in terms of locality and income. Post COVID lockdown it is generally recognised that this may no longer be the case, and the most secure retail units in terms of income generation and value will be the tertiary units. As flagged in the answer to question one, the majority of the HRA investment portfolio is tertiary retail units. In fact the Council only really has one unit that could be considered as a Primary Retail Unit.

The Office market is the least certain in terms of which way it is heading. There are still new leases being completed in terms of our own portfolio and in the market place, but enquiries have slowed and generally vacant office space is being considered more difficult to let. What is clear is that this market place may take a little longer to settle whilst companies and teams start to settle into a new norm.

So how does all this relate to Cheltenham Borough Council? Our investment income during COVID has dropped by about ¼, however the majority of this will still be paid to the Council at a later date as the rent has only been deferred not gifted. The completion of the units at Enterprise Way has been delayed by COVID and therefore the additional income stream that was due to be generated from these units will commence from 1st February 2021 by way of an agreed pre-let. This will result in a 'new income stream'. What all of this tells us in relation to the Asset Valuations is that any impact to the value to the Assets should not be greater than 20% decrease (as the Assets currently not paying rent will resume), more likely around 10%, this is much, much better than for other Councils and the Cheltenham market place. We continue to actively engage with our own tenants and monitor for signs of risk to our income streams and actively work with our tenants to help to limit risk. We have a fairly robust portfolio and its diverse nature has help shield us somewhat to the more common market trends. We are actively seeking more income generating opportunities by exploring various options that move away from traditional market norms and this will also help secure and hopefully stabilise our portfolio in terms of its value. The values of our Investment Portfolio (indeed our entire portfolio) are under constant review and we continue to track the market and market trends for signs of danger and risk, to try to ensure we remain on the front foot, when the market place is more certain, reporting will be more conclusive and values less uncertain.

9. FINANCIAL OUTTURN 2019/2020 AND BUDGET MONITORING REPORT APRIL-JUNE 2020

The Leader introduced this item in the absence of the Cabinet Member Finance. He praised the significant work undertaken by the finance team and in particular

the Executive Director Finance and Assets, in a difficult and unprecedented situation. He also thanked the Cabinet Member for her contributions.

He outlined the financial impact of the Covid-19 crisis, noting that in normal times, the council would be able to declare a surplus around this time. By the end of March 2020, however, £72,000 of extra Covid-related costs had already been accrued, on top of some £400,000 in lost income, mostly from car parking. Initial government support was meagre (around £50,000), due to how the first tranche of support was mostly aimed at authorities with social care responsibilities. In that context, he suggested that being able to declare an overspend of only £47,000 was remarkable. He added that there were a number of carry forward requests, as was to be expected.

He praised how the Golden Valley Cyber Central project had been able to continue during the pandemic. A number of groups were bidding to become the project's development partner, and this had been whittled down to six at the time of the meeting. He welcomed the fact that the council's key affordable housing projects were up and running, and thanked Cheltenham Borough Homes for their significant efforts in that respect.

The Leader acknowledged that after the end of March, the situation had changed dramatically. The current forecast was for a total loss of income of £3.5m, as well as extra costs of £1.7m. He added that the total government support received as of the end of June was £1.2m, and noted the gap between these figures.

He noted that CBC received £173,000 out of the government's latest £500m support package to local government, and that the government had also pledged to underwrite 75% of local authorities' losses. The situation was less clear when trusts were involved, for example in the question of leisure centres. Future announcements were expected from central government to clarify this. He reported that Cabinet had endorsed the report for Council approval on the 28th July.

One Member thanked finance officers for their work in a difficult time, and stressed the importance of central government's pledge to underwrite local authorities' losses. He was hopeful that the Chancellor's forthcoming Autumn Statement would offer further support to local government. He also praised the Holiday Hunger Fund, and placed on record his hope that this support would continue during the winter. The Leader of the Council responded that the Autumn Statement would be of considerable importance, and he hoped that CBC could 'phase' some of its losses over the next few years, although the size of these losses was not yet clear. The budget was likely to be reviewed towards the end of September, although they were still waiting on key aspects of government advice.

The Chair of the Budget Scrutiny Working Group added his support for the report, and asked whether an emergency budget could be required later in the year. He also asked about the situation with the council's partner organisations, and how wide-ranging the reassessment of its property assets was likely to be. The Leader of the Council responded that Cabinet Members were in regular dialogue with partners, and that the Trust, for example, had given an in-depth briefing to Overview & Scrutiny Committee about its financial situation. The

Executive Director Finance and Assets added that an emergency budget was not presently required this financial year, partly due to the commitments and promises coming from central government. With the exception of potential slippage in savings, the support received to date would cover the additional expenditure incurred by the council. Although he did not expect an emergency budget to be required, difficult decisions would likely need to be made, and the council had identified £2.5m of its own resources that could be applied if necessary to cover lost income. In terms of reassessing property assets, the request of the property team was to produce a long list of options by the end of August, which could then be considered by Cabinet and by Members at their briefings.

The Executive Director Finance and Assets noted that particular sectors had been hit especially hard by Covid-19 (leisure, hospitality etc.) and a full year business rates holiday had been implemented to support them, the financial impact of which would be mostly felt next year. Council tax was also a key consideration, with many people likely being unable to pay it due to financial hardship, and deferred payment plans being made available to help them out.

The Leader of the Council thanked Members for their contributions, and thanked the Local Government Association for liaising closely with central government to represent local authorities. He added that more frequent meetings had been organised with partners to keep the council abreast of any developments.

One Member asked whether a temporary relaxation of car parking charges could encourage shoppers and alleviate the loss of income slightly. The Executive Director Finance and Assets responded that he understood the logic, but warned that this reduced income would not be covered by any government underwriting, and as such would not be advisable. The Leader of the Council added that the main reduction in car parking income had been from a fall in commuter parking, with more people working part-time or from home, rather than from shoppers. The council must take into account shifting work habits.

The Mayor moved to a vote, which was unanimous.

RESOLVED THAT

1. the financial outturn performance position for the General Fund, summarised at Appendix 2 be received, and that it be noted that whilst services have been delivered in 2019/20, there was an overspend of £47,518.56 against the approved budget which has been met from general balances (after carry forward requests);
2. the £191,552 of carry forward at Appendix 5 be noted;
3. the annual treasury management report at Appendix 7 and the actual 2019/20 prudential and treasury indicators be noted;
4. the capital programme outturn position as detailed in Appendix 8 be noted and the carry forward of unspent budgets into 2020/21 (section 7) be approved;

5. the position in respect of Section 106 agreements and partnership funding agreements at Appendix 9 (section 9) be approved;
6. the outturn position in respect of collection rates for council tax and non-domestic rates for 2019/20 in Appendix 10 (section 10) be noted;
7. the outturn position in respect of collection rates for sundry debts for 2019/20 in Appendix 11 (section 11) be noted;
8. the financial outturn performance position for the Housing Revenue Account for 2019/20 in Appendices 12 to 13 (as detailed in Section 12) be received and the carry forward, virement and reclassification of budgets in 2020/21 as set out in paragraphs 12.8 to 12.10 be approved;
9. the budget monitoring position to the end of June 2020 be noted (section 13).

10. ADOPTION OF REVISED SEXUAL ENTERTAINMENT VENUE POLICY

The Cabinet Member Development and Safety introduced the item as per the published report. He explained that the revised policy did not take a moral position on sexual entertainment as it was permitted by law. Under the 2009 Act, sexual entertainment could take place by law under certain conditions without the requirement for a licence permitting the activity.

He reported that there had been a minor change the Policy, as outlined in Section 7 of the report. This encompassed the lower end of Bath Road and the High Street, at this was a location for an SEV. There were new conditions to provide additional protection for staff. Consultation on the revised policy had taken place between November and January, with limited, but not particularly negative, feedback.

Councillor Harman proposed the following amendment:

“Council believes that there is no place within the Borough of Cheltenham in which it would be appropriate to licence a sexual entertainment venue. Therefore Council resolves to adopt a nil limit of sexual entertainment venues for the whole of Cheltenham Borough implemented through smaller relevant localities. The relevant localities would be each of the twenty wards in the Borough to ensure that the characteristics of the relevant localities are taken into account.”

In speaking to the amendment, Councillor Harman explained that the last time this was debated by Council, it was lost by only one vote. He emphasised that Members should be free to express their own views, and that action was needed to deliver equality for women. He reiterated his belief that Cheltenham should not be a venue for SEVs.

One Member stated that passing the amendment would be a political and dangerous step. While he sympathised with those opposed to the policy, it was the best practice to have a policy to regulate sexual entertainment. He suggested that national government had let local authorities down by including a loophole which allowed any premises to put on sexual entertainment once a

month. This could allow businesses to move regularly to other venues, putting more people at risk and making the town more dangerous.

In seconding the amendment, Councillor Cooke emphasised that although adults should be free to choose, the easier you make it to visit these premises, the more likely you are to have more of them.

A point of clarification was then raised by the Chair of Licensing who explained that the debate regarding changing the rules for SEV's included contributions from the police, GRASAC (Gloucestershire Rape and Sexual Abuse Centre), Chelt Fems, operators, performers and ward councillors.

Councillor Harman then summed up by stressing that the proposal was not political, and thanked Councillor Cooke for seconding the motion.

The amendment then went to a vote and was lost.

For: 3
Against: 23
Abstentions: 2

The following points were raised on the substantive motion:

- One member noted that this was the final step to complete the licensing review. Evidence was taken into account from all involved, including performers, operators, the police and local churches. The Member wanted his thanks to all involved formally minuted. There had been evidence gathering sessions involved, and the police would come straight to the council with any problems or concerns. The member added that there had been a lot of scrutiny involved in the matter, and they had never come across any performers under duress. He added that Two Pigs were happy with the proposed amendments, performers stated that they feel safe, and that there were adequate changing facilities and security. To protect young people, there would be a Challenge 25 rule on the door rather than simply under 21 – i.e. anyone who looked under 25 must provide photo ID. Exchanging of social media details would be prohibited, along with any other personal details, which would deter any accusations of illegal activity. To highlight the risks of modern slavery, coercive control and abuse information would be provided in the changing areas, readily available to all the performers. The Member stressed that this was the best they could do within the current framework.
- One member confirmed that he had visited SEV's with the licensing team and had generally been very impressed with them. He offered his praise to the licensing committee and licensing department for all their continual hard work, emphasising that if venues are permitted in the town, it is far better to be involved and have them properly regulated.
- Another Member who sat on the Licensing Committee and was involved in the working group wished to comment that the performers felt very well looked after and made it clear that they preferred it if premises were

licensed. They also wished to praise the Licensing team for all their hard work on this matter.

The Cabinet Member Development and Safety summed up by stating that other Members had supported the case well. He confirmed that there was no real demand for SEVs outside of race week, but if the policy was not adopted then there would be no control and no proper regulation. He acknowledged that it was an emotive topic, but stressed that this was the pragmatic approach, and recommended that the Council support it.

RESOLVED THAT

1. the consultation feedback be noted;
2. **the revised policy document attached at Appendix 5 be approved.**

For: 22

Against: 0

Abstentions: 6

11. NOTICES OF MOTION

There were none.

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

There were none.

Roger Whyborn
Chairman

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