

Council

Friday, 8th February, 2013
2.30 pm - tbc

Attendees	
Councillors:	Colin Hay (Chair), Wendy Flynn (Vice-Chair), Andrew Chard, Garth Barnes, Ian Bickerton, Nigel Britter, Chris Coleman, Barbara Driver, Bernard Fisher, Jacky Fletcher, Rob Garnham, Les Godwin, Penny Hall, Tim Harman, Rowena Hay, Peter Jeffries, Steve Jordan, Paul Massey, Helena McCloskey, Andrew McKinlay, Paul McLain, David Prince, John Rawson, Anne Regan, Rob Reid, Diggory Seacome, Duncan Smith, Malcolm Stennett, Charles Stewart, Klara Sudbury, Pat Thornton, Jon Walklett, Andrew Wall, Simon Wheeler, Roger Whyborn and Suzanne Williams

Minutes

1. A MOMENT OF REFLECTION

Reverend Robert Pastelli invited members to take a moment of reflection.

2. APOLOGIES

Councillors Lansley, Holliday, Teakle and Hibbert had given their apologies.

3. DECLARATIONS OF INTEREST

Councillor C. Hay declared a disclosable pecuniary interest in agenda items 11 (Final Housing Revenue Account Revised Budget 2013/14) and 17 (Cheltenham Borough Homes Development Options) as a CBH Board Member.

Councillor Smith declared a disclosable pecuniary interest in agenda items 11 (Final Housing Revenue Account Revised Budget 2013/14) and 17 (Cheltenham Borough Homes Development Options) as a CBH Board Member.

Councillor Driver declared a disclosable pecuniary interest in agenda items 11 (Final Housing Revenue Account Revised Budget 2013/14) and 17 (Cheltenham Borough Homes Development Options) as a CBH Board Member.

Councillor Williams declared a disclosable pecuniary interest in agenda items 11 (Final Housing Revenue Account Revised Budget 2013/14) and 17 (Cheltenham Borough Homes Development Options) as a CBH Board Member.

Councillor Flynn declared a personal interest in agenda items 11 (Final Housing Revenue Account Revised Budget 2013/14) and 17 (Cheltenham Borough Homes Development Options) as a tenant of CBH.

4. MINUTES OF THE LAST MEETING

The minutes of the last meeting had been circulated with the agenda.

Upon a vote it was unanimously

RESOLVED that the minutes of the meeting held on the 17 December 2012 be agreed and signed as an accurate record.

5. COMMUNICATIONS BY THE MAYOR

The Mayor referenced a communication from the Cabinet Office regarding the Honours system in which they considered Gloucestershire as being underrepresented. He explained that they were particularly interested in younger candidates and whilst the process could be a long one, of up to 18 months, help and support was available and members should contact the Chief Executives office for more information.

The Jubilee book had now been published and was available to buy from Hannah Wright or the Tourist Information Centre for only £5.

He explained that staff, were today taking part in a dress down day in aid of Age UK's 'Bobble Day'. 'Bobble Day' aimed to make winter a better season for older people and Councillor Harman would be collecting donations from members if they wished to donate.

6. COMMUNICATIONS BY THE LEADER OF THE COUNCIL

The Leader explained that a number of the reports being considered by Council today had previously been to Cabinet and he had therefore considered it prudent to circulate a sheet which summarised what was being asked of Council.

He referenced the recent suspension of waste collections and confirmed that the matter would be reviewed by the Cabinet Member Waste Group which would be meeting later in the month.

7. PUBLIC QUESTIONS

No public questions had been received.

8. MEMBER QUESTIONS

The following responses were given to the eight member questions received;

1.	Question from Councillor Chard to the Leader of the Council
	Further to my question at the last meeting of the Council, can the Leader of the Council confirm that he has received representations from Leckhampton with Warden Hill Parish Council addressed to the Highways Agency on the subject of proposed changes to the Air Balloon Roundabout, does he agree with them and, if so, will he be making similar representations to the relevant transport ministers Norman Baker MP and Stephen Hammond MP on behalf of the Borough Council?
	Response from the Leader of the Council, Councillor Jordan
	I have received a copy of the letter referred to and share many of the concerns expressed. As Cllr Chard will be aware a motion on this issue, proposed by Cllr McKinlay, will be debated later in this meeting. I hope the whole council will support it and I will be happy to ensure the Highways Agency and anyone else relevant is aware of it.
2.	Question from Councillor Garnham to the Leader of the Council

	<p>The Leader of the Liberal Democrats in the Cotswold called the decision to cancel waste collection after the recent snowfall as “crazy”. Cheltenham’s MP has also said, “I think they were just bad decisions. Councillors should read the riot act to Ubico's senior management, get them to prioritise clearing the backlog and make sure this kind of thing never happens again.” Can the Leader please tell us if he has indeed read the Riot Act to Ubico and what action he has taken to ensure this situation does not happen again?</p>
	<p>Response from the Leader of the Council, Councillor Jordan</p> <p>The Riot Act was repealed in 1967 so would not be appropriate.</p> <p>Understandably any suspension of the collection service causes concern. The cabinet member's working group will review how everything operated during the bad weather and what improvements can be made for when similar conditions occur.</p> <p>Councillor Garnham accepted that the Cabinet Member working group had been convened to review the issue but in a supplementary question he queried what measures were in place for informing the public if the snow that was being forecast on Sunday caused similar disruption.</p> <p>The Leader would not attempt to forecast the weather but assured members that communications would be made as appropriate.</p>
3.	<p>Question from Councillor Driver to Cabinet Member Sustainability</p> <p>All Cheltenham Borough Council’s staff do a fantastic job, especially in these days of challenging resources and a council reducing in size. They can only work with the resources they are given and operate in accordance with the policies that Council has set. It is important therefore that all staff are treated with the utmost respect and when the public call for answers, as happened with the recent refuse collection service problem, it should be politicians who appear in the press and on TV. Can the Cabinet Member please explain why his appearance was sadly lacking and it took days of Ubico staff being put in the media spotlight before he came out of his hiding place and began to answer questions?</p>
	<p>Response from Cabinet Member Sustainability, Councillor Whyborn</p> <p>When the council receives a media enquiry the communications team will liaise with relevant officers and cabinet members as to who is available and who is the most appropriate person to respond given the lines of enquiry and the issue at hand. This practice was followed during the recent disruption to the refuse and recycling service which is why on occasion officers were interviewed by the press. I did two television interviews, one radio interview, and answered several calls from the Echo.</p> <p>In a supplementary question Councillor Driver asked whether the Cabinet Member would agree that he was hiding behind Officers.</p> <p>The Cabinet Member entirely disagreed with this suggestion and felt he had already answered the question.</p>
4.	<p>Question from Councillor Garnham to Cabinet Member Sustainability</p> <p>Gloucestershire County Council’s recycling targets are 60% by 2020 and</p>

	70% by 2030. The local MP Martin Horwood has described Cheltenham's target of 60% as unambitious. Can the Cabinet Member please tell us the administration's target for recycling in Cheltenham, for each year to 2030 and how will it achieve each increase?
	Response from Cabinet Member Sustainability, Councillor Whyborn
	<p>Cheltenham Borough Council (CBC) does not have corporate waste targets set beyond 2014/15, because CBC is a member of the Gloucestershire Waste Partnership, and signed up to the Joint Municipal Waste Management Strategy (JMWMS) during the previous administration in 2007. Each authority is required to set performance targets for the amounts of waste being recycled and composted, but at present these are only agreed for the next two financial years - 2013/14 & 2014/15. It is within this context that Gloucestershire County Council's recycling target is 60% by 2020 with an aspiration of 70% by 2030. Martin Horwood MP is right to describe a target of 60% as unambitious within that overall County context. However within that same overall County context, a 60% re-cycling target for an <u>urban</u> borough such as Cheltenham, and which is collecting segregated recycle, would be very ambitious indeed by the standards of today.</p> <p>It is therefore not possible to provide Cllr Garnham with the recycling performance target information for the next 17 years. As new technologies develop within the waste industry, new opportunities become available, so it would be impractical to set such defined targets for such a long period of time</p> <p>CBC introduced a service redesign in 2011, which included weekly food waste collections along with plastic bottles and card being added to the list of material accepted in the recycling collection service along with residual waste switching to a fortnightly frequency instead of weekly. As a consequence, CBC's recycling performance has had a stepped increase from 34% to 46% (in excess of a targeted 42%), and in one quarter peaking to 50%. This step increase has been commended in the industry because CBC is the fourth most improved UK authority for reduction of waste to landfill in 2011/12.</p> <p>However it is commonplace in the industry following a service redesign for the levels of recycling presented by households to drop off slightly as the new service settles, so in an attempt to build on the success of the recycling service to date, we are now appraising a business case on whether or not the authority could introduce a mixed rigid plastic recycling collection, much the same as recently introduced by Cotswold District Council in 2012. If introduced, this would further enhance the recycling services provided in Cheltenham and increase the amount of waste diverted from landfill, thus having a knock-on effect in increasing the authorities recycling performance even further.</p> <p>In a supplementary question Councillor Garnham queried how the Cabinet Member expected Gloucestershire County Council to achieve their target if CBC would not set one.</p> <p>The Cabinet Member stressed that the 70% figure was entirely aspirational and not a set target by GCC.</p>

5.	Question from Councillor Garnham to Cabinet Member Housing & Safety
	Can the Cabinet Member confirm if Martin Horwood MP has lobbied the Council to ensure adoption of his idea that all Hackney carriages in Cheltenham should be re-sprayed white?
	Response from Cabinet Member Housing & Safety, Councillor Jeffries
	<p>Mr Horwood MP has not lobbied this council, but when the Taxi Licensing policy review gets underway I would welcome any views that he has. I believe it would be irresponsible not to listen to any interested party whatever their views, comments or suggestions.</p> <p>In a supplementary question Councillor Garnham queried who had been mistaken, Mr Horwood MP or the Gloucestershire Echo.</p> <p>In response the Cabinet Member explained that he could not speak for either, he could only speak for himself or on behalf of Cabinet.</p>
6.	Question from Councillor Garnham to Cabinet Member Housing & Safety
	Can the Cabinet Member confirm that the ridiculous idea of ensuring all Hackney taxis are painted white, which at a cost of £2,000 per re-spray could mean many taxi drivers being put out of business, will not be discussed by Cheltenham Borough Council and that the idea is now dead in the water?
	Response from Cabinet Member Housing & Safety, Councillor Jeffries
	<p>This proposal can be investigated as part of the planned licensing policy review later in the year, and as always comments will be welcomed during the public consultation before any decision is taken by Cabinet and then Council.</p> <p>In my view there could be positive benefits if Cheltenham's Hackney Carriage fleet were of a uniform colour.</p> <p>A uniform colour would make licensed Hackney Carriage vehicles easily identifiable for residents and visitors to the town. This could promote public safety and raise the quality standards of the fleet.</p> <p>This would also enhance Cheltenham's street scene further, adding to the look, feel and friendly atmosphere of the town.</p> <p>Adding additional costs for the Hackney Carriage drivers during these tough economic times would be undesirable, so any proposal to adopt a uniform colour scheme should systematically be implemented, as and when licensed vehicles are replaced. This would enable Cheltenham's Hackney Carriage fleet to change naturally over a longer period of time with no additional costs for the drivers.</p>
7.	Question from Councillor Regan to the Leader of the Council
	There was a visit on 2nd April 2012 to Weihai for Educational Business links. In addition there was a visit to us by 5 Twinning town representatives to the Olympic celebrations in 2012. Business links established 2 business links out of the 28 Twinning events.

	<p>Can we be informed what is the total financial benefit to the town of these two business links? What permanent financial gain have 411 Twinning visitors provided to the town other than a good relationship and a cultural programme?</p>
	<p>Response from the Leader of the Council, Councillor Jordan</p>
	<p>In 2012, there were 28 separate twinning events that involved 411 participants with 288 visitors to Cheltenham. Many of these were for educational or cultural benefits, but 5 were identified to be of particular benefit to the local economy. In terms of forming business links, the two most significant events were:</p> <p>Visit to Weihai: This visit, which was totally self-funded by all the 14 participants, included the following people:</p> <ul style="list-style-type: none"> • The international recruitment officer for Gloucestershire College • A teacher from Cheltenham Ladies College • A travel agent, specialising in tours to more unusual places • The owner of a private language school • The Chief Executive and Mayor of Cheltenham Borough Council <p>All these people had meetings with people in Weihai with a view to developing educational and business links for the benefit of Cheltenham. For example:</p> <ul style="list-style-type: none"> • Andrew North discussed links and opportunities on behalf of the University and Chamber of Commerce, including the establishment of a Confucius Centre and a link with the Harbin Weihai University. • Gloucestershire College received 13 Weihai students to their international summer school for 2 weeks in the summer and as a result of this visit they hope the numbers will increase again this year. The cost of the 2 week summer school, including tuition and accommodation is £935 per person which creates valuable income for the College. <p>The visit was considered a success and has prompted the Cheltenham Chamber of Commerce to take on a local student who is looking to improve business opportunities with Weihai. She is currently exploring the potential for local businesses to take stands at Weihai's food and building material exhibitions in 2013.</p> <p>Olympic Torch Visit; Representatives from all of our twin towns attended the Olympic Torch relay in Cheltenham and during the final day, we held a "Business and Tourism opportunities with Cheltenham's Twin Towns" seminar. This enabled Andrew North, Michael Ratcliffe and Donna Renney to make presentations about doing business in Cheltenham and in turn each twin town made a presentation about the economic merits of their towns.</p> <p>As a result of this visit, the profile of our overseas link towns and what they have to offer was raised and many educational, cultural and business links were made.</p>

Financial benefit to the town

The two activities described above may not have resulted in immediate business co-operation or financial gain, but gives local leaders the opportunity to establish contacts and mutual links between businesses.

It is impossible to calculate exactly the permanent financial gain to the town of twinning, but we know that education, cultural and business links are being formed which can only be healthy for our local economy.

In addition, having 288 extra twinning visitors to Cheltenham helps boost the economy directly through them spending money in the shops, restaurants, hotels, bars and cultural establishments.

Thus, if every one of our 288 visitors spent just £100 in the town, the total financial benefit to the town would be nearly £30,000. Many will have spent much more and this figure does not include the economic benefit to local educational establishments such as Gloucestershire College, the University, other language schools and local host families.

In a supplementary question Councillor Regan queried whether, given the austerity being faced by the Council, it would consider outsourcing Twinning to a 'Friends of' group which had been so successful with the Art Gallery and Museum.

The Cabinet Member reminded members that this approach had been attempted some years ago and it had become clear that it wasn't going to work.

9. ADOPTION OF AMENDMENTS TO CHELTENHAM CIVIC PRIDE URBAN DESIGN FRAMEWORK TECHNICAL APPENDIX ROYAL WELL DEVELOPMENT BRIEF

The Cabinet Member Built Environment introduced what was largely a technical matter following a set of revisions to a document with which any Planning Committee members would be reasonably familiar with. Cabinet had agreed the draft revisions for consultation on the 25 September 2012, eight comments had been received (as set out at Appendix 3) and the amendments were approved by Cabinet at their meeting on the 15 January 2013.

There had been nine specific wording changes which covered three main areas; (A) the type of uses deemed to be acceptable; (B) the role of the Municipal Offices Heritage Assessment September 2010 in the design and decision-making process; and (C) the nature of bus interchange provision and the work emerging from the Local Sustainable Transport Fund. B and C aimed at bringing the document up to date and A addressed an inconsistency between the Brief and the SPD in the description of acceptable uses, the wording was less prescriptive, suggesting what might be acceptable and offering more flexibility in line with the requirements of the National Planning Policy Framework which called for councils to encourage development.

There were no questions or comments.

Upon a vote it was

RESOLVED (with 1 abstention) that for planning purposes the schedule of revisions to the Royal Well Development Brief, part of the Cheltenham Civic Pride Urban design Framework Supplementary Planning Document as set out at Appendix 2, be approved.

10. FINAL GENERAL FUND BUDGET PROPOSALS 2013/14 (INCLUDING SECTION 25 REPORT)

The Mayor invited the Cabinet Member Finance to introduce the budget which would then be followed by a presentation by the Section 151 Officer and to facilitate the presentation of the Budget, the Mayor proposed suspension of certain rules of debate, namely:-

That the time limit on speeches is relaxed with regard to the following speeches

- Cabinet Member Finance when moving the motion to adopt the budget being proposed by the Cabinet.
- Group leaders or Group spokesperson when making budget statements on behalf of their group.

The Cabinet Member Finance and Group Leaders could also speak more than once in the debate (in addition to any rights of reply etc) for the purpose of putting and answering questions.

This was agreed by Council.

The Cabinet Member Finance introduced the 2013/14 budget proposals with a detailed speech (please see Appendix 1).

The Cabinet Member Finance moved acceptance of the 2013/14 budget as set out in the report. The motion was seconded by Councillor Jordan who reserved his right to speak.

The Section 151 Officer made his presentation (please see Appendix 2) and in response to a question from a member he explained the reason that there was no specific reference to the New Homes Bonus in the risk register. The projection of £699k agreed for 2013/14 was guaranteed until 2016/17 and there would be more in addition to this for any new homes built during this time. Admittedly, after this period, some would fall away but projections suggested that the figure of £699k was very conservative. He believed that the strategy being proposed followed the same principle in that only £450k had been built-in, with £250k supporting the base budget and £200k for maintenance which could be revisited at any time. He felt confident that this was a prudent approach.

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

- The suggestion of a 'snow reserve' would be considered only after any recommendations were reached by the Cabinet Member Waste Group following their review of the issue.
- He felt it would be more sensible to review green waste costs at the start of a new calendar year rather than a new financial year.
- Leisure costs increased in Cheltenham each year, with costs generally increasing by 2.5% and he accepted that there were a number of organisations that were concerned about this.

- The plans of the Police and Crime Commissioner were still unfolding but there had already been considerable discussions and the council wanted very much to work with the P&CC, not only to save money.
- It was the Governments view that now was not the right time to consider the formation of unitary authorities and for the time being the council was achieving a lot through shared services. His view was that a unitary authority with GCC would be too big but that a unitary with Tewkesbury Borough Council or Cotswold District Council could be a way forward in the future.
- He had tried to make it clear that the £90k for the JCS would also be used to develop a Local Plan for Cheltenham. Officers would be working on both to make for a seamless process so the £90k was very much seen as providing resources for both.
- The council shared responsibility for the Clarence Street Library with GCC and as such were sharing the cost of the repairs. Properties on the Programme Maintenance list had undergone a scoring process and the list included urgent, necessary and a number of desirable works and as such did not always include properties for each ward within Cheltenham. If there was a property which did not feature on the list which a member had a particular concern about then they should highlight this to the Cabinet Member Finance.
- The £10k figure for the Municipal Offices had been arrived at by Officers within the Property team based on the current situation. The policy had been broadened to include non-urgent works as well as health and safety and public areas.
- The -£50k under trade waste was a result of Ubico having lost the contract with the University. Ubico was a council owned company along with Cotswold District Council and as part of the arrangement, the council shared in savings as they shared in penalties.

Councillor Garnham gave a response to the budget on behalf of the Conservative party. He congratulated the Cabinet Member Finance on his speech in which he had mentioned the possibility of a Leisure Trust, reviewing the size of the Council and moving to a new property, all of which Councillor Garnham felt further strengthened the argument to move to four yearly elections. He endorsed the thanks given to Officers and personally thanked the Section 151 Officer for his time in explaining some of the problems being faced to him and his party. He made the following points;

- He was happy that council tax had been frozen but felt that this presented a real challenge for future years.
- He had been pleased to see the Planning training budget.
- He was encouraged that budget scrutiny would be more robust and work better with Cabinet.

Whilst he was not proposing an alternative budget nor any amendments, he was concerned that this budget created increasing problems for future years and felt it was his duty to point out the future risks. He felt that these were summarised in Appendix 4 which revealed that as part of this budget the council had only approved 1/8 of the savings required to make the MTFs work. An outstanding sum of £2.5million savings still needed to be approved and his worries included being unable to identify these savings and the possibility that the New Homes Bonus monies might reduce. He considered that there was a

lot of uncertainty which posed a risk in itself and he didn't have the confidence that these difficult decisions would be made given the recent u-turns regarding the JCS, allotments and rickshaws and he required more reassurance. His request for the future was that Cabinet demonstrate stronger decision making, leadership and produce a budget for the future.

Councillor Godwin had no statement or amendments to raise on behalf of the People Against Bureaucracy.

Councillor Jordan added his comments as seconder of the motion and on behalf of the Liberal Democrats. He commended the Cabinet Member Finance for an excellent speech and Mark Sheldon and his Finance team for their hard work. He also thanked officers across the council for their dedicated service and continued innovative ideas for savings. He was pleased about the council tax freeze which he stressed was no easy feat and was only possible as a result of good work in previous years. Decisions taken three years ago were now generating savings and the same would be true in three to four years following decisions taken now. An example of this would be the decision to let Forest of Dean District Council host the councils ICT, which had only been possible as a result of the GO Shared Services work and could see all four councils sharing an ICT platform in the future.

He acknowledged that there were no easy savings to be had and there would be some difficult decisions ahead in an effort to protect relied upon services where possible. Equally however, there some positives, the AG&M would reopen later in 2013, the sale of North Place would soon be completed and the Gloucestershire Business Rates Retention Scheme Pool. He did not accept the claims that future problems were being created, it was not possible to do it all at once, there was a need to tackle one issue at a time and he considered the assertions of lack of leadership as being nonsense. He hoped that members would support the budget.

The following concerns were raised by members;

- A budget was more than simply making the numbers add up, a key element of any budget was delivering those numbers and there was little confidence that they could or would be deliverable and/or delivered.
- The comments regarding the loss of the parking contract could go some way to explaining why the contract had been lost, with the suggestion that the council undertook a plethora of other activities with the money and none of which GCC were paying the council to do. What confidence would this instil that the council won't use money for other commissioned services in the future, to do other activities.
- Monies had been set aside for the Leisure & Culture Trust but as demonstrated by the Ubico issues of recent weeks, it was imperative that the council retained teeth. One member felt that the suggestion that a Trust would save £700k was absurd based on past experiences with Cheltenham Festivals and the AG&M. There was a concern that this could result in yet another u-turn.
- The embedding of the NHB in the base budget was a particular concern. Members felt that this gave a confused message about the council's position on protecting the environment and could undermine the planning process. How would the council avoid criticism and accusations that planning decisions were based on financial gain.

In response to the concerns raised regarding the use of NHB monies in base budgets, the Cabinet Member Built Environment accepted the inherent contradiction of a council that wished to protect the environment and a government that offered monetary reward for development. He did not however agree that this would in any way influence planning decisions and felt that such an insinuation was to do the Planning Committee and its members an injustice. The council lacked options given the current climate and he felt it was disingenuous to call for members to vote against a budget and present no alternative solution. He urged members to support the recommendations.

The Cabinet Member Finance expressed surprise at the suggestion that the NHB would override any environmental considerations. The NHB was a Government initiative aimed at kick starting economic growth and the approach being proposed with regard to base budgets was one being replicated in every other Gloucestershire authority. He took the opportunity to respond to comments regarding the loss of the parking contract which he vehemently denied had anything to do with underperformance on the part of this council and he failed to see how a service administered from Uxbridge would benefit the people of Cheltenham. In closing, he felt that this budget demonstrated a heroic effort to protect services whilst delivering a balanced budget and whilst there were still issues facing the MTFS he assured members that these issues would be approached with the same tenacity as they had in the past.

Upon a vote it was

RESOLVED that

- 1. The revised budget for 2012/13 with a projected underspend of £260.5k be noted and that the proposals for its use be approved as detailed in Appendix 3.**

Having considered the budget assessment by the Section 151 Officer at Appendix 9:

- 2. The final budget proposals including a proposed council tax for the services provided by Cheltenham Borough Council of £187.12 for the year 2013/14 (a 0% increase based on a B and D property) be approved.**
- 3. The growth proposals, including one off initiatives at Appendix 3, be approved.**
- 4. The savings / additional income and the budget strategy at Appendix 4 be approved.**
- 5. The proposed capital programme at Appendix 6, as outlined in Section 8 be approved.**
- 6. The proposed Property Maintenance programme at Appendix 7, as outlined in section 9 be approved**

7. The potential liability in respect of Municipal Mutual Insurance, as outlined in Section 10, be noted and that £80k has been built into the revised budget as a provision to cover the potential exposure to this liability be noted.

8. A level of supplementary estimate of £100,000 for 2013/14 as outlined in section 13 be approved.

(Voting: 24 FOR and 12 AGAINST)

The meeting adjourned for tea at 4:45pm.

11. FINAL HOUSING REVENUE ACCOUNT REVISED BUDGET 2013/14

Members returned to the chamber at 5:00pm.

This did not include Councillors C. Hay, Smith, Driver and Williams who had declared a disclosable pecuniary interest in this item.

In the absence of the Mayor, the Deputy Mayor took the chair.

The Cabinet Member Finance was pleased to introduce the Housing Revenue Account revised budget for 2012/13 and the final budget proposals for 2013/14. He believed the report was a positive one, not only because it showed sound management in the current financial year, but because it set out a very positive agenda for the future.

The HRA budget for the year ahead included substantial investment in repairs and maintenance, energy saving measures and adaptations for disabled people. It also recognised that housing was not simply about bricks and mortar but more so the security and wellbeing of the tenants. This was why the budget provided for a number of new or enhanced services, including support for older people and disabled people, proposed enhanced services for young people and an expansion of employment services for tenants and their families.

Both cabinet members, and CBH recognised that many tenants and others would find themselves in difficulty because of the coming, complex changes in the welfare system, with some even finding themselves at risk of homelessness. It was considered right therefore that CBH should respond to this by providing more information, advice and support to people struggling to cope with changes in their benefits and as such the budget proposed a range of measures to help people understand the new system, manage their money and pay their rent. It also included more help for tenants in moving to more suitable accommodation if they chose to do so.

This budget would allow CBH to strengthen their community services. This would be particularly important in the Moors and the Tewkesbury Road area, where it would reinforce the work being done following the recent Big Local lottery grant.

The HRA budget had been through a consultation process with the Tenant Scrutiny Improvement Group, which was generally supportive. It was an ambitious and socially responsible programme, but also a prudent and

affordable one, leaving a very healthy £2.8 million revenue reserve at the end of the year and he was happy to commend it to council.

In response to a question from a member, the Cabinet Member Finance advised that he was not aware of the purported £30million from Government to support those impacted by the changes to the welfare and benefit system.

Upon a vote it was unanimously

RESOLVED that

- 1. The revised HRA budget and capital programme for 2012/13 be noted.**
- 2. The HRA budget for 2013/14 as shown at Appendix 2 including a proposed average rent increase of 3.43% (applied in accordance with national rent restructuring guidelines) and increases in other rents and charges as detailed at Appendix 5 be approved.**
- 3. The 2013/14 HRA capital programme as shown at Appendices 3 and 4 be approved.**
- 4. The 2013/14 management fees and charges for Cheltenham Borough Homes as detailed in Section 4 be approved.**

12. TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY 2013/14

The Cabinet Member Finance gave a brief introduction to this item. The prudential indicators at Appendix 2 continued to reflect the capital expenditure and plans and were designed to assist member's overview. The updated lending list at Appendix 3 set out the institutions with whom the council would invest with and these were only institutions with a high/long rating and for a maximum of 12 months. This was not a static document and would be reviewed alongside changing circumstances.

There were no questions or comments.

Upon a vote it was unanimously

RESOLVED that the Treasury Management Strategy Statement and Annual Investment Strategy for 2013/14 at Appendix 2 be approved including:

- 1. The general policy objective 'that Council should invest prudently the surplus funds held on behalf of the community giving priority to security and liquidity'.**
- 2. That the Prudential Indicators for 2013/14 including the authorised limit as the statutory affordable borrowing limit determined under Section 3 (1) Local Government Act 2003 be approved.**
- 3. Revisions to the Council's lending list and parameters as shown in Appendix 3 are proposed in order to provide some further capacity. These proposals have been put forward after taking advice from the**

Council's treasury management advisers Sector and are prudent enough to ensure the credit quality of the Council's investment portfolio remains high.

- 4. For 2013/14 in calculating the Minimum Revenue Provision (MRP), the Council will apply Option 1 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure as per section 21 in Appendix 3.**

13. NOTICES OF MOTION

Motion A

Proposed by: Councillor McKinlay

Seconded by: Councillor Sudbury

"Council notes with concern the recent proposal from the Highways Agency to alter the junction of the A417 at the Air Balloon roundabout to prevent traffic from Cirencester turning right towards Seven Springs.

Council resolves:-

To make formal representations to the Highways Agency raising amongst others the following concerns:-

- a) The potential for a significant increase in traffic on the A46 Shurdington Road caused by traffic being diverted away from Seven Springs.
- b) The increase in time and distance for many drivers in trying to access the A40 and Leckhampton Road.
- c) The increase in traffic congestion at Birdlip Hill.
- d) The increase in air pollution associated with the increased traffic congestion on Birdlip Hill and the Shurdington Road.
- e) The increase in "Rat Running" that will occur on the county lanes between the A417 and the Cirencester Road.

Council further believes that:-

- a) The current proposals will do little to improve the widely acknowledged congestion problems that exist on the A417 between Nettleton Bottom and the Air Balloon.
- b) That the Highways Agency should withdraw the current proposal, and develop a comprehensive plan to tackle traffic congestion at this location.
- c) That no scheme be introduced until full public consultation is undertaken."

In proposing the motion, Councillor McKinlay talked through his concerns set out in the motion and questioned whether the solution offered by the Highways Agency would actually work in practice. He considered it would only make a marginal difference to the traffic flow at the roundabout but once it had been put in place this junction would go to the bottom of the priority list because the Highways Agency would be able to say that they had taken some action.

All members who spoke supported the motion and endorsed Councillor McKinlay's concerns. Members indicated that parish councils were extremely

dismayed by the plans and did not believe that the Highways Agency had considered the views of local residents. There was a need to do a proper consultation and to look at all alternative designs for the roundabout. There were concerns that residents across Cheltenham would be affected by the resulting traffic flows.

A member wished to place on record, members thanks to the county council and their officers for the robust and speedy way they had reacted to the proposals and insisted on proper consultation.

An amendment was proposed by Councillor Chard and seconded by Councillor Harman that Council should amend the resolve and add a further resolve as below (in Italics):

To make formal representations to the *relevant Government Minister and Highways Agency* raising amongst others the following concerns:-

d) the Leader arranges a cross-party delegation to lobby the relevant Government Minister, Norman Baker, when he visits Cheltenham on the 20th of February 2013 and encourage him to intervene to halt the Highways Agency's proposals.

This was accepted by the proposer and upon a vote the motion as amended was agreed unanimously.

Motion B

Proposed by: Councillor Whyborn

Seconded by: Councillor Bickerton

"This Council notes and applauds the stance taken by Stroud District Council concerning Planning application 12/0008/STMAJW to site an Energy from Waste (EfW) facility for residual waste treatment at Javelin Park, Haresfield, Glos. The County Council's case for the waste incinerator is essentially that its perceived benefits outweigh the Planning objections which have been made, and this case is opposed by Stroud. This Council supports Stroud District Council in its assessment that the rationale for the proposed EfW facility for residual waste treatment is deeply flawed, mainly because of its process capacity, making it surplus to need. Council notes that the process is inflexible, and inferior to alternative technologies.

This council considers that numerous matters of controversy which are in the public domain will make it difficult for Gloucestershire County Council to be confidently perceived by the public as an independent arbiter of the said Planning application.

Cheltenham Borough Council therefore calls upon the Secretary of State for Communities and Local Government to call in Planning application 12/0008/STMAJW, Residual Waste Treatment Facility, for all of the reasons detailed by Stroud District Council in their letter dated 19th December 2012."

Proposing the motion, Councillor Whyborn suggested that the county council may have become backed into a corner on this issue and felt trapped by the previous decisions they had made going back as far as 2007 when it had first said publicly that the county should have an incinerator. The collapse of the PFI deal had provided one of many opportunities to open up the debate again. In addition new technology had emerged which could have prompted the county council to reconsider their proposals but this had not happened. The county council continued to claim that the benefits of the incinerator plant outweighed the planning harm that would be caused by placing this incinerator on the edge of an area of outstanding national beauty. He was concerned that the secrecy surrounding the development precluded any proper evaluation of the scheme and therefore he supported the position adopted by Stroud District Council which was to refer the matter to the Secretary of State.

In seconding the motion, Councillor Bickerton referred to a recent report by a government inspector who considered that there were deficiencies in the future plans for incinerators as a disposal method and other alternatives should be considered. Councillor Bickerton advised that he had recently asked a number of public questions at a meeting of Bristol City Council and as a result he now had detailed information about an identically sized plant at Avonmouth which was a mechanical biological solution with the potential to save £200 million on the proposed county council one. He also referred to the latest medical research which indicated that incinerators of this type presented a real danger to public health for people living close to the chimney. For this reason the Health Protection Agency had commissioned scientists at Imperial College to do their own research on this matter and were urging councils to allow time for the results of this research to be published. Councillor Bickerton suggested that the county council should have no shame in revisiting their decision in the light of this latest medical and scientific research.

Speaking against the motion, a member advised that the Health Protection Agency had recently made it crystal clear that the proposed incinerator scheme was safe. They had indeed commissioned research but this was to reassure anyone who still had concerns. The industry responsible for the incinerators had taken steps to put in place stringent standards for emissions and as a result an incinerator of this type would produce the equivalent energy waste of a garden bonfire. The advantage of the scheme was that it would considerably reduce the waste from landfill and would achieve a range of savings and benefits. With regard to the comparison with the facility at Avonmouth, he pointed out that the waste from this plant was shipped to Holland for incineration and then sent to landfill and so he challenged the environmental advantages claimed. Another member referred to recent reports which confirmed that the proposed incinerator would comply with European legislation on emissions. He said that a number of call-ins at the county council had thrown out the secrecy argument that Councillor Whyborn had referred to.

Other members speaking for the motion raised their concerns that communities living in the vicinity of such incinerators could be poisoned by dioxins. There was no safe scenario for disposing of dioxins so they would build up in the air and in human bodies. It was the high temperatures of the incinerator that would cause these dioxins to be produced and they disputed that the emissions from the incinerator were comparable with a garden bonfire as it would not reach the same high temperatures. Another member suggested that if the county council

were so confident of their position, they should be happy to have it tested by the Secretary of State.

Another member challenged the argument regarding dioxins. No one was denying the impact of dioxins but the current research was based on the level of dioxins arising from industry in the 1950's – 70's and there was no logical statistical rationale for applying these results to the output from this modern plant. The county council were very conscious of the need to protect the public health and therefore had carried out very thorough checks of all the facts. He acknowledged that some people had concerns that the incinerator would have surplus capacity as recycling targets in the county increased. He said there would not be a surplus as the county would have more than enough waste to fill it.

In his summing up, Councillor Whyborn, repeated his concerns that there needed to be a lot more work on the health issues before there could be any certainty. By the 2020/2030s he expected that the average recycling rate would be in excess of 80% and therefore the residual waste from Gloucestershire would not provide sufficient capacity to make the incinerator viable and therefore waste would need to be brought in from outside the county. The county should relook at the alternative technology available and he urged members to support the motion.

Upon seven members standing in their seats a recorded vote was requested:

Upon a vote the motion was CARRIED.

Voting For 22: Councillors Barnes, Bickerton, Britter, Coleman, Fisher, Flynn, R Hay, C Hay, Jeffries, Jordan, Massey, McCloskey, McKinlay, Rawson, Reid, Stewart, Sudbury, Thornton, Walklett, Wheeler, Whyborn and Williams

Against 11: Councillors Chard, Driver, Fletcher, Graham, Hall, Harman, McLain, Regan, Seacome, Smith, and Wall.

Motion C

Proposed by: Councillor Garnham

Seconded by: Councillor Driver

“This year, as in all recent years, there is tremendous pressure upon our budget and we must look at every penny of tax payers money that we spend. We should examine every single opportunity to save money, protect services and make the council as efficient as possible.

The Government is reducing the costs of democracy and the County Council is cutting back on the number of Councillors and it is now time for Cheltenham Borough Council to examine ways of cutting the cost of running the town.

Therefore we request Cabinet to recommend moving to a four yearly cycle of Borough Council elections as soon as possible. We also call on the Cabinet to explore how a reduction of councillors can be achieved. In the interests of the Cheltenham tax payers and for the good governance of the town we ask that a report be brought back to Council in March outlining the issues, challenges and timelines of achieving both changes.”

In proposing the motion, Councillor Garnham thought it was important to look at the cost of democracy. In a response to a previous member's question about the potential savings from moving to four yearly elections, the Cabinet Member had suggested that the resulting saving of £25,000 per year was relatively small. Councillor Garnham disputed this and highlighted that nationally and at county level 4-yearly elections were the norm.

Councillor Driver wished it to be noted that she had been misquoted earlier in the budget speech by the Cabinet Member Finance. The half a million pound of savings she had referred to in her recent press column combined savings from four yearly elections, cutting the number of councillors by 50% and having a smaller Cabinet.

Council Walklett as the Cabinet Member responsible for democracy referred members to appendix 8 of the budget papers which indicated Cabinet's intention to set up a cross party working group to look at the options for democracy including reducing the number of councillors and all related issues. He suggested that he could support the motion if the wording was changed to request Cabinet to 'consider' rather than 'recommend' which would not prejudice the findings of the cross party working group.

This was seconded by Councillor Jordan and accepted by the proposer.

A member spoke in support of moving to four yearly elections saying that it would strengthen democracy by giving the administration an opportunity of a clear four-year run to deliver their policy and demonstrate their capability to the electorate. It would also give officers a period of stability in between elections. He rejected the argument that the cost of by-elections would increase as there had been only three bi-elections in the last 10 years.

Another member suggested that there was likely to be more bi-elections if there was a move to 4 yearly elections. They suggested that the starting point for any review should be an open question on what kind of democracy was wanted in the town and then look at what needed to be put in place to support this. He highlighted that the boundary commission would be unlikely to consider reducing the number of councillors to less than 30. A boundary review would be an essential part of the process and it would take at least 12 months to be put on the list for review and then a further 18 months for the review to be carried out. Therefore changes to the election arrangements could not be implemented before 2016 at the earliest.

Upon a vote on the motion was carried unanimously.

14. TO RECEIVE PETITIONS

No petitions were submitted nor had any been received since the last meeting.

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

There were no urgent items to be discussed.

16. LOCAL GOVERNMENT ACT 1972 -EXEMPT INFORMATION

Upon a vote it was

RESOLVED that in accordance with Section 100A(4) Local Government Act 1972 the public be excluded from the meeting for the remaining agenda items as it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public are present there will be disclosed to them exempt information as defined in paragraphs 1, 3 and 5, Part (1) Schedule (12A) Local Government Act 1972, namely:

Paragraph 1; Information relating to any individual.

Paragraph 3; Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Paragraph 5; Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings

17. CHELTENHAM BOROUGH HOMES DEVELOPMENT OPTIONS REVIEW

Members still present in the chamber:

Councillors (to be confirmed)

In the absence of the Mayor, the Deputy Mayor took the chair.

Upon a vote the recommendations were agreed unanimously.

18. EXEMPT MINUTES

Members still present in the chamber:

Councillors Barnes, Britter, Chard, Fletcher, Flynn (Chair), Hall, Harman, Jeffries, Massey, McCloskey, Rawson, Regan, Reid, Stewart, Walklett, Wheeler.

The exempt minutes of the last meeting had been circulated with the agenda.

Upon a vote it was unanimously

RESOLVED that the exempt minutes of the meeting held on the 17 December 2012 be agreed and signed as an accurate record.

Colin Hay
Chair

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**BUDGET 2013/14 – STATEMENT BY THE CABINET MEMBER FOR FINANCE,
CLLR JOHN RAWSON**

Mr Mayor,

I have great pleasure in presenting the revised budget for 2012/13 and the final budget proposals for 2013/14.

This budget has evolved over several months as a result of careful planning, hard work and creative thinking, not to mention a few trials and tribulations along the way.

This hasn't been an easy budget. It has been made in the context of a stagnant national economy which continues to struggle to achieve growth. At the start of the budget process last spring, we faced a funding gap of £735,000 between what the Council would need to spend to maintain services and what it could spend at a reasonable tax level. The gap grew to almost a million pounds over the following months, due to factors outside our control including the localization of council tax benefit and the impact of the recession on our income streams.

However the worst was still to come. We had been expecting a further cut of 5 per cent in government grant for 2013/14, adding to the 23 per cent we had already had since 2010. It soon became apparent that because of the poor state of Government revenues, that cut would be bigger. In fact, when it was announced last December the cut was 7.4 per cent – in cash terms £423,000 – with a further 12.7 per cent cut to come next year. This means that in just four years from 2010 to 2014 we will have lost around 40 per cent of our core Government funding.

At the same time, the Government decided that it wanted councils to freeze council tax, but declined to pick up the full cost of this freeze. In effect it offered to pay us £72,000 a year towards the freeze, leaving us to pick up £108,000, or in other words 60 per cent of the cost, ourselves. And even this somewhat deficient level of Government support is for only two years. This increased the pressure on us to make savings.

Councils are always facing financial pressure, but as a council we have never faced the kind of pressures we have had to bear since the worldwide economic crash in 2008. Some people in the town will very readily believe that it's all our own fault, that we have created our own problems by our own profligate spending. Indeed there are even councillors who are ready to encourage them in this belief. But the facts tell a very different story.

If you compare this budget with the one the Council passed five years ago, in 2008, our net budget has shrunk by just over £2.5 million. That's a 16 per cent reduction in cash terms. If you factor in inflation, the real terms reduction in our budget since 2008 is something like 25 per cent.

This is a council whose funds are shrinking, due to the weak economy and Government cuts. And the whole purpose of our financial management now is to make our shrinking resources go further in order to protect our services and the quality of the life in the town.

I do not shy away from the challenge. The reason I have talked at some length about our difficulties is to put this budget in some kind of context, not to spin you a hard luck story. The public doesn't want excuses. It wants us to get on with the job and overcome the problems.

Freezing council tax has not been easy to achieve for the third year running. But I firmly believe it has been the right thing to do. I am acutely aware that most of the people who elected me to this Council have seen a fall in the value of their income over the past four or five years. I imagine all of us in this chamber would say the same about their constituents. Many people are struggling to make ends meet. That is why I believe it is morally right to help them out by keeping council tax down.

At a time when the local economy is still struggling it is also right to do the same with parking charges. It is the third year running that we have frozen charges in our car parks.

To accomplish this and balance the books, this budget proposes savings totalling one and a quarter million pounds – and these are savings that can be made without any major impact on front-line services.

At the same time we have reduced our income targets where necessary to recognise that the economy is still struggling and that this will almost inevitably hit our income in the coming year.

These budget reductions not been achieved by cheese-paring. All the cheese has already been pared away by year after year of cuts, and the mice have starved to death long ago. Instead, the situation has demanded a far more radical approach. So what we have embarked upon is nothing less than a radical transformation of the whole organisation.

Some time ago, the leader of Birmingham City Council, Sir Albert Bore, said that Government cuts were bringing “the end of local government as we know it”. I wouldn't be that pessimistic. Local government isn't going to end, but it is certainly going to have to change. For local government, and for this Council in particular, business as usual is not an option. If we don't change the way we deliver services, we won't be able to deliver many of them at all. And this is what this budget recognises.

This budget delivers £383,000 of savings from shared services, including the GO project and Ubico. Shared services have been one of the Council's great successes in recent years, generating enormous change and massive savings, with more to come.

The budget also delivers £478,500 from other organizational changes, including commissioning of leisure and culture. These are the early fruits of the transformation I have talked about.

We are proposing, or in some cases have already implemented, reorganizations that are sensible in their own right as well as saving money.

We are reshaping the benefits services to be battle-ready for the new benefits system to be introduced.

We are reorganizing development control and strategic planning under a single team leader, while also providing capacity for delivering the new Local Plan.

We have reshaped the park ranger team to focus more on supporting friends groups and this is already working well.

We are adopting a partnership approach to promoting economic development, by working more closely with organisations such as JobCentre Plus, Gloucestershire First and the Local Enterprise Partnership, and contributing to a new Business Support Service.

We are relocating the Tourist Information Centre to the refurbished Art Gallery and Museum, which will not just deliver substantial savings but make the AGM a key centre for visitors and tourists.

We are also looking at outsourcing the Town Hall box office, which may have benefits that go beyond simply saving money.

These are the hallmarks of creative, proactive management.

One area of the Council's work that has needed to be restructured most urgently is parking enforcement.

From April, all the county's district councils, Cheltenham included, will lose the contract to enforce on-street parking regulations, which will be handed over to a private company. I think this is undeserved. Over the years we have brought in a rising parking income for the County Council, though they have criticized us for not achieving the level of income from fines that they wanted. However, undeserved or not, this decision has forced us to break up our integrated parking enforcement team, and carry out a fundamental reorganization of our transport and parking function.

To give you the picture in broad outline, of the 19 staff in the Integrated Transport section, most are eligible for transfer to the new service under TUPE arrangements. But we will have a continuing requirement for a small team of five to run our off-street car parks. They will sit in the Community Protection section of the Council's administration. Meanwhile, I understand that the County Council's new privatized on-street parking service will be run from Uxbridge. This is sad news for some very loyal staff.

The overall impact on the budget of these changes will be a minimum saving of £150,000. £60,000 will be saved on staff costs and a further £90,000 will be saved from the supplies and services budget, made possible because the service is shrinking in size.

In many ways this is a regrettable reorganization, and not just for staff who find that their jobs have migrated to Uxbridge. Losing our on-street parking staff will mean we won't have as many people on the ground, walking the streets, as we did. But there are also benefits to be gained, and I do believe that, with the right handling, the impact of this change need not be detrimental to our town.

We will still engage with Gloucestershire Highways through the Development Taskforce and the urban design team. The Think Travel sustainable transport project will continue to involve us in work to improve public transport and facilities for pedestrians and cyclists. Our parking staff

will not be focused entirely on enforcement and fines, but will have a broader public safety role, along with our community protection officers. For example, they will continue to work with police and highways over anti-social activities, including cruising.

This is just another illustration of how this budget is not just about cutting costs, necessary though that is. It is also about thinking creatively and flexibly about how to meet the challenges of the future. And there are other examples I could mention of how we are doing this.

One issue that we have thoroughly re-thought is how we use our New Homes Bonus, which is now a very significant part of our income.

When the New Homes Bonus was first introduced, we tended to regard it as an extra, and a large part of it was earmarked for bidding fund such as Environmental Improvements Fund and Promoting Cheltenham Fund. Last year we accepted that we needed to treat it as a source of regular income and took part of it into the revenue budget. This year I think we have reached the stage where we have to regard it unequivocally as part of our income stream, as other councils already have. The Government certainly regards it as part of our regular income, and indeed part of their justification for cutting our grant is that we now have New Homes Bonus coming in.

At the same time, the level of New Homes Bonus is likely to fluctuate from year to year, and for that reason we cannot allow ourselves to be over-dependent on achieving high levels of bonus income.

In this budget I believe I have struck the right balance between using the New Homes Bonus for revenue purposes and not becoming over-dependent on it.

So what I am proposing is that we should continue to take £250,000 if it directly into the revenue budget as we did last year.

I also propose that we should take £200,000 of New Homes Bonus and put it in the Planned Maintenance Reserve. This is in addition to the amount we already contribute to the reserve from the revenue budget, which is not being cut. This change was discussed and supported by the Budget Scrutiny Working Group. Using New Homes Bonus to strengthen the Planned Maintenance Reserve is a prudent thing to do, because if there are fluctuations in this source of income in future years, we can simply adjust our contribution to the reserve without having any immediate impact on services.

Next, I am proposing to take £219,000 of New Homes Bonus money to help towards the set-up costs of the proposed Leisure and Culture Trust. Again, this is a prudent thing to do because it is one-off money that will automatically drop out of the budget in the following year.

Finally, I am proposing to use the New Homes Bonus to fund a project over three years to help bring empty homes back into use. This is not only desirable in itself, but should more than pay for itself because every empty property brought back into use attracts extra New Homes Bonus.

At the same time I am proposing that the current multitude of bidding funds currently funded from New Homes Bonus should be combined into one Community Pride Fund, for which we will budget £50,000 in the coming year.

Can I turn to another area in which we have been both proactive and creative, and that is the localization of business rates.

From this April the Government will allow us to keep, in principle, 40% of the business rates we collect. Actually, this being a scheme designed in Whitehall, it isn't quite as simple as that in practice. Councils that collect proportionately more because they are in prosperous areas will pay a tariff. Those that collect less in the more deprived parts of the country will get a top-up. Cheltenham will pay a significant tariff if it handles business rates retention on its own. Business rates retention also exposes local authorities to some degree of certainty about their income levels and leaves them partially liable for the cost of appeals.

That is why pooling our business rates collection with other Gloucestershire councils seems to us to be the best way of going forward. This unprecedented form of co-operation between Gloucestershire local authorities will spread the risk arising from fluctuations in business rates income. It will also help to reduce our tariff and allow us to maximise the amount of business rates income we keep in the county.

One key objective of the pooling scheme, if it does generate extra income, is to build up a fund to support economic development across the county. This is entirely sensible, because economic growth anywhere in the county under this pooling arrangement will benefit all of us.

Gloucestershire councils have shown real vision in making this business rates pool a reality. While we have pressed on, a number of other pooling schemes elsewhere in the country have fallen by the wayside. I believe we should recognize and celebrate this achievement, including the contribution made by our own officers.

Mr Mayor, I want now to touch on how this budget will help to meet some other challenges.

It remains a crucial goal of this Council to complete the Joint Core Strategy in partnership with our neighbouring districts and then to proceed as quickly as possible to create a new Cheltenham Plan. I am proposing that £90,000 should be earmarked from the projected 2012/13 underspend to make this possible. This will be used to support the preparation of both the JCS and the Cheltenham Plan.

Although a great deal of the evidence for the JCS has already been assembled, this will need regular updating. So far as the Cheltenham Plan is concerned, a good deal of the evidence needed to underpin it, including the retail study and housing capacity study, still has to be built. There will also be substantial costs in relation to the examination of both the JCS and the Cheltenham Plan and the sustainability appraisals. The extra £90,000 will help to fund this important and urgent work.

Another challenge that we are facing is the Government's proposed changes in the benefits system. The changes create big uncertainties for the Council as it strives to adjust to the new system. But more importantly they will create difficulties and hardship for many people on benefits when the changes come in.

Some months ago, the Government announced that it intends to cut its funding for council tax benefit by 10 per cent from this April. We and all the other Gloucestershire local authorities have taken the view that simply passing the cut on to benefits claimants will simply pile more hardship on some of the poorest and most vulnerable people in our community. We are therefore proposing not to cut benefits, but to recover the money from people who are in a better position to pay it. The adjustments we have made to some of the present council tax discounts could help to make this possible.

Mr Mayor, one area of continuing uncertainty for the Council is the cost of employee pensions. The next triennial valuation of the pension fund is due in later this year, and we want as far as possible to anticipate any additional costs that this might bring. Accordingly we have adjusted the MTFS, providing for an increase of £200,000 per annum from 2014/15 onward. This has been calculated by assuming that employer costs will increase by 2% per annum, which is a prudent assumption. However it is still uncertain how the performance of the pension fund and the impact of the Hutton review will affect our pension costs in the future. We will keep this under constant review.

Can I now turn to the planned maintenance programme. Part of the responsibility of the Cabinet Member for Finance is to maintain and care for our assets, particularly the council-owned buildings that are such an important part of the character of the town. In this respect, as in so many others, the Council will not find this budget wanting.

The planned maintenance programme I am putting before you today totals over a million pounds. It includes substantial investments in the Town Hall, the Pump Room, the civic amenity centre, leisure@Cheltenham, Pittville swimming pool, the crematorium and the art gallery and museum, as well as smaller-scale work on a number of other council-owned properties. We have also found small sums of money to honour our history and heritage, by completing the redecoration the Sevastopol war memorial and by repairing the St Peter's War Memorial in time for the centenary of the outbreak of the First World War.

I should also add that maintaining our property assets is just one side of the coin. The other is disposing of surplus assets, in order to reduce our maintenance commitments and recycle capital into new schemes. We continue to do this with considerable success, despite the fact that it is not always popular.

I would like now, if I may, to say a word about reserves.

Sometimes it is very hard to please everybody, even on a matter as seemingly dull as the Council's reserves. The Communities Secretary Eric Pickles recently lashed out at councils for keeping millions in reserves. "It is unacceptable that some councils are stashing away billions, turning town halls into Fort Knox, whilst at the same time threatening to cut frontline services," he declared. He even hinted that the Treasury might confiscate excess council reserves. On the other hand I am constantly reading in Conservative leaflets that the Liberal Democrats on Cheltenham Council are running down the reserves like there is no tomorrow. So rather than attempting to navigate between the Scylla of Mr Pickles and the Charybdis of Cllr Wall, let me explain the philosophy I am following.

We keep two kinds of reserves – earmarked and general. The earmarked funds are kept for particular purposes or to fund particular projects. As the work is done, the money is spent, which is how it was intended to be. For example, it is absolutely right that the Council should have taken money from the Art Gallery and Museum Reserve to fund the AGM redevelopment. It is absolutely right that we should have used the Civic Pride Reserve to help fund pavement improvements in the Promenade. It is right that we should use the Flood Alleviation Reserve to fund flood prevention works. It is also right that we should set up new reserves when they are needed, close down reserves when their purpose is served, and replenish existing reserves as and when the need arises. Managing earmarked reserves well is not about hoarding, it is about forward planning so that we can invest in Cheltenham's future.

The General Reserve, aka the General Fund Balance, is a different matter. This is there to help us cope with unforeseen expenditure. Our policy, on the advice of the Section 151 officer, is that the General Reserve should be kept between £1.5 and £2 million. At the end of the next financial year it is expected to stand at just over £1.6 million, which is within that range. I would like to see it a little higher, and if I get the chance to strengthen and increase the General Reserve at the budget outturn in June, I will ask for the Council's support in doing this. I don't particularly care whether this makes sense to the conflicting ideologies in the Conservative party. It makes sense to me.

Let's me now turn to the Council's investments and borrowing.

In the light of the continued weakness of the economy, it is right to proceed with great caution so far as our investments are concerned.

At a time when investment markets are flat, we have made it a priority to pay off debt as investments mature, rather than re-investing the money. As a result, the Council's short-term borrowing and also the cost of borrowing has fallen significantly over the past few months.

In terms of investments, our overriding concern has continued to be safety. And as the Investment Policy before us today makes clear, that will continue to be the case. Only a very limited range of investment vehicles here in the UK are permitted by the policy, and the period over which money can be invested is also strictly limited.

Making any assumptions about the state of the economy and the markets over the coming months and years is extremely hazardous. However, we will continue to manage our investments actively, constantly looking out for changes in the economy and the financial markets, and evaluating suitable opportunities when they arise.

Can I turn now to our medium-term financial strategy.

In the light of the financial pressures I talked about earlier, it would be entirely wrong to think of this budget as just a one-year fix. Instead we need to see it as part of a longer-term strategy. The cut in Government core funding that we are facing in 2014-15 is a terrifying, eye-watering, £788,000, amounting to 12.7 per cent, and it won't stop there. To balance future budgets over the next five years, we need to bridge a projected funding gap of £3.3 million.

That is why one of the most important changes we are making in the budget process is to develop a detailed, quantified five-year strategy for cutting our costs and maximising our income and bridging our medium term funding gap.

You can see the strategy set out at Appendix 4, but here in summary are some of the initiatives we are proposing to meet the budget challenges of the future.

We are proposing to share our IT service with the Forest of Dean, achieving substantial savings for both councils from 2014 onwards.

We are proposing to establish a trust to run our culture and leisure services. This is a hugely important proposal which I believe has the potential not only to cut our costs, but to bring a greater spirit of enterprise into the way we run our services, increasing business and growing our income. And this is not just pie in the sky, because it now has a detailed strategy supported by a robust business case to take us into the future.

We have also set ourselves the task of achieving further savings in waste management as part of a county-wide Joint Waste Committee.

Our accommodation strategy is also a vital part of our medium-term cost-cutting strategy, and we believe it has the potential to deliver very substantial savings in future years. As we pare down management costs, we can and should save money on accommodation. We cannot sustain a situation where a reduced staff is rattling around in a building here in the Promenade which is much too big for them. That is why we are actively looking at how to cut the costs of our council accommodation, possibly by relocating these offices to more modest premises. Efforts are being made to identify premises that are suitable and affordable.

These are just some of the initiatives we are working on to ensure that our most essential services survive through the next few years, and there many others.

And while I am on the subject of radical changes in the way the Council works, let me mention the subject of the democratic process itself. The way our services are delivered has changed and will change still further. And that means the way that councillors work is changing too. In these circumstances, I believe we have to be prepared to look at how we can adjust to the new reality. That may mean reconsidering the number of councillors we have, the size of the cabinet and committees, and whether we should move to all-up elections.

I don't believe we should be afraid to look at this again. Circumstances have changed dramatically since we last discussed the subject nearly three years ago. One change is the move to a commissioning council, with fewer services directly run by the Council. Another is the unprecedented financial pressure we are now under. Yet another is the growing pressure from the Government for councils reduce the number of members in order to reduce costs.

Now I want to make it clear that I don't regard this kind of change as a passport to huge savings. Cllr Driver seems to have got some local residents a little over-excited by suggesting in her Echo column that half a million pounds would be saved over four years by going over to all-up council elections. And it bothers me a little that she should be able to use her position as an Echo columnist to make people believe such a ludicrous exaggeration. The true figure, stated in a

report which came to Council in 2010, is £100,000 over four years. That's an average of just £25,000 a year.

Nor do I believe that the structure of the Council should be all about money. We need a Council that is large enough to be representative and to work effectively for local people. Nonetheless, I would be the first to say that any saving that can be achieved painlessly is a saving worth looking at. As councillors we can't rule out the possibility of change just because it's we who are affected and not other people.

Cllr Garnham is therefore knocking at an open door with his resolution at agenda item 13. The Cabinet is more than happy to look at the issues he is asking us to look at. There are other issues too that would repay examination, such as the size of the cabinet and committees. And we would want to go further by involving the other groups in cross-party talks on the future shape of the Council.

Can I now finally turn to the Council's capital strategy.

The capital programme I am putting forward to you in this budget is entirely sensible. It proposes a five-year programme of needed investment in IT infrastructure. It proposes investment in play equipment and play area enhancement. It funds investment in CCTV, particularly with a view to making our car parks safer. It continues our programme of carbon reduction and energy-saving by investing in more low energy lighting. It is, however, a shadow of the capital programme we all want to see – the programme that I hope I will be bringing to the Council later this year.

Mr Mayor, this is a time of opportunity for Cheltenham as the Civic Pride initiative comes to fruition.

Cheltenham as a town has existed for about 10 generations. Each generation has faced the task of improving and adding to the glories of Cheltenham, and most have done it with great success and distinction. We in our generation have been given this task in unusually difficult circumstances, in the midst of the worst economic crisis in many decades. But that does not mean we don't have a responsibility to rise to the task.

I totally and emphatically reject the idea that because the national economy is in difficulty, we in Cheltenham should shelve our aspirations for major improvements to our infrastructure. Cheltenham is a town that over the past 250 years has continually reinvented itself to meet new circumstances. Brought to fame by its spa waters, it transformed itself over the years into a retail centre, a commercial centre, a celebrated centre of culture, and a hub of high-skill and creative industries.

The genius of Cheltenham has been to change without losing its character. And the challenge facing us in our generation is to help it do the same.

The way we aim to do this is through partnership and joint endeavour. We want to link developments being undertaken by private developers, like North Place and Brewery phase II, to public realm improvements such as new public squares and green spaces. We want to reinvest a major part of the capital from North Place, Portland Street, Midwinter and other property

disposals to help fund these improvements, as well as protecting and enhancing our existing iconic parks and gardens. At the same time, we want to work with Gloucestershire County Council to modernise the road network and improve public transport using Government funding from Gloucestershire's successful Sustainable Transport Bid.

This masterplan for the town is still work in progress. It would be wrong of me to present a capital programme to you that is based on expectation and hope rather than money we actually have. We have completed the sale of the Midwinter land and banked a substantial capital receipt. However, the North Place and Portland Street sale is still to be completed, and I believe it is right to wait for this before I put an enlarged capital programme before you. But that doesn't mean we are lacking in the vision to transform Cheltenham or that we are not working hard to make Civic Pride a reality.

At the same time, it is an abiding aim of this administration, and I think the whole Council, to invest in our cultural facilities and make Cheltenham a festival town with a global as well as a national reputation. We have already transformed the Art Gallery and Museum, which reopens this summer, bigger and better and fuller of fantastic cultural possibilities. Now the creation of a Leisure and Cultural Trust opens up the possibility of achieving similar improvements for the Town Hall and other facilities. What we have learned from the AGM scheme is that we can use our own capital to attract investment by trusts, the Lottery and the business sector.

Mr Mayor, I have always made a point when presenting a budget of thanking the officers for their help and support. I do so this year with particular warmth. Being Finance Member is a ghastly job, made bearable, and in some ways even joyful, by the people you work with. First and foremost I would like to thank Mark Sheldon, Paul Jones and the finance team for intelligence they have brought to bear, the hard work they have done and the long hours they have put in. But my sincere gratitude extends much more widely than this.

I have had excellent support from the Chief Executive, both the Strategic Directors and all the Directors in meeting the challenges of this budget. I would also like to pay tribute to my cabinet colleagues for their cheerful support and understanding, and to thank the members of the Budget Scrutiny Group and the Treasury Management Panel from all sides of the chamber for the valuable contribution they have made.

In conclusion, Mr Mayor, let me say this.

Like all councils, we face huge financial challenges. The test will be how we deal with them.

I am proud that we have managed to balance the budget, protect services and freeze council tax this year. It's no mean feat, and one that many other councils have not managed to bring off. Their tax freeze has been at the expense of services.

Now I and the cabinet are looking to the future. With cuts in Government funding on the scale we are seeing, it is almost inevitable that there will be an impact on services next year or the year after. But I am determined we should protect our most cherished services as far as we can. I love this town and what it represents, and I don't want to see its environment deteriorate or its cultural life drain away. I don't want the next few years to become an unrelieved, sorry saga of reductions in services, a slow death by a thousand cuts.

That's why I believe the best way forward is for councillors, officers and people in the town to work together find innovative and positive solutions to our problems. We need to harness our own knowledge and ingenuity to find new ways of delivering local services. This is what this budget is about, not just for this year but for the longer term.

To succeed will take not just a change in organisation but a change in attitude. There will be plenty of people in the town who don't understand why everything can't be the same as it was twenty years ago. But we should have the courage to take the flak, to explain why change is needed, and to persuade people it is right. Above all, we have to be resolute in doing what we know must be done to secure the future of Cheltenham. Mr Mayor and fellow councillors, I commend this budget to you.

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2013/14 Budget Section 25 Review

Mark Sheldon
Section 151 Officer
Council 8th February 2013

Purpose of Section 25 review

Risk based – appendix 9 covering:

- Robustness of estimates
- Adequacy of reserves
- MTFS
- Council tax level

Council to consider in setting the budget /council tax

Robustness of estimates

2013/14 budget assumptions:

- Gov't cut of £406k (7.4%) plus 10% cut in benefits budget (£90k)
- Inflation only where contractual
- 1% pay award
- Reduced income targets: car parking by a further £50k, development control £20k & trade waste £50k
- Budgets based on professional advice

Conclusion: prudent approach to budget estimates

Treasury Management

- Investment income based on low interest rates @0.5%
- Medium Term Financial Strategy (MTFS) – no assumption in respect of increasing interest rates
- Icelandic banks – priority status estimated to recover £10.2m of £11m deposited plus £600k interest (depending on interest rates)
- Annual Investment Strategy – lending list remains restricted, now includes Everyman theatre.

Conclusion: prudent approach to estimates for treasury management activity

New Homes Bonus (NHB)

- NHB allocation £699k for 2013/14
- £250k supporting the base budget
- £200k supporting the increase in property maintenance budget
- Budgeting assumption based on NHB sustainable over period of MTFS
- Similar approach to other Glos. Councils

Conclusion: prudent approach to use of NHB

Medium Term Financial Plan

- Feb 2012 – £2.1m based on council tax @ 2.5% / yr
- Feb 2013 – £3.3m based on council tax @ 2%
- Gov't support £788k (12.7%) cut in 2014/15, uncertain beyond?
- Pay capped at 1% for 2014/15 & 2015/16, 2% thereafter?
- Gov't support for council tax freeze gone after 2015/16
- Excludes - add'n £200k/yr for property maintenance
- Budget strategy development indicates how gap is reduced to £303k – significant development

MTFS - Areas of uncertainty

- Pension Fund – next revaluation increase contributions budgeted at 2% per annum but fund performance/ impact of Hutton report still uncertain
- Impact of localisation of council tax may increase benefits bill
- Impact of business rates retention – potential impact if do not maintain / grow businesses (now local risk)
- Future BtG initiatives / savings from commissioning?
- Updated MTFS to be developed / agreed

Conclusion: Given variables, reasonable set of assumptions



Council tax level

- Tax setting - political decision
- Freeze funded by £72k grant for 2 yrs, cost to CBC £180k over MTFS
- Referendum for council tax increases above 2% - avoid at all cost (c£50k)!
- Significant criticism for councils setting council tax just below 2%

Conclusion: Given gov't support and the financial impact on residents in current climate, a council tax freeze is a pragmatic approach



Reserves

- General Reserve
 - estimated balance 31/3/13 - £1.6m
 - maintain in range £1.5 – £2m
- Civic Pride – will need replenishing for 2014/15
 - Delivery vehicle funding
 - Site preparation funding
 - Some support funding for infrastructure improvements – promenade repaving
- Maintenance reserve – increasing NHB contributions, mitigates usage
- Capital programme c£700k – funded by annual revenue contribution
- ICT upgrade strategy (£1.066m) to support ICT investment / shared service
- Potential sale of North Place / Portland street - prioritise options to inform a Capital strategy to be agreed by Council in summer 2013.
- Reserves (excluding capital receipts) – projected to reduce from £6.6m (31/3/13) to £4.8m (31/3/14) as programmes are delivered.



Assessment of Reserves

- Take opportunities to increase to fund one off costs associated with BtG initiatives / commissioning and future budget initiatives.
- Take opportunity to increase the General Reserve and civic pride reserve
- Not holding unnecessary level of reserves – they all have a purpose.
- Budget not balanced by drawing on General Reserve

Conclusion: Overall levels reasonable



Summary

- Budget estimates are prudent.
- Future final projections – models based on sound assumptions but still many uncertainties.
- 'BtG' programme successful (£5m annually) but future commissioning needs to support delivering the residual gap.
- Budget strategy approach major step forward
- Capital strategy for assets / buildings soon!
- Reserves at an appropriate level
- Council tax freeze pragmatic
- Challenge moving forward – as more BtG workstreams / commissioning delivered fewer options available for potential future funding cuts



Questions?

