Tewkesbury Borough Council

2 January 2023

Committee	Executive
Date	Wednesday, 10 January 2024
Time of Meeting	2:00 pm
Venue	Tewkesbury Borough Council Offices, Severn Room

ALL MEMBERS OF THE COMMITTEE ARE REQUESTED TO ATTEND

Agenda

1. ANNOUNCEMENTS

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the visitors' car park at the front of the building and await further instructions (during office hours staff should proceed to their usual assembly point; outside of office hours proceed to the visitors' car park). Please do not re-enter the building unless instructed to do so.

In the event of a fire any person with a disability should be assisted in leaving the building.

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

To receive apologies for absence and advise of any substitutions.

3. DECLARATIONS OF INTEREST

Pursuant to the adoption by the Council on 24 January 2023 of the Tewkesbury Borough Council Code of Conduct, effective from 1 February 2023, as set out in Minute No. CL.72, Members are invited to declare any interest they may have in the business set out on the Agenda to which the approved Code applies.

	Item	Page(s)
4.	**MINUTES** To approve the Minutes of the meeting held on 29 November 2023.	5 - 16
5.	**ITEMS FROM MEMBERS OF THE PUBLIC** To receive any questions, deputations or petitions submitted under Rule of Procedure 12. *(The deadline for public participation submissions for this meeting is Thursday 4 January 2024)*	
6.	**COUNCIL PLAN PERFORMANCE TRACKER - QUARTER TWO 2023/24** To receive and respond to the findings of the Overview and Scrutiny Committee's review of the 2023/24 quarter two performance management information.	
7.	**TREASURY AND CAPITAL MANAGEMENT** To **RECOMMEND TO COUNCIL** that the Capital Strategy 2024/25, Investment Strategy 2024/25, Minimum Revenue Provision Statement 2024/25 and Treasury Management Strategy 2024/25 be **ADOPTED**.	17 - 50
8.	**CHELTENHAM, GLOUCESTER AND TEWKESBURY COMMUNITY INFRASTRUCTURE LEVY (CIL) JOINT COMMITTEE** To **RECOMMEND TO COUNCIL** that establishment of a Community Infrastructure Levy Joint Committee with the Terms of Reference as set out at Appendix 1 to the report, including the pooling of strategic Community Infrastructure Levy monies by Cheltenham Borough, Gloucester City and Tewkesbury Borough Councils be **APPROVED**; that the amended Infrastructure List, as set out at Appendix 2 to the report, be **APPROVED** for publication; and that engagement with a wide range of infrastructure providers e.g. NHS, emergency services, Environment Agency be **ENDORSED** in order to identify any wider infrastructure priorities to be considered by the Community Infrastructure Levy Joint Committee**.**	51 - 72
9.	**GLOUCESTERSHIRE STATEMENT OF COMMON GROUND** To **RECOMMEND TO COUNCIL** that the revised version of the Gloucestershire Statement of Common Ground be **APPROVED** with the dashes in the "agreements" section removed and the removal of Appendix 3 to the previously approved version; and that authority be delegated to the Executive Director: Place, in consultation with the Lead Member for Built Environment, to make those amendments along with any necessary minor amendments, corrections and additions to in respect of any spelling, grammatical, cross-referencing, typographical errors and/or factual updates prior to signing by the Leader or Chief Executive.	73 - 110
10.	**EXECUTIVE COMMITTEE FORWARD PLAN** To consider the Committee's Forward Plan.	111 - 120

11. SEPARATE BUSINESS

The Chair will move the adoption of the following resolution:

That under Section 100(A)(4) Local Government Act 1972, the public be excluded for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act.

12. SEPARATE MINUTES 121 - 122

To approve the separate Minutes of the meeting of the Committee held on 29 November 2023.

DATE OF NEXT MEETING

WEDNESDAY, 7 FEBRUARY 2024

COUNCILLORS CONSTITUTING COMMITTEE

Councillors: C M Cody, C F Coleman, S R Dove, D W Gray, S Hands (Vice-Chair), D J Harwood, A Hegenbarth, M L Jordan, J R Mason, J K Smith, R J Stanley (Chair) and M G Sztymiak

Substitution Arrangements

The Council has a substitution procedure and any substitutions will be announced at the beginning of the meeting.

Recording of Meetings

In accordance with the Openness of Local Government Bodies Regulations 2014, please be aware that the proceedings of this meeting may be recorded and this may include recording of persons seated in the public gallery or speaking at the meeting. Please notify the Democratic Services Officer if you have any objections to this practice and the Chairman will take reasonable steps to ensure that any request not to be recorded is complied with.

Any recording must take place in such a way as to ensure that the view of Councillors, Officers, the public and press is not obstructed. The use of flash photography and/or additional lighting will not be allowed unless this has been discussed and agreed in advance of the meeting.

TEWKESBURY BOROUGH COUNCIL

Minutes of a Meeting of the Executive Committee held at the Council Offices, Gloucester Road, Tewkesbury on Wednesday, 29 November 2023 commencing at 2:00 pm

Present:

Chair	Councillor R J Stanley
Vice Chair	Councillor S Hands

and Councillors:

C M Cody, C F Coleman, S R Dove, D W Gray, D J Harwood, A Hegenbarth, M L Jordan, J R Mason and J K Smith

also present:

Councillor K Pervaiz

EX.52 ANNOUNCEMENTS

52.1 The evacuation procedure, as noted on the Agenda, was advised to those present.

EX.53 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

53.1 Apologies for absence were received from Councillor M G Sztymiak. There were no substitutes for the meeting.

EX.54 DECLARATIONS OF INTEREST

54.1 The Committee's attention was drawn to the Tewkesbury Borough Code of Conduct which was adopted by the Council on 24 January 2023 and took effect on 1 February 2023.

54.2 There were no declarations made on this occasion.

EX.55 MINUTES

55.1 The Minutes of the meeting held on 9 November 2023, copies of which had been circulated, were approved as a correct record and signed by the Chair.

EX.56 ITEMS FROM MEMBERS OF THE PUBLIC

56.1 There were no items from members of the public.

EX.57 FEEDBACK FROM CHAIR OF AUDIT AND GOVERNANCE COMMITTEE

57.1 In the absence of the Chair of the Audit and Governance Committee, the Director: Corporate Services provided feedback from the last meeting of the Audit and Governance Committee held on 22 November 2023.

57.2 The Director: Corporate Resources advised that a verbal update had been received from the Council's external auditors who had arranged a series of meetings with Officers in relation to the value for money work, the results of which were anticipated to be taken to the Audit and Governance Committee in March 2024. The Committee had also considered the corporate risk register and acknowledged that the Council's financial sustainability risk had been reduced following a review of the Medium Term Financial Strategy, which was due to be considered later on today's Agenda, and the Council's short term financial position. It was noted that a risk had been included around migration of people due to closure of the asylum seeker hotel on 11 December which may result in increased homeless cases presenting to the Council. The risk around the DEFRA consultation which proposed changes to waste services had been removed as the risk had been mitigated with no significant changes required. It was noted that the Internal Audit team had completed an audit of the Council's property portfolio and had found there was a substantial level of control in how the portfolio was managed.

57.3 Accordingly, it was

RESOLVED: That feedback from the Audit and Governance Committee on matters discussed at its last meeting be **NOTED**.

EX.58 FINANCIAL UPDATE - QUARTER TWO 2023/24

58.1 The report of the Associate Director: Finance, circulated at Pages No. 15-39, highlighted the Council's financial performance for the second quarter of 2023/24 which Members were asked to consider.

58.2 In introducing the report, the Lead Member for Finance and Asset Management advised that the overall revenue budget was a £257,000 positive position, as outlined in the table at Pages No.16-17, Paragraph 2.1 of the report; however, it was important to note this was showing the position for year end as opposed to the current actual situation and would no doubt change by the end of the year. Some areas were predicting an overspend against budget whilst there were some corresponding higher levels of income than expected. As reported in quarter one, along with the volatility of the economy generally, one of the biggest risks to performance against budget was the impending decision relating to the final pay award for staff which happily had now been resolved in line with the estimates used for building the budget. In terms of other key details to bring to Members' attention, services were £56,670 over budget - although employees was £529,000 under budget, £520,000 related to One Legal vacancies which was matched off by a reduction in third party income for their service; however, there was a target within the Council's corporate expenditure to save £209,000 from employment costs across the Council which reduced the predicted underspend to £315,000. Payments to third parties showed a £48,000 overspend which included an additional £233,000 against budget for the Materials Recovery Facility (MRF) gate fee due to a significant increase from £38 per tonne to £69 per tonne as a result of the declining value of materials and an increase in energy prices. Emergency homeless accommodation costs were £52,000 over budget and, due to the high costs of temporary accommodation, an additional £189,000 was lost in housing benefits subsidy. The cessation of the trade waste service would save money from 2024/25; this year it was anticipated to save £96,000 in expenditure but £197,000 income would be lost resulting in an overall loss of £101,000 which was reflected in quarter 2. Swindon Road depot running costs were expected to be £108,000 less than budgeted for the year. Corporate expenditure was underspent by £498,722 and there was an additional £235,000 treasury investment income compared to budget as a result of high interest rates. Borrowing costs included an allowance for temporary borrowing; however, the Council only had the fixed Public Works Loan Board (PWLB) loans at present and did not expect to borrow any more during the remainder of the year leading to a saving of £206,000 with business rates currently anticipated to bring in an additional £167,000. The capital budget and reserves position were set out at Appendices B and D to the report and showed that spending was in line within the approved budgets. Local Key Performance Indicators (KPIs) had been included at Appendix E to the report to add further context to the financial performance and a new requirement from the revised Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential and Treasury Codes required the Council to report prudential indicators on a quarterly, rather than six-monthly, basis from this financial year which were included at Appendices C and F to the report.

58.3 A Member expressed the view that the report reflected that the Council's budgeting seemed to be working and there appeared to be good control over all types of expenditure, particularly treasury management which was generating a positive outcome; going forward it was likely that a lot would change but overall it was an encouraging position. It was subsequently proposed, seconded and

RESOLVED: That the financial performance information for the second quarter 2023/24 be **NOTED**.

EX.59 MEDIUM TERM FINANCIAL STRATEGY 2024/25 - 2028/29

59.1 The report of the Executive Director: Resources, circulated at Pages No. 40-62, attached the Medium Term Financial Strategy (MTFS) 2024/25-2028/29 which the Committee was asked to recommend to Council for adoption.

59.2 In presenting the report, the Lead Member for Finance and Asset Management advised that it was important to note the comment at Appendix 1, Paragraph 1.5 of the report which stated that the Council was not in immediate danger of a Section 114 notice being required and the next two budgets looked manageable provided that a range of sensible decisions were made. He recognised that, looking ahead, there were parts of the document which may be uncomfortable but that was why a five year strategy was necessary in order to feel confident with the authority's direction and to update it at appropriate times.

59.3 The Lead Member went on to explain that this was an update to the MTFS approved at Council in January 2023 and reflected the latest information and financial assumptions. The strategy had been brought forward to set the scene for Members ahead of the 2024/25 budget round which was about to begin in earnest. He stressed that it was merely a financial forecast and its approval did not bind the Council to anything, for example, setting Council Tax for the next five years or setting staffing budgets. Local government funding continued to remain uncertain with no assurance over any funding stream in the medium term and the MTFS focused on a 'likely' funding scenario based on previous government communication and consultations which resulted in a £3.5m funding 'cliff edge' in 2026/27. Given uncertainties, there were potentially many different scenarios – some worse but many better – and the MTFS illustrated some of those better funding scenarios which highlighted the, albeit remote, possibility of a £5m improvement in financial projections. Costs had been projected forward using latest estimates of inflation and reflecting known unavoidable cost increases such as external audit and the Materials Recovery Facility (MRF) gate fee and it was noted that the cost of providing current Council services was set to increase by £3.2m over the next five years. A managed level of growth had been included to reflect the Council's aspirations. Bringing all of this together and reflecting the 'likely' funding scenario, the Council could face a deficit of over £6m over the next five years. The deficit reduction programme has been depleted and renewed focus was required on delivering efficiencies within services, generating additional income and considering the future of some service areas – even after that, it was unlikely the Council would find enough of those actions to fully close the gap, therefore, it would be reliant on the government finding a long term solution for local government finance to guarantee sustainability for the Council. Whilst the Council had a £3m reserve which could support the financial challenges faced, 2026/27 going into 2027/28 looked particularly challenging based on current funding projections. It was noted that a Member seminar was due to be held later that evening to discuss this in more detail prior to the report being taken to Council. The Lead Member felt it was worth noting that the Chancellor's Autumn Statement had indicated that no additional funding would be coming forward to help local government and an article in The Times on Monday had focused on the "Council crisis being faced in an election year" which made claims that the Local Government Association had written to the Chancellor sharing that 90% of Councils would need to dip into reserves to maintain statutory services; since 2010, Council budgets had been cut by an average of 27%; and a wave of local authorities were expected to declare in 2024 that they could not balance the books – Tewkesbury Borough Council was clearly not alone in facing this.

59.4 A Member sought clarification regarding the 'damping regime' referenced within the document and the Executive Director: Resources advised that damping was a term used to describe the mechanism used by the government to mitigate against changes to funding. The Council's projection for the 2026/27 cliff edge was based on the government giving some support in the short term to limit the damage - a £3.5m reduction in funding was projected with a £600,000 damping grant for one year which would give some breathing space but would not save the authority from the cliff edge entirely. Officers did not have the detail of the damping regime, or whether there would be one, but the projection was based on what had been done previously.

59.5 A Member recognised that a great deal of work went into producing the MTFS and, whilst it was sensible to have one, the current situation meant that the position beyond the next 12 months was based on considerable estimation. Tewkesbury Borough Council was a few steps behind other authorities in terms of the cliff edge and the question was how high it would be which was impossible to know at this stage. He could not imagine a scenario where what was predicted would actually happen as, if it happened to Tewkesbury Borough Council, it would be catastrophic for many other local authorities. He felt this needed to be carefully communicated to Members with a strong message that, whilst there was a degree of certainty for the next couple of years, beyond that was mainly conjecture. The Executive Director: Resources shared this sentiment and indicated that it was phrased in the document as the 'likely' scenario but, given the amount of uncertainty, the MTFS also tried to give an indication of what a better scenario would look like. Without government intervention the impact on the sector would be catastrophic but how the government would deal with that he was not sure. The biggest frustration for the Finance team was not being able to provide certainty for Officers, Members and residents. Several Members noted that the report was in the public domain and expressed the view that any communications around it needed to be handled carefully so as not to cause unnecessary panic and Members were assured there would be a robust communication plan in place. The Lead Member for Finance and Asset Management advised that the MTFS was based on what was known currently and whilst he suspected that the situation would change, it was important to be honest should that not be the case. Another Member indicated that this information was nothing new and it was important to demonstrate awareness of the possibility of the situation and make clear it had been handled as best it could. A Member indicated that, equally, it was important not to make any knee jerk decisions which would be detrimental to the authority in the long run, should the worst case scenario not materialise, for instance, cutting services which then required reinstatement and reinvestment later down the line.

59.6 The Chair indicated that he had recently attended a meeting of Council Leaders across the South West and there had been cross-party lobbying of the new Secretary of State for Communities and Local Government around the lack of certainty for local authorities. Councils such as Tewkesbury Borough Council were continually facing the cliff edge despite being small and cautious in terms of spending. Furthermore, the absence of a strong Council Tax base due to decisions dating back to the 1990s continued to impact this Council – he had raised the point that District Councils did not have the autonomy to raise Council Tax to the level required to do the tasks required by residents despite Parish Councils being given that freedom. The Chancellor's Autumn Statement had been beyond disappointing, offering no comfort whatsoever, and what had been a worry for his predecessors would certainly remain for him.

59.7 It was proposed, seconded and

RESOLVED: That it be **RECOMMENDED TO COUNCIL** that the Medium Term Financial Strategy 2024/25-2028/29 be **ADOPTED**.

EX.60 TEWKESBURY GARDEN TOWN PROGRAMME DELEGATIONS

60.1 The report of the Executive Director: Place, circulated at Pages No. 63-66, asked the Committee to recommend to Council that authority be delegated to the Chief Executive to prepare bids for external revenue funding to support the delivery of the Garden Town programme; accept grants of external revenue funding and agree any terms and conditions associated with those awards; deploy the revenue resources in line with the funding bids and the Garden Town programme following the Council's normal procedures for procurement and the appointment of staff; ensure continued stakeholder engagement related to the programme takes place informed by production of a Tewkesbury Garden Town Charter for subsequent, specific approval by Council in February 2024; undertake activities to progress the Garden Town programme, including sourcing potential partner capital funding, whilst seeking specific Council approval for: acceptance of any partner grant for capital works and acting as lead for delivery of infrastructure elements of the programme where necessary; and provide quarterly update reports to Council on progress with the Garden Town programme.

60.2 The Leader of the Council indicated that, as Members would recall, the new governance structure for the Garden Town had recently been approved by Council and this report recommended a number of delegations necessary to move the programme forward. He advised that the Garden Town had recently been awarded £214,000 by Homes England which would continue to fund the project until March 2024 and, whilst this stood the authority in good stead for future funding, to ensure it was prepared for all outcomes he had requested that a report be brought to Members setting out the options post-March for debate at that point.

60.3 A Member queried whether delegating authority to the Chief Executive to accept grants of external revenue funding and agree any terms and conditions associated with those awards was normal and asked what happened if there was a condition which the Council did not agree with and whether that would be taken to Members. In response, the Chief Executive advised that it was normal; however, the governance arrangement with the Tewkesbury Garden Town Assurance Board provided a safeguard so that anything the Board was uncomfortable with would be taken to Council. Another Member expressed the view that this should be reflected in the recommendation to Council and the Chief Executive indicated that he would be happy for grants of external revenue funding over £50,000 and any terms and conditions associated with those awards to be taken to Council for approval should Members so wish.

60.4 A Member welcomed the regular progress reports to Council which was proposed as part of the recommendation but questioned whether these should come from the Lead Member rather than the Chief Executive. In addition, he drew attention to Page No. 65, Paragraph 2.3 of the report and asked for further comment as to the risks and benefits. The Leader of the Council clarified that the latest funding received would cover the period to March 2024 hence the requirement for a further paper to be brought forward to Members setting out the options available. He indicated that the quarterly updates to Council would be in conjunction with the Leader of the Council and the Lead Member for Built Environment and that could be made explicit in that recommendation.

60.5 It was proposed, seconded and

RESOLVED: That it be **RECOMMENDED TO COUNCIL** that authority be delegated to the Chief Executive to:

i) prepare bids for external revenue funding to support the delivery of the Garden Town programme;

ii) accept grants of external revenue funding of up to £50,000 and agree any terms and conditions associated with those awards;

iii) seek specific Council approval for the acceptance of grants of external revenue funding of over £50,000 and any terms and conditions associated with those awards;

iv) deploy the revenue resources in line with the funding bids and the Garden Town programme following the Council's normal procedures for procurement and the appointment of staff;

v) ensure continued stakeholder engagement related to the programme takes place informed by production of a Tewkesbury Garden Town Charter for subsequent, specific approval by Council in February 2024;

vi) undertake activities to progress the Garden Town programme, including sourcing potential partner capital funding, whilst seeking specific Council approval for:

- acceptance of any partner grant for capital works; and
- acting as lead for delivery of infrastructure elements of the programme where necessary; and

vii) in consultation with the Leader of the Council and the Lead Member for Built Environment, provide quarterly update reports to Council on progress with the Garden Town programme.

EX.61 INFRASTRUCTURE FUNDING STATEMENT AND ANNUAL COMMUNITY INFRASTRUCTURE LEVY RATE SUMMARY STATEMENT

61.1 The report of the Community Infrastructure Levy Manager, circulated at Pages No. 67-117, asked Members to recommend to Council that publication of the Infrastructure Funding Statement (IFS) relating to the financial year ending 31 March 2023, by 31 December 2023, be approved and that the Annual Community Infrastructure Levy (CIL) Rate Summary Statement be published alongside the IFS by 31 December 2023.

61.2 In introducing the report, the Lead Member for Built Environment advised that the CIL regulations required both the IFS and the CIL Rate Summary Statement to be published by 31 December each year. The IFS contained three chapters: the CIL report, answering set questions on income and expenditure during the reported year; the Section 106 report answering questions set in the regulations on agreements entered into and undertakings made, contributions received and spent and non-financial obligations secured and delivered; and, an infrastructure list which was a statement of the infrastructure projects or types of infrastructure which the charging authority intended would be, or may be, wholly or partly funded by CIL. A summary of CIL and Section 106 income and expenditure was provided at Paragraph 2 of the report with further detail at Appendix 1. She stressed that the purpose of the report was not to forensically examine specific Section 106 income or projects, not the process or approach – any queries about specific Section 106 Agreements could be taken away from the meeting. An internal audit of the Section 106 processes had recently been undertaken and Officers were currently considering the draft findings which would be reported to the Audit and Governance Committee in early 2024. The infrastructure list included was not exhaustive or definitive; the projects listed had been compiled by Officers at Cheltenham Borough, Gloucester City and Tewkesbury Borough Councils and decisions around CIL spend would be made by the joint CIL Governance Committee which was in the process of being established and a separate report in relation to that would be considered by the Executive Committee and Council in early 2024. Finally, it was important to point out that the new Strategic and Local Plan (SLP) would be underpinned by a lot of detailed work on infrastructure planning and identify the long term infrastructure requirements to support planned development which would include working with communities to understand aspirations. CIL charges would also be reviewed to ensure that the Councils were maximising the planning gain that could be secured through new developments.

61.3 A Member drew attention to Page No. 110 of the report and noted there had been a change in terms of GL1 Leisure Centre and asked whether an amendment was required. With regard to projects not to be funded by CIL, she asked whether they could potentially be funded by CIL or if they specifically could not be. In response, the Community Infrastructure Levy Manager advised that this was the infrastructure list as it currently stood; legislation required that the list should include what the Council intended may be wholly or partially funded by CIL but was not a commitment and a separate report on that would be taken to each of the SLP authorities in the New Year. In terms of GL1 and Oxstalls Sports Park, their inclusion reflected the need for expenditure in relation to those facilities and was nothing to do with recent occurrences. With regard to projects not to be funded through CIL, the schemes listed included two joint highway projects which the County Council asked to be included alongside all education requirements because of the level of funding needed – CIL would not be able to cover the full cost of those schemes, for instance, M5 J10 was in the region of £260m whereas CIL collected between the three partners over four years amounted to £11m. Education was a complex issue in two-tier authority areas such as Tewkesbury Borough and the County Council was concerned it would be unable to secure sufficient Section 106 contributions if they were funded via CIL. It was not that these schemes and requirements could not be funded via CIL as there was discretion to fund any infrastructure which supported development; however, from the Local Education Authority perspective, the only education contributions which should be sought were those which met the three tests in the CIL Regulations – whether it was necessary, related to the development from which it was being taken and reasonable.

61.4 A Member questioned whether inflation would have an impact in terms of what could be achieved and confirmation was provided that was the case. The CIL Regulations were very prescriptive in terms of the CIL Rate Summary Statement and essentially included an index taking into account inflation information published on 1 November each year. The Council then provided a statement as to whether there had been an increase or decrease - this year there was an increase of 7% and those rates had to be published as being applicable to the next calendar year between 4-31 December.

61.5 With regard to Page No. 70, Paragraph 2.2 of the report which related to the IFS Section 106 report, a Member raised concern that the figures provided for what had been received and spent during the year did not correspond with the opening and closing balances. The CIL Manager undertook to look into this following the meeting and to make amendments to clarify the figures if necessary. The Member indicated that whilst he accepted this was a statutory report, the overriding issue was that money was being accrued which ought to be being spent in communities. He understood that money was not available until developments were completed but felt it was important to be on the front foot in terms of ensuring the money was utilised in an expedient manner. The Lead Member for Built Environment provided assurance this was being looked into in detail and a report would be taken to Council for Members to debate.

61.6 It was proposed, seconded and

RESOLVED: That it be **RECOMMENDED TO COUNCIL** that:

1. Publication of the Infrastructure Funding Statement (IFS) relating to the financial year ending 31 March 2023 by 31 December 2023 be **APPROVED**, subject to appropriate amendments to the IFS if necessary to clarify what had been brought forward, received, spent and allocated for future maintenance thereby arriving at the closing balance.
2. The Annual Community Infrastructure Levy (CIL) Rate Summary Statement be published alongside the Infrastructure Funding Statement by 31 December 2023.

EX.62 REVIEW OF HACKNEY CARRIAGE (TAXI) AND PRIVATE HIRE LICENSING POLICY

62.1 The report of the Licensing Team Leader, circulated at Pages No. 118-221, asked the Committee to adopt the draft Hackney Carriage (Taxi) and Private Hire Licensing Policy attached at Appendix B to the report.

62.2 The Lead Member for Clean and Green Environment advised that, over the past two years, there had been several reviews to update the Council's licensing documentation with the Gloucestershire Common Standards, medical criteria and M1 vehicle standards to bring Tewkesbury Borough Council in line with the rest of the county. This most recent review set out to amend driver requirements that have not already been brought in line with the Gloucestershire Common Standards, to introduce age and emissions policies, update operator conditions and revise the current plate exemption policy. On 15 June 2023, the Licensing Committee approved the draft policy which was then subject to a 12 week consultation during which 52 responses were received from key stakeholders and licence holders. Copies of the proposed amendments and responses were set out at Appendices A and C to the report. The final draft before Members today had been approved by the Licensing Committee in November 2023. The amendments proposed a change to the driver requirement that applicants must have held a Driver and Vehicle Licensing Authority (DVLA) driver's licence for 12 months rather than the previous requirement of three years, and that all new applicants must undertake a driver assessment. In terms of changes to the vehicle age and emissions policy, from 1 January 2024, all new and transfer vehicle licence applications must be Euro 6 compliant, including wheelchair accessible vehicles. All existing licence holders would be given two years to bring their vehicles in line with the new policy; all licences that expired after 31 December 2025 would need to comply with the new requirements and from January 2026 all vehicle licence renewal applications would be refused if the vehicle was not Euro 6 compliant. It was important when reviewing these changes to take into account the current climate and to do everything possible to support local business and it was recognised by both the Institute of Licensing and the Local Government Association that there was a shortage of good second hand vehicles. Bearing in mind the shortage of wheelchair accessible vehicles and the costs associated with sourcing them, following the consultation the policy had been further amended so that all renewal applications for these vehicles would be relicensed until they were 15 years of age. Finally it was proposed that compulsory garage inspections be introduced from June 2024 with these taking place annually for vehicles under five years and every six months for older vehicles.

62.3 A Member welcomed the proposed changes to the vehicle age and emissions policy given the climate change emergency; however, she was concerned about the potential shortage of wheelchair accessible vehicles (WAVs) and asked what was being done to encourage those type of vehicles. She also questioned why novelty vehicles were not subject to the same limits as WAVs. In response, the Licensing Team Leader advised that the emissions policy would be reviewed in two years in line with other local authorities in the county. The Department for Transport published best practice guidance on WAVs and Cheltenham Borough and Gloucester City Councils had recently changed their policies in line with that. With regard to novelty vehicles, which included limousines, the majority of their work, such as weddings and parties, was exempt from licensing law. The Member noted there had only been 52 responses to the consultation but Ward Councillors were listed in the report as having been consulted and she raised concern that she did not recall having seen it. The Licensing Team Leader confirmed that emails had been sent to all Members in June with separate emails also sent to Town and Parish Councils; she confirmed that a response had been received from Tewkesbury Town Council. Other Members indicated they had also not received the consultation email and it was stated that, if Councillors did not respond to consultations in relation to their Ward, there should be a mechanism to remind them.

62.4 A Member recognised that the change requiring drivers to hold a DVLA licence for 12 months as opposed to three years was best practice but he questioned why less driving experience was seen as a positive amendment. The Licensing Team Leader confirmed that this was in line with Department for Transport best practice and explained that all new drivers would undertake a driving assessment which was not currently required so this would introduce an additional test. If Members wished to retain the current policy requirement for drivers to hold a licence for three years that was within their gift. Another Member questioned how many drivers this would affect and was informed there were very few applications from drivers aged

18 with the majority of applicants tending to be from more mature people who undertook school contract work. A Member indicated that Tewkesbury Borough Council had historically been seen as a soft touch in terms of licensing and the revised policy had been a long time coming. The document before Members was reflective of those of the other local authorities across the county and he would be anxious of making an amendment which meant that it was once again out of line with what others were doing. In his view, driving experience was about the number of miles behind the steering wheel rather than the number of years holding a licence and he was satisfied that, under the new policy, applicants would have to undergo a driving assessment which was preferable in terms of assessing their fitness and propriety. He felt that this was something which could be reviewed in two years' time when statistical information would be available regarding the impact of the change. A Member queried whether Uber drivers were covered by the policy and was advised that Tewkesbury Borough Council had no licenced drivers with Uber; they could operate in the area but would hold a licence with another authority. A Member understood the concern raised regarding reducing the amount of time an applicant was required to hold a DVLA licence but he would not wish for there to be any unforeseen consequences as a result of having a different policy to others in the area; ultimately, the proposed changes would reduce the length of time a driver was required to have held a DVLA licence but there would be a higher requirement of testing which would be a fairer measure in his view.

62.5 In terms of the amount of consultation responses, a Member indicated that, in his experience, the licenced trade was very good at representing itself, particularly if it was unhappy with what was happening. He anticipated that the issue in terms of Ward Councillors was due to the consultation taking place in June which was shortly after the Borough Council elections rather than any lack of intent from Officers. As a Member of the Licensing Committee, this was the third time he had seen the policy which he felt would put the authority on an equal standing with others; however, he did wish to see the emissions policy reviewed along with the issue of compulsory CCTV in licensed vehicles which he was supportive of. The Lead Member for Clean and Green Environment confirmed that CCTV was being considered by the Gloucestershire Licensing Officers Group and provided assurance that emissions would be reviewed in two years as had been stated by the Licensing Team Leader.

62.6 It was proposed, seconded and

RESOLVED: That the draft Hackney Carriage (Taxi) and Private Hire Licensing Policy, attached at Appendix B to the report, be **ADOPTED**.

EX.63 REVIEW OF STREET TRADING LICENSING POLICY

63.1 The report of the Licensing Team Leader, circulated at Pages No. 222-253, asked the Committee to adopt the revised Street Trading Licensing Policy attached at Appendix A to the report.

63.2 The Lead Member for Clean and Green Environment advised that Tewkesbury Borough Council's Street Trading Policy was last reviewed four years ago in 2019. A revised draft policy was approved for consultation by the Licensing Committee in June 2023 and, following a 12 week period between July and September 2023, the final draft was approved by the Licensing Committee in November for presentation to the Executive Committee. Four main changes were proposed, the first being removal of the requirement for a Disclosure and Barring Service (DBS) check on the basis that Gloucestershire Police was a statutory consultee and undertook PNC checks on all applications. Removing the DBS requirement saved the applicant the cost of the check and Council resource in terms of processing the applications. This change would bring Tewkesbury Borough Council in line with Cheltenham Borough, Cotswold District, Gloucester City and the Forest of Dean District Councils. The policy also proposed specified consents and durations of applications and standard applications for markets, which included a requirement for the applicant to provide valid insurance documents for each event, as well as inclusive mobility requirements which was an extremely important addition to ensure the authority remained inclusive and sensitive to all members of the community. There were currently 20 active consents and all of the license holders would be informed of the changes which, if approved, would come into effect on 1 January 2024.

63.3 A Member questioned how many consultation responses had been received and again indicated that she did not recall having seen it. The Licensing Team Leader advised that four consultation responses had been received including one from Tewkesbury Town Council. Other Members confirmed they had also not received the consultation email and it was stated that, if Councillors did not respond to consultations in relation to their Ward, there should be a mechanism to remind them. A Member questioned whether it was possible to amend the prohibited streets list and was advised this was subject to a designation process which would need to be undertaken separately outside of the meeting. A Member queried whether Ward Members could input into the prohibited streets list when that was considered and the Licensing Team Leader advised that the current list was quite old and amending it would require a further consultation exercise so it could be a lengthy process to obtain a new list; however, that was a piece of work which she intended to do in the future. A Member asked if there was a more specific timeframe for that and was advised that realistically it was likely to be towards the end of 2024. In response to a query regarding there only being one consent for a market, as stated at Page No. 223, Paragraph 1.5 of the report, the Licensing Team Leader advised that this was an annual consent for Tewkesbury market; one-off and time-limited consents were also issued in addition to that.

63.4 It was proposed, seconded and

RESOLVED: That the revised Street Trading Licensing Policy, as attached at Appendix A to the report, be **ADOPTED**.

EX.64 COUNCIL TAX, HOUSING BENEFIT AND COUNCIL TAX SUPPORT PENALTY AND PROSECUTION POLICY

64.1 The report of the Head of Service: Counter Fraud and Enforcement Unit, circulated at Pages No. 254-265, asked the Committee to adopt the updated Council Tax Support Penalty and Prosecution Policy and to delegate authority to the Executive Director: Resources, in consultation with the Head of Service: Revenues and Benefits and the Head of Service: Counter Fraud and Enforcement Unit, to approve future minor amendments to the policy.

64.2 The Head of Service: Counter Fraud and Enforcement Unit advised that the policy was due an update to ensure it was reflective of the approach across the six Councils within the Counter Fraud and Enforcement Unit partnership. There were no significant amendments to the policy other than to reflect changes to departmental names within the Councils and duties and responsibilities within the Department for Work and Pensions. It should be noted that the legislation outlined that, to incur a civil penalty for a housing benefit overpayment, the value of the overpayment needed to exceed £250; however, the policy detailed that, for decisions across the Counter Fraud and Enforcement Unit, that figure would be £500 based on current cost of living pressures.

64.3 Accordingly, it was proposed, seconded and

RESOLVED:

1. That the Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy be **ADOPTED**.
2. That authority be delegated to the Executive Director: Resources, in consultation with the Head of Service: Revenues and Benefits and the Head of Service: Counter Fraud and Enforcement Unit, to approve future minor amendments to the policy.

EX.65 EXECUTIVE COMMITTEE FORWARD PLAN

65.1 Attention was drawn to the Executive Committee's Forward Plan, circulated at Pages No. 266-277, which Members were asked to consider.

65.2 Accordingly, it was

RESOLVED: That the Executive Committee Forward Plan be **NOTED**.

EX.66 SEPARATE BUSINESS

66.1 The Chair proposed, and it was

RESOLVED That, under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely discussion of exempt information as defined in Part 1 of Schedule 12A of the Act.

EX.67 IRRECOVERABLE DEBTS WRITE-OFF REPORT

(Exempt – Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 – Information relating to the financial or business affairs of any particular person (including the authority holding that information))

67.1 The Committee approved the write-off of a housing benefit overpayment.

The meeting closed at 3:45 pm

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	10 January 2024
Subject:	Treasury and Capital Management
Report of:	Associate Director: Finance
Head of Service/Director:	Executive Director: Resources
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	Four

Executive Summary:

The Council is required through regulations supporting the Local Government Act 2003 to ‘have regard to’ the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable. It is also required to produce an annual Treasury Strategy for borrowing and to prepare an Annual Investment Strategy setting out the Council’s policies for managing its investments and for giving priority to security and liquidity of those investments. The required strategies are listed below in the recommendation.

Recommendation:

To RECOMMEND TO COUNCIL that the following be ADOPTED:

- **Capital Strategy 2024/25**
- **Investment Strategy 2024/25**
- **Minimum Revenue Provision Statement 2024/25**
- **Treasury Management Strategy 2024/25**

Financial Implications:

There are no direct financial implications arising from this report.

Legal Implications:

There are no specific legal implications arising from the recommendations of this report.

More generally, the authority is required to comply with the relevant guidance in respect of its financial management. Ultimately when the authority is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance (s.151) Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

Environmental and Sustainability Implications:

There are no direct environmental and sustainability implications arising from the report.

Resource Implications (including impact on equalities): There are no direct resource implications.
Safeguarding Implications: There are no direct safeguarding implications
Impact on the Customer: There are no direct implications arising from the report.

1.0 INTRODUCTION

1.1 The Prudential Code plays a key role in capital finance in local authorities. The Council determines its own programmes for capital investment that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA (Chartered Institute of Public Finance and Accountancy) as a professional code of practice to support local authorities in taking their decisions.

1.2 In financing capital expenditure, the Council is governed by legislative frameworks including the requirement to have regard to CIPFA's Treasury Management Code of Practice. Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties in England under Part 1 of the Local Government Act 2003.

1.3 CIPFA published The Prudential Code for Capital Finance in Local Authorities (2021) in December 2021 which was updated in light of some councils borrowing excessively for investment activity. The level of risk some councils were taking with public money was seen as an inappropriate use of public money in the long term.

2.0 TREASURY AND CAPIAL MANAGEMENT STRATEGIES

2.1 Capital Strategy

2.1.1 This is a requirement of CIPFA's Prudential Code to place decisions around borrowing in the context of the overall longer term financial position of the authority and to improve links between the revenue and capital budgets. Capital expenditure plans are a key driver of treasury management activity.

2.1.2 This capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

2.1.3 The liability benchmark has been formally introduced as it is seen as an important indicator which demonstrates the lowest risk level of borrowing. The benchmark is our net borrowing requirement plus a liquidity allowance.

2.2 Investment Strategy

2.2.1 This comes from updated Ministry of Housing, Communities and Local Government statutory guidance and applies to accounting periods starting 1 April 2018.

2.2.2 This is not the Council's strategy for actual investment or otherwise in either commercial property or service property. It does not commit the authority to any future direction or expenditure. The report provides oversight on how the Council undertakes transactions of this nature, the proportionality of these investments and a one year forecast of a range of financial indicators based on the standing investment decision of Council.

2.2.3 The strategy provides detailed information on the policies and procedures that the Council has in place to address the fundamental concepts that are associated with each investment type, which are risk, security and liquidity.

2.2.4 In line with the revised Prudential Code the Council no longer borrows to fund the purchase of investment properties.

2.3 Minimum Revenue Provision Statement 2024/25

2.3.1 The statement at Appendix C sets out the Council policy on making a Minimum Revenue Provision (MRP) for the 2024/25 financial year in accordance with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. The policy is also in line with the revised guidance issued in 2018. As a result of the Council's recent capital programme, funded by borrowing, the Council is required to make a MRP in order to repay the principal borrowed.

2.3.2 The Council will look to utilise capital and revenue balances where possible in order to reduce the revenue impact of investment plans; however, where either internal or external borrowing is necessary, a MRP will be required to be made.

2.3.3 The MRP statement includes details on voluntary overpayments of MRP. The Council set aside £88k at the end of 2020/21 and used £21k in 2021/22. This leaves a balance of £67k for use in future years.

2.4 Treasury Management Strategy 2024/25

2.4.1 The Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 (the CIPFA Code) requires the authority to approve a treasury management strategy before the start of each financial year. The report at Appendix D fulfils the authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

2.4.2 The Treasury Management Strategy 2024/25 sets the framework in which day-to-day and strategic treasury activities are operated. The documents are compiled from the recommendations within the CIPFA guidance and from the Council's Treasury Management advisors with consideration given to the current financial climate and factors affecting market conditions.

2.4.3 The budget for investment income in 2024/25 is £1.2 million, based on an average investment portfolio of £16.7 million at an interest rate of 4.99% and £8.3m of pooled funds at 4.5%. The budget for debt interest paid in 2024/25 is £407k, based on the £19.5m of fixed rate PWLB loans only. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

3.0 CONSULTATION

3.1 None

4.0 ASSOCIATED RISKS

4.1 All risks are covered within the accompanying reports.

5.0 MONITORING

5.1 The 2021 Prudential Code and Treasury Management Code introduce a new requirement that monitoring of the treasury management and other prudential indicators should now be reported quarterly as part of the general revenue and capital monitoring process.

5.2 The in-year review and management of our treasury and capital activities are actioned by the Executive Committee in line with the Terms of Reference set out within the Council's Constitution. These Terms of Reference for the Executive Committee include:

- to 'review and monitor the operation of the policy framework' and
- to 'monitor the Council's performance.'

6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES

6.1 The control and good management of financial resources is essential to effectively deliver the Council's priorities.

Background Papers: None

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Appendices: Appendix A – Capital Strategy 2024/25
Appendix B – Investment Strategy 2024/25
Appendix C – Minimum Revenue Provision Statement 2024/25
Appendix D – Treasury Management Strategy 2024/25

Capital Strategy Report 2024/25

Introduction

This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes-technical areas.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

Capital Expenditure and Financing

Capital expenditure is where the Authority spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

- For details of the Authority's policy on capitalisation, see Note 1.15 in the Financial Statements for the year ended 31 March 2023

In 2024/25, the Authority is planning capital expenditure of £4.58m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2022/23 actual	**2023/24 forecast**	**2024/25 budget ***	**2025/26 budget**	**2026/27 budget**
General Fund services	2.77	3.27	4.58	2.71	1.29
TOTAL	2.77	3.27	4.58	2.71	1.29

The main General Fund capital projects include the replacement of the refuse and recycling fleet and payment of Disabled Facility Grants. Following a change in the Prudential Code, the Authority no longer incurs capital expenditure on investments.

Governance: Service managers must take a report to full Council in order to include projects in the Council's capital programme. Finance calculate the financing cost (which can be nil if the project is internally financed) and review any business case for the proposal to ensure it meets the council requirements over payback periods (if applicable). Council appraises all proposals based on a comparison of strategic priorities against financing costs and approves the use of capital resources. The final capital programme is then presented to Executive Committee and to Council in February each year.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves, and capital receipts) or debt (borrowing, leasing). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2022/23 actual	2023/24 forecast	2024/25 budget *	2025/26 budget	2026/27 budget
External sources	1.76	1.94	1.20	0.80	0.80
Capital receipts	0.16	0.8	0.13	0.22	0.13
Revenue resources	0.85	0.53	3.25	1.69	0.36
Debt	0	0	0	0	0
TOTAL	**2.77**	**3.27**	**4.58**	**2.71**	**1.29**

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Table 3: Replacement of debt finance in £ millions

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
Own resources	0.93	0.95	0.97	1	1.02
TOTAL	**0.93**	**0.95**	**0.97**	**1**	**1.02**

The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to be £51.62m during 2024/25. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget *	31.3.2026 budget	31.3.2027 budget
Capital investments	53.54	52.59	51.62	50.62	49.61
TOTAL CFR	**53.54**	**52.59**	**51.62**	**50.62**	**49.61**

Asset management: To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place. This plan is set in the wider context of ensuring a sustainable future for Council expenditure and revenue and aims to:

• Identify and explain the context and objectives of Asset Management at Tewkesbury Borough Council.

• Identify and explain how the plan links with our Corporate Plan and processes that will be followed to deliver Asset Management to Tewkesbury Borough Council.

• Identify the specific challenges and opportunities that currently affect Tewkesbury Borough Council's land and building assets and the ability of those assets to deliver the priorities, goals and promises set out in our Corporate Plan.

• Identify and recommended strategies to address and resolve issues and opportunities within the asset portfolio.

• Establish an annual Service Action Plan summarising the required actions arising from those recommendations.

The Council's asset management strategy can be found on our website.

Table 5: Capital receipts receivable in £'000

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
Right to buy receipts	421	250	250	250	250
Other	7	0	0	0	0
TOTAL	**428**	**250**	**250**	**250**	**250**

Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

The Authority does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.

Due to decisions taken in the past, the Authority currently has £20.07m borrowing at an average interest rate of 1.92% and £33.7m treasury investments at an average income rate of 4.63%.

Borrowing strategy: The Authority's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheaper short-term loans (currently available between 5.14% to 5.35%) and long-term fixed rate loans where the future cost is known but higher (currently 5% to 5.7%).

Projected levels of the Authority's total outstanding debt (which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
Debt	30.33	19.79	19.26	18.73	18.09
Capital Financing Requirement	53.54	52.59	51.62	50.62	49.61

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Authority expects to comply with this in the medium term.

Liability benchmark: To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10m at each year-end.

Table 7: Borrowing and the Liability Benchmark in £ millions

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
Outstanding borrowing	30.33	19.79	19.26	18.73	18.09
Liability benchmark	10.56	11.19	9.22	7.22	6.21

The table shows that the Authority expects to remain borrowed above its liability benchmark. This is because a deliberate decision has been made to borrow additional sums due to the volatility of the Council's cash flows.

Affordable borrowing limit: The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2023/24 limit	2024/25 limit	2025/26 limit	2026/27 limit
Authorised limit – borrowing	50	50	50	50
Operational boundary – borrowing	40	40	40	40

Further details on borrowing are in the treasury management strategy.

Treasury investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Authority's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.

Table 9: Treasury management investments in £millions

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
Near-term investments	19.34	8.35	11.79	13.25	13.73
Longer-term investments	10.43	10.30	8.30	8.30	8.30
TOTAL	**29.77**	**18.65**	**20.09**	**22.55**	**22.03**

Further details on treasury investments are in the treasury management strategy.

Risk management: The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

- The treasury management prudential indicators are in the treasury management strategy.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Executive Director of Resources and staff, who must act in line with the treasury management strategy approved by Council. The in-year review and management of our treasury and capital activities are actioned by the Executive Committee in line with the Terms of Reference set out within the Council's constitution. These Terms of Reference for the Executive Committee include:

- to 'review and monitor the operation of the policy framework' and
- to 'monitor the Council's performance.'.

The Audit and Governance Committee is responsible for scrutinising treasury management decisions.

Commercial Activities

- With central government financial support for local public services declining and uncertainty around future funding sources (e.g. New Homes Bonus), the Council had no choice in previous years but to invest in commercial property purely or mainly for financial gain. Total commercial investments are currently valued at £59.28m as at 31.03.23 (with a cost value of £60.76m) providing a net return after all costs of 5.29%.
- With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include voids, fall in capital value and high asset management costs. These risks are managed by using professional property advisers who are used to analyse the risk of voids, advice on alternative uses or exit strategies for investment properties. In order that commercial investments remain proportionate to the size of the authority, and to ensure that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services, we have decided not to continue acquiring further properties and contingency plans are in place (including a contingency reserve) should expected yields not materialise.
- Only direct costs such as property management are netted off gross income. Interest and minimum revenue provision costs are excluded from this indicator.

Table 10: Prudential indicator: Net income from commercial and service investments to net revenue stream

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
Total net income from service and commercial investments	3,135	3,428	2,773	2,060	1,869
Proportion of net revenue stream	22.27%	26.27%	19.86%	14%	12.24%
Proportion of usable revenue reserves	7.75%	8.82%	6.96%	5.04%	4.58%

Other Liabilities

In addition to forecast debt of £19.26m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £2.3m as at 31 March 2023). It has also set aside £3.47m to cover risks of provisions (of which £2.64m relates to business rates appeals).

Governance: Decisions on incurring new discretional liabilities are taken in line with the Financial Procedure Rules by service managers in consultation with Executive Director of Resources and the Monitoring Officer.

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 11: Prudential Indicator: Proportion of financing costs to net revenue stream

	2022/23 actual	**2023/24 forecast**	**2024/25 budget ***	**2025/26 budget**	**2026/27 budget**
Financing costs (£m)	0.463	0.427	0.439	0.439	0.439
Proportion of net revenue stream	9.88%	10.48%	9.90%	9.51%	9.26%

Further details on the revenue implications of capital expenditure are in the 2024/25 revenue budget.

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 40 years into the future. The Executive Director of Resources is satisfied that the proposed capital programme is prudent, affordable and sustainable because it has all been full costed and the full revenue implications have been included within the Medium-Term Finance Strategy (MTFS).

Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Executive Director of Resources is a qualified accountant with over 25 years' experience, the Asset Manager has many years' experience and is supported by an expert team including engineers and building surveyors. The Council pays for staff to study towards relevant professional qualifications including CIPFA and AAT.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers, Lambert Smith Hampton as property consultants and appoints legal specialists as necessary. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

Investment Strategy Report 2024/25

Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

The statutory guidance defines investments as "all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios." The Authority interprets this to exclude (a) trade receivables which meet the accounting definition of financial assets but are not investments in the everyday sense of the word and (b) property held partially to generate a profit but primarily for the provision of local public services. This aligns the Authority's definition of an investment with that in the 2021 edition of the CIPFA Prudential Code, a more recent piece of statutory guidance.

Treasury Management Investments

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £15.2m and £25.6m during the 2024/25 financial year.

Contribution: The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

Further details: Full details of the Authority's policies and its plan for 2024/25 for treasury management investments are covered in a separate document, the Treasury Management Strategy.

Service Investments: Loans

Contribution: The Council may lend money to local businesses/charities to support local public services and stimulate local economic growth.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk and ensure that total exposure to service loans remains proportionate to the size of the Authority, we ensure that any default in the repayment is affordable for the Council.

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figure for any loans in the Authority's statement of accounts at the end of 2023-24 will be shown net of this loss allowance (as it was in 2022-23). However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding service loans. As we only have one in progress we have assessed their credit rating and also ensured we could afford any financial loss of a default in repayment.

Service Investments: Shares

Contribution: The Council invests in the shares of a jointly owned teckel company (Ubico Ltd) to support local public services (environmental services). Tewkesbury Borough Council have a £1 share and there are 7 other authorities each owning £1 each.

The purpose of the investment is to work with other local authorities to create efficiencies and resilience within our environmental services and also enable a more commercial outlook within the company.

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. As the only shares we have are nominal and relate to a service objective then there is no risk of falls in value.

Other Shares

We also hold shares in a Local Authority Property Fund however this is covered within the Treasury Management Strategy.

Commercial Investments: Property

Contribution: The Council invests in local and UK wide commercial property with the intent of making a profit that will be spent on local public services. The properties held cover a range of sectors including industrial and retail to spread the risk and include a wide range of lease types and lengths. The income generated from these investments enables us to continue functioning as a council and provide our statutory duties.

Some investments are held for service reasons as well and are immaterial in value. The material items are shows in the table below:

Table 3: Property held for investment purposes in £ millions

Property	Actual	31.3.2023 actual	
	Purchase costs (£m)	Gains or (losses)	Value in accounts (£m)
Land only	1.52	0.06	1.58
Office	22.94	(0.06)	22.88
Industrial	13.46	(0.14)	13.32
Retail	22.83	(1.34)	21.49

TOTAL	**60.75**	**(1.48)**	**59.27**

Security: In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is higher than its purchase cost (including taxes and transaction costs) or, overall, the value of material investment properties are no less than 20% lower than purchase cost. A fall in the value of the property does not impact on the council as it is reversed out in the Movement in Statement of Reserves. The council is concerned about the net income return as this is crucial to the budget.

The fair value of the Council's investment property portfolio is about 2% lower than the original purchase price. The fair value looks at the length of any leases currently in place (and as the lease term diminishes the fair value falls). The fair value has been calculated within the past twelve months and the assets provide security for the capital investment. If the value falls a significant amount (20% or more) then further work is done to identify whether any mitigating actions are needed to protect the capital invested. These actions include analysing any risk of lease defaults or cancellations and ensuring contingency funds are in place to mitigate any material impact on the budget.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding property investments by:

- using professional property advisers to assess the full cost of any potential commercial property purchase, including void periods;
- ensuring an exit strategy by looking at the alternative use for the property;
- costing any asset management requirements required and setting aside monies in the budget;
- looking at lease lengths and break clauses to ascertain the risk of any voids and to enter early negotiations with tenants;
- ensuring a minimum rate of return that enables all known costs to be covered;
- diversifying the portfolio over a number of sector areas.
- Undertaking an independent valuation exercise to substantiate the purchase price prior to completion
- Undertaking other building and environmental surveys
- Reviewing the strength of covenant of the existing tenant
- Reviewing the strength of economy in the surrounding area
- Familiarisation of local commercial agents for an efficient and cost-effective marketing process
- Regular communication with new tenants to build initial relationships and manage any teething problems
- Annual in person inspections to respond to any landlord repairs required and to maintain landlord and tenant alliance
- Regular email and telephone contact with tenants to maintain a strong professional relationship
- Efficient reactive repair management whilst keeping the tenant informed
- Strong bond with local contractors who can be relied upon to react rapidly to repairs
- Forward knowledge of major repairs within the last year of lease, to be completed as soon as the property becomes vacant to minimise any void period.
- Good communication whilst arranging engineering inspections for insurance purposes
- Active rent account management for early interception of tenant financial difficulties
- Tight budget control of service charges in order that good value for the tenant is achieved
- Good relationship with RICS professionals for rent review, lease renewal and lease termination support.
- Efficient dilapidations management to secure funds for works required on lease termination

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Council would use professional agents to sell these assets to maximise best value.

Proportionality

The Council is dependent on profit generating investment activity to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan. Should it fail to achieve the expected net profit, the Council's contingency plans for continuing to provide these services is to firstly use any contingency reserves available to continue to provide these services in the short term, whilst an assessment of the investments future capabilities are made, and then cost reductions would be made to ensure the council is financially viable in the longer term.
Table 4: Proportionality of Investments (£'000)

	2022/23 Actual	**2023/24 Forecast**	**2024/25 Budget**	**2025/26 Budget**	**2026/27 Budget**
Investment income	3,479	3,988	4,508	4,378	4,318
Gross service expenditure	40,528	30,528	34,338	35,197	35,169
Proportion	8.58%	13.06%	13.13%	12.44%	12.28%

Borrowing in Advance of Need

Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority has chosen not to follow this guidance previously and has previously borrowed for this purpose because, as a small council with the 8th lowest council tax in the country, the level of cuts to core government support along with losses associated with the retained business rates scheme and the growing size of the Borough 52mean that the Council would be unlikely to balance its budget without this income and therefore would be forced to reduce service offering drastically. It would also heighten the potential for issuing a s114 notice.

The Authority's policies in investing the money borrowed, including management of the risks, for example of not achieving the desired profit or borrowing costs increasing, is to always have a fixed rate for borrowing for at least 40% of borrowings to manage the risk of interest rate increases. In addition, the Council ensures any rental income is managed and leases are reviewed early to allow for any potential break clauses and void periods which can be factored into the budget.
Despite having undertaken borrowing in advance of need previously we will not borrow in this way in future as we feel the level of these investments is at an acceptable level of risk and any further investments would not be at a proportionate for an authority of our size. We will only borrow in future to replace short term debt relating to prior year investment decisions.

Capacity, Skills and Culture

Elected members and statutory officers:

A Commercial Investment Board was set up along with an approved Commercial Investment Strategy (Council, December 2016) to provide a level of scrutiny and governance around property purchases. The board consists of six Members and council officers (to include the Head of Finance and Asset Management and the Asset Manager) who receive investment proposals and evaluate individual proposals for bidding.

Commercial deals and corporate governance:

Lambert Smith Hampton Investment Management (LSHIM) were appointed as our professional property investment advisers. The Council gave them the total amount of money available for investment and the minimum net return we will accept and they recommended a balanced portfolio between industrial, retail and office accommodation in order to spread the risk between sectors.

When a property came to the market that LSHIM believe fits this criteria they sent us a summary to see whether we were interested in pursuing it further. If we chose to look into the investment, we commissioned LSHIM to perform their due diligence and prepare a full report on the property.

Detailed analysis of any potential bids were received by the board outlining the risks, returns, any existing tenancies and asset management opportunities for the property explained. LSHIM were aware of the differing requirements of a local authority and recommended properties that would fit within our approved commercial strategy and risk appetite. Detailed financials were received outlining possible net returns to us which included our statutory costs such as minimum revenue provision (MRP) and also allowed for voids and conservative estimates of any rent increases.

Authority of investments up to £12m were made by the Head of Finance and Assets in consultation with the Commercial Investment Board whereas anything over £12m has to be referred to the Executive Committee for deeper scrutiny and decision making.

We have no plans to buy any new investment property in the future.

Investment Indicators

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down.

Table 5: Total investment exposure in £millions

Total investment exposure	31.03.2023 Actual	31.03.2024 Forecast	31.03.2025 Forecast
Treasury management investments	29.15	19.00	19.00
Commercial investments: Property	59.28	59.28	59.28
TOTAL INVESTMENTS	**88.43**	**78.28**	**78.28**

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

We have no treasury management investments funded by borrowing and have no plans to do this in the future either.

Table 6: Investments funded by borrowing in £million

Investments funded by borrowing	**31.03.2023 Actual**	**31.03.2024 Forecast**	**31.03.2025 Forecast**
Commercial investments: Property	54.47	53.55	52.6
TOTAL FUNDED BY BORROWING	**30.33**	**19.79**	**19.26**

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

*Table 7: Investment rate of return (**net** of all costs)*

Investments net rate of return	**2022/23 Actual**	**2023/24 Forecast**	**2024/25 Forecast**
Treasury management investments	3.46%	4.63%	4.75%
Commercial investments: Property	0.44%	3.41%	3.48%

Minimum Revenue Provision Statement 2024/25

Annual Minimum Revenue Provision Statement 2024/25

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry for Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

The broad aim of the Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance.

- For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate of the Public Works Loan Board (PWLB) annuity rate (less the 0.2% for certainty rate) for 20 years on the day or purchase, starting in the year after the asset becomes operational. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

- MRP on purchases of freehold land will be charged over 50 years.

- For assets acquired by finance leases, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

- Where former operating leases have been brought onto the balance sheet on 1st April 2024 due to the adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

Capital expenditure incurred during 2024/25 will not be subject to a MRP charge until 2025/26 or later.

Based on the Authority's latest estimate of its capital financing requirement (CFR) on 31st March 2024, the budget for MRP has been set as follows:

	31.03.2024 Estimated CFR £'000	**2024/25 Estimated MRP £'000**
Unsupported capital expenditure after 31.03.2008	52,596	972
Voluntary overpayment (or use of prior year overpayments)	**0**	**0**
Total General Fund	**52,596**	**972**

Overpayments: In earlier years, the Authority has made voluntary overpayments of MRP that are available to reduce the revenue charges in later years.

MRP Overpayments	**£'000**
Actual balance 31.03.2023	67
Approved [overpayment/drawdown] 2023/24	0
Expected balance 31.03.2024	67
Planned [overpayment/drawdown] 2024/25	0
Forecast balance 31.03.2025	67

Treasury Management Strategy Statement 2024/25

Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

External Context

Economic background:

The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Authority's treasury management strategy for 2024/25.

The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level in September and then again in November. Members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with near-term risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

Office for National Statistics (ONS) figures showed CPI inflation was 6.7% in September 2023, unchanged from the previous month but above the 6.6% expected. Core CPI inflation fell to 6.1% from 6.2%, in line with predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling, declining to around 4% by the end of calendar 2023 but taking until early 2025 to reach the 2% target and then falling below target during the second half 2025 and into 2026.

ONS figures showed the UK economy grew by 0.2% between April and June 2022. The BoE forecasts GDP will likely stagnate in Q3 but increase modestly by 0.1% in Q4, a deterioration in the outlook compared to the August MPR. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.

The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth remained strong, with regular pay (excluding bonuses) up 7.8% over the period and total pay (including bonuses) up 8.1%. Adjusted for inflation, regular pay was 1.1% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.

Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, the US Federal Reserve paused in September and November, maintaining the Fed Funds rate target at this level. It is likely this level represents the peak in US rates, but central bank policymakers emphasised that any additional tightening would be dependent on the cumulative impact of rate rises to date, together with inflation and developments in the economy and financial markets.

US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But as the impact from higher rates is felt in the coming months, a weakening of economic activity is likely. Annual CPI inflation remained at 3.7% in September after increasing from 3% and 3.2% consecutively in June and July.

Eurozone inflation has declined steadily since the start of 2023, falling to an annual rate of 2.9% in October 2023. Economic growth has been weak, and GDP was shown to have contracted by 0.1% in the three months to September 2023. In line with other central banks, the European Central Bank has been increasing rates, taking its deposit facility, fixed rate tender, and marginal lending rates to 3.75%, 4.25% and 4.50% respectively.

Credit outlook:

Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.

However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast (November 2023):

Although UK inflation and wage growth remain elevated, the Authority's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

Like the BoE, the Federal Reserve and other central banks see persistently high policy rates through 2023 and 2024 as key to dampening domestic inflationary pressure. Bond markets will need to absorb significant new supply, particularly from the US government.

A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.

For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 4.75%, with no current expectation for new long-term borrowing.

Local Context

On 30th November 2023, the Authority held £20.07m of borrowing and £33.7m of treasury investments. This is set out in further detail at ***Appendix B***. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Capital financing requirement	**53.54**	**52.59**	**51.62**	**50.62**	**49.61**
Less: External borrowing **	30.33	19.79	19.26	18.73	18.09
Internal borrowing	**23.21**	**32.80**	**32.36**	**31.89**	**31.52**
Less: Balance sheet resources	52.98	51.40	52.40	53.40	53.40
Treasury investments	**29.77**	**18.60**	**20.04**	**21.51**	**21.88**

* leases and PFI liabilities that form part of the Authority's total debt
** shows only loans to which the Authority is committed and excludes optional refinancing

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2024/25.

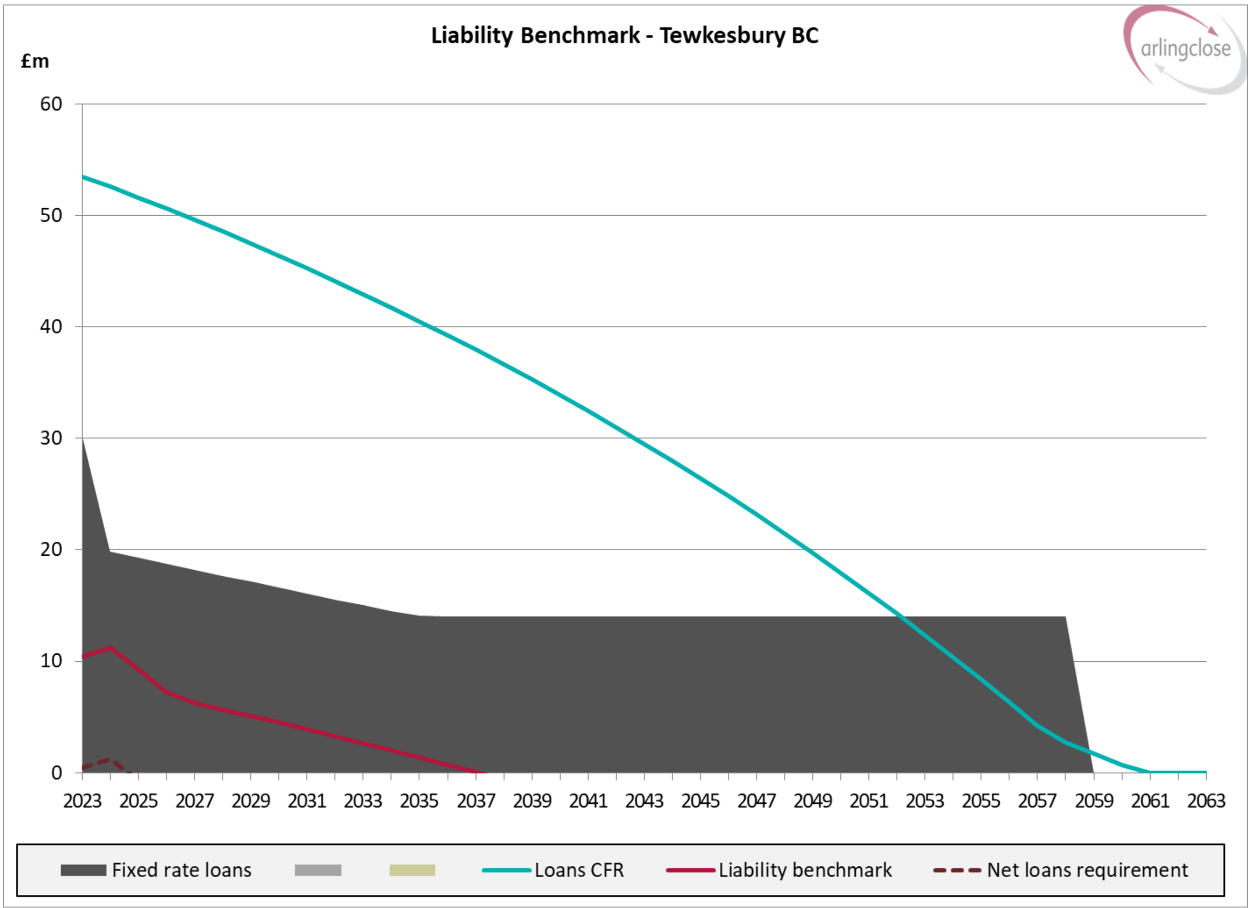
Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability benchmark

	31.3.23 Actual £m	**31.3.24 Estimate £m**	**31.3.25 Forecast £m**	**31.3.26 Forecast £m**	**31.3.27 Forecast £m**
Loans CFR	**53.54**	**52.59**	**51.62**	**50.62**	49.61
Less: Balance sheet resources	52.98	51.4	52.4	53.4	53.4
Net loans requirement	0.56	1.19	-0.78	-2.78	-3.79
Plus: Liquidity allowance	10.00	10.00	10.00	10.00	10.00
Liability benchmark	**10.56**	**11.19**	**9.22**	**7.22**	**6.21**

Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing, minimum revenue provision on new capital expenditure based on a 25 year asset life and income, expenditure and reserves all increasing by inflation. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing:



Borrowing Strategy

The Authority currently holds £20.07 million of loans, a decrease of £10.53 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority does not expect to need to borrow in 2024/25. The Authority may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £50 million.

Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Gloucestershire County Council Pension Scheme)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Treasury Investment Strategy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £27.4 and £46.3 million, and similar levels are expected to be maintained in the forthcoming year.

Objectives: The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

Strategy: As demonstrated by the liability benchmark above, the Authority expects to be a long-term investor and treasury investments will therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.

The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Authority may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.

ESG policy: Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. This will be reviewed on an ongoing basis as the framework is developed. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

Business models: Under the IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

Table 3: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£3.0m	Unlimited
Secured investments *	25 years	£3.0m	Unlimited
Banks (unsecured) *	13 months	£2.0m	Unlimited
Building societies (unsecured) *	13 months	£2.0m	£4.0m
Registered providers (unsecured) *	5 years	£2.0m	£4.0m
Money market funds *	n/a	£3.0m	Unlimited
Strategic pooled funds - CCLA - Other	n/a	£4.0m £2.0m	£10.0m
Real estate investment trusts	n/a	£2.0m	£4.0m
Other investments *	5 years	£1.0m	£2.0m

This table must be read in conjunction with the notes below

Minimum credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh

Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Operational bank accounts: The Authority may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £4.0m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits: The Authority's revenue reserves available to cover investment losses are forecast to be £5 million on 31st March 2024 and £5 million on 31st March 2025. In order that no more than 60% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £4 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £2m in operational bank accounts count against the relevant investment limits.

Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£4m per manager
Negotiable instruments held in a broker's nominee account	£6m per broker
Foreign countries	£3m per country

Liquidity management: The Authority uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

The Authority will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Prudential Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A

Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling one month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 1 months	£7m

Interest rate exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£500,000
Upper limit on one-year revenue impact of a 1% fall in interest rates	£500,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

Maturity structure of borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	0%	100%
12 months and within 24 months	0%	100%
24 months and within 5 years	0%	100%
5 years and within 10 years	0%	100%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Long-term treasury management investments: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£14m	£12m	£12m	£10m

Long-term investments with no fixed maturity date and in the relevant financial year include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Related Matters

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

Financial derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Financial derivatives: In the absence of any explicit legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

Markets in Financial Instruments Directive: The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Executive Director – Resources and S151 believes this to be the most appropriate status.

Financial Implications

The budget for investment income in 2024/25 is £1.2 million, based on an average investment portfolio of £16.7 million at an interest rate of 4.75%. The budget for debt interest paid in 2024/25 is £407k, based on an average debt portfolio of £4.9 million at an average interest rate of 1.92%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Executive Director – Resources and S151, having consulted the Lead Member for Finance & Assets, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A – Arlingclose Economic & Interest Rate Forecast – November 2023

Underlying assumptions:

- UK inflation and wage growth remain elevated but, following a no-change MPC decision in November, Bank Rate appears to have peaked in this rate cycle. Near-term rate cuts are unlikely, although downside risks will increase as the UK economy likely slides into recession and inflation falls more quickly.
- The much-repeated message from the MPC is that monetary policy will remain tight as inflation is expected to moderate to target slowly. In the Bank's forecast, wage and services inflation, in particular, will keep CPI above the 2% target until 2026.
- The UK economy has so far been relatively resilient, but recent data indicates a further deceleration in business and household activity growth as higher interest rates start to bite. Global demand will remain soft, offering little assistance in offsetting weakening domestic demand. A recession remains a likely outcome.
- Employment demand is easing, although the tight labour market has resulted in higher nominal wage growth. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household spending will therefore be weak. Higher interest rates will also weigh on business investment and spending.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant policy loosening in the future to boost activity.
- Global bond yields will remain volatile, particularly with the focus on US economic data and its monetary and fiscal policy. Like the BoE, the Federal Reserve and other central banks see persistently high policy rates through 2023 and 2024 as key to dampening domestic inflationary pressure. Bond markets will need to absorb significant new supply, particularly from the US government.
- There is a heightened risk of geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in November. We believe this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate remain on the upside, but these diminish over the next few quarters and shift to the downside before balancing out, due to the weakening UK economy and dampening effects on inflation.
- Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply.

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.28	4.35	4.30	4.25	4.10	4.00	3.75	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.32	4.40	4.35	4.30	4.25	4.15	4.00	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.78	4.70	4.65	4.55	4.45	4.35	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.38	4.30	4.25	4.20	4.15	4.15	4.10	4.10	4.10	4.10	4.10	4.10	4.10
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%
PWLB Certainty Rate = Gilt yield + 0.80%
PWLB HRA Rate = Gilt yield + 0.40%
UK Infrastructure Bank Rate = Gilt yield + 0.40%

Appendix B – Existing Investment & Debt Portfolio Position

	30-Nov **Actual portfolio** **£m**	30-Nov **Average rate** **%**
External borrowing:		
Public Works Loan Board	20.07	**1.92**
Total external borrowing	**20.07**	
Treasury investments:		
The UK Government	0.0	0.00
Local authorities	16.0	3.97
Other government entities	0.0	0.00
Secured investments	0.0	0.00
Banks (unsecured)	2.1	5.10
Building societies (unsecured)	0.0	0.00
Registered providers (unsecured)	0.0	0.00
Money market funds	7.3	4.99
Strategic pooled funds	4.3	5.37
Real estate investment trusts	4.0	3.70
Other investments	0.0	0.00
Total treasury investments	**33.7**	4.63
Net Investments	**13.63**	

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	10 January 2024
Subject:	Cheltenham, Gloucester and Tewkesbury Community Infrastructure Levy (CIL) Joint Committee
Report of:	CIL Manager
Head of Service/Director:	Associate Director: Planning
Lead Member:	Lead Member for Built Environment
Number of Appendices:	2

Executive Summary:

This report seeks the support of the Executive Committee in recommending to Council approval of the governance arrangements for the allocation of CIL ‘Infrastructure’ funding by agreeing to the establishment of a Member Joint Committee in accordance with the appended Terms of Reference (see Section 2 which explains the move from preparing a Memorandum of Understanding as previously proposed). This includes approving to pooling arrangements by the three Joint Committee partner councils for the ‘Infrastructure’ portion of CIL receipts; approval for publication of an amended ‘Infrastructure List’ (Appendix 2) is also requested. The Infrastructure List; and further engagement with a wider range of infrastructure providers.

Recommendation:

To RECOMMEND TO COUNCIL:

1. **That establishment of a Community Infrastructure Levy Joint Committee with the Terms of Reference as set out at Appendix 1, including the pooling of strategic Community Infrastructure Levy monies by Cheltenham Borough, Gloucester City and Tewkesbury Borough Councils, be APPROVED.**
2. **That the amended Infrastructure List, set out at Appendix 2, be APPROVED for publication.**
3. **That engagement with a wide range of infrastructure providers e.g. NHS, emergency services, Environment Agency be ENDORSED in order to identify any wider infrastructure priorities to be considered by the Community Infrastructure Levy Joint Committee.**

Financial Implications:

There are no direct financial implications of the recommendations in this report for the Council; however, indirect benefits will be realised from the strategic ‘infrastructure’ element of the CIL which can be used to enhance the borough, improve infrastructure and support economic growth. Work is to be undertaken within existing resources and budgets including the 5% portion of CIL receipts that may be used for administration.

Legal Implications:

The “strategic” element of CIL receipts (being otherwise than up to 5% for administration and the 15% to 25% neighbourhood portion) must be spent on ‘infrastructure’. Charging authorities can choose to pool a proportion of their Community Infrastructure Levy receipts to fund infrastructure including for out of their own area spending. Each of the charging authorities included in the pooling arrangements should be content that funding for infrastructure outside the authority’s area will support development of its own area.

Under National Planning Policy Guidance (NPPG), charging authorities are encouraged to consider publishing a Memorandum of Understanding detailing the administration, principles, and governance that will be implemented for any pooled fund, covering, but not limited to:

- a proposed governance structure and decision-making process for agreeing how the pooled fund is implemented and spent;
- the proportion or amount of levy each charging authority will contribute;
- the procedure for collecting the pooled levy;
- the strategic infrastructure projects the pooled fund will be spent on;
- a system for returning pooled funds to an authority in the event that it is necessary to do so;
- a proposed review mechanism for the memorandum.

It is further recommended that the Memorandum of Understanding is a publicly accessible document, which clearly explains how the pooled levy will be administered and spent. A Memorandum of Understanding is not being proposed, but the Joint Committee’s Terms of Reference will set out how the pooled levy will be administered and spent.

The authority has a variety of legislative powers relating to its governance arrangements, including the general power of competence set out in Section 1 of the Localism Act 2011. This includes the setting up of Joint Committees under Section 101(5) and Section 102 of the Local Government Act 1972 and the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012 which enable two or more local authorities to discharge any of their functions (other than those which are the responsibility of an authority’s executive under section 13 of the Local Government Act 2000).

The production of an Infrastructure Funding Statement (IFS) at least annually (by 31 December each year in respect of the previous financial year), including a Regulation 121A ‘Infrastructure List’, is a statutory obligation as a result of amendments to the Community Infrastructure Levy Regulations 2010 by the Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019. The December 2023 IFS was approved at the Council meeting on 12 December 2023.

The government’s National Planning Practice Guidance on the Community Infrastructure Levy states that local authorities can publish updated data and infrastructure funding statements more frequently if they wish.

Environmental and Sustainability Implications:

None directly from this report; however, CIL infrastructure projects that may be funded in the future have the potential to have a positive impact on all three dimensions of sustainable development.

Resource Implications (including impact on equalities):

None directly from this report; however, CIL infrastructure projects that may be funded in the future may have implications.

Safeguarding Implications: None
Impact on the Customer: Meetings of the Joint CIL Committee which make decisions on the allocation of CIL funding will be held in public.

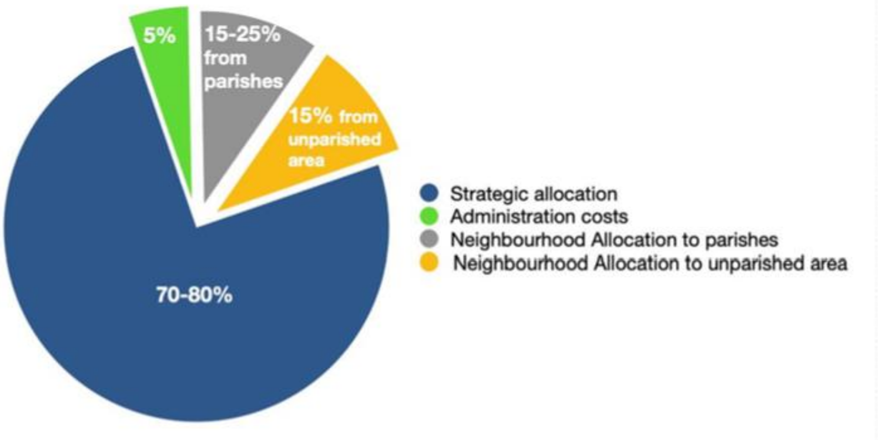
1.0 INTRODUCTION

1.1 The Community Infrastructure Levy (CIL) is a charge which can be levied by local authorities on new development in their area. It is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area. In England, authorities which can charge the levy are the local planning authorities for the area. CIL is governed by the CIL Regulations 2010 (as amended).

1.2 Tewkesbury Borough Council approved the introduction of CIL on 15 October 2018 with commencement of charging on planning applications granted permission on or after 1 January 2019.

1.3 CIL is paid to the Council by developers after their planning permissions commence, in line with the Council's adopted Instalments Policy. CIL is a significant means, outside wider government funding, by which the Councils are able to collect and pool developer contributions to deliver infrastructure improvements.

1.4 The breakdown of CIL is aligned with CIL regulations as shown in the diagram below. Please note that, as a fully parished borough, 15% from unparished areas is not held by Tewkesbury Borough Council.



2.0 WHY A JOINT COMMITTEE?

2.1 Members will note that this report differs from previous governance proposals, to form a CIL Board, to that of a Joint Committee. The Joint Committee has the benefit of introducing a more coherent and less complex approach to making decisions on bids for CIL money and provides a robust framework for collaboration and collective decision making.

2.2 This change has arisen responding to a number of key factors, including:

1. The concern of the time and administration that would be needed to service a CIL Board and then recall decisions back to each individual Council for final approval, building in delay and uncertainty for infrastructure providers.
2. More efficient to engage on a collective basis with infrastructure providers and adds transparency into future CIL allocation and the setting of priorities through the operation of a Joint Committee.
3. Commitment given by Cheltenham Borough and Gloucester City Councils to define a Terms of Reference and build in the safeguards that included:
    a. full consensus vote;
    b. review triggers;
    c. link back to infrastructure commitments contained with the Infrastructure Funding Statements published by the Councils which includes the Infrastructure List (including any interim assessments) and the Infrastructure Delivery Plan (being updated to support the emerging Cheltenham, Gloucester and Tewkesbury Strategic and Local Plan);
    d. decisions made by the Committee will be subject to the decisions being reported back through relevant Cabinet/Executive Committee of each of the member Councils;
    e. Gloucestershire County Council will be entitled to attend meetings of the Committee to input on matters relevant to the functions and activities of the Committee but shall have no voting rights nor be involved in scrutiny; and
    f. pooling and its review.
4. Positive and constructive engagement with Gloucestershire County Council on the preparation of the draft Terms of Reference.

2.3 Gloucestershire County Council is not a CIL charging authority; however, county councils are responsible for the delivery of key strategic infrastructure. As set out in national Planning Practice Guidance (NPPG), charging authorities must consult and should collaborate with them in setting the levy and should work closely with them in setting priorities for how the levy will be spent in two-tier areas.

2.4 The NPPG goes on to advise that *"Charging authorities should think strategically in their use of the levy to ensure that key infrastructure priorities are delivered to facilitate growth and the economic benefit of the wider area. This may, for example, include working with neighbouring authorities…".*

2.5 This report and the Joint Committee proposal relates only to the strategic element of CIL, responsibility for the neighbourhood element of CIL sits wholly with Tewkesbury Borough Council and sits outside the proposals of the recommendations of this report.

2.6 An Officer Working Group is being established to support the work of the Joint Committee; a Terms of Reference for this working group is being prepared and will be agreed by the Joint Committee once established.

3.0 THE PROPOSAL

3.1 It is proposed that a Joint Committee be set up between Gloucester City Council, Cheltenham Borough Council and Tewkesbury Borough Council supported by an Officer Working Group to work jointly and collaboratively to advise the councils on the expenditure of the strategic 'Infrastructure' pot of CIL monies that have been pooled.

3.2 The Joint Committee will:

- Oversee the strategic CIL application process and scrutinise each project bid for strategic fit and compliance with CIL requirements.
- Be accountable for the oversight, monitoring and governance of awards.
- Take an objective and detached view of applications.

3.3 Each charging authority shall appoint a Committee Member and a substitute who shall be either the Leader or other appointed Executive Members. The quorate membership of the Joint Committee will be three, made up of one Member from each charging authority. Each charging authority will have one vote.

3.4 The Officer Working Group will be made up of appropriate officers of each charging authority, who may call on infrastructure providers, including Gloucestershire County Council, where appropriate to provide professional advice. The Officer Working Group will work together to assess bids for Community Infrastructure funding and submit recommendations to the Joint Committee for approval.

3.5 The Officer Working Group activities shall include:

- Making recommendations to the Committee.
- Contract management where triggered.
- Application revisions and extensions.
- Financial updates.
- Project delivery scrutiny.
- Compliance with funding agreements.

3.6 The Committee will be hosted under local government arrangements by Tewkesbury Borough Council with hosting arrangements reviewed every two years. The host authority will provide Secretary/Clerk, S151 and Monitoring Officer roles to the Committee.

3.7 Meetings will occur at least annually to agree strategic CIL allocations on 'infrastructure'. Other meetings may be required to respond to the programme of the additional functions. Meetings which make decisions on the allocation of CIL funding will be held in public.

3.8 The proposed Terms of Reference for the Joint Committee are provided at Appendix 1, those for the Officer Working Group will be approved by the Joint Committee once established.

3.9 In preparation for the work of the Joint Committee, the Councils have reviewed and updated the list of infrastructure projects that "may be wholly or partly funded" by strategic CIL 'Infrastructure' funds. The 'Infrastructure List' (amended from version approved for publication as Chapter 3 of the December 2023 IFS) is provided at Appendix 2 to this report and Members are asked to approve this for publication. Any future updates will be brought to Members for agreement. The combined list will provide a starting point for the work of the CIL Joint Committee.

4.0 POOLING OF FUNDS

4.1 In order to make the most effective use of CIL funds, and ensure sufficient monies to deliver strategic scale infrastructure, it is proposed that the strategic ‘infrastructure’ portion of receipts from each CIL charging authority are pooled. The pooling of CIL contributions is supported by national guidance, the NPPG sets out that *“Charging authorities can choose to pool a proportion of their Community Infrastructure Levy… Where local authorities are working jointly to prepare development plans for their areas, pooling of levy receipts may be a useful mechanism for funding strategic infrastructure projects that have cross-boundary benefits. Each of the charging authorities included in the pooling arrangements should be content that funding for infrastructure outside the authority’s area will support development of its own area”.*

4.2 The NPPG encourages charging authorities, where pooling is agreed, to publish a Memorandum of Understanding detailing the administration, principles, and governance that will be implemented for the pooled fund. However, the proposal which has been progressed across the partner councils is to put in place a Joint Committee and the pooling element has been incorporated into the Terms of Reference now presented.

4.3 Whilst a Memorandum of Understanding was an appropriate mechanism in the context of previous governance proposals for a CIL Board, considering the changes now proposed to move to a Joint Committee, such an approach would not provide a robust position.

4.4 A Memorandum of Understanding is helpful in setting out an agreed position, however it is not legally binding on any party and has no enforceability outside goodwill of the parties concerned. Utilising a Terms of Reference adds more weight as the responsibilities of the Joint Committee are enforceable by the partner councils.

4.5 The Terms of Reference appended to this report (Appendix 1), proposes 100% pooling of just the strategic ‘Infrastructure’ portion of CIL receipts. The key justifications for this are:

- Taking into account S106 obligations, CIL to date and other funding either secured or identified, there is, and will remain, a significant funding gap to meet the infrastructure demands of the adopted Gloucester, Cheltenham and Tewkesbury Joint Core Strategy, the three district level plans and the emerging replacement Strategic and Local Plan (SLP).
- Without commitment to pooling, all Councils will face ongoing challenges to fund large infrastructure projects, and it will take a longer period of time to deliver priorities for investment.
- By committing to pooling, within the parameters of the Joint Committee Terms of Reference, it sends a positive message to the broad range of infrastructure providers that the SLP Councils are committed to enabling infrastructure priorities across the SLP area.
- By building in trigger point reviews regarding pooling, this provides all partner Councils with the ability to renegotiate the level of pooling in the future.
- If Tewkesbury was to retain a percentage of the strategic CIL Infrastructure receipts, in parallel to the Joint Committee it would have to put in separate governance procedures which, given the level of CIL currently being collected may be a challenge to allocate due to the high values of strategic infrastructure and this would not be efficient in respect of time and resources.

4.6 From time to time there may arise from one or more Councils an exceptional case to reprioritise infrastructure, bringing forward a new infrastructure request. The draft Terms of Reference recognises this and makes provision for this flexibility.

5.0 INFRASTRUCTURE LIST

5.1 The Infrastructure Funding Statement (IFS) must include, as well as reports on CIL and S106 Planning Contributions for the preceding financial year, an Infrastructure List.

5.2 In preparation for the work of the Joint Committee, the Councils have reviewed and updated the list of infrastructure projects or types of infrastructure which “the charging authority intends will be, or may be, wholly or partly funded by CIL”.

5.3 The Infrastructure List is shared by the three Joint Core Strategy (JCS) Councils of Gloucester, Cheltenham and Tewkesbury reflecting their co-operation on the JCS and its successor, the Strategic and Local Plan.

5.4 Previous reporting had highlighted that the agreed Infrastructure List was not representative of current priorities so the JCS/SLP Councils, alongside Gloucestershire County Council, prepared an updated Infrastructure List which was approved for publication as part of the IFS in December 2023.

5.5 As a result of comments received from Gloucestershire County Council the list, included at Appendix 2 for approval to publish, no longer includes a section explicitly excluding any categories of infrastructure or specific projects. This is a decision for Members after consideration by the Joint Committee of the wider implications of doing so. Approval will apply to Tewkesbury Borough Council’s list and for this to be combined with the lists of Cheltenham, Gloucester and Gloucestershire County Council, as presented, to provide a starting point for the work of the CIL Joint Committee.

5.6 It is recognised that a full reassessment of the Infrastructure Delivery Plan (upon which the Infrastructure List approved for publication in the December 2020 IFS was based) is required. The full reassessment will take place alongside the preparation of the SLP. However, the provision of infrastructure cannot wait until that is completed to better reflect current priorities and this report therefore also seeks to do the following:

1. Gain approval for the establishment of a Joint Committee to facilitate governance of the allocation of Community Infrastructure Levy ‘Infrastructure’ receipts received by Cheltenham, Gloucester and Tewkesbury.
2. Gain agreement of pooling arrangements by the three Joint Committee partner councils, managed through the Community Infrastructure Levy Joint Committee Terms of Reference.

5.7 The Councils are very aware that infrastructure identified by the local authorities may not identify all priorities. With this in mind a wider targeted exercise is being undertaken with key stakeholders such as NHS, emergency services, utilities, Environment Agency, Sport England etc. Should additional items be identified for our area which are considered priorities ahead of the full review of the IDP to support the SLP an update to the Infrastructure List will be presented to Executive and Council.

6.0 NEXT STEPS

6.1 Recommendation to Council on 23 January 2024.

6.2 Alongside the preparation of the SLP, ensure the infrastructure needed to accommodate planned future development is fully considered through ongoing engagement with a full range of infrastructure providers, including running an open and transparent bidding process with the aim of producing a comprehensive Infrastructure Delivery Plan, from which schemes which meet not only the needs of new development but also the priorities of the Council may be selected for inclusion on a deliverable future Infrastructure List to support the new plan.

7.0 CONSULTATION

7.1 None

8.0 ASSOCIATED RISKS

8.1 Failure to co-ordinate spending of the strategic 'infrastructure' portion of CIL receipts would undermine the ability to deliver such projects, be inefficient and present a far higher risk of failure to deliver.

9.0 MONITORING

9.1 There is a statutory obligation to produce an annual IFS with detailed accounts of income and expenditure of CIL. The updated Infrastructure List, if approved for publication, will replace the list approved for publication in the December 2023 IFS. However, this is potentially only the first of such inter-annual updates. Whilst the Councils undertake to publish the IFS, with list, at least annually, the list will continue to be reviewed and updated as the work on engagement with other infrastructure providers, the decisions of the Joint Committee and the delivery of schemes approved to receive funding are completed.

10.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES

10.1 Joint Core Strategy 2011 to 2031(December 2017).

Joint Core Strategy 2011 to 2031 Infrastructure Delivery Plan (2014) and Addendum (2017).

Background Papers: Community Infrastructure Levy (CIL) Formal Adoption of Charging Schedule and Supporting Policies alongside Approval of the Regulation 123 List for Publication and Setting a Commencement Date for Charging (October 2018).

Tewkesbury Infrastructure Funding Statement Reports to Council (annual)

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Appendices: Appendix 1 – Community Infrastructure Levy (CIL) Joint Committee Terms of Reference
Appendix 2 – Amended Infrastructure List

Cheltenham, Gloucester and Tewkesbury

Community Infrastructure Levy Joint Committee

Terms of Reference

Introduction

Cheltenham Borough Council, Gloucester City Council and Tewkesbury Borough Council worked together to produce the Cheltenham, Gloucester and Tewkesbury Joint Core Strategy (2017) (the JCS) as the overarching strategy to guide the development of their area. The three councils (the member councils) have agreed to pool the receipts received from the Community Infrastructure Levy (CIL) with the aim of working together to achieve the objectives of the JCS.

To facilitate an open and transparent joint approach to the governance of the application of CIL receipts the member councils have resolved to establish a joint committee.

Purpose

The Community Infrastructure Levy Joint Committee (the "Committee") shall work jointly and collaboratively to advise the member Councils on CIL generally and make decisions on bids for CIL monies that have been pooled by the constituent Councils. The member Councils of the Committee are charging authorities for the purposes of the Community Infrastructure Levy Regulations 2010 (as amended) (the "CIL Regulations"). The Committee shall consider how community infrastructure levy (CIL) receipts should be spent to support the development of the Council's area, in accordance with Regulations 59(1) and 59(3) of the CIL Regulations.

Regulation 59(1) of the CIL Regulations provides (1) that charging authority must apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area.

Regulation 59(3) of the CIL Regulations provides that a charging authority may apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure outside its area where to do so would support the development of its area.

The member councils believe that working together to pool CIL receipts for the development of infrastructure within their collective administrative areas will support the delivery of their shared objectives as set out in the JCS and consequently will support development within their respective areas in accordance with Regulation 59(3) of the CIL regulations.

The Pooled Fund

In recognition of the joint approach the member councils have agreed Infrastructure Funding Statements (IFS) and Infrastructure Lists (IL) which identify infrastructure priorities that are consistent with the objectives of the JCS and their localities to support development across the JCS area.

It is the intention of the member councils to pool 100% of the CIL receipts they receive net of any CIL receipts which are either passported to local councils or are allocated by the member councils to their individual neighbourhood CIL funds in accordance with Regulation 59A and 59F of the CIL regulations respectively.

Notwithstanding the agreement by the member councils to pool 100% of their net CIL receipts, it is recognised by the member councils that the IL's agreed by the member councils may contain infrastructure projects which are of greater importance to one member council, notwithstanding that but the project is of benefit to the JCS area as a whole. There may from time to time be exceptional circumstances where specific infrastructure is identified as a new priority for one or more councils. Where this occurs, this will be presented to the Joint Committee for consideration.

Any member council that considers it is no longer appropriate for the member councils to pool 100% of their net CIL receipts shall be able to trigger a review of these terms of reference in accordance with the Governance section appearing herein below.

The Role of the Joint Committee

The Committee shall:

- Oversee the Strategic CIL application process and scrutinise each project bid for strategic fit and compliance with CIL requirements.
- Be accountable for the oversight, monitoring and governance of awards.
- Take an objective and detached view of applications.

The first meeting of the Committee will be to agree the process for assessment of pipeline of projects for investment.

The CIL Officer Working Group shall be made up of appropriate officers of each CIL charging authority and Gloucestershire County Council and will report to the Committee.

The Working Group activities shall include:

- Making recommendations to the Committee
- Contract management where triggered
- Application revisions and extensions
- Financial updates
- Project delivery scrutiny
- Compliance with funding agreements

Governance

The Committee is a Joint Committee under s101(5) and s102 Local Government Act 1972 and under Part 1A Chapter 2 Section 9EB of the Local Government Act 2000 and pursuant to the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012.

The Committee will include Cheltenham Borough Council, Gloucester City Council and Tewkesbury Borough Council.

These Terms of Reference will be reviewed as a minimum every two years. An earlier review will be triggered by any key changes in policy and or legislation relating to CIL or by a member council wishing to review the proportion of net CIL receipts that the member councils pool pursuant to these Terms of Reference.

Host Authority

The Committee will be hosted under local government arrangements by Tewkesbury Borough Council with hosting arrangements reviewed every two years.

The host suthority will provide Secretary/ Clerk, S151 and Monitoring Officer roles of the Committee. This time allocation will be funded from the 5% administration of CIL.

Membership

Each Council shall appoint a Committee Member and a substitute who shall be either the Leader or other appointed Executive Members. The quorate membership of the Committee will be three, made up of one Member from each council.

If a quorate meeting cannot be achieved, the meeting will be rearranged. Each Committee Member shall remain in office until removed or replaced by his or her appointing Council or, in the case of an Executive Committee Member, until he or she ceases to be a member of the Executive Committee.

Functions of the Committee

Each of the Councils, by establishing the Joint Committee, empowers the Committee to make decisions on bids for CIL monies in respect of sums received by its member Councils. The bids will be considered, and the monies allocated in a manner which is consistent with the infrastructure commitments contained with the annual IFS published by the councils, this includes the IL (including any interim assessments) and the Infrastructure Delivery Plan (being updated to support the emerging Cheltenham, Gloucester and Tewkesbury Strategic and Local Plan). Allocation of funding will be made on a project-by-project basis, not per financial year.

The Committee will support and engage in such other additional functions as the respective Councils may determine from time to time including but not limited to:

1. Identifying the future strategic infrastructure and investment needs.
2. Providing an evidence base for spending decisions on strategic locally identified priorities.
3. Consulting with Gloucestershire County Council on proposals for CIL expenditure and to consider Gloucestershire County Council spending priorities (if any) for CIL expenditure.
4. Exploring other sources of funding and opportunities for match funding streams.
5. Determining the method for evaluating and scoring to rate each application submitted and review weighting for criteria.
6. Scrutinising full applications and project presentations including any special terms under which an award is made.
7. Monitoring the delivery of projects that have had funding allocations, including regular reporting from officers in relation to contract management and financial updates.
8. As and where necessary calling individual projects into account where Grant contract conditions trigger review.
9. Determining how any unallocated funds within the pooled fund should be treated.

Voting

One vote for each Council.

Normal rules as to declarations of interest shall be applied in accordance with the host authority's Code of Conduct

Decisions shall be made by full consensus vote.

Quorum

A representative from each Council must be present. No business shall be transacted at any meeting unless the quorum is reached. If quorum is not reached within 30 minutes of the start of the meeting (or if quorum ceases to be present during a meeting) the meeting shall be adjourned to the same time and venue to a date determined by the Chair.

Meetings

The Chair and Vice Chair of the meeting will be elected at the first meeting and then each Annual Meeting of the Committee and, if the Chair or Vice Chair is not present at any meeting within 10 minutes of the start of the meeting, those present will elect a Chair to act for that meeting.

The Chair and Vice Chair will be from different Councils.

Only a voting member is entitled to be elected as Chair or Vice Chair of the Committee.

Meetings will occur at least annually to agree Strategic CIL allocations. Other meetings may be required to respond to the programme of the additional functions. Meetings which make decisions on the allocation of CIL funding will be in public.

Constitution

The Constitution of the host authority shall apply to the Committee.

Attendance

Gloucestershire County Council shall be entitled to attend meetings of the Committee to input on matters relevant to the functions and activities of the Committee but shall have no voting rights nor be involved in scrutiny.

Each member Council may send appropriate officers to meetings of the Committee, or any Sub-Committee thereof, to support its Members.

Responsibilities of the Chair and Vice Chair

The role of the Chair is to ensure that the meetings of the Committee are conducted efficiently and effectively.

The role of the Vice Chair is to deputise for the Chair during any period of the Chair absence, or at other times as appropriate, and their responsibilities shall be the same as those of the Chair.

Member Conduct

Members shall be subject to the Code of Conduct for Elected Members adopted by the Council that nominated them to be a Committee Member.

Scrutiny

The decisions made by the Committee shall be subject to the decisions being reported back through relevant Cabinet/Executive Committee of each of the member Councils.

Any decision by the Committee, except those agreed as urgent in accordance with these provisions, shall not be implemented until the member Councils have formally reported back through their own Cabinet/Executive Committee.

All decisions of the Committee (unless considered urgent) shall be subject to the "call in" process of each member Council. If not called in during that period any decision shall then be available for implementation.

Where the Committee decides that a decision is urgent it shall record the reasons for such urgency in the Minutes of the meeting and any subsequent “call in” of that decision should normally relate only to the process leading to the decision and not to the decision itself and the Chair of the member Council’s Scrutiny Committee shall be advised immediately.

Liability of Members

Committee Members shall have the same responsibilities as those that apply when sitting on other committees and bodies as an appointed representative of their nominating Council.

Joint Core Strategy (JCS) Authorities of Gloucester City Council, Tewkesbury Borough Council and Cheltenham Borough Council

Community Infrastructure Levy (CIL)

3. INFRASTRUCTURE LIST

CHELTENHAM BOROUGH COUNCIL

Gloucester City Council Transforming Your City

Tewkesbury Borough Council

121A.— Annual infrastructure funding statements (1) Subject to paragraph (2), no later than 31st December in each calendar year a contribution receiving authority must publish a document ("the annual infrastructure funding statement") which comprises the following— (a) a statement of the infrastructure projects or types of infrastructure which the charging authority intends will be, or may be, wholly or partly funded by CIL (other than CIL to which regulation 59E or 59F applies) ("the infrastructure list");

Background

The Joint Core Strategy (JCS) partners of Gloucester City Council, Cheltenham Borough Council and Tewkesbury Borough Council are each both Community Infrastructure Levy (CIL) Charging and Collecting Authorities in their own right.

Regulation 121A of the Community Infrastructure Levy Regulations 2010 (as amended) requires CIL Charging Authorities to produce an annual "Infrastructure Funding Statement". This must include a list of schemes or types of infrastructure (the "Infrastructure List") that the Council intends may be wholly or partly funded from CIL.

The Allocation of CIL

All CIL income must be allocated as follows:

Administration Fund: Up to 5% of CIL can be applied towards its implementation and ongoing administration of the Charging/Collection Authority(ies).

Neighbourhood Fund: 15% (subject to a cap based on number of existing dwellings in the Parish) rising to 25% in areas that have a 'made' Neighbourhood Development Plan (NDP also called neighbourhood Plans) in place, of each CIL charge payment received, is either:

- Passed to the Parish Council in whose boundary the development that made the payment is located;
- Held by the Charging Authority on behalf of a Designated Neighbourhood Forum, as once they have a made NDP they are entitled to direct the spending of their 25%, or
- 15% is held by the Charging Authority to be spent in the same way as all other Neighbourhood CIL.

Infrastructure Fund: The remaining 70 to 80% must be spent on infrastructure that supports the growth of the CIL Charging Authority's area.

The 'Infrastructure List' relates solely to schemes or infrastructure types that the Charging Authority intends may be wholly or partly funded from the 'Infrastructure' Fund.

The Partnership Approach

The Joint Core Strategy (JCS) partners of Gloucester City Council, Cheltenham Borough Council and Tewkesbury Borough Council has led to the development of a shared Infrastructure list.

Previous Infrastructure Lists

The Infrastructure List is not a comprehensive audit of all infrastructure requirements associated with the facilitation and mitigation of the impacts of development during the plan period. The Infrastructure Delivery Plans (IDP) of Development Plans are prepared for this purpose and seek to identify not only infrastructure needs but also potential sources of funding and delivery including funding from: Central Government; Local Government; and Developer Contributions and Provision by way of agreements permitted under Section 106 of the Town and Country Planning Act 1990 and Section 278 of the Highways Act 1980, for example.

The removal of the Regulation 123 'pooling restriction', by the 2019 CIL Amendment Regulation, was intended to make it easier to deliver major infrastructure projects. It allows local authorities to combine CIL and Section 106 revenues towards the same infrastructure project or item.

As set out in CIL Regulation 122, planning obligations such as a section 106 agreements will continue to be sought alongside the CIL to secure all infrastructure which is “necessary to make the development acceptable in planning terms, “is directly related to the development and is “fairly and reasonably related in scale and kind to the development”.

The IDP, prepared to support the JCS, provided an evidenced source of projects for the first JCS Partner’s Infrastructure List, published in December 2020.

The IDP identified a significant potential shortfall in funding, and CIL income forecasts predicted only a small amount of the shortfall could be raised within the plan period. As we have prepared our IFS statements our Infrastructure List has been updated:

Year 1: The Infrastructure identified as ‘critical’ was selected to form the first list;

Year 2: Reviewed progress of each of the projects and identified a number that were either completed or had secured sufficient funding from other sources to no longer envisage needing CIL funding;

Year 3: Removed schemes identified as no longer requiring CIL funding and provided updates to scheme names and cost estimates for the remaining schemes.

Year 4: 2023 Infrastructure List as summarised below; and

Future Years: Will be informed by a full review of the IDP.

The 2023 Infrastructure List

Further to the publication of the 2022 IFS report which highlighted that the agreed Infrastructure list was not representative of current priorities, work has taken place with our JCS/SLP partners and Gloucestershire County Council to prepare an interim Infrastructure List. This recognises that the IDP, prepared to support the JCS, was a point in time and since then the councils have declared a climate emergency, there have been key changes in national policy, and it is important that CIL investment is targeted to infrastructure priorities that are relevant, deliverable and meet the demands of the current position of the three partners, individually and jointly.

The 'Infrastructure List'

The inclusion of a project on the Infrastructure List does not represent a commitment that the Partners will necessarily spend CIL monies on that item and for clarity, there is no priority implied by the order in which the projects appear in the list itself.

The JCS Partners will continue to review this list and provide updates on at least an annual basis, alongside the preparation of their Infrastructure Funding Statement(s).

Projects Requesting CIL Funding

Local

1. Cheltenham Petersfield Community & Sports Hub (£300k to £617k)
2. Cheltenham Spa Railway Station Enhancements (Honeybourne Line cycle path extension) (£1.3m) – S106/County Council Funding Potential
3. Cheltenham Parks and Green Space Landscape and Recreation: maintenance & investment (£600k) – Section 106 Commuted Sums for long term maintenance and Borough Council funding Potential.
4. Cheltenham central safe cycle hub pilot project (£25k) – Neighbourhood Funding Potential
5. Cheltenham Town Centre Interchange study (£70k) – S106/County Council Funding Potential
6. Cheltenham cycle spine phase 1 Construction Work (£1.3m) - – S106/County Council Funding Potential

7. Cheltenham Cycle Spine Phase 2 (Station to Pittville Park) Design Work (£600k) – S106/County Council Funding Potential
8. Tewkesbury Town Centre and Riverside Public Realm Enhancements (£1.5m) – S106 Funding Potential
9. Tewkesbury Town Centre children's play facilities (£75k) (part of Tewkesbury Borough enhanced play facilities project) - S106/Neighbourhood Funding Potential
10. Hampton Place, Churchdown footpath (£20k) (part of Tewkesbury Borough Active Travel network improvements) - S106/Neighbourhood/County Council Funding Potential
11. Melrose Walk, Mitton footpath (£10k) (part of Tewkesbury Borough Active Travel network improvements) - S106/Neighbourhood/County Council Funding Potential
12. Wheatpieces Woodland Walk footpath (£10k) (part of Tewkesbury Borough Active Travel network improvements) - S106/Neighbourhood/County Council Funding Potential
13. Gloucester to Haresfield Cycle Spine Design Work (£850k) – S106 / County Council / Challenge Funding Potential
14. Gloucester Strategic Transport Interchange connectivity (£2m - £5m) – S106/County Council/Challenge Funding Potential

Shared

15. Recycling services depot (£28.5m split 60/40 between CBC and TBC respectively) – Section 106 Potential

16. Mass Rapid Transit, next business case stage (£2m divided by 3) – S106/County Council/Challenge Funding Potential

The Pipeline

Projects Requiring More Work to Identify Costs:

Local

17. Cheltenham High Street public realm improvements – Section 106 / Neighbourhood / County Council / Challenge Funding Potential
18. Tewkesbury Borough Crematoria / Cemeteries – Section 106 Potential
19. Tewkesbury Borough Bishops Cleeve Leisure Centre - Section 106 /Neighbourhood Funding Potential
20. Tewkesbury Ashchurch Rail Station/Infrastructure Enhancements - Section 106 / Challenge Funding Potential
21. Tewkesbury Garden Town enabling infrastructure - Section 106 / County Council / Challenge Funding Potential

22. Tewkesbury Town Centre enhanced cultural offer – Section 106 Potential
23. Tewkesbury Traffic management in historic core – Section 106 and County Council Potential
24. Tewkesbury Town Centre Business incubator units – Section 106 Potential
25. Tewkesbury Borough EV induction charging infrastructure – Section 106 / Challenge Funding Potential
26. Tewkesbury Borough Active Travel network improvements – Section 106 / Neighbourhood / County Council / Challenge Funding Potential
27. Tewkesbury Borough Community Places creation and improvement - Section 106 /Neighbourhood Funding Potential
28. Tewkesbury Borough Youth Facilities project creation and improvement - Section 106 /Neighbourhood Funding Potential
29. Tewkesbury Borough enhanced play facilities project - Section 106 /Neighbourhood Funding Potential
30. Tewkesbury Borough enhanced sports facilities project - Section 106 /Neighbourhood Funding Potential
31. Gloucester City GL1 Leisure Centre - Section 106 Potential/Neighbourhood Funding Potential
32. Gloucester City Oxstalls Sports Park - Section 106 Potential/Neighbourhood Funding Potential
33. Gloucester City Blackbridge Community and Sports Hub - Section 106 Potential
34. Gloucester Nature Park - Section 106 Potential/Neighbourhood Funding Potential
35. Gloucester Crematoria / Cemeteries - Section 106 Potential
36. Gloucester Strategic Green Infrastructure - Section 106 Potential/Neighbourhood Funding Potential

Shared

37. NHS GP Surgeries - Section 106 Potential
38. Expressbus Corridors – Section 106/County Council/Challenge Funding Potential
39. Brockworth to Cheltenham cycle link (via Shurdington) – Section 106/County Council/Challenge Funding Potential
40. Brockworth to Gloucester cycle link – Section 106/County Council/Challenge Funding Potential
41. Gloucester to Hartpury College cycle link – Section 106/County Council/Challenge Funding Potential
42. M5 J10 Scheme
43. M5 J9 & A46 Improvement Scheme

44. All Education requirements

Format:

The partner councils at the time of drafting this IFS are progressing proposals to set up a CIL Joint Committee. It should be noted that the Joint Committee proposal relates **only** to the strategic element of CIL, the Infrastructure Fund, responsibility for the neighbourhood element of CIL sits wholly with the individual councils. The Joint Committee would be responsible for the allocation of CIL monies using the Infrastructure List as a starting point for consideration.

For information, the Infrastructure List has been compared to the funding available in the three council's Infrastructure Funds, both as is reported in this Infrastructure Funding Statement (December 2023) and in the first 6 months of this financial year 2023/24.

Funding Available

CIL Authority	Regulation 59i Strategic 'Infrastructure Fund'	
	Date	Amount
Cheltenham Borough Council	31/03/2023	£1,199,537.68
	25/10/2023	**£2,564,105.08**
Tewkesbury Borough Council	31/03/2023	£7,053,286.54
	25/10/2023	**£8,058,663.30**
Gloucester City Council	31/03/2023	£825,367.24
	25/10/2023	**£1,274,784.90**
	31/03/2023	£9,078,191.46
	25/10/2023	**£11,897,553.28**

V

Costed Requests for Funding

CIL Authority	Projects seeking funding		
	List	Project	Amount
Cheltenham Borough Council	Local	1.	£617,000.00
	Local	2	£1,310,000.00
	Local	3.	£600,000.00
	Local	4.	£25,000.00
	Local	5.	£70,000.00

	Local	6.	£1,300,000.00
	Local	7.	£600,000.00
		CBC Local Sub-total	£4,522,000.00
	Shared	15.	£17,100,000.00
	Shared	16.	£666,666.67
		CBC Shared Sub-total	£17,766,666.67
		CBC Joint Sub-total	£22,288,666.67
Tewkesbury Borough Council	Local	8.	£1,500,000.00
	Local	9.	£75,000.00
	Local	10.	£20,000.00
	Local	11.	£10,000.00
	Local	12.	£10,000.00
		TBC Local Sub-total	£1,615,000.00
	Shared	15.	£11,400,000.00
	Shared	16.	£666,666.67
		TBC Shared Sub-total	£12,066,666.67
		TBC Joint Sub-total	£13,681,666.67
Gloucester City Council	Local	13.	£850,000.00
	Local	14.	£5,000,000.00
		GCC Local Sub-total	£5,850,000.00
	Shared	16.	£666,666.67
		GCC Shared Sub-total	£666,666.67
		GCC Joint Sub-total	£6,516,666.67
		All Councils Local Total	£11,987,000.00
		All Councils Shared Total	£32,115,000.00
		All Councils Joint Total	**£44,102,000.00**

Agenda Item 9

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	10 January 2024
Subject:	Gloucestershire Statement of Common Ground
Report of:	Director: Communities
Head of Service/Director:	Executive Director: Place
Lead Member:	Lead Member for Built Environment
Number of Appendices:	One

Executive Summary:

The Gloucestershire Statement of Common Ground (GSoCG) has been prepared by the six local planning authorities in Gloucestershire, Gloucestershire County Council, and the GFirst Local Enterprise Partnership (LEP). It is a non-statutory document and was approved by Council in January 2023.

The GSoCG includes a series of 37 high level agreements dealing with a broad range of environmental issues and land use matters including addressing the climate and ecological emergencies, housing and economic needs, the Green Belt, transport provision, the natural environment and green infrastructure.

At that time, Tewkesbury Borough Council approved a version of the GSoCG with a number of caveats to the agreements. The Council now wishes to fully sign up to all of the agreements within the GSoCG and remove any caveats. This will bring Tewkesbury Borough Council into alignment with partners across the county.

Recommendation:

To RECOMMEND TO COUNCIL that:

i) **the revised version of the Gloucestershire Statement of Common Ground be APPROVED with the dashes in the "agreements" section removed and the removal of Appendix 3 to the previously approved version; and**

ii) **authority be delegated to the Executive Director: Place, in consultation with the Lead Member for Built Environment, to make the amendments set out at i) above, along with any necessary minor amendments, corrections and additions to in respect of any spelling, grammatical, cross-referencing, typographical errors and/or factual updates prior to signing by the Leader or Chief Executive.**

Financial Implications:

None arising directly as a result of this report.

Legal Implications:

Section 33A(1) of the Planning and Compulsory Purchase Act 2004 which is in respect of the duty to co-operate in relation to the planning of sustainable development provides that each person who is a local planning authority, County Council and certain other bodies (such as the Environment Agency and Homes England) must co-operate with each other and local enterprise partnerships in maximising the effectiveness with which certain activities are undertaken. These activities are the preparation of local development plans (including development plan documents) and any activities that can reasonably be considered to prepare the way for/support for such activities so far as relating to a strategic matter.

A strategic matter for the duty is sustainable development or use of land that has or would have a significant impact on at least two planning areas and sustainable development or use of land in a two-tier area if the development or use is a county matter or has or would have a significant impact on a county matter.

Under sections 19(1B) to (1C) of the 2004 Act, each local planning authority must identify strategic priorities for development and use of land in the authority's area and policies to address those priorities must be set out in the local authority's development plan documents (taken as a whole).

Paragraph 20 of the National Planning Policy Framework (December 2023) sets out the matters that strategic policies should provide for and under paragraph 27 it is stated that in order to demonstrate effective and on-going joint working, strategic policymaking authorities should prepare and maintain one or more statements of common ground, documenting the cross-boundary matters being addressed and progress in cooperating to address these. These should be produced using the approach set out in national planning guidance and be made publicly available throughout the plan-making process to provide transparency.

National planning policy guidance sets out what a statement of common ground is expected to contain and this includes a record of where agreements have (or have not) been reached on key strategic matters.

Once published, authorities responsible for the statement will need to ensure that it reflects the most up to date position in terms of joint working across the area. Updates can occur when either agreements are reached, or a decision is taken to update strategic policies in the area covered by the statement.

When soundness of plans is tested under the NPPF (December 2023) one element of this under paragraph 35 is that the plan should be deliverable over the plan period and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground. Therefore, although not a statutory document, statements of common ground dealing with these matters will be expected when plans are at examination. The formal approval of the Statement of Common Ground will remain the responsibility of each of the parties to it.

Environmental and Sustainability Implications:

The SoCG sets out various agreements between the signatories that have implications for the environment and will ensure continued and effective engagement on such matters as the various local plans are reviewed and progressed across the county.

Resource Implications (including impact on equalities):

None arising directly as a result of this report.

Safeguarding Implications:

None arising directly as a result of this report.

Impact on the Customer: None arising directly as a result of this report.

1.0 INTRODUCTION

1.1 In preparing their local plans, local authorities are legally required to cooperate on strategic, cross-boundary planning matters. In two tier authorities such as Gloucestershire, this includes the County Council, as well as neighbouring authorities and prescribed bodies such as the Environment Agency, the Local Nature Partnership and highways authorities.

1.2 To demonstrate effective and ongoing joint working on such matters, local planning authorities are required to prepare and maintain one or more statements of common ground, which should document the cross-boundary matters being progressed and progress in cooperating on them.

1.3 This Council approved a version of the Gloucestershire Statement of Common Ground (GSoCG) with considerable caveats in January 2023. The full version that Council approved at that time is attached as Appendix 1.

2.0 GLOUCESTERSHIRE STATEMENT OF COMMON GROUND

2.1 The GSoCG is a non-statutory document, subject to regular updates, which captures progress in working together and outcomes. The purpose of the statement is to:

a) Identify and agree an action plan on the strategic planning matters in Gloucestershire that require collaborative working between the parties.

b) Identify and demonstrate where common ground exists between the parties.

c) Identify in principle the potential response to addressing the strategic spatial planning matters.

d) Provide the basis for a 'live' document to allow for regular updates which capture progress in responding to the strategic planning matters, acknowledging that responding to the climate emergency will be a 'golden thread' running through strategic planning activities and the outputs of the GSoCG.

e) Meet in part the requirement for local planning authorities to discharge the statutory 'Duty to Cooperate' requirement as part of local plan preparation.

2.2 The Leader of the Council has indicated that he would like to adopt the entire GSoCG without any caveats. To indicate this, it is proposed to amend the document to remove the dashes to the "agreements" section of the document (pages 6 – 12) and to remove Appendix 3 - List of 'Agreements' not agreed by any and/or all parties (pages 29 – 30).

2.3 In terms of the associated action plan set out at Appendix 4, this is in development in order to identify more detailed county-wide actions to support the GSoCG and a consultancy has been appointed by Gloucestershire County Council to support this work.

3.0 CONSULTATION

3.1 The development of the GSoCG has been subject to numerous rounds of feedback from each of the member authorities. Portfolio holders and/or Leaders have had input and an informal agreement on this final version. Other partners have been informed that it is TBCs intention to bring themselves into line with the other partners and are supportive of this.

4.0 ASSOCIATED RISKS

4.1 None

5.0 MONITORING

5.1 None

6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES

6.1 The Gloucester, Cheltenham and Tewkesbury Joint Core Strategy 2011 to 2031 adopted (December 2017).

Tewkesbury Borough Local Plan 2011-2031 adopted June 2022.

Background Papers: None

Contact Officer: Director: Communities.
01684 272259 Peter.tonge@tewkesbury.gov.uk

Appendices: Appendix 1 - Gloucestershire Statement of Common Ground

Gloucestershire

Economic Growth

Joint Committee

Gloucestershire

Statement of Common Ground – February 2022

Cheltenham Borough Council
Forest of Dean District Council
Gloucester City Council
Stroud District Council
Cotswold District Council
GFirst LEP
Gloucestershire County Council
Tewkesbury Borough Council

Version Control

Version	**Date**
Version 1	John Baker 31/05/2020
Version 2	DO Comments on J Baker 08/06/2020
Version 3	DO Version September 2020
Version 4	DO Version December 2020
Version 5	JR Version February 2021
Version 6	JR Version May 2021
Version 7	JR Version July 2021
Version 8	SF Version January 2022
Version 9	JR Version February 2022

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1. Introduction

1.1. This Gloucestershire Statement of Common Ground (GSoCG) has been prepared by the 7 local authorities in Gloucestershire (x1 County Council and x6 'District' Councils) and GFirst LEP – Gloucestershire's Local Enterprise Partnership – hereafter referred to as the parties.

1.2. "Gloucestershire has been a significant location for commerce since around AD48 when the Romans established an important crossing at the River Severn at Glevum. Located at a crossroads between Wales and London, and the West Midlands and the South West, the county's strategic position, even in an increasingly digital age, remains important to this day for businesses, visitors, and residents alike[1]". The county has a diverse and highly valued natural and built environment that makes it a particularly attractive place to live and work.

1.3. The County has a strong track record of working together at the strategic level, and has reached agreement on numerous subjects of common interest in recent times including Gloucestershire 2050, the Gloucestershire Local Housing Needs Assessment and the Gloucestershire Inward Investment programme. This GSoCG provides the opportunity to build upon the work that has gone before.

1.4. This is the first GSoCG and as such does not contain all the answers. The purpose of this statement is:

a. To identify and demonstrate where common ground exists between the parties

b. To identify and agree an action plan on the strategic spatial planning matters in Gloucestershire that require collaborative working between the parties.

c. To identify in principle the potential response to addressing the strategic spatial planning matters.

d. To provide the basis for a 'live' document to allow for regular updates which capture progress against responding to the strategic spatial planning matters, acknowledging that responding to the Climate emergency will be the "Golden thread" that runs through the strategic planning activities and the outputs of this GSoCG.

e. To meet (in part) the requirements placed on Local Planning Authorities from the National Planning Policy Framework Revised 2019 (the Framework) to discharge the statutory 'Duty-to-Cooperate' as part of their local plan preparation. The various statutory requirements for a statement of common ground are set out in Appendix 1 for ease of reference.

[1] Source – Draft Gloucestershire Industrial Strategy 2019

f. To respond to the Gloucestershire Economic Growth Joint Committee (GEGJC) to develop a statement of common ground as the basis to consider the development of a Gloucestershire Spatial Development Strategy.

1.5. Appendix 2 provides context and explanation to support the agreements outlined in this document.

2. Parties involved

2.1. This GSoCG agrees strategic spatial planning matters between the following parties:

- Cheltenham Borough Council
- Cotswold District Council
- Forest of Dean District Council
- GFirst LEP
- Gloucester City Council
- Gloucestershire County Council
- Stroud District Council
- Tewkesbury Borough Council.

2.2. Any part of the GSoCG that is not agreed by the parties will be identified in Appendix 3, along with the organisation(s) not in agreement. Where text is not agreed by all parties it will be denoted with a dashed border.

2.3. In discharging their continuing joint and individual local plan responsibilities, some of the participating local authorities will need to agree additional or supplementary SoCGs or Duty-to-Cooperate statements with neighbouring local authorities both within and outside Gloucestershire, and with other bodies. Where appropriate, additional or supplementary agreements may be incorporated into the Gloucestershire GSoCG in future iterations, with appropriate explanation, or be presented as separate documents.

2.4. The GSoCG is a strategic document. It deals with matters that require cross-boundary consideration and agreement, and does not address non-strategic issues, which are the concern of and can be addressed by individual organisations, including through their local plans and the local transport plan.

3. Signatories

3.1. The signatories to the GSoCG are the Leaders or Portfolio Holders of the seven local authorities, or the Chief Officers under delegated powers, and the Chair or Chief Executive of GFirst LEP as follows:

Signature and date

Leader or Chief Executive

Cheltenham Borough Council

Signature and date

Leader or Chief Executive

Cotswold District Council

Signature and date

Leader or Chief Executive

Forest of Dean District Council

Signature and date

Chair or Chief Executive

GFirst LEP

Signature and date

Chair or Chief Executive

Gloucester City Council

Signature and date

Leader or Chief Executive

Gloucestershire County Council

Signature and date

Leader or Chief Executive

Stroud District Council

Signature and date

Leader or Chief Executive

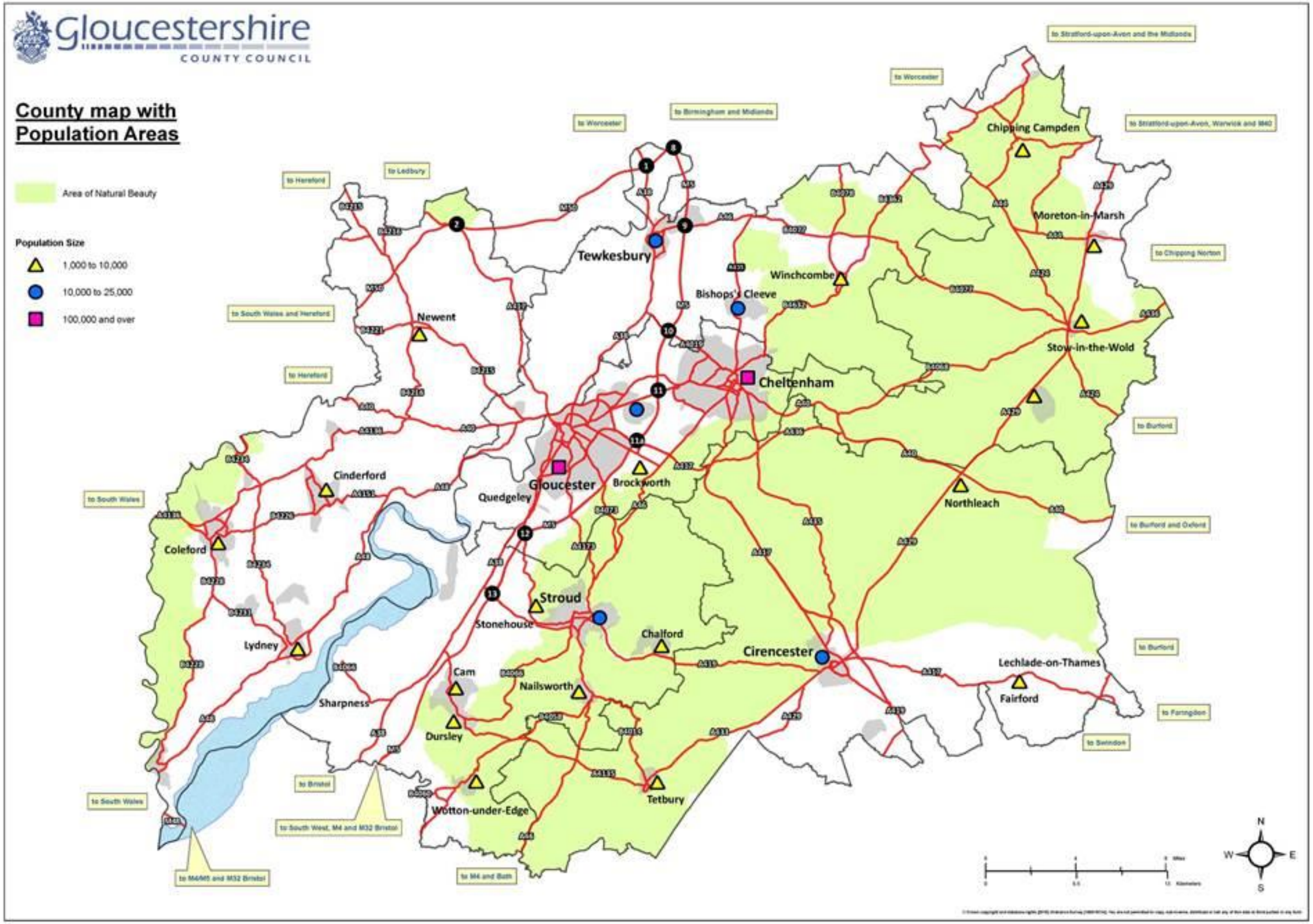
Tewkesbury Borough Council.

Other signatories

3.2. An appropriate representative of other strategic organisations will be required as a signatory if their organisation becomes a party to the GSoCG.

4. Gloucestershire's Strategic Geography

4.1. The GSoCG applies to the County of Gloucestershire. The rationale for developing a GSoCG for this area is the distinctiveness of the area and the relationship between the urban core of Gloucester and Cheltenham and the largely rural areas of Cotswold, Forest of Dean, Stroud and Tewkesbury and the functional and connectivity relationships that are presented. Gloucestershire as a whole is a Functional Housing and Economic Area with a sound economy, though with greater economic potential. This is recognised by the presence of GFirst LEP covering the same area. It also has a Police and Crime Commissioner and a Clinical Commissioning Group, alongside other strategic groups such as the Gloucestershire Nature Partnership and the Gloucestershire Health and Wellbeing Board.


Gloucestershire
COUNTY COUNCIL
County map with Population Areas
Area of Natural Beauty
Population Size
1,000 to 10,000
10,000 to 25,000
100,000 and over
Chipping Campden
Moreton-in-Marsh
Tewkesbury
Winchcombe
Bishops's Cleeve
Newent
Stow-in-the-Wold
Cheltenham
Cinderford
Gloucester
Brockworth
Quedgeley
Northleach
Coleford
Stroud
Stonehouse
Lydney
Chalford
Cirencester
Lechlade-on-Thames
Fairford
Cam
Nailsworth
Sharpness
Dursley
Tetbury
Wotton-under-Edge
N
W
E
S

5. A Gloucestershire Spatial Development Strategy

5.1. The GEGJC have committed to:

> "deliver a high-level spatial planning document for Gloucestershire which will set out agreed broad allocations for housing and economic growth across all districts"
>
> and
>
> "the development of, a high level future growth document for Gloucestershire, and work with the Local Plan teams to translate this into an agreed and adopted Gloucestershire Spatial Development Strategy"

5.2. In November 2018, the GEGJC endorsed a proposal to develop a "statement of common ground" as the most effective way of advancing these commitments in the first instance.

5.3. In addressing the matters agreed in this draft GSoCG, action will be taken and a body of evidence will be collected. Drawing that information together and understanding the relationship between the evidence gathered could readily then lead to the production of a Gloucestershire Spatial Development Strategy. The time, resource and financial requirements to support a Spatial Strategy need to be understood before commitment is given. When the aforementioned 'Action Plan' is presented to GEGJC, it will be accompanied by a business case for a Spatial Strategy for the County for consideration.

Agreements

1. The parties agree to the development of a Gloucestershire Spatial Development Strategy and it is recognised that agreeing this statement of common ground provides the most effective way of advancing this commitment in the first instance.

2. The parties agree that an action plan to address the matters and agreements within the GSoCG should be produced. That action plan should build upon the emerging early work undertaken by Gloucestershire County Council and set out the matters to be addressed, the course of action proposed, responsibilities, timetables and budget requirements. That action plan will be presented for consideration by the parties in due course. Once the action plan is agreed work on the Spatial Development Strategy for Gloucestershire will commence.

6. Strategic Planning Matter Agreements

6.1. The following presents the agreements reached between the parties on strategic planning matters in Gloucestershire which require a joint response.

Climate Change

Agreements

3. The parties agree that the climate and ecological emergencies presents risks to the county that are systemic, and unprecedented in scale and potential impact.

4. The parties agree that responses to the climate and ecological emergencies must be commensurate with the scale and severity of the risk, and that coordinated action is the most effective means of responding.

5. The parties agree that strategic planning decisions have a role to play in the reduction of carbon in contributing to local and global sustainability, and that our decisions must be informed by the climate and ecological emergencies and wherever possible deliver a positive contribution to climate change mitigation and adaptation and ecological recovery. Responding to the Climate Emergency will be the 'golden thread' that runs through the strategic planning activities and the outputs of this SoCG, responding to our commitments to Carbon net zero.

6. The parties agree to investigate the use of alternative forms of energy generation, in line with environmental and landscape considerations.

Housing

Agreements

7. The Parties agree that making provision to meet the full range of housing needs in the right places at the right time is a vital role for the Gloucestershire authorities. The parties acknowledge this may result in one local authority accommodating the identified needs of another local authority, particularly where a local authority is unable to accommodate all of the identified need and where accommodating need in a neighbouring authority represents the most sustainable form of development.

8. The parties agree to jointly seek to meet in full (at least) the aggregated housing needs for Gloucestershire as identified by the statutory standard method at the time. The parties will continue the joint approach to the collection of housing needs data through a jointly procured and managed Local Housing Needs Assessment, using the relevant housing need methodology of the day. The parties agree to deliver housing where it promotes sustainable patterns of growth in Gloucestershire and is designed to respect local character and address potential impacts on existing communities.

9. The parties agree to explore the full range of development opportunities available, taking into account the potential impact on existing communities, resources and infrastructure.

The Economy and Employment

Agreements

10. The Parties agree it is important to take advantage of the location and characteristics of Gloucestershire and its economic strengths. The parties will take a pro-active role in creating the conditions within which existing and potential new employers can flourish, with a particular emphasis on spatial planning. Action will be taken to identify the appropriate scale and distribution of employment allocations, with the potential value of strategic sites to serve a larger area fully considered.

11. Parties agree that collaboration is essential to deliver a purposeful Gloucestershire approach to inward investment and business retention.

The Green Belt

Agreements

12. The Parties agree that the Green Belt in Gloucestershire is a strategic issue to be considered in the context of strategic spatial planning for the County.

13. The Parties agree that changes to the Green Belt boundary will be considered through the local plan making process, particularly through the JCS Review, in order to provide more sustainable locations for development that support the overall spatial strategy.

Transport Provision

Agreements

14. The Parties agree that strategic land allocations will set out the appropriate transport infrastructure required to deliver sustainable, resilient communities. This will be achieved through implementing the policies of the Gloucestershire Local Transport Plan, which provides for better public transport, cycle and pedestrian infrastructure, and active travel to enable a more efficient, low-carbon and people-centred transport network that delivers genuine travel choice and contributes to the growth of Gloucestershire's economy. Each strategic allocation that comes forward through the development plan will be supported by a sustainable transport mitigation package, based on the policies set out in the Gloucestershire Local Transport Plan.

15. The Parties agree to continue the exploration and pursuit of the opportunities to enhance the passenger transport network and services, as an integral part of developing a potential integrated spatial strategy and with the objective of increasing the proportion of trips within and beyond Gloucestershire made by rail.

16. The Parties agree that local plans should contain policies to ensure new developments support, where possible, the viability of passenger transport network and services. This is in recognition of the role of passenger transport in improving all people's accessibility and to reducing the carbon emissions associated with transport.

17. All parties agree that opportunities to maximise sustainable transport solutions will vary between urban and rural areas.

18. The Parties agree that local plans should contain policies requiring developments to contribute the provision of the walking and cycling network. This is in recognition of the role active travel will play in achieving carbon reducing ambitions and promoting a healthy and active society. The aspiration is for cycling to become mass transit and routes must be designed for larger numbers of cyclists, of all abilities and disabilities. Cycling and walking should be at the heart of transport, place-making, and health policy.

Digital Network

Agreements

19. The Parties will seek every opportunity to promote the advancement and rollout of digital infrastructure. The goal will be to achieve high quality digital services and modern economic and social infrastructure for Gloucestershire so that the County can continue to compete regionally, nationally and globally in the attraction of people and businesses. There will be a particular focus on delivering cyber technologies and digital infrastructure across the entire County, noting that substantial parts of Gloucestershire are rural areas.

20. The Parties will work with industry to identify the best means of contributing through planning policy and highways work to the timely delivery of comprehensive, open access, digital infrastructure.

Natural Environment and Green Infrastructure

Agreements

21. The Parties will ensure that strategically and locally important green infrastructure and ecosystem services are valued and improved through the development of a Natural Capital approach and the Nature Recovery Network, both being led by the Gloucestershire Local Nature Partnership (GLNP).

22. The Parties agree that local plans should contain policies requiring developments to deliver high quality and appropriately managed green infrastructure, to comply with and, where feasible, be assessed against the Building with Nature Standards, and to deliver a net gain for biodiversity.

23. In developing the Natural Capital approach, consideration will continue to be given to the desirability and feasibility of creating a regional park, possibly around the River Severn and its washlands, with objectives including raising awareness of the natural environment, habitat enhancement, recreation, strategic water management, carbon capture, and the creation of a Gloucestershire brand.

24. The Parties agree to work collaboratively to help conserve, manage and enhance the area's unique natural environment including areas of international and national landscape and biodiversity importance.

25. The Parties agree to work collaboratively and holistically to develop a Gloucestershire wide approach to mitigate against flood risk and to build in resilience through nature-based solutions. The role played by green infrastructure in reducing the risk of flooding should be considered at every scale stage in determining sustainable strategic land allocations for housing and employment. Parties agree to ensure adequate consideration is given to the cumulative and off-site impacts of development on future flood risk. The promotion of new water retention technologies will be encouraged, including sponge technology techniques.

Health and Social Infrastructure

Agreements

26. Parties will ensure that provision for strategic health, wellbeing, cultural and education facilities, consistent with the changing size and structure of the population, is made in the appropriate locations through spatial strategy. This will include the raising of standards and inclusive access across these facilities.
27. The Parties are committed to the elimination of discrimination and promotion of equality of opportunity for all citizens and will work towards this goal, both in the provision of services and employment.

Infrastructure Delivery

Agreements

28. The Parties agree that the strategic infrastructure needs* for the County, particularly those that align to future strategic growth, will be identified, prioritised and agreed on, and captured in one single source document. A methodology for prioritisation will be agreed in advance of the prioritisation taking place.

29. The infrastructure agreed upon will be costed and scheduled. The likely funding streams and mechanisms to enable the delivery of infrastructure will be identified. Joint working and engagement across parties will be used to develop business cases for funding and competitive bidding.

30. The Parties agree, through appropriate governance arrangements, that the task identified at agreements 22 and 23 should be undertaken strategically with involvement of the parties and others where relevant.

** Strategic Infrastructure Needs - refers to a broad range of infrastructure required to support future growth, included but not limited to social, cultural, educational, green infrastructure as well as more 'traditional' infrastructure associated with new development (e.g. roading infrastructure).*

Minerals and Waste

Agreements

31. The Parties agree to identify valuable minerals resources to be safeguarded for possible exploitation, and agree to seek the best way forward and its implementation though local plans, including by the exploitation of minerals in association with development in accordance with the spatial strategy.

32. The Parties will support the form and location of appropriate waste management facilities to positively support a progressive approach to waste management and press on with the move towards a circular economy. The Parties will actively discourage waste management facilities that do not contribute to the development of the circular economy.

33. The Parties will continue and extend the work started in parts of the Gloucestershire the identification of opportunities for the generation of energy from renewable and benign resources and will seek positive and progressive policies in local plans for the exploitation of these opportunities.

34. The Parties will seek to produce a reduction in the level of energy use, and this will be sought in part by the requirement for the incorporation of the most appropriate advanced technologies for energy generation from renewable sources and for energy conservation as part of significant new development schemes.

7. Governance

7.1. In order for this GSoCG to be advanced and the agreements identified above delivered, clear governance is required. The GEGJC is an established committee, and is the committee that jointly commissioned this GSoCG. The following governance arrangements are proposed:

- The GEGJC will continue to be the committee responsible for the overall production, development and monitoring of the GSoCG.
- The Senior Responsible Officer for the GSoCG will be XXX. They are charged with XXX
- The Strategic Planning Leaders Board will continue to provide strategic oversight and management of the GSoCG, the GSoCG Action Plan and any other future initiatives arising from the GSoCG.
- The Heads of Planning/Planning Policy Managers in district authorities, the Outcome Manager from GCC and the Deputy CEO from GFirst LEP will take responsibility for the production and updating of any further initiatives arising from the GSoCG

Agreements

35. The parties agree that the Gloucestershire Economic Growth Joint Committee will be the committee responsible for the production and monitoring of the GSoCG.

36. The parties agree that whilst the essential purpose of the GSoCG is to promote joint action in addressing strategic issues, nothing in the GSoCG removes the roles and responsibilities of the individual participating organisations in making decisions according to their statutory roles.

8. Next Steps

8.1. Reaching agreement on strategic planning matters is the start of the GSoCG. Action needs to be taken to address the matters arising from those agreements. It is proposed that an action plan be developed to identify the actions to be taken, those responsible for taking that action, and a timeframe and budget to address the actions. This will be presented to GEGJC within 6 months of this GSoCG being approved by GEGJC. (See Appendix 4 for template)

8.2. The actions will address some of the evidence needs arising from Local Plan preparation across the 7 authorities. Once the action plan is agreed work on the Spatial Development Strategy for Gloucestershire will commence..

8.3. The GSoCG is a live document and needs to be kept up-to-date. This should be done annually and/or when progress is made to address the matters or agreement and/or when the landscape changes (for example planning reform or local government reorganisation). Progress also needs to be monitored, which again should be done annually and reported through a monitoring report.

Agreements

37. The parties agree that the GSoCG is a live document, to be updated and monitored regularly, and as a minimum on an annual basis.

Appendices

1. The Requirements of a Statement of Common Ground
2. Background Information to Support the Gloucestershire Statement of Common Ground
3. List of ‘Agreements’ not agreed by any and/or all parties
4. Action Plan to deliver on commitments in the Gloucestershire Statement of Common Ground

Appendix 1 - The Requirements of a Statement of Common Ground

MHCLG – Guidance on Plan Making (https://www.gov.uk/guidance/plan-making)

What is a statement of common ground expected to contain?

A Statement of Common Ground is expected to contain the following:

a. a short written description and map showing the location and administrative areas covered by the statement, and a brief justification for these area(s);
b. the key strategic matters being addressed by the statement, for example meeting the housing need for the area, air quality etc.;
c. the plan-making authorities responsible for joint working detailed in the statement, and list of any additional signatories (including cross-referencing the matters to which each is a signatory);
d. governance arrangements for the cooperation process, including how the statement will be maintained and kept up to date;
e. if applicable, the housing requirements in any adopted and (if known) emerging strategic policies relevant to housing within the area covered by the statement;
f. distribution of needs in the area as agreed through the plan-making process, or the process for agreeing the distribution of need (including unmet need) across the area;
g. a record of where agreements have (or have not) been reached on key strategic matters, including the process for reaching agreements on these; and
h. any additional strategic matters to be addressed by the statement which have not already been addressed, including a brief description how the statement relates to any other statement of common ground covering all or part of the same area.

The level of cooperation detailed in the statement is expected to be proportionate to the matters being addressed. The statement is expected to be concise and is not intended to document every occasion that strategic policy-making authorities meet, consult with each other, or for example, contact prescribed bodies under the duty to cooperate. The statement is a means of detailing key information, providing clear signposting or links to available evidence on authorities' websites.

Appendix 2 - Background Information to Support the Gloucestershire Statement of Common Ground

1. Gloucestershire's Strategic Geography

1.1. Gloucestershire lies between other complementary and competing areas, with Bristol and the West of England Combined Area to the south, Oxfordshire to the east; Swindon to the South East; Birmingham, Coventry and Warwickshire to the north; and Worcestershire and Wales to the west and north-west. Gloucestershire is part of the Western Gateway launched in November 2019, as a strategic partnership intended to promote and maximise economic growth across the west of England and south Wales. The Western Gateway will seek to ensure that the region is globally competitive and as such is intended to mirror and compete with the already established Northern Powerhouse and Midlands Engine. Gloucestershire is actively involved in the progression of the Western Gateway and Gloucestershire has a significant role to play, in particular through the progression of cyber as a key sector and lever for growth in this part of the region. As well as cyber-tech the draft Local Industrial Strategy highlights agri-tech, aerospace and manufacturing services sectors as key strengths for the county.

1.2. There are a number of strategies dealing with social, economic and environmental issues for Gloucestershire and others in preparation. These are examples of collective working on strategic issues, and participants in the GSoCG are either party to these strategies or will continue to seek to work with the owners of these strategies and to cooperate in their implementation. Current and emerging strategies include Gloucestershire 2050, the Local Industrial Strategy, the Local Transport Plan, the Sustainable Energy Strategy, the Green Infrastructure Strategy and the emerging climate change strategy for Gloucestershire. What is clearly evident from this strategic context is the alignment of priorities that that will need to be considered in developing the GSoCG.

1.3. Currently, Local Plans and the Local Transport Plan are the primary, statutory mechanism used to plan and deliver development in Gloucestershire. These plans, when considered holistically, provide a 'spatial plan' for Gloucestershire up to the mid 2030's, broadly as follows:

- The Urban Areas of Cheltenham and Gloucester, adjacent areas within Tewkesbury Borough, as well as Ashchurch are the focus of strategic growth
- Stroud caters for significant growth, commensurate with its size and geographical location
- Tewkesbury and Winchcombe together with the larger villages of Tewkesbury Borough, the Forest of Dean towns of Coleford, Lydney, Newent and Cinderford, and the larger Cotswold towns of Cirencester, Moreton-in-Marsh and Tetbury cater for reasonable levels of development, commensurate with their size.
- Smaller urban areas (including villages) across Gloucestershire provide for local need
- Rural areas are largely protected from development
- Investment in transport infrastructure largely aims to cater for growth at the levels identified above and remedy other existing, identified problems.

Spatial planning in Gloucestershire has been approached in this hierarchical way for some considerable time. With the important additional consideration of potential new settlements, such a development approach means that homes are built close to the largest areas of employment opportunities, infrastructure investment can be target toward major populations (enhancing its use, effectiveness and success) whilst other areas can accommodate local demand whilst protecting character, both built and natural. The current status of Local Plans across Gloucestershire is set out at Appendix 2.

2. Current Context (September 2020)

2.1. There are a number of recent events that will inevitably impact on spatial planning in Gloucestershire (and indeed the broader country). They are outlined below because they will have a significant bearing on the way in which this GSoCG and any Gloucestershire wide spatial planning is taken forward. These include:

- All local authority parties have declared a Climate Change emergency (with some also declaring a specific ecological emergency) with varying aims and targets within the last 12-18 months, all with a theme of reducing carbon emissions. If this is to be achieved the location and connectedness of, and the design standards adopted in new development need careful consideration and a joined up approach.
- Covid 19 and it's impacts – It is inevitable that there will be negative short-medium term economic consequences. There may well be lasting societal changes that emerge too – including a reduced demand for travel, a greater appreciation and utilisation of people's homes and local areas (in particular open, green spaces), an accelerated need to change the function of urban centres, a need for enhanced digital connectivity and so on, a decentralisation from larger urban centres such as London and Birmingham as remote technology and ability to work from homes shifts perceptions in where people wish their homes to be located.
- The Government's Planning White Paper of Summer 2020 proposes wholesale reform of the planning system in England. There are a wide range of changes proposed which if implemented will have a significant impact on Plan making and infrastructure delivery across England.
- The Government may consult on further devolution proposals during 2021. The opportunity to plan jointly (for example the JCS) already exists, but changes to local government structures in the future may provide new opportunities.

2.2. Taken as a whole, these recent events, the outcomes of which are unknown, will have a profound effect on plan making and delivery of growth in the future. This must be borne in mind in progressing with this GSoCG and any recommendations arising. A live 'GSoCG' should enable timely responses to the challenges we face. At the same time, investment in strategic planning, including future work on this GSoCG and any subsequent planning strategy work, needs to be carefully considered in the context of planning reform and local government review.

3. Strategic Planning Matters in Gloucestershire

Introduction

3.1. The GSoCG is about strategic planning matters that can be addressed by spatial planning and need to be addressed by more than one district planning authority, whilst working with the County Council and GFirst LEP. What follows is an identification of the strategic matters in Gloucestershire, with a set of agreements which capture the matters arising and the proposed responses (as actions). They are presented as distinct matters of spatial planning but need to be considered as component parts of successful spatial planning.

Climate Change (and Ecological Emergency)

3.2. There is an overwhelming need in Gloucestershire, as everywhere, to address the climate and ecological emergency, as declared by each of the local authorities in Gloucestershire. The strategic planning activities in the Gloucestershire must work towards this commitment and to achieving a net carbon zero society. There are opportunities through growth to advance carbon reduction technologies in Gloucestershire, including through commitments to sustainable construction and better building energy performance. The level of use of energy by residents, workers and visitors is higher in Gloucestershire, as everywhere, than is consistent with a low carbon future. More needs to be done to generate energy locally from renewable sources using a variety of technologies and to reduce the consumption of energy generally.

3.3. Gloucestershire's existing transport network depends largely on its highway network. Future transportation solutions in Gloucestershire need to balance demand for clean sustainable growth and improved connectivity with maximising the efficiency of existing infrastructure. Significant investment in Gloucestershire's passenger and active travel networks will be required to complement planned highway capacity works as future growth will require greater integration of modes to ensure a high quality transport network is deliverable.

3.4. The legacy of COVID-19 and the possible changes towards travel demand is likely to challenge the traditional view of managing the transport network, with the priority of minimising journey times switching to managing journey options for people as transport networks decarbonise. Serving a growing leisure market may also become as important as commuting options when people decide where to live and this may need to be considered as the county grows.

Housing

3.5. The housing needs of Gloucestershire have to be met to enable the members of the changing population to house themselves, including those who need assistance through the provision of affordable housing, to address the need to attract a younger working age population and to ensure a workforce exists locally to enable the achievable growth in the economy to take place. The housing that is built needs to be fit for purpose and enable people to live independently in their own home for as long as they can. This will require a flexible response to the type and tenure of housing together with the sustainability principles of the product.

3.6. Each local authority is required to make provision to meet the housing needs of its area through Local Plans. How and where that provision is made clearly affects those in need of housing, and has implications for the economy, transport and the environment. It is important that the right type of housing is development in the right places to meet needs, enhance wellbeing, support the economy and protect the environment. The future form of housing development in Gloucestershire, whether this be through extensions to existing settlements or through new settlements, should promote sustainable patterns of living and be designed to respect local character.

3.7. The housing requirements are increasingly unlikely to be met wholly within the same local administrative area as the need arises, particularly where those areas are geographically/administratively constrained (e.g. Cheltenham and Gloucester). Where this arises, planning policy requires those authorities to seek provision in neighbouring authority areas, and if this cannot be achieved reach a conclusion that the need cannot be met. Failing to meet housing need impacts on Gloucestershire's growth ambitions, housing affordability and choice, reduces the available workforce in an area and encourages travel between people's homes and jobs particularly (in Gloucestershire case) by private car and can make the provision of services less efficient to deliver.

3.8. Current local plans/local plans in development in Gloucestershire make provision for new homes to varying timescales. This provisions is captured below:

Area	Plan Status and key dates	Plan Period	Requirement	How is this Met?
Cheltenham	Joint Core Strategy adopted 2017 Cheltenham Plan adopted 2020	2011-2031	at least 10,917 new homes	Completions, commitments, Plan allocations and windfall allowance
Cotswold	Adopted 2018	2011-2031	420 pa	Allocation and windfall supply
Forest of Dean	Allocations Plan adopted June 2018 Replacement Local Plan at early strategic options stage (2021-41)	2006-2026	330 pa	Allocation and windfall
Gloucester	Adopted Joint Core Strategy	2011-2031	at least 14,359 new homes	Completions, commitments,

	Emerging Gloucester City Plan (at Examination)			Plan allocations and windfall allowance
Stroud	Local Plan adopted November 2015	2006-2031	At least 11,400 new homes	Completions, commitments, Plan allocations and windfall allowance
Tewkesbury	Adopted Joint Core Strategy Emerging Tewkesbury Borough Plan (at Examination)	2011-2031	9,900	Completions, commitments and proposed allocations in emerging Borough Plan total 9,397 dwellings Shortfall (503 dwellings) to be addressed through JCS review

3.9. Local Plans in the area also contain specific policies for Gypsy and Traveller provision, as below:

Area	**Plan Status and key dates**	**Plan Period**	**Requirement**	**How is this Met?**
Cheltenham	Joint Core Strategy adopted 2017 Cheltenham Plan adopted 2020	2011-2031	3 pitches	Criteria based policy
Cotswold	Adopted Local Plan (2018)	2011-2031	3 pitches	2 allocated sites + criteria based policy for additional allocations
Forest of Dean	Allocations Plan 2018/ Core Strategy 2012	2006-2026	No requirement identified at time of examination	Criteria based policy

Gloucester	Adopted Joint Core Strategy Emerging Gloucester City Plan (at Examination)	2011-2031	2 pitches	
Stroud	Local Plan adopted November 2015	2006-2031	31 pitches	Completions and commitments
Tewkesbury	Adopted Joint Core Strategy Emerging Tewkesbury Borough Plan (at Examination)	2011-2031	17 pitches[2]	Completions and proposed Borough Plan allocations total: 50 pitches

3.10. Local Plans in the area also contain specific policies for Travelling Showpeople provision, as below:

Area	Plan Status and key dates	Plan Period	Need	How is this Met?
Cheltenham	Joint Core Strategy adopted 2017 Cheltenham Plan adopted 2020	2011-2031	None	N/A
Cotswold	Adopted Local Plan (2018)	2011-2031	None	Criteria based policy
Forest of Dean	Allocations Plan 2018/ Core Strategy 2012	2006-2026		Criteria based policy
Gloucester	Adopted Joint Core Strategy Emerging Gloucester City Plan (at Examination)	2011-2031	16 plots	

[2] 17 pitches includes 5 pitches from those who meet the definition of traveler from the Planning Policy for Traveller Sites plus 25% (12 pitches) of those where it was at the time unknown whether they would meet the definition or not.

Stroud	Local Plan adopted November 2015	2006-2031	8 plots	Completions and commitments
Tewkesbury	Adopted Joint Core Strategy Emerging Tewkesbury Borough Plan (at Examination)	2011-2031	22 plots	Proposed Borough Plan allocations total: 9 plots

3.11. There are good reasons for the parties to agree that housing provision is a strategic spatial planning issue, and that joint working to make sufficient provision is essential. Work is already underway to address this issue jointly. District authorities in Gloucestershire are currently working on a Local Housing Needs Assessment which identifies the minimum housing need for Gloucestershire broken down to a District level and sub categories of need, including affordable housing and housing for special needs.

3.12. Proposed reforms to the current planning system will change the methodology used to calculate housing need. The initial indication is that the 20yr need will rise from 65,000 under the current method to 95,000 under the new method. To meet these identified needs a range of development options will need to be considered and joint working will be essential.

The Economy and Employment

3.13. Whilst the economy of Gloucestershire is strong, there is greater economic potential to be achieved, with some sectors showing particular strength and with Gloucestershire home to some distinctive businesses activities that can be nurtured to the benefit of the local and wider economy. All prospective employers will in part be assisted through the provision of employment land and space where it is needed and of a scale and type suitable for the requirements of the relevant sectors, with particular regard to where Gloucestershire may have a particular advantage over other possibly competing areas. Flexibility will be key and this will need to be built through engagement across the key sectors. GFirst LEP will be a key contributor to providing the evidence base to help steer the changing economic context for Gloucestershire.

3.14. Gloucestershire has an ageing population with a falling level of economically active people, a change taking place because the retention of young people in the area is relatively low. This will give rise to increasing inter-generational tensions and has direct and indirect negative effects on the economy.

3.15. In Gloucestershire critical roles in creating the conditions for businesses to thrive include:

- The district councils, charged with providing for employment space through the allocation of land in local plans, and with ensuring enough housing is provided

- The County Council responsible for transport infrastructure, economic development and education
- GFirst LEP with very strong links with businesses and providing direct support to new, incoming and existing businesses, as well as producing the Local Industrial Strategy
- All local authorities with various responsibilities for green and inclusive growth

3.16. Whilst these organisations work together, there isn't yet one coherent strategy for coordinated action to support the development of employment and the economy in the future. GFirst LEP have prepared the Local Industrial Strategy for Gloucestershire which was put to Government prior to the onset of Covid-19. The views of the Government are awaited. Local Plans provide for employment land across Gloucestershire, currently as follows:

Area	Plan Status and key dates	Plan Period	Requirement	How is this Met?
Cheltenham	Joint Core Strategy adopted 2017 Cheltenham Plan adopted 2020	2011-2031	192ha B Class – across the JCS area	Completions, commitments, Plan allocations and windfall allowance
Cotswold	Adopted Local Plan (2018)	2011-2031	24ha B Class land between 2016-2031	Completions, commitments and plan allocations
Forest of Dean	Allocations Plan 2018	2006-2026	Not stated	New allocations and intensification of existing sites, criteria based policies (60+ha)
Gloucester	Adopted Joint Core Strategy Emerging Gloucester City Plan (at Examination	2011-2031	192ha B Class – across the JCS area	Completions, commitments, Plan allocations and windfall allowance
Stroud	Local Plan adopted November 2015	2006-2031	58 hectares	Completions, commitments, Plan allocations and windfall allowance

Tewkesbury	Adopted Joint Core Strategy Emerging Tewkesbury Borough Plan (at Examination)	2011-2031	192ha B Class – across the JCS area	84ha on strategic allocations (some or all within Tewkesbury Borough) 40ha on proposed allocations in the emerging Tewkesbury Borough Plan Other commitments and vacant employment land across the Borough.

3.17. The parties have recently completed a new Gloucestershire Economic Needs Assessment (2020) which:

- Identifies the Functional Economic Market Area (FEMA) for planning purposes.
- Provides a review of the context in neighbouring areas and the wider region.
- Provides an assessment of the economic performance and characteristics and commercial property market.
- Considers a range of scenarios for future economic growth in Gloucestershire.
- Identifies the quantum of employment land required to meet these scenarios and the locational requirements of different sectors.

This work has been commissioned to directly inform the preparation of Local Plans across Gloucestershire.

The Green Belt

3.18. Parts of Gloucestershire are designated as Green Belt, a designation dating from the Gloucestershire Development Plan of 1968 and extended by the Gloucestershire County Structure Plan in 1981. The fundamental intention the Green Belt is to prevent urban sprawl by keeping land permanently ‘open’. Parts of Gloucestershire that offer good potential for promoting more sustainable development are in the green belt and so local plans – prepared with the overriding statutory objective on plan-makers of promoting sustainable development

- will have to consider whether changes to the area of green belt will have to be made, as national planning policy provides for.

3.19. Green Belt policy was originally conceived as a strategic policy for shaping the pattern of development – and it was identified through strategic planning documents when designated. It should be looked at strategically therefore, and this is a role for the GSoCG. If avoiding development in the Green Belt means that the development will have to go elsewhere, then the alternative locations must still need to contribute toward the overall spatial strategy and sustainable development objectives. For plans to withstand scrutiny the reasons for rejecting alternatives must be clearly given.

The Movement of People, Goods, Services and Information

3.20. There is a clear need to provide for greater modal choice to provide for alternatives to the car and enable individuals to choose how they travel. Post COVID-19 there will be a need to work collectively to develop a financially sustainable transport offer that reflects the possible legacy of the pandemic on changes in demand to traditional journey patterns. Improvements in digital connectivity open opportunities for this and help support the management of the transport network.

3.21. As the county grows there is a clear need to increase the market share of rail through better regional connectivity and work with bus operators to identify sustainable solutions to develop a financially sustainable, socially inclusive and efficient countywide bus network. This will provide for areas not served by rail. It will also aid understanding of the decarbonisation transfer process the roles different parties will need to play supporting this. Cycling and Waling also provide a real opportunity to improve the physical and mental health of residents, improve air quality and ease congestion within urban areas.

3.22. In addition to supporting personal travel it is important to recognise the requirements of commercial operators to provide the most efficient way of transporting goods alongside reducing carbon emissions and improving air quality.

3.23. The movement of people, goods and services between and within places and spaces has a profound effect on the economy, the lives of residents and the environment. There is a clear relationship between the location, scale and form of growth and movement. This GSoCG provides the opportunity to maximise the opportunity to promote and enable shifts in movement behaviour through considering the location of existing and new populations and aligning movement solutions to enable the greatest impact and success.

Transport Provision

3.24. Essential travel in Gloucestershire is heavily based on the private car. For the most part this is currently fossil fuel propulsion, but this will change dramatically in the plan making periods relevant to the GSoCG, as car technology is changing quickly, with electric and other forms of non-carbon emitting propulsion taking over, with manufacturers committing to phasing out fossil fuelled propulsion. The provision of publicly accessible electric charging is an important commitment by the County Council and district authorities which will facilitate and ~~f~~ speed this change to the car as a sustainable mode of transport. However, even with the uptake of electric vehicles proceeding as planned, Government and local carbon reduction targets can only be achieved if we also create communities that reduce the need to travel and through a significant shift to sustainable transport modes, such as walking, cycling and public transport. The GSoCG will need to take account of this fundamental change in outlook in considering sustainable locations for strategic land allocations for the future.

3.25. The housing and employment land strategic site selection purpose of the GSoCG provides a golden opportunity to enable much improved public transport connections for residents, both road and rail, to create the genuine choice for residents outlined in paragraph 3.21, and deliver the public transport aspirations of the Local Transport Plan.

3.26. Covid-19 has led to a significant increase in online retail and remote working. Clearly this has negative consequences on existing town centres, but the need to travel for retail purposes are diminishing. New technologies and initiatives are ever developing which may lead to a shift the way in which people, goods and services move, ranging from Electronic Vehicles and Autonomous Vehicles to Mobility as a Service (MaaS). The location, design and layout of new development need to take into account of these developments. Digital technology provides an alternative to movement, and this is covered in more detail below.

3.27. The Gloucestershire Local Transport Plan (LTP) sets out the current transport strategy for Gloucestershire to 2041. The plan provides for a range transport schemes which largely aim to cater for planned growth and seeks to promote modal shift in new developments.

3.28. Development beyond that identified in existing advanced or adopted local plans provides the greatest opportunity to influence future movement choices. The road and rail network, together with technological advances provides the opportunity for modal shift but investment will be required. The LTP sets out a range of aspirations and scenarios for catering for growth that could take place beyond 2031. These aspirations and scenarios need to be developed alongside decisions on the future locations of growth to make them effective and successful.

Digital Network

3.29. Gloucestershire already has a strategic role in cyber security and this will grow significantly with the development of 'Cyber Central'. The County must position itself to take full advantage of this opportunity, from education to supporting industries to broader connectivity benefits for the community at large.

3.30. The movement of information digitally is becoming ever more relevant, and Covid-19 has proved the value of and need for quality connectivity, particularly for the service sector on which a large proportion of the Gloucestershire economy relies. Quality broadband services are increasingly a factor people consider when looking at the attractiveness of an area as somewhere to live. Gloucestershire has the opportunity to benefit from the comprehensive and inclusive roll out of high quality digital infrastructure to assist business and domestic users.

Natural Environment and Green and Blue Infrastructure

3.31. Gloucestershire contains areas of great landscape value, some recognised by national designations and of huge value to residents and visitors alike, and these need to be conserved and enhanced for their own sake and for the distinctive character they give to Gloucestershire. At the same time, more people need ready access to environmental assets as has been highlighted during the Covid-19 pandemic, and there is 'quality in the ordinary'. An enhanced green infrastructure network of spaces and corridors would provide structure and identity to an area, benefit wildlife, create recreational opportunities and amenity, help in the management of water, and assist in carbon capture.

3.32. Green infrastructure as a connected network of multi-functional green and blue spaces and corridors is essential to the wellbeing of Gloucestershire and its people, and is something should be part of the spatial strategy and as such promoted through the GSoCG. Part of the appeal of Gloucestershire for residents and business alike is its natural environment.

3.33. There is a great deal of work underway in Gloucestershire by government agencies, local authorities and voluntary groups promoting various aspects of green infrastructure. This includes:

- The work promoted by the Gloucestershire Local Nature Partnership (GLNP) on natural capital baseline mapping and on the Nature Recovery Network that helps to underpin it.
- The national Building with Nature Standards, developed in Gloucestershire (initiated by the GLNP and the Gloucestershire Wildlife Trust), provide planners and developers with evidence-based, how-to guidance on delivering high-quality green infrastructure
- The emerging Environment Bill will mandate Biodiversity net gain for certain types of development, noting the National Planning Policy Framework (NPPF) already highlights the need to provide biodiversity net gain.

3.34. In 2015, the Green Infrastructure Working Group of the GLNP developed 'A Strategic Framework for Green Infrastructure in Gloucestershire' with consultation and agreement gained from Gloucestershire's local authorities (undergoing review in 2020-21).

3.35. Gloucestershire Vision 2050 identified the potential of a Regional Park. Stakeholders have been investigating the possibility, including identifying a possible location.

3.36. Furthermore, all authorities signed up to the GLNP Green Infrastructure Pledge in 2018 - a promise to commit to making Gloucestershire a pioneer of green infrastructure, creating a better, more attractive place to live, work and visit, as well as becoming an exemplar for the rest of the country.

3.37. Many of the local authorities in Gloucestershire have recognised the huge declines in biodiversity by declaring climate and ecological emergencies. Many polices and initiatives are in place or are being developed around biodiversity and nature recovery showing a commitment to continuing to work in partnership to address biodiversity declines.

3.38. There is therefore a great deal to use and to build upon for improved and better valued green infrastructure, expressed through strategy/policy, as part of the spatial strategy embraced by the GSoCG.

3.39. Flood resilience will require a strategic response, including others beyond the boundary of Gloucestershire. Having a clear and agreed proposed flood resilience response will enable the Parties to engage with neighbouring authorities and regions in a coordinated way.

Energy Production

3.40. There is a need to increase energy efficiency and reduce energy usage for residents, workers and visitors in Gloucestershire in order to achieve a net-zero carbon future. There are key opportunities to achieve this through commitments to more sustainable construction methods with improved building energy performance, as well as through shifts in transport modes. There is also opportunity to explore renewable and low-carbon energy generation projects, including community energy schemes.

3.41. The Gloucestershire Sustainable Energy Strategy (2019) includes 6 key ambitions for energy reduction in Gloucestershire and a road map of actions to establish the building blocks necessary, focusing on the next 6 years.

Health and Social Infrastructure

3.42. Many of the matters above have a clear impact on health and wellbeing – to provision of quality green space and housing, providing opportunities for active travel, reducing emissions and improving air quality and so on. The relationship between spatial planning is not traditionally fully understood, but that relationship is becoming clearer.

3.43. Specifically here, early year, educational, health and cultural facilities including open space, need to be provided at least in balance with the needs of a growing and changing population, consistent with nurturing greater skills and wellbeing, and more inclusively. Provision should be made as close to where demand arises in an efficient and effective way and should not be an afterthought – provision is essential and should be planned as part of spatial planning. The needs of service providers need to be understood at an early stage to inform future planning. Careful consideration needs to be given to the viability of development.

Infrastructure Delivery

3.44. The provision of infrastructure to support existing and new communities is obviously essential. This ranges from transport to education to green space, as discussed in various sections above. In order for infrastructure to be delivered effectively there is a need to:

- understand where demand will arise
- identify, prioritise and agree on that infrastructure
- consult with relevant infrastructure providers
- identify funding mechanisms to enable infrastructure delivery
- the viability of development.

3.45. Funding is secured in a variety of ways including through the collection of Community Infrastructure Levy funds, through s106 agreements, bids and grants administered by GFirst LEP, bids to various Government Agencies and so on. Most of these funding mechanisms are competitive – competition with other areas of the country for private and government investment, competition between competing infrastructure projects within the GSoCG area, or onsite competition between the various demands placed on the development sector. Gloucestershire has a good track record of winning competitive funding and the GSoCG will be a key tool in future bids in articulating the collective ambition and delivery of growth.

3.46. At a both a strategic and local, non-strategic level, infrastructure needs are identified in a range of statutory and non-statutory documents including Local Plans, Infrastructure Development Plans and annual Infrastructure Funding Statements, the Local Transport Plan, Education Place Planning Strategies, the Natural Capital initiative and so on.

3.47. There is no single source document that identifies the agreed strategic infrastructure requirements for Gloucestershire. Such a document, together with a clear strategic direction of growth in Gloucestershire, would present a solid basis to encourage investment in its various forms from the public and private sector. Furthermore, such an approach would fit well with current proposed reforms to the development contribution regime. The various strategic infrastructure concepts listed in the preceding sections will need to be planned for and funded.

3.48. Various pieces of work are either underway or under consideration. The parties are exploring the potential for a single Local Developer Guide for Gloucestershire. This document will provide a clear practice guide for developers on how the parties expect infrastructure to be funded by development, building upon adopted policies and standards set out in local plans.

Minerals and Waste

3.49. There are strategic minerals deposits in Gloucestershire that should be secured until they need to be used, perhaps in association with appropriate development. These are dealt with through Minerals and Waste Local Plans developed by the County Council.

3.50. Sufficient provision needs to be made for the waste management facilities required to implement a positive and progressive reuse, recycle, recover approach to resources, striving towards the achievement of a circular economy.

Appendix 3 - List of 'Agreements' not agreed by any and/or all parties

Agreement Name and Number	Party/Parties not in agreement	Non agreement paragraph	Comment
Climate Change agreements 3-6	Tewkesbury Borough Council	1. The parties agree that the climate and ecological emergencies presents risks to the county that are systemic, and unprecedented in scale and potential impact. 2. The parties agree that responses to the climate and ecological emergencies must be commensurate with the scale and severity of the risk, and that coordinated action is the most effective means of responding. 3. The parties agree that strategic planning decisions have a role to play in the reduction of carbon in contributing to local and global sustainability, and that our decisions must be informed by the climate and ecological emergencies and wherever possible deliver a positive contribution to climate change mitigation and adaptation and ecological recovery. Responding to the Climate Emergency will be the 'golden thread' that runs through the strategic planning activities and the outputs of this SoCG, responding to our commitments to Carbon net zero. 4. The parties agree to investigate the use of alternative forms of energy generation, in line with environmental and landscape considerations.	TBC requested the deletion of references to "ecological emergencies in paragraphs 3 and 4 and paragraph 3.2 within the Appendix. TBC has not declared an ecological emergency and does not have a position on it. On that basis this is a something TBC is unable to commit to. TBC assert that any considerations of alternative forms of energy generation would be wider than environmental and landscape considerations. This requirement would be up top individual LA's to take forward if they wished to so do but should not be within SOCG.
Transport Provision agreement 18.	Tewkesbury Borough Council	The Parties agree that local plans should contain policies requiring developments to contribute to quality of the walking and cycling network. This is in recognition of the role active travel will play a significant role in achieving carbon reducing ambitions and promoting a healthy and active	Due to the nature of the TBC area, the inclusion and assertion that cycling will become mass transit cannot be supported by TBC as it is not achievable and is

		society. **Cycling will become mass transit and routes must be designed for larger numbers of cyclists, for users of all abilities and disabilities.** Cycling and walking should be at the heart of transport, place-making, and health policy.	unrealistic given the rural nature of the borough.
Natural Environment and Green Infrastructure agreement 24	Tewkesbury Borough Council	The Parties agree to work collaboratively to help conserve, manage and enhance the area's unique natural environment including areas of international and national landscape and biodiversity importance.	TBC considers this paragraph too restrictive. Appropriate development can take place within areas of special landscape and AONB.
Minerals and Waste 32	Tewkesbury Borough Council	The Parties will support the form and location of appropriate waste management facilities to positively support a progressive approach to waste management and press on with the move towards a circular economy. The Parties will actively discourage waste management facilities that do not contribute to the development of the circular economy.	TBC consider that the wording within this agreement is too restrictive as to where the council may wish to locate waste management facilities.
Minerals and Waste 34	Tewkesbury Borough Council	The Parties will seek to produce a reduction in the level of energy use, and this will be sought in part by the requirement for the incorporation of the most appropriate advanced technologies for energy generation from renewable sources and for energy conservation as part of significant new development schemes.	This is too restrictive. TBC is already looking at alternative sources of energy. It is helpful for the council to facilitate alternative forms of energy and to ensure that people have choice.

Appendix 4 - Pro-forma Action Plan to deliver on commitments in the Gloucestershire Statement of Common Ground

Strategic Matter	Proposed Action	Anticipated Action Outcome	Action Timeline	Action Budget	Action Lead Officer	Action Team
Climate Change						
Housing						
Employment						
The Green Belt						
Transport Provisions						
Digital Network						
Natural Environment and Green Infrastructure						
Energy Production						
Health and Social Infrastructure						
Infrastructure Delivery						
Minerals and Waste						

EXECUTIVE COMMITTEE FORWARD PLAN

STANDING ITEMS:

- **Executive Committee Forward Plan – To consider forthcoming items.**
- **Feedback from Chair of Overview & Scrutiny Committee.**
- **Feedback from Chair of Audit & Governance Committee – following Audit & Governance Committee meetings.**

Additions to 10 January 2024

-

Deletions from 19 January 2024

- **ICT Strategy – moved to 20 March 2024**
- **Council Tax, Business Rates and Housing Benefits Overpayments Debt Recovery Policy – moved to 7 February 2024**
- **Discretionary Support Policy – moved to 7 February 2024**
- **Purchase of Additional Temporary Accommodation – moved to 20 March 2024**

Committee Date: 7 February 2024					
Agenda Item	**Overview of Agenda Item**	**Lead Officer**	**Lead Member**	**Background Papers**	**Has agenda item previously been deferred? Details and date of deferment required**
Budget 2024/25 (Annual).	Section 32 of the Local Government Finance Act 1992 requires a balanced budget to be set on a timely basis and resultant Council tax setting. *(Statutory report)*	Executive Director: Resources and S151.	Lead Member for Finance and Asset Management	Previous budget (2023/24) approved by Council 21 February 2023. Agenda for Council on Tuesday, 21 February 2023, 6:00 pm - Tewkesbury Borough Council NB: Transform Working Group will meet from September onwards to	No.

NB – Items in bold are changes from the previous plan

Committee Date: 7 February 2024					
Agenda Item	Overview of Agenda Item	Lead Officer	Lead Member	Background Papers	Has agenda item previously been deferred? Details and date of deferment required
				consider the budget formulation.	
Council Tax, Business Rates and Housing Benefits Overpayments Debt Recovery Policy	**To approve the policy.** **(Service related policy)**	**Head of Service: Revenues and Benefits**	**Lead Member for Finance and Asset Management**	**None.**	**Yes – moved from 29 November 2023 for further Member engagement.**
Discretionary Support Policy	**To approve the policy.** **(Service related policy)**	**Head of Service: Revenues and Benefits**	**Lead Member for Finance and Asset Management**	**None.**	**Yes – moved from 29 November 2023 for further Member engagement.**
Second Homes Discount Premiums	**New policy - Recommendation to Council.**	**Head of Service: Revenues and Benefits**	**Lead Member for Finance and Asset Management**		**No**
Care Leavers Discount	**Amendment to policy,**	**Head of Service: Revenues and Benefits**	**Lead Member for Finance and Asset Management**		**No**
Council Tax Reduction Scheme	**Annual requirement.**	**Head of Service: Revenues and Benefits**	**Lead Member for Finance and Asset Management**		**No**

NB – Items in bold are changes from the previous plan

Committee Date: 7 February 2024					
Agenda Item	**Overview of Agenda Item**	**Lead Officer**	**Lead Member**	**Background Papers**	**Has agenda item previously been deferred? Details and date of deferment required**
Council Tax Discounts	**Head of Service: Revenues and Benefits**	**Lead Member for Finance and Asset Management**		**No**	**Head of Service: Revenues and Benefits**
Asset Management Plan	**To provide a framework which can secure the operational and financial benefits of the corporate estate.** ***(Action within the Council Plan 2020/24)***	**Head of Service: Asset Management**	**Lead Member for Finance and Asset Management**	**None.**	**Yes – moved from 29 November 2023 and 10 January 2024 due to other work taking priority e.g. heating replacement system, webcasting.**

NB – Items in bold are changes from the previous plan

Committee Date: 20 March 2024					
Agenda Item	**Overview of Agenda Item**	**Lead Officer**	**Lead Member**	**Background Papers**	**Has agenda item previously been deferred? Details and date of deferment required**
Council Plan Performance Tracker – Quarter Three 2023/24.	To receive and respond to the findings of the Overview and Scrutiny Committee‘s review of the quarter three performance management information. *(Council Plan is the strategic document which sets out the priorities of the Council)*	Director: Corporate Resources	Leader of the Council	None - will be presented to Overview and Scrutiny Committee on 13 February 2024.	No.
New Council Plan 2024-2029	To make a recommendation to Council which sets out the new strategic priorities and ambition for the Council. *(Council Plan is the strategic document which sets out the priorities of the Council)*	Director: Corporate Resources	Leader of the Council	None – new plan to be developed from September onwards.	No.

NB – Items in bold are changes from the previous plan

Committee Date: 20 March 2024					
Agenda Item	**Overview of Agenda Item**	**Lead Officer**	**Lead Member**	**Background Papers**	**Has agenda item previously been deferred? Details and date of deferment required**
Financial Update - Quarter Three 2023/24.	Third quarterly monitoring report on the outturn position of the Council's revenue budget. The report also details the expenditure to date against both the capital programme and approved reserves. *(Finance and Resources is a priority within the Council Plan 2020-24)*	Executive Director: Resources and S151	Lead Member for Finance and Asset Management	2023/24 budget approved by Council 21 February 2023. Agenda for Council on Tuesday, 21 February 2023, 6:00 pm - Tewkesbury Borough Council	No.
ICT Strategy.	**To deliver the Council's priorities and to support day to day operational activities it is essential the Council's ICT infrastructure is as effective and secure as possible. The new strategy (2024/28) will build upon existing**	**Associate Director: IT and Cyber**	**Lead Member for Corporate Governance**	**ICT Strategy 2020-24 approved by Executive Committee 5 February 2020. Agenda for Executive on Wednesday, 5 February 2020, 2:00 pm - Tewkesbury Borough Council**	**Moved from January 2024 pending appointment of a new IT Manager.**

NB – Items in bold are changes from the previous plan

Committee Date: 20 March 2024					
Agenda Item	**Overview of Agenda Item**	**Lead Officer**	**Lead Member**	**Background Papers**	**Has agenda item previously been deferred? Details and date of deferment required**
	arrangements and identify key work streams and actions, particularly around cyber security. **(Fundamental to service objectives and good corporate governance)**				

NB – Items in bold are changes from the previous plan

PENDING ITEMS

Agenda Item	**Overview of Agenda Item**	**Lead Officer**	**Lead Member**	**Has agenda item previously been deferred? Details and date of deferment required**
First Floor Refurbishment Project.	To approve the project.	Head of Service: Asset Management.	Lead Member for Finance and Asset Management	Moved from 6 September 2023 as this will not be delivered until the new heating system is in place.
CIL Review of Charging Schedule(s) with the new 'draft' Charging Schedule submitted for approval to go out to formal public consultation.	To consider and make a recommendation to Council.	Associate Director: Planning	Lead Member for Built Environment	January 2022. JSP partners to undertake the review at the same time.
Equalities and Diversity Policy.	To approve the Equalities and Diversity Policy.	Associate Director: People, Culture and Performance	Lead Member for Staff and Culture	Removed from 5 October 2022 and added to pending on 21 September 2022.
To approve the 'Health in All Policies' policy.	To approve a policy to better consider the Council's approach to health and wellbeing in the community.	Director: Communities.	Lead Member for Housing, Health and Wellbeing	Removed from 1 February 2023 until the policy has been considered by Management Team.
Volunteering Policy.	To approve the Volunteering Policy.	Associate Director: People, Culture and Performance	Lead Member for Staff and Culture	Removed from 1 March 2023 until the new Council is in place.

NB – Items in bold are changes from the previous plan

Agenda Item	Overview of Agenda Item	Lead Officer	Lead Member	Has agenda item previously been deferred? Details and date of deferment required
Economic Development and Tourism Strategy.	The strategy outlines how the Council will help promote a strong and diverse local economy, support business growth, inform spatial planning strategy, support regeneration, encourage inward investment and maximise visitor numbers to the area. *(Council priority)*	Head of Service: Community and Economic Development	Lead Member for Economic Development/ Promotion	Deferred from October 2023 pending the outcome of Gloucestershire County Council's strategy.
Housing Strategy Monitoring Report (Annual).	To approve the annual action plan to deliver the priorities within the strategy.	Head of Service: Housing	Lead Member for Housing Health and Wellbeing	Yes – due to be considered at the meeting on 10 January 2024, moved pending a review of the strategy.

NB – Items in bold are changes from the previous plan

Agenda Item	Overview of Agenda Item	Lead Officer	Lead Member	Has agenda item previously been deferred? Details and date of deferment required
New Waste Depot	To approve the project approach and principles for a new waste depot with partner council(s). *(Fundamental to service delivery)*	Director: Communities	Lead Member for Clean and Green Environment	Yes – due to be considered at the meeting on 29 November 2023. Delayed due to a key member of staff from one of the partner Councils moving jobs – awaiting notification of a lead Officer for that Council to be able to start to develop a high level project plan. Moved to pending items until timescales are clear.

NB – Items in bold are changes from the previous plan

ITEMS FOR 2024/25

Agenda Item	**Overview of Agenda Item**	**Lead Officer**	**Lead Member**	**Has agenda item previously been deferred? Details and date of deferment required**
Parking Strategy Review	To approve the revised Parking Strategy.	Executive Director: Place	Lead Member for Economic Development/Promotion	Agreed with Lead Member in August 2023 to defer the previous review and for a new review to be carried out in 2024/25.
Pavement Licensing Policy	To approve the policy.	Licensing Team Leader	Lead Member for Clean and Green Environment	Due to be considered in September 2023 but moved to 2024/25 due to delay with legislation.

NB – Items in bold are changes from the previous plan

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