

29 January 2019

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| Committee | Executive |
| Date | Wednesday, 6 February 2019 |
| 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 26 June 2012 of the Tewkesbury Borough Council Code of Conduct, effective from 1 July 2012, as set out in Minute No. CL.34, 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 16 January 2019. | 1 - 8 |
| 5. | ITEMS FROM MEMBERS OF THE PUBLIC To receive any questions, deputations or petitions submitted under Rule of Procedure 12. <i>(The deadline for public participation submissions for this meeting is 31 January 2019).</i> | |
| 6. | EXECUTIVE COMMITTEE FORWARD PLAN To consider the Committee's Forward Plan. | 9 - 11 |
| 7. | FINANCIAL UPDATE - QUARTER THREE 2018/19 To consider the quarterly budget position. | 12 - 21 |
| 8. | BUDGET 2019/20 To consider the 2019/20 budget and make a recommendation to Council. | 22 - 36 |
| 9. | COUNCIL TAX DISCOUNTS 2019/20 To consider a range of Council Tax discounts for 2019/20 and make a recommendation to Council. | 37 - 40 |
| 10. | COUNCIL TAX DISCOUNT FOR CARE LEAVERS To consider the implementation of a Council Tax discount for care leavers and make a recommendation to Council. | 41 - 48 |
| 11. | DEERHURST NEIGHBOURHOOD PLAN DESIGNATION AND SCHEME OF DELEGATION To approve the designation of Deerhurst neighbourhood plan area and an amendment to the Scheme of Delegation in respect of neighbourhood plans. | 49 - 60 |
| 12. | TEWKESBURY MOP FAIR OPENING TIME - VARIATION TO AGREEMENT To approve a variation to the current Mop Fair agreement to allow the Fair to open at the earlier time of 4pm for the term of the current licence | 61 - 63 |

DATE OF NEXT MEETING
WEDNESDAY, 6 MARCH 2019

COUNCILLORS CONSTITUTING COMMITTEE

Councillors: K J Berry, R A Bird (Chair), G F Blackwell, M Dean, R Furolo, M A Gore, J Greening, E J MacTiernan and J R Mason (Vice-Chair)

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, 16 January 2019 commencing at
2:00 pm**

Present:

Vice Chair in the Chair

Councillor J R Mason

and Councillors:

K J Berry, G F Blackwell, M Dean, M A Gore, J Greening and E J MacTiernan

also present:

Councillor P W Awford

EX.51 ANNOUNCEMENTS

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

51.2 The Chair welcomed the Chair of the Overview and Scrutiny Committee to the meeting and advised that he was in attendance for Item 7 on the Agenda – Performance Management Report – Quarter Two 2018/19.

EX.52 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

52.1 Apologies for absence were received from Councillors R A Bird (Chair) and R Furolo. There were no substitutions for the meeting.

EX.53 DECLARATIONS OF INTEREST

53.1 The Committee's attention was drawn to the Tewkesbury Borough Council Code of Conduct which was adopted by the Council on 26 June 2012 and took effect from 1 July 2012.

53.2 There were no declarations of interest made on this occasion.

EX.54 MINUTES

54.1 The Minutes of the meeting held on 21 November 2018, copies of which had been circulated, were approved as a correct record and signed by the Chair.

EX.55 ITEMS FROM MEMBERS OF THE PUBLIC

55.1 There were no items from members of the public on this occasion.

EX.56 EXECUTIVE COMMITTEE FORWARD PLAN

56.1 Attention was drawn to the Committee's Forward Plan, circulated at Pages No. 12-14. Members were asked to consider the Plan.

56.2 Accordingly, it was

RESOLVED: That the Committee's Forward Plan be **NOTED**.

EX.57 PERFORMANCE MANAGEMENT REPORT - QUARTER TWO 2018/19

57.1 The report of the Chair of the Overview and Scrutiny Committee, circulated at Pages No. 15-62, asked Members to review and, if appropriate, take action on the observations of the Overview and Scrutiny Committee following its review of the 2018/19 quarter two performance management information.

57.2 Attention was drawn to the observations made by the Overview and Scrutiny Committee, attached at Appendix 1 to the report, to the Council Plan Performance Tracker, attached to the report at Appendix 2, and to the financial performance information circulated at Appendices 3-5.

57.3 The Chair of the Overview and Scrutiny Committee explained that the Committee had noted the summary of key actions undertaken within the period which were mainly centred around assets and consultations in relation to planning-related issues. Those were summarised in Paragraph 2.3 of the report and included asset related projects such as additional commercial property investment; appointment of Mace Group Ltd as development advisors for the Spring Gardens project; the official launch of the Growth Hub; the fundamental completion of the Public Service Centre refurbishment; and the commencement of works to the Lower Lode depot. In terms of consultations those included, the Ashchurch concept masterplan; the Tewkesbury Town Centre Supplementary Planning Document; and the Tewkesbury Borough Plan. Overview and Scrutiny Committee Members had also noted the draft commercial strategy which had since been approved. The implementation of the strategy, and its related projects, would be vitally important in helping to bridge the financial challenges the Council faced. At the time of reporting, none of the actions contained in the Council Plan were showing concern and the Committee awaited the next performance report with interest, especially as a number of actions had key milestones which would be arising shortly. At previous Overview and Scrutiny Committee meetings the feasibility of dates had been discussed and the Chair understood that Officers were reviewing that issue moving forward. Particular questions on the performance tracker had included how the work of Mace Group Ltd could be extended to look beyond the Spring Gardens project with a wider Tewkesbury town scope; the effect of the opening of the Growth Hub on the parking at the Public Services Centre; the slippage of timescales in relation to the increase of the heritage offer at the Battlefield site; whether the action relating to the Tourist Information Centre would be delivered by April 2019; and when the Place Strategy workshop would take place given the initial intention had been to hold it in November 2018. In respect of performance indicators, the Members had sought assurance that actions were being taken to improve the performance of the Revenues and Benefits team and had been encouraged to hear that the majority of long-term sickness absence cases had returned to work and that there should be improvement in those figures, particularly in the final quarter of the year. The Chair of the Overview and Scrutiny Committee also indicated that there had been a debate on the monitoring of the planning service and concern expressed about performance. The Overview and Scrutiny Committee had been advised that the Head of Development Services

would be undertaking a piece of work to review the number of Planning Committee decisions which were taken against Officer advice to establish if there were any training needs. From his own perspective, the Chair had concerns about the Council's five-year housing land supply and the recent Appeal Inspector's decision on the matter.

57.4 During the discussion which ensued, a Member thanked Officers for organising an additional A40 consultation meeting in Innsworth – she felt it had been extremely worthwhile and appreciated by residents. Referring to the work that Mace Group Ltd was doing on the Spring Gardens and Oldbury Road regeneration project, a Member questioned whether they were aware of the recent government announcement that millions of pounds would be made available to improve town centres and High Streets. In response, the Deputy Chief Executive explained that Mace Group Ltd was aware of the funding and was looking into how the Council's project could fit into a funding bid. There was a need to establish whether the money was for 'desperate' town centres that needed to be reinvigorated or for the enhancement of town centres like Tewkesbury. In addition, the Head of Finance and Asset Management confirmed that, even though the scope of Mace Group Ltd work had been widened, its focus would continue to be Spring Gardens and Oldbury Road and that would form the main recommendation in its report.

57.5 Accordingly, it was

RESOLVED: That the Overview and Scrutiny Committee's comments on the Performance Management Report for Quarter Two of 2018/19 be **NOTED**.

EX.58 MEDIUM TERM FINANCIAL STRATEGY

58.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 63-87, attached the Medium Term Financial Strategy for the period 2019/20-2023/24 which Members were asked to recommend to Council for adoption.

58.2 Members were reminded that the Medium Term Financial Strategy set out the Council's estimates of its commitment expenditure and identified the spending pressures and the budget savings needed to achieve the recommended Council Tax levels for each of the five years of the plan. The Medium-Term Financial Strategy did not constitute a formal budget for the period, as such, the indicative annual assumptions included would be subject to a full review and decision-making process as part of the Council's budget and Council Tax setting.

58.3 Attention was drawn to the Medium Term Financial Strategy, attached to the report at Appendix 1, and Members were advised that it included information about the national context; the local government finance settlement; the New Homes Bonus strategy; retained business rates; growth pressures; the deficit and deficit reduction programme; and the potential Council Tax strategy for recommendation to Council.

58.4 Members felt the Medium Term Financial Strategy was comprehensive and, accordingly, it was

RESOLVED: That the Medium Term Financial Strategy 2019/20-2023/24 be **RECOMMENDED TO COUNCIL** for **ADOPTION**.

EX.59 TREASURY AND CAPITAL MANAGEMENT

59.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 88-122, set out a number of strategies that the Council needed to adopt on an annual basis: the Capital Strategy 2019/20; the Investment Strategy 2019/20; the Minimum Revenue Provision Statement 2019/20; the Treasury Management Strategy 2019/20; and the Flexible Use of Capital Receipts Policy 2019/20. Members were asked to recommend the strategies to the Council for adoption.

59.2 The Head of Finance and Asset Management explained that the Council was required to adopt a range of strategies and policies before the start of the financial year which would provide clarity on the Council's financial management for the forthcoming year. From 2019/20 there were two new requirements: the Capital Strategy and the Investment Strategy. The first was required by the Chartered Institute of Public Finance and Accountancy (CIPFA) prudential code and the second by the Ministry of Housing, Communities and Local Government - both were a response to the commercial activities which were being undertaken by Councils in recent years and aimed to provide more transparency to residents. The new strategies would complement the existing requirements and together formed a suite of treasury and capital management strategies.

59.3 It was

RESOLVED: That the Capital Strategy 2019/20; the Investment Strategy 2019/20; the Minimum Revenue Provision Statement 2019/20; the Treasury Management Strategy 2019/20; and the Flexible Use of Capital Receipts Policy 2019/20 be **RECOMMENDED TO COUNCIL** for **ADOPTION**.

EX.60 HOUSING STRATEGY MONITORING REPORT

60.1 The report of the Head of Community Services, circulated at Pages No. 123-150, attached the Housing Strategy action plan for 2019/20 which Members were asked to consider and support. The action plan formulated the actions which would continue to meet the priorities in the strategy for the period April 2019 to March 2020 as well as a summary of the key activities which had been achieved in the second year of the strategy; the proposed activities for year three were contained within Appendix 1 to the report.

60.2 Members were advised that the Housing Strategy was moving into year three of five and had been refreshed in line with new guidelines and legislation. The Housing Strategy incorporated renewal as well as the Homelessness and Prevention of Homelessness Strategy and the Tenancy Strategy. The key priorities of the strategy remained as previously: increasing the housing supply; preventing homelessness; meeting the housing needs of specific groups; and improving the health and wellbeing of local people. The Housing Strategy had been developed by an Overview and Scrutiny Working Group and had been adopted by Council in January 2017. The annual action plans were agreed by the Executive Committee with regular reporting to the Overview and Scrutiny Committee for review of achievements and future challenges.

- 60.3 During the discussion which ensued, a Member questioned whether modular housing was still something that was under consideration or whether it had fallen out of favour. In response, a Member indicated that Bromford Housing was putting on an exhibition in Winchcombe that afternoon to show its plans for modular housing on an old garage site so it was definitely an option which was being considered. The Head of Community Services agreed that it was still an aspiration to deliver modular housing and the Council was working with housing providers to find suitable sites, although some difficulties had been found in terms of meeting space standards. The Lead Member for Built Environment confirmed that there were a large amount of commuted sums available for affordable housing and Officers were working hard on ways to spend it; it was anticipated that the ideas would be ready to report to the Executive Committee in the first quarter of 2019/20.
- 60.4 In terms of a site in Staverton which had been earmarked for modular housing, the Head of Community Services explained that the Council was still working with Rooftop Housing Association on the project; this was currently in the conceptual stages but it was of note that Rooftop had already delivered a significant amount of modular housing in Worcestershire. In terms of social housing, there were issues around emergency and temporary accommodation but the Council was working closely with the Bromford Housing Group on delivery in the Borough. Officers were currently working up an options appraisal for additional properties to help meet the emergency and temporary accommodation needs and it was intended that a report on that would be submitted to Executive Committee and Council in June/July 2019. A Member pointed out that the government had recently announced additional money for housing associations and she questioned whether the Bromford Housing Group had applied for the funds; she also questioned whether Tewkesbury Borough Council could be involved in how it was spent. In response, the Head of Community Services explained that he was not aware of the particular details but he undertook to investigate and advise the Member accordingly. Another Member expressed her thanks to the Housing Team for the way they were managing the new regulations; she had heard reports from a number of local residents who had received excellent advice from the team in recent months which she felt was a testament to the way the team worked.
- 60.5 In respect of the recent planning appeal, and the Inspector's view of the Council's five-year housing land supply, the Borough Solicitor indicated that she intended to send a briefing note to all Members shortly but, in the meantime, she was able to confirm that the Council did not agree with the Inspector's judgement of its housing land supply and would be challenging it with the Secretary of State and, if necessary, the Courts. She understood that this meant the Council would effectively be challenging a decision that had gone in its favour, as the Inspector had found in favour of the Council at the appeal, but Officers took the view that they could not leave the conclusion in respect of the lack of housing land supply unchallenged. In addition, the Planning Policy Manager pointed out that the opportunity for housing was also explored through the Joint Core Strategy and Borough Plan and types, tenure, size etc. were all considered through the development process.

60.6 Referring to Page No. 127, Paragraph 6.2 of the report, a Member understood that 11 applications were being processed for Houses in Multiple Occupation (HMOs) under the new legislation and she questioned how long the licensing process was taking and whether residents were living in them unlicensed in the meantime. In response, the Head of Community Services explained that there were 11 in the process of being licenced. The Council had taken the approach that they would not licence any properties without inspecting them first - this was not a requirement of the legislation but was felt to be the correct approach – with that in mind the process was taking longer than anticipated. In addition, the recent Community Services review had agreed a new post which would deal with these and that had not yet been recruited to. It was anticipated that all applications would have been processed within the next eight weeks. He advised that the residents who were living in the properties were still there; however, it should be borne in mind that this was a legislative change so there was no reason to believe that any of the properties would have suddenly become unsafe.

60.7 Accordingly, it was

RESOLVED: That the Housing Strategy Action Plan for 2019/20 be **SUPPORTED.**

EX.61 STANTON CONSERVATION AREA CHARACTER APPRAISAL

61.1 The report of the Head of Development Services, circulated at Pages No. 151-197, attached the Stanton Conservation Area Character Appraisal which Members were asked to adopt.

61.2 The Planning Policy Manager explained that the Stanton Conservation Area had first been designated by Gloucestershire County Council on 4 June 1971. Responsibility had then passed to Tewkesbury Borough Council, as the local planning authority, on 1 April 1974. Whilst the Council had issued a basic character appraisal in 1979 there had been no further reviews of the designation since that time. Under the Planning (Listed Buildings and Conservation Areas) Act 1990, local planning authorities were expected to review their Conservation Areas from time to time and formulate and publish proposals for their preservation and enhancement. Stanton Parish Council had commissioned an appraisal of the Conservation Area in consultation with the Borough Council and a copy was attached to the report at Appendix 1. The report sought the adoption of the Appraisal as a material consideration in the determination of planning applications.

61.3 The Stanton Conservation Area Character Appraisal recommended a number of proposed boundary changes which were shown at Map 2 in Appendix 1 to the report – those changes were aimed at providing a more logical boundary to Stanton Conservation Area as well as making the boundary unambiguous, and clearly identifiable on the ground, by following topographical features recorded on up-to-date ordnance survey digital mapping. The Appraisal further recommended five areas into which the Conservation Area designation should be expanded and one small area that should be deleted.

61.4 A Member noted that the Appraisal was an extremely interesting read with very attractive presentation and she offered her thanks to those responsible for putting it together. Another Member questioned how the extensions proposed would affect any proposals for exceptions sites in the area. In response, she was advised that any development would have to comply with the general policies around Conservation Areas, for example, being sympathetic and enhancing rather than detracting from it; it did not stop development but rather required extra scrutiny of designs etc.

61.5 Accordingly, it was

- RESOLVED:**
1. That the Stanton Conservation Area Character Appraisal, as set out in Appendix 1 to the report, be **ADOPTED**.
 2. That the correction of minor errors such as spelling, grammar, typographical and formatting changes be **DELEGATED TO THE HEAD OF DEVELOPMENT SERVICES** as long as they do not affect the substantive content of the Conservation Area Appraisal.

EX.62 DOWN HATHERLEY, NORTON & TWIGWORTH NEIGHBOURHOOD PLAN REFERENDUM

62.1 The report of the Planning Policy Officer, circulated at Pages No. 198-285, attached the Down Hatherley, Norton and Twigworth Neighbourhood Development Plan and asked Members to agree that it should progress to a community referendum as set down by Regulation 18 of the Neighbourhood Planning (General) Regulations 2012 (as amended).

62.2 The Planning Policy Manager advised that the Down Hatherley, Norton and Twigworth Neighbourhood Development Plan had been under development for a number of years but had been submitted for independent examination in August 2018. In September, the Inspector's report had been received which had recommended that, subject to their suggested modifications, the Plan should proceed to a community referendum. The Parish Councils involved, along with the Borough Council, agreed with the modifications suggested and the Plan was therefore before Members for approval. Members were advised that, following the examination, the Plan had been awarded the 'Building with Nature' accreditation; this was a really good thing for the Plan and it would be updated with that logo and reference made to it in the foreword before it was circulated for the referendum decision.

62.3 One of the local Members for the area advised that he had watched the progress of the Plan and he felt the Building with Nature achievement was to be applauded. He expressed his thanks to the group responsible for putting together such a good Neighbourhood Plan – he understood that it had taken a long time with many hours volunteered by those involved.

62.4 Accordingly, it was

- RESOLVED:** That the Down Hatherley, Norton and Twigworth Neighbourhood Plan, modified according to the Examiner's recommended amendments, be **APPROVED** and it be formally **AGREED** that the Plan be progressed to Community Referendum, ascribed by Regulation 18 of the Neighbourhood Planning (General) Regulations 2012 (as amended).

EX.63 RISK MANAGEMENT STRATEGY

- 63.1 The report of the Head of Corporate Services, circulated at Pages No. 286-309, attached the Risk Management Strategy and Corporate Risk Register. Members were asked to approve the Risk Management Strategy.
- 63.2 The Head of Corporate Services explained that Tewkesbury Borough Council had a risk management framework which set out the updated risk management strategy. Members were advised that risk management was an intrinsic element of good and effective management and should not be seen as a 'bolt on'. The strategy set out the risk management approach around identification, analysis, prioritisation and management of risk and it proposed capturing key corporate risks through a corporate risk register which was supported by individual risk registers for key projects. The strategy and the corporate risk register were attached to the report at Appendices 1 and 2. The Risk Management Strategy had been considered by the Audit Committee at its meeting on 12 December 2018 and was recommended to the Executive Committee for approval. The new corporate risk register would be considered by the Audit Committee on a quarterly basis to ensure the risks were being managed effectively and would be reviewed by the management team on a monthly basis as well as forming part of the regular Lead Member briefings.
- 63.3 A Member questioned how much of the legislation associated with the strategy was based in European law and, in response, the Borough Solicitor explained that, no matter what happened with the United Kingdom leaving the European Union, it would continue to be bound by current legislation until it decided otherwise. Accordingly, it was

RESOLVED: That the Risk Management Strategy be **APPROVED**.

EX.64 SEPARATE BUSINESS

- 64.1 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 12(A) of the Act.

EX.65 SEPARATE MINUTES

- 65.1 The separate Minutes of the meeting held on 21 November 2018, copies of which had been circulated, were approved as a correct record and signed by the Chair.

The meeting closed at 2:55 pm

EXECUTIVE COMMITTEE FORWARD PLAN 2018/19

REGULAR ITEM:

- **Forward Plan – To note the forthcoming items.**

| Committee Date: 6 March 2019 | | | |
|--|--|------------------------------------|---|
| Agenda Item | Overview of Agenda Item | Lead Officer | Has agenda item previously been deferred? Details and date of deferment required |
| Council Plan 2016/20 Refresh (Annual). | To consider the Council Plan and make a recommendation to Council. | Head of Corporate Services. | Yes – brought forward from 3 April 2019. |
| Grass Cutting Improvement Plan Working Group. | To consider the recommendations of the Overview and Scrutiny Committee. | Head of Community Services. | No. |
| Development of a Strategic Planning Framework for Gloucestershire County to 2050 and Beyond | To consider whether to work in partnership with the five other Local Planning authorities, Gloucestershire County Council and the GFirst LEP to develop a broad Strategic Planning Framework for Gloucestershire, to 2050 and beyond, via the preparation of a ‘Statement of Common Ground’ | Chief Executive. | No. |
| Discretionary Rate Relief Policy. | To agree the Discretionary Rate Relief Policy. | Head of Corporate Services. | Yes, from 6 February to allow for further information. |

6

Agenda Item 6

| Committee Date: 6 March 2019 | | | |
|---|--|------------------------------------|---|
| Agenda Item | Overview of Agenda Item | Lead Officer | Has agenda item previously been deferred? Details and date of deferment required |
| Confidential Item: Irrecoverable Debts Write-Off Report (Quarterly). | To consider the write-off of irrecoverable debts. | Head of Corporate Services. | Yes, from 6 February as no write-offs to consider at that meeting. Added to March Agenda to consider any write-offs required prior to the end of the financial year. |
| (To be considered in private because of the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 – Information relating to the financial or business affairs of any particular person (including the authority holding that information)). | | | |

Committee Date: 3 April 2019

| Agenda Item | Overview of Agenda Item | Lead Officer | Has agenda item previously been deferred? Details and date of deferment required |
|--|---|------------------------------------|--|
| Performance Management Report – Quarter Three 2018/19. | To receive and respond to the findings of the Overview and Scrutiny Committee’s review of the quarter three performance management information. | Head of Corporate Services. | No. |
| High Level Service Plan Summaries (Annual). | To consider the key activities of each service grouping during 2017/18. | Head of Corporate Services. | No. |
| ICT Strategy. | To approve the ICT Strategy. | Head of Corporate Services. | Yes – from 16 January 2019 to align with the action within the Corporate Services action plan. |
| Workforce Development Strategy. | To approve the Council’s Workforce Development Strategy. | Head of Corporate Services. | Yes – from 6 March 2019 to allow further work on the strategy. |

11

PENDING ITEMS

| Agenda Item | Overview of Agenda Item |
|--|---|
| Confidential Item: Spring Gardens/Oldbury Road Regeneration. | To consider the information provided and agree a way forward. |

TEWKESBURY BOROUGH COUNCIL

| | |
|------------------------------|---|
| Report to: | Executive Committee |
| Date of Meeting: | 6 February 2019 |
| Subject: | Financial Update – Quarter Three Performance Report |
| Report of: | Head of Finance and Asset Management |
| Corporate Lead: | Deputy Chief Executive |
| Lead Member: | Lead Member for Finance and Asset Management |
| Number of Appendices: | Three |

Executive Summary:

The budget for 2018/19 was approved by Council in February 2018 with the reserves being approved at Executive Committee in June 2018. This report is the third quarterly monitoring report of the Council's financial performance for the year.

The report highlights a quarter 3 surplus of £664,478 on the revenue budget and details the expenditure to date against both the capital programme and the approved reserves.

Recommendation:

The Executive Committee is asked to consider the financial performance information for the third quarter of 2018/19.

Reasons for Recommendation:

The Executive Committee is responsible for recommending the budget to Council and for the management and delivery of the approved budget during the financial year.

The quarterly financial report is to notify Members of any known significant variations to budgets for the current financial year, highlight any key issues, and to inform Members of any corrective action to be taken if required.

Resource Implications:

As detailed within the report.

If the budget is in deficit at year end the Council will have to use reserves to fund the overspend, meaning that these resources are not available to fund other activities or future financial management of the Council's projected medium term budgets. The Council currently has a £550,000 General Fund balance, £850,000 to cover shortfalls in the medium term financial plan and a £415,000 retained business rates reserve.

Legal Implications:

None associated with the report.

Risk Management Implications:

A financial deficit will result in the utilisation of the limited reserves available to the Council. The financial performance of the Council is monitored on a monthly basis and reported to Members quarterly. Active management of the budget takes place to reduce the projected deficit whilst maintain delivery of services.

Performance Management Follow-up:

Budgets will continue to be monitored on a regular basis by budget holders supported by Finance. Quarterly monitoring reports will be presented to Members with the outturn position reported to the Committee in June 2019.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 This report provides the Quarter 3 (Q3) monitoring position statement for the financial year 2018/19. The purpose of this report is to notify Members of any known significant variations to budgets for the current financial year, highlight any key issues, and to inform Members of any action to be taken if required.

2.0 REVENUE BUDGET POSITION

2.1 The financial budget summary for Q3 shows a £664,478 (£572,086 at Q2) surplus against the profiled budget. Below is a summary of the expenditure position for the Council split out between the main expenditure types.

| 2.2 | Services expenditure | Budget £ | Budget Q3 £ | Actual Q3 £ | Variance £ |
|-----|------------------------------|-------------------|-------------------|-------------------|----------------|
| | Employees | 9,319,411 | 6,794,546 | 6,456,586 | 337,960 |
| | Premises | 610,297 | 406,726 | 395,732 | 10,994 |
| | Transport | 165,777 | 123,846 | 93,006 | 30,840 |
| | Supplies & Services | 1,913,446 | 1,101,203 | 1,063,560 | 37,643 |
| | Payments to Third Parties | 5,438,570 | 1,022,267 | 1,224,160 | (201,893) |
| | Housing Benefit Service Cost | 20,276,485 | 15,588,562 | 15,616,447 | (27,885) |
| | Income | (27,162,098) | (4,297,349) | (4,421,654) | 124,305 |
| | | 10,561,888 | 20,739,801 | 20,427,836 | 311,964 |

Corporate Codes

| | | | | |
|---------------------------|------------------|-------------------|-------------------|----------------|
| Treasury activity | 117,260 | 87,945 | 56,885 | 31,060 |
| Investment Properties | (1,928,859) | (1,663,612) | (1,699,944) | 36,332 |
| Corporate Savings Targets | (67,500) | (50,631) | 0 | (50,631) |
| New Homes Bonus | 50,000 | 37,505 | 0 | 37,505 |
| Business rates | (2,694,620) | 0 | (298,248) | 298,248 |
| | 6,038,169 | 19,151,008 | 18,486,530 | 664,478 |

Note: With regards to savings and deficits, items in brackets and red are overspends

2.3 Surplus on service expenditure

The budget position in relation to the Heads of Service responsibility shows a budget surplus of £311,964 as at the end of December (£204,553 Q2).

As can be seen the majority of the savings, £337,960, are related to employee cost. Employee costs savings are being generated mainly through staff vacancies, particularly in One Legal and Development Services. Services have managed vacancies during the period by utilising current staff to cover work in the short term, limiting where possible use of agency staff. Democratic Services has a vacant post which is maintained to offset overtime and other pressures during elections. Savings are being made against this post as there have been no significant elections so far this year.

A range of small savings are also being made across premises, transport and supplies and services against budget which is also contributing to the overall surplus being reported

The surplus on income for the Council is £124,305 (£26,297 at Q2). Of the surplus, £127,444 is from Community Services and is mainly in relation to the Garden Waste service bringing in income above target as a result of the implementation of the new sticker system and the fixed renewal date of 1 April. There is also additional income showing in Corporate Services relating to additional grant income for the Benefits team, received from central government, which had not been budgeted for. This money is to help with any cost of transition of claimants to Universal Credit.

The positive position on income is being offset by Planning application income being below the expected budget. This is a significant income stream for the Council and, although the service returned a surplus in the third quarter of £66,439, it is currently in a deficit of £67,163 (£133,602 Q2) against target. The service is confident of delivering the total income for the year and the third quarter performance hints at an upturn in income delivery.

2.4 Deficit on service expenditure

In terms of deficits being reported at Q3, the most significant overspend is in relation to the Ubico contract. Ubico are reporting that as at the end of December, there is a projected overspend of £230,887 (£141,622 at Q2). A pro rata sum was included at Q2 but given the significance of the overspend and the timing, the full projected overspend is now reflected in the overall budget position. It is hoped that the projected deficit position does not increase over the last three months of the financial year and indeed that the final position is a smaller deficit than currently being reported.

With regards to the reasons for the deficit being reported by the contractor, the main elements are as follows:

- i) Employee costs of £89,818 which is mostly in relation to using agency staff to cover an increased number of long-term sick; and
- ii) Transport costs are contributing £99,620 to the overspend of which the majority is relating to the maintenance of the recycling (£16k) and grounds maintenance (£23k) equipment and vehicles with increased fuel costs across all service areas and an overspend on tyres of £59k.

In addition, there was increased cost associated with the grounds maintenance service as a result of the difficulties encountered at the start of the grass cutting season.

The projected full year overspend of £230,887 is being met by the surplus generated in other service areas and corporate activities. It is fortunate that within the current year, these expenditure saving and income generating activities are able to cover the deficit being incurred without needing to report a deficit and drawing down reserves to cover the increased cost of the service provision.

In addition, there is an overspend being shown against Benefit Claimant payments. The Q1 monitoring reported that the Housing Benefits team had processed higher than predicted level of overpayments going back over several years. Over the next six months there has not been any further significant levels of overpayments identified. The impact on the budget has been reduced by £34,000 to a predicted overspend of £26,000 by year end

2.5 Attached to the report at Appendix A is a summary of the position for each Head of Service, which shows the current variance against their budget. Where the main types of expenditure headings within the Head of Service's responsibility have a variance over £10,000, a short explanation for the reason for the variance has been provided.

2.6 Corporate codes

The Corporate codes include the other sources of financing which are needed to balance the budget.

Treasury activity has been positive in the year to date, resulting in a net surplus of £31,060. Investment properties has also produced a healthy surplus of £36,332 in the first three quarters of the year as a result of securing additional investment properties sooner than expected.

The retained business rates scheme is also progressing very well this year although Members will be aware of the volatility of the scheme and therefore guarantees cannot be given about continuing positive performance into the final quarter of the year. However, significant growth and further compensation from the government for changes introduced at a national level have resulted in a retained surplus above budget of £298,248. This is the Council's position within the 50% individual Council scheme as information on the countywide 100% pilot is currently being collated for Q3. Whilst Tewkesbury is performing well, information on the other authorities is required in order to understand the likely windfall from being in the pilot.

The income that Tewkesbury is now receiving from the retained business rates scheme, as opposed to the significant losses it suffered in the early years, is encouraging and will support the Council's ambitions in developing its future communities. However, it should also be remembered that the national scheme is being amended from 2020 with a reset of the system potentially removing benefit from the growth currently being enjoyed. Therefore, any surplus generated in this or next year should be seen as a windfall amount until the national system is fully designed and understood.

There is a deficit noted on the corporate savings target heading. This is in relation to expected savings in employee cost throughout the year and, given the £337,960 surplus on the employees' line, has more than been met.

2.7 The surplus on the general fund, together with a potentially significant windfall from the business rate pilot, puts the Council in a healthy position with regards to one-off monies available to it. These monies will be able to support some of the Council's strategic ambitions, such as supporting the delivery of the main growth allocations within the Joint Core Strategy, and also help to underpin its core financial stability by providing additional sums to its unallocated reserves and risk management reserves.

2.8 Whilst these one-off savings are welcome, there remains, however, a significant deficit as far as the ongoing budget is concerned. The MTFs currently projects a five-year deficit of £3.5m and even at that level, a £2m annual use of New Homes Bonus remains supporting core service expenditure.

3.0 CAPITAL BUDGET POSITION

3.1 Appendix B shows the capital budget position as at Q3. This is currently showing an underspend against the profiled budget.

3.2 The main reason for the underspend is that the commercial property investment to date has been less than the profiled budget expectation. The £1.5m underspend can be combined with the £5m that was expected to be spent in Q4 to leave an authorised budget of circa £6.5m remaining. It is unlikely that this will be spent in the current financial year and will be rolled over into 2019/20 as we continue to look for advantageous opportunities to invest.

The refurbishment of the Council Offices is almost complete and is showing an overspend against the agreed budget. The overall costs increased due to issues such as the discovery of asbestos. Contributions from our partners and revenue resources are being used to offset this additional cost. In addition, the allocation between revenue and capital resources will take place at year end and reduce the cost currently shown on the capital programme.

The underspend on equipment is in respect of the budget to replace the one-legal case management system which has an allocated budget of £120,000. The budget profile expectation was that a system would have been identified and implemented by Q3 of 2018/19.

4.0 RESERVES POSITION

4.1 Appendix C provides a summary of the current usage of available reserves.

4.2 Reserves have been set aside from previous years to fund known future costs and the strategic planning of the authority's operation. The information in the appendix does not take account of reserves which have been committed, but not yet paid.

4.3 Whilst the Q3 position shows that there remains a significant balance on the reserves, the expectation is that the balances will be spent in the future. Finance has asked for updates from all departments about their plans to ensure that earmarked reserves are either used for their intended purpose or released back to the general fund.

5.0 CONSULTATION

5.1 Budget holders have been consulted about the budget outturn for their service areas. The feedback has been incorporated in the report to explain differences between budgets and actual income and expenditure.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Budget monitoring is on the approved budget for 2018/19 which has been prepared in line with the Medium Term Financial Strategy

7.0 RELEVANT GOVERNMENT POLICIES

7.1 None.

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 None.

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

9.1 None.

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

10.1 None.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 None.

Background Papers: None.

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Appendices: A – Quarter 3 revenue position by service.

B – Quarter 3 capital position.

C - Quarter 3 earmarked reserves update.

Quarter 3 Budget Report

Appendix A

Chief Executive

| | Full Year Budget £ | Budget Q3 £ | Actual Q3 £ | Savings / (Deficit) £ |
|---------------------|-----------------------|----------------|----------------|--------------------------|
| Employees | 246,000 | 184,230 | 184,608 | (378) |
| Transport | 2,918 | 2,194 | 2,086 | 108 |
| Supplies & Services | 7,432 | 6,231 | 5,231 | 1,000 |
| TOTAL | 256,350 | 192,655 | 191,925 | 730 |

Community Services

| | Full Year Budget £ | Budget Q3 £ | Actual Q3 £ | Savings / (Deficit) £ | |
|---------------------------|-----------------------|------------------|------------------|--------------------------|---|
| Employees | 1,097,558 | 847,715 | 821,209 | 26,506 | 1 |
| Premises | 2,500 | 1,876 | 928 | 948 | |
| Transport | 32,317 | 25,566 | 18,520 | 7,046 | |
| Supplies & Services | 108,998 | 54,959 | 56,465 | (1,506) | |
| Payments to Third Parties | 4,556,341 | 547,660 | 794,160 | (246,500) | 2 |
| Income | (2,066,806) | (1,680,121) | (1,807,565) | 127,444 | 3 |
| TOTAL | 3,730,908 | (202,345) | (116,282) | (86,063) | |

1) Staff savings are being made as a result of vacancies due to staff changes and some long term sickness.

2) The overspend on Payments to third parties is nearly all due to the Ubico financial performance projection of being overspent by £230,887. There is an overspend of £40,000 on homelessness but this is offset by additional recovery from benefit subsidy which is shown in the positive income position

3) Income is up by £127,444 which is due to the increased income from garden waste of £75,000 and Bulky collections of £17,500 against budget and also a positive position on our licencing income. There is also the additional income from homelessness benefit income offsetting the additional costs

Corporate Services

| | Full Year Budget £ | Budget Q3 £ | Actual Q3 £ | Savings / (Deficit) £ | |
|--------------------------------------|-----------------------|-------------------|-------------------|--------------------------|---|
| Employees | 1,762,933 | 1,324,743 | 1,303,824 | 20,919 | 4 |
| Premises | 0 | 0 | 300 | (300) | |
| Transport | 16,423 | 12,379 | 9,368 | 3,011 | |
| Supplies & Services | 506,574 | 307,842 | 293,292 | 14,550 | 5 |
| Payments to Third Parties | 127,934 | 88,845 | 64,224 | 24,621 | 6 |
| Transfer Payments - Benefits Service | 20,276,485 | 15,588,562 | 15,616,447 | (27,885) | 7 |
| Income | (20,726,872) | (209,121) | (268,106) | 58,985 | 8 |
| TOTAL | 1,963,477 | 17,113,250 | 17,019,348 | 93,902 | |

4) Salaries are almost £20K underspent across Corporate Services. Policy, IT and Revenue & Benefits all have savings. The underspend is a result of vacant posts and maternity.

5) Supplies and services has savings of £14.5K. The majority of this is savings in printing because IT were able to secure lower rental rates.

6) There are a number of vacant apprenticeship posts giving rise to the £24K saving in payments to third parties. However, there is interest from departments and we expect these to be filled soon

7) The Q1 monitoring reported that the Housing Benefits team had processed higher than predicted level of overpayments going back over several years. Over Q2 and Q3 we have not seen a continuation of this trend in the level of overpayments being identified and the impact on the budget has been reduced by £32k

8) Revenue and Benefits have received new burden grants within year. Grants are not budgeted for and therefore income is higher than expected

Democratic Services

| | Full Year Budget £ | Budget Q3 £ | Actual Q3 £ | Savings / (Deficit) £ | |
|---------------------------|-----------------------|----------------|----------------|--------------------------|----|
| Employees | 254,331 | 192,084 | 133,844 | 58,240 | 9 |
| Premises | 0 | 0 | 0 | 0 | |
| Transport | 16,730 | 12,554 | 10,377 | 2,177 | |
| Supplies & Services | 433,968 | 329,423 | 319,432 | 9,991 | |
| Payments to Third Parties | 36,700 | 30,378 | 21,724 | 8,654 | |
| Income | (500) | (378) | (10,829) | 10,451 | 10 |
| TOTAL | 741,229 | 564,061 | 474,548 | 89,513 | |

9) A vacant post is held within the democratic services team to offset the costs of any elections, which generate a peak of additional work. Currently there has been no significant elections relating to the 2018/19 financial year and so an underspend is being reported.

10) New burdens grant has been received to offset costs of Individual electoral registration, this income was not budgeted for.

Deputy Chief Executive

| | Full Year Budget £ | Budget Q3 £ | Actual Q3 £ | Savings / (Deficit) £ |
|---------------------|-----------------------|----------------|----------------|--------------------------|
| Employees | 112,154 | 84,129 | 84,099 | 30 |
| Transport | 3,460 | 2,601 | 1,567 | 1,034 |
| Supplies & Services | 4,450 | 4,141 | 3,476 | 665 |
| TOTAL | 120,064 | 90,871 | 89,142 | 1,729 |

Development Services

| | Full Year Budget £ | Budget Q3 £ | Actual Q3 £ | Savings / (Deficit) £ | |
|---------------------------|-----------------------|----------------|----------------|--------------------------|----|
| Employees | 1,860,039 | 1,394,158 | 1,293,891 | 100,267 | 11 |
| Premises | 43,281 | 9,061 | 10,572 | (1,511) | |
| Transport | 57,248 | 42,952 | 33,034 | 9,918 | |
| Supplies & Services | 262,513 | 154,208 | 142,713 | 11,495 | 12 |
| Payments to Third Parties | 206,235 | 156,041 | 143,712 | 12,329 | 13 |
| Income | (1,678,605) | (1,190,625) | (1,123,462) | (67,163) | 14 |
| TOTAL | 750,711 | 565,795 | 500,461 | 65,334 | |

11) Development Services continue to have a range of vacant posts in the team which now total over £100K in salary savings. Most posts have now been filled, with just 3 remaining vacant.

12) saving in supplies and services mostly reside in the Growth Hub Budget.

13) The low panning income has also had an effect on the amount paid to third parties for professional advice, resulting in the £12K underspend.

14) Planning income is down on budget by £67K at Q3. This is an improvement on £156K at Q2. The gap between budget and actual is expected to decrease further in Q4.

Finance and Asset

| | Full Year Budget £ | Budget Q3 £ | Actual Q3 £ | Savings / (Deficit) £ | |
|---------------------------|-----------------------|------------------|------------------|--------------------------|----|
| Employees | 2,591,457 | 1,787,189 | 1,769,350 | 17,839 | 15 |
| Premises | 564,516 | 395,789 | 383,931 | 11,858 | 16 |
| Transport | 14,974 | 11,244 | 8,028 | 3,216 | |
| Supplies & Services | 455,749 | 171,367 | 185,391 | (14,024) | 17 |
| Payments to Third Parties | 270,900 | 191,498 | 195,054 | (3,556) | |
| Income | (1,273,227) | (986,385) | (1,023,211) | 36,826 | 18 |
| TOTAL | 2,624,369 | 1,570,702 | 1,518,543 | 52,160 | |

15) The property team has had vacant posts and maternity leave during the financial year resulting in a saving against budget

16) Premises costs are less than budget due to utility costs for the Public Offices not increasing in line with our expectations at the start of the year. We still expect a significant increase in prices, but not until the next financial year

17) We have identified that more customers are using online payment methods, which increase the charges from our Merchant card suppliers. The budget is being increased in the next financial year.

18) Income levels from both general car parking income and parking permits is higher than budgeted at the end of Q3.

One Legal

| | Full Year Budget £ | Budget Q3 £ | Actual Q3 £ | Savings / (Deficit) £ | |
|---------------------------|-----------------------|----------------|----------------|--------------------------|----|
| Employees | 1,394,939.00 | 980,298 | £865,761 | 114,537 | 19 |
| Transport | 21,707.00 | 14,356 | 10,026 | 4,330 | |
| Supplies & Services | 133,762.00 | 73,032 | 57,560 | 15,472 | 20 |
| Payments to Third Parties | 240,460.00 | 7,845 | 5,286 | 2,559 | |
| Income | (1,416,088) | (230,720) | (188,481) | (42,239) | 21 |
| TOTAL | 374,780 | 844,811 | 750,152 | 94,659 | |

19) Vacant posts within the one-legal team are contributing to a Q3 underspend against budget projections.

20) Currently there are savings on books and publications budget of £5.5k and on the training budget of £5k

21) Third party income levels have not been achieved in the first half of the year

Appendix B - Analysis of Capital Budget

| | Q3 Budget Position £ | Q3 Actual Position £ | (Over) / Under spend £ | % Slippage | Comments |
|--|----------------------------|----------------------------|------------------------------|------------|---|
| Council Land & Buildings | 1,080,846 | 1,309,605 | (228,759) | (21) | The refurbishment of the Council Offices is almost complete and is showing an overspend against the agreed budget. The overall costs increased due to issues such as the discovery of asbestos. Contributions from our partners and revenue resources are being used to offset this additional cost. Allocations to revenue will take place at year end. |
| Equipment | 195,000 | 75,880 | 119,120 | 61 | The underspend is in respect of the budget to replace the one-legal case management system for £120k. The budget profile expected that a system would have been identified and implemented by Q3 of 2018/19. |
| Capital Investment Fund | 10,100,000 | 8,542,209 | 1,557,791 | 0 | The underspend is because the commercial property investments made to date have been for less than the authorised budget. The £1.5m underspend can be combined with the £5m that was expected to be spent in Q4 to leave an authorised budget of £6.5m remaining. It is unlikely that this will be spent in the current financial year and will be rolled over into 2019/20 as we continue to look for advantageous opportunities to invest |
| Community Grants | 97,415 | 31,390 | 66,025 | 68 | The underspend relates to allocation of £57k to Wormington Village Society to build a new Village Hall. The authority has committed to holding this budget until late 2019 to see if the grant can be drawn down. |
| Housing & Business Grants | 250,000 | 301,014 | (51,014) | (20) | |
| | 11,723,261 | 10,260,098 | 1,463,163 | 12 | |
| Transformational projects from Capital | 197,000 | 14,156 | 182,844 | 93 | This is money allocated to the digital strategy where plans are in place, but project funding is yet to be drawn down. |
| | 11,920,261 | 10,274,254 | 1,646,007 | 105 | |

Appendix C - Revenue Reserves for 18/19

| Reserve | Balance 31st March 2018 £ | Spent in Reserve Quarter 3 £ | Reserve Remaining £ |
|---------------------------------------|---------------------------------|------------------------------------|---------------------------|
| Service Reserves | | | |
| Asset Management Reserve | 1,156,802 | 85,674 | 1,071,129 |
| Borough Regeneration Reserve | 18,703 | 180 | 18,523 |
| Business Rates Reserve | 637,371 | - | 637,371 |
| Business Support Reserve | 220,140 | 51,888 | 168,251 |
| Business Transformation Reserve | 355,882 | 38,573 | 317,309 |
| Community Support Reserve | 114,278 | 8,736 | 105,542 |
| 21 Development Management Reserve | 238,002 | 12,700 | 225,302 |
| Development Policy Reserve | 525,428 | 51,399 | 474,029 |
| Elections Reserve | 68,500 | - | 68,500 |
| Flood Support and Protection Reserve | 13,682 | 952 | 12,730 |
| Health & Leisure development reserve | 1,989 | - | 1,989 |
| Housing & Homeless Reserve | 430,735 | 72,064 | 358,671 |
| IT Reserve | 18,231 | 10,625 | 7,606 |
| MTFS Equalisation Reserve | 866,004 | - | 866,004 |
| Organisational Development Reserve | 166,372 | 42,697 | 123,675 |
| Risk Management Reserve | 5,000 | - | 5,000 |
| Transport Initiatives Reserves | 520,391 | - 11,212 | 531,604 |
| Waste & Recycling development Reserve | 535,641 | 18,984 | 516,657 |
| Totals | 5,893,150 | 383,259 | 5,509,891 |

TEWKESBURY BOROUGH COUNCIL

| | |
|------------------------------|--|
| Report to: | Executive Committee |
| Date of Meeting: | 6 February 2019 |
| Subject: | Budget 2019 – 2020 |
| Report of: | Head of Finance and Asset Management |
| Corporate Lead: | Deputy Chief Executive |
| Lead Member: | Lead Member for Finance and Asset Management |
| Number of Appendices: | One |

Executive Summary:

The proposed net budget totals £8.77m and, after deducting government support and other financing streams, the resultant Council Tax requirement is £4.13m giving a Band D Council Tax figure of £119.36.

Recommendation:

The Committee is asked to RECOMMEND TO COUNCIL:

- i. that a net budget of £8,772,830 be APPROVED;**
- ii. that a Band D Council Tax of £119.36, an increase of £5.00 per annum, be APPROVED;**
- iii. that the use of New Homes Bonus, as proposed in paragraph 3.5 of the report, be AGREED; and**
- iv. that the capital programme, as proposed in Appendix A, to the report be AGREED.**

Reasons for Recommendation:

The Council must set a balanced budget and a level of Council Tax necessary to meet its revenue needs, but it must be set at a level affordable to the taxpayer and within the parameters set by the government.

Resource Implications:

Set out in this report.

Legal Implications:

Section 32 of the Local Government Finance Act 1992 (as amended) places a duty on the Council, as Billing Authority, to calculate before 11 March 2019 its budget requirement for 2019/20.

Under Section 25 of the Local Government Act 2003, the Section 151 Officer must report on the robustness of the estimates for the purposes of making the appropriate calculations and of the adequacy of the Council's proposed financial reserves.

Risk Management Implications:

As set out within in the report.

Performance Management Follow-up:

Performance reports are presented to Members on a quarterly basis and include details of the revenue and capital budgets performance and updates on the use of reserves.

Environmental Implications:

None directly from this report.

1.0 INTRODUCTION/BACKGROUND

- 1.1** The Council considered its financial position as shown in the Medium Term Financial Strategy (MTFS) at its meeting on 29 January 2019.
- 1.2** The MTFS outlines the budget pressures facing this Council now and in future years. It depicts the gap between the estimated net budget of the Council and the estimated funding available in order to finance that net expenditure. The deficit over the five years of the MTFS is estimated to be in the order of £3.5million with a gap suggested in 2019/20 of approximately £691,000.
- 1.3** The production of the MTFS has this year included the relative content from the Chancellor's Autumn Budget, the details of the provisional local government finance settlement and the confirmed second year of the two year pay deal. In summary, the headlines from these include:
- New monies to support local government in the current spending review period but, with the exception of Disabled Facility Grant funding and Rural Services Delivery Grant, no monies for tier two authorities.
 - A new one-off fund to help local authorities support the high street.
 - Confirmation of 15 new 75% retained business rates pilots in 2019/20, but not including Gloucestershire.
 - No new changes to the New Homes Bonus scheme in the current year but potential future changes.
 - No changes to Council Tax thresholds for Districts of £5 or 3%, whichever is greater.
 - Increased Council Tax threshold of £24 for Police.
 - Pay award of 2% for 2019, with extra weighting for the lowest paid, and changes to the spinal column point structure.
- 1.4** This report now brings together the general information on the financial climate with the detailed figures associated with the 2019/20 budget and the work undertaken by the Transform Working Group and makes a proposal for a balanced budget and resultant Council Tax. The proposal made is in light of the budget deficit for 2019/20 as a result of the impact of the previous bullet points and the detailed analysis of income and expenditure budgets for the next financial year.
- 1.5** Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (nominated Section 151 Officer) to make a statement to the Council on the robustness of the estimates and adequacy of financial reserves. This statement is set out in Section 10 of this report. The Council is under a statutory obligation to have regard to this when making its decision on the proposed budget.

1.6 In setting the budget for 2019/20, the Council has continued to provide the same level of service as in previous years and in many areas looks to provide an enhanced service. Much of the deficit which has faced the Council for the new financial year has been met through increased income and financing streams and, of course, increased Council Tax. Future budget setting may not find these areas as plentiful and Members and Officers will be faced with tough decisions on the operation of the Council, including reducing or stopping some services, and taking further risk in its commercial activities.

2.0 LOCAL GOVERNMENT FINANCE SETTLEMENT 2019/20

2.1 The local government finance settlement for 2019/20 is the fourth and final year under the agreed funding deal which effectively guaranteed the Council's levels of core funding from central government. The four-year deal includes both Revenue Support Grant (RSG) and Rural Services Delivery Grant (RSDG).

2.2 The provisional local government finance settlement for 2019/20 was announced on 13 December 2018. The settlement is subject to consultation which ended on 10 January 2019, with a final settlement expected at the end of January. The figures within the settlement are in line with expectations and Table 1 highlights the confirmed level of support for the next financial year.

Table 1

| | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 |
|--------------------------------------|------------------|------------------|------------------|
| Cash levels | | | |
| Revenue Support Grant (RSG) | 515 | 282 | 23 |
| Rural Services Delivery Grant (RSDG) | 14 | 11 | 14 |
| Business Rates baseline funding | 1,724 | 1,776 | 1,815 |
| Total | 2,253 | 2,069 | 1,852 |
| Change in funding (£) | | | |
| Revenue Support Grant (RSG) | -372 | -233 | -259 |
| Rural Services Delivery Grant (RSDG) | 0 | -3 | 3 |
| Business Rates baseline funding | 34 | 52 | 39 |
| Total | -338 | -184 | -217 |
| Change in funding (%) | | | |
| Revenue Support Grant (RSG) | -41.94% | -45.24% | -91.84% |
| Rural Services Delivery Grant (RSDG) | 0.00% | -21.43% | 27.27% |
| Business Rates baseline funding | 2.01% | 3.02% | 2.20% |
| Total | -13.05% | -8.17% | -10.49% |

*2018/19 core funding adjusted to remove impact of being within a 100% retained business rates pilot.

2.3 As can be seen from Table 1, significant reductions to core government support continue into next year with a total reduction of £217,000 or 10.5% from current funding levels.

2.4 Funding beyond 2019/20 is currently not known with both the Spending Review and the Fair Funding Review due to conclude in 2019 and therefore inform future budgets.

3.0 NEW HOMES BONUS

- 3.1 The announcement of the 2017/18 settlement saw the government make significant changes to the New Homes Bonus (NHB) scheme. The changes included the reduction in the number of years for which NHB would be paid, from six to four, and the introduction of a baseline deadweight of 0.4% below which no NHB would be paid. At the time, the government warned that it would keep under review other potential amendments to the scheme.
- 3.2 A technical consultation, issued in Summer 2018, hinted at extending the deadweight factor and it was therefore widely expected that the deadweight factor would be increased but the local government finance settlement confirmed that there would be no further alterations to the scheme in 2019/20. The government decided to find further finance of £18m to fund the scheme rather than make additional amendments to the scheme.
- 3.3 With no new amendments to the NHB scheme, solid housing growth, a reduction in the number of empty properties and additional affordable housing properties being delivered, the Council has been able to marginally increase the cash levels it receives from the scheme. Table 2 details the projection of NHB over the medium term.

Table 2 – Projection of NHB

| | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 |
|------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Year 5 | 871 | 0 | 0 | 0 | 0 | 0 |
| Year 6 | 659 | 659 | 0 | 0 | 0 | 0 |
| Year 7 | 750 | 750 | 750 | 0 | 0 | 0 |
| Year 8 | 899 | 899 | 899 | 899 | 0 | 0 |
| Year 9 | 0 | 965 | 965 | 965 | 965 | 0 |
| Year 10 | 0 | 0 | 690 | 690 | 690 | 690 |
| Year 11 | 0 | 0 | 0 | 493 | 493 | 493 |
| Year 12 | 0 | 0 | 0 | 0 | 621 | 621 |
| Year 13 | 0 | 0 | 0 | 0 | 0 | 644 |
| Total NHB | 3,179 | 3,273 | 3,304 | 3,047 | 2,769 | 2,448 |
| Variance (£) | -35 | 94 | 31 | -257 | -278 | -321 |
| Variance (%) | -1.09% | 2.96% | 0.95% | -7.78% | -9.12% | -11.59% |

- 3.4 As can be seen from the table, the Council will receive £3.27m in 2019/20 from the NHB scheme. This is an increase of £94,000 on the current levels. The table also forecasts a future reduction in NHB as a result of the lower projection of housing delivery and assumptions around further deadweight being added to the scheme. There also remains the potential for the government to make further significant alterations to the scheme or even consider withdrawing it and replacing it with an alternative system of incentivising housing growth.

3.5 The total allocation of NHB for 2019/20 is £3,273,399 and therefore the proposed use of NHB is as follows:

| | |
|--|-------------------|
| Base budget support | £2,810,755 |
| Planning appeals | £50,000 |
| Business Transformation fund | £50,000 |
| Asset Management Plan | £50,000 |
| IT & Digital Development Plan | £114,632 |
| Borough Elections | £90,000 |
| Student Environmental Health Officer | £21,500 |
| Community Funding Officer | £35,512 |
| Car Parking Strategy | £25,000 |
| Economic Development & Tourism Officer | £26,000 |
| Total | £3,273,399 |

3.6 The suggested use of NHB includes utilising £2,810,755 to support the base budget. This is an increase of £200,000 over the current utilisation and is in line with the phased increase in support outlined within the previous MTFS. In percentage terms, this increases base budget support to 86% of total NHB and leaves 14% or £462,644 to support the Council's other requirements. It is likely that 2019/20 will be the last year where the Council could increase the use of NHB to support its core services and future years will require a phased reduction in this support.

3.7 Given this recommended use of the majority of NHB funding, the sum available to support other requirements is limited. The proposal includes the continued funding of a number of expenditure streams including £50,000 for potential planning appeals. A sum of £50,000 is also included to fund one-off costs of some of our transformational activities and £50,000 is set aside to maintain the Council's assets. The continued funding of the Community Funding Officer is also included within the use of NHB.

3.8 As in previous years, an allocation from NHB has been set aside to support the crucial role of Information Technology in delivering our services. For 2019/20, the set aside has been increased to over £114,000 to provide the funding required to not only maintain the Council's existing network and hardware requirements but also support its ambition to further develop its use of IT and digital solutions in order to make services more cost effective and also to improve customer service. Looking to the future, investment in appropriate solutions now will not only deliver immediate benefits but will safeguard the Council against increasing service costs as the Borough grows and customer demand increases. The set aside also includes monies for the new membership, following the elections in May, to be furnished with the appropriate IT provision in order for them to perform their duties.

3.9 New areas of activity, recommended to be funded from NHB on a one-off basis, include a £90,000 contribution to supplement the existing £40,000 elections reserve to fund the cost of the Borough Elections in May 2019. Two new one-off posts are included in the recommendations; a new Student EHO as per the Community Services review and an Economic Development and Tourism Officer to support the existing teams and the Growth Hub.

3.10 The Council will also need to undertake a parking policy review in 2019 as it is five years since the last one. A sum has been set aside to provide the necessary survey data and also, if required, to contract external expertise to support the project.

4.0 BUSINESS RATES RETENTION

- 4.1** Business rates retention in Tewkesbury has historically been an area of substantial loss as successful appeals, most notably by Virgin Media, have led to deficits in the initial years of the scheme. The performance in the current year however has been positive with retained income of £298,000 being reported at the third quarter point. Whilst successful appeals can have a damaging effect on this position, very few are being processed under the new Check, Challenge and Appeal system and the provisions that Tewkesbury has accumulated are substantial. Underlying growth is expected to continue and the amount of grant funding received from central government (s31 grants) in compensation for changes they have made to the scheme is now well in excess of £1m. It is against this improved performance that projections for 2019/20 are undertaken.
- 4.2** The business rate multiplier has increased by 2.3% for the new year therefore increasing the gross collectable amount and with further changes, including a reduction in estimated bad debts and a further increase in s31 grants, it is estimated that the amount of growth retained by the Council within the current 50% retention scheme will increase by around £269,000 to a total of £680,923.
- 4.3** As highlighted in Paragraph 1.3, Tewkesbury, along with the other Gloucestershire authorities, was unsuccessful with its application to be a business rates retention pilot authority again in 2019/20. It will, however, remain a member of the Gloucestershire Pool under the 50% scheme, and as a result is likely to benefit from a further windfall of retained business rates in 2019/20 although it should be noted there also remains a risk to the pool from potential successful appeals. Whilst this potential windfall will be less than enjoyed in the current year as a pilot authority, it is nonetheless a welcome bonus which can provide one-off funding towards the Council's ambitions. The performance of the Pool will be monitored throughout the year and on successful conclusion of the full financial year, the windfall will be allocated through the year end reserves process.
- 4.4** This year will be the last year under the 50% retention scheme with all Councils moving to a 75% retention model in 2020. The new model is yet to be designed and a consultation is underway with regard to some of the important principles that need to be considered and agreed. Of particular interest to this Council will be decisions on systems reset, which could eliminate all the growth currently being enjoyed by the Council, the retention of a levy within the system, the split of growth retention between different tiers of authorities and the approach to dealing with appeals.

5.0 COUNCIL TAX

- 5.1** Given the level of deficit for 2019/20, as described in later sections of this report, and the Medium-Term financial forecast of continued deficits, it is once again necessary to recommend an increase in Council Tax in order to balance next year's budget and improve the Council's financial footing as it looks towards future deficit reduction. It is recommended that a £5 per annum increase at Band D level, equivalent to 4.37%, is approved, generating an additional £173,000 of ongoing income to support the Council's core services.
- 5.2** The level of increase proposed is in line with the government's set threshold, of £5 or 3%, whichever is the higher, for determining whether a district Council Tax increase is excessive and should be put to a local referendum. Thresholds for other precepting bodies are 3% for basic Council Tax and 3% for Adult Social Care levy for upper tier authorities and £24 on Band D for Police and Crime Commissioners, an increase of £12 on the previous year. There are again no thresholds for Town and Parish Councils.

5.3 The proposed increase will be the fourth year in succession that the Council will have increased the Council Tax. This follows the period from 2011 to 2016 where Tewkesbury decided to freeze its share of the council tax in order to support its taxpayers during tough economic times. The proposed increase would set the Band D Council Tax at £119.36 per annum and most likely keep the Council as the fifth lowest District Tax in England. The proposed tax would also keep the Council in the lowest quartile for Council Tax charges and would be approximately £43 lower than the lower quartile threshold and some £66 short of the average District Council for 2019/20.

5.4 The impact of this proposal on the Borough taxpayers is illustrated in Table 3.

Table 3

| Band | No. of properties | Percent of total | Annual Council Tax 18/19 | Annual Council Tax 19/20 | Annual Increase |
|-------------|--------------------------|-------------------------|---------------------------------|---------------------------------|------------------------|
| A | 6,434 | 15.66% | £76.24 | £79.57 | £3.33 |
| B | 6,558 | 15.96% | £88.95 | £92.84 | £3.89 |
| C | 11,478 | 27.93% | £101.65 | £106.10 | £4.44 |
| D | 6,062 | 14.75% | £114.36 | £119.36 | £5.00 |
| E | 5,180 | 12.61% | £139.77 | £145.88 | £6.11 |
| F | 3,291 | 8.01% | £165.19 | £172.41 | £7.22 |
| G | 1,891 | 4.60% | £190.60 | £198.93 | £8.33 |
| H | 198 | 0.48% | £228.72 | £238.72 | £10.00 |

5.5 The Council's recent record on Council Tax is shown below for information.

Table 4

| Year | Council Tax £ | Increase Pa £ | Increase % |
|-------------|----------------------|----------------------|-------------------|
| 2010/11 | 99.36 | 3.78 | 3.95 |
| 2011/12 | 99.36 | 0.00 | 0.00 |
| 2012/13 | 99.36 | 0.00 | 0.00 |
| 2013/14 | 99.36 | 0.00 | 0.00 |
| 2014/15 | 99.36 | 0.00 | 0.00 |
| 2015/16 | 99.36 | 0.00 | 0.00 |
| 2016/17 | 104.36 | 5.00 | 5.03 |
| 2017/18 | 109.36 | 5.00 | 4.79 |
| 2018/19 | 114.36 | 5.00 | 4.57 |

6.0 BUDGET PROPOSALS

6.1 The base estimates for the Council in 2019/20 have been compiled and are detailed in table 5. The projection within the MTFs highlighted a potential deficit facing the Council of £0.69m for 2019/20 and this has been reflected in the draft budget requirements put forward by service areas. Savings plans and increased income, particularly in relation to commercial property investments and treasury activities, has resulted in the net cost of services only increasing by £40,040 (0.46%) for the next financial year.

Table 5

| | 2018/19 Budget | 2019/20 Budget | Variance (£) | Variance (%) |
|------------------------|---------------------------|---------------------------|-------------------------|-------------------------|
| Chief Executives unit | £256,350 | £262,110 | £5,760 | 2.25% |
| Corporate Services | £1,963,477 | £2,036,847 | £73,370 | 3.74% |
| Democratic Services | £741,229 | £847,254 | £106,025 | 14.30% |
| One Legal | £374,780 | £308,298 | -£66,482 | -17.74% |
| Deputy Chief Executive | £120,064 | £122,877 | £2,813 | 2.34% |
| Development Services | £750,711 | £935,568 | £184,857 | 24.62% |
| Community Services | £3,730,908 | £3,854,921 | £124,013 | 3.32% |
| Finance and Assets | £795,271 | £404,955 | -£390,316 | -49.08% |
| TOTAL | £8,732,790 | £8,772,830 | £40,040 | 0.46% |

6.2 The estimates for 2019/20 include the following headlines:

- an allowance for the current pay offer made by the employers' side of a basic 2% pay award from April 2019 rising to over 6% for the lowest paid workers. Amendments to the national pay scales have also been incorporated in the local pay and grading structure resulting in further cost. The estimated cost of the pay award is £210,000;
- 2019/20 is the final year of the current pensions fund triennial valuation and will see a stepped increase of £192,000 towards the pension fund deficit;
- an increased cost of £195,000 (5.3%) on the annual Ubico;
- an increase in the cost of disposing of recycled materials collected of £36,000;
- inclusion of the ongoing cost of the Community Services review totalling £54,000;
- inclusion of the Growth Hub Navigator role into base budget at a cost of £28,500;
- a reduction in estimated planning income of £140,000;
- increased Housing Benefit recovery of £61,000;
- a new Planning Performance Agreement budget of £40,000;
- increased recycling credit income from the County Council of £34,000;
- an uplift in general fees and charges resulting in an additional income of £30,000;
- an increase in garden waste income of £145,000 as a result from an increased customer base and a fee uplift;
- additional income derived from letting the top floor of the Public Service Centre of £95,000; and
- an increase in the income derived from treasury investments of £171,000.

- 6.3** In addition, the base estimates include the additional income gained from the commercial property added to the portfolio during 2018/19 and the expectation of securing a further unit in the early part of the new financial year. The Council has been successful in acquiring £8.5m of additional investments in 2018/19 giving a total portfolio size of just over £39.5m, with a further £6.7m set for investment in 2019/20. This portfolio will generate a gross income of £2.75 m and contributes a total of £1.47m, net of financing costs, to support the Council's core services in 2019/20. Of this amount, £175,000 is placed in reserves to meet future asset management needs and income smoothing associated with the commercial portfolio.
- 6.4** The base estimates also include the use of NHB as outlined previously at Paragraph 3.5.
- 6.5** The finance available to fund the net budget requirement is as follows:

Table 6

| Financing stream | 2018/19 Budget Re-stated | 2019/20 Budget | Variance (£) | Variance (%) |
|---|---|---------------------------|-------------------------|-------------------------|
| Revenue Support Grant | -£282,627 | -£22,786 | £259,841 | -91.94% |
| Rural Services Delivery Grant | -£11,058 | -£13,779 | -£2,721 | 24.61% |
| Business Rates Baseline | -£1,775,936 | -£1,816,634 | -£40,698 | 2.29% |
| Retained Business Rates | -£412,214 | -£680,923 | -£268,709 | 65.19% |
| New Homes Bonus | -£3,179,723 | -£3,273,399 | -£93,676 | 2.95% |
| Collection Fund surplus | -£102,200 | -£41,100 | £61,100 | -59.78% |
| Minimum Revenue Provision | £403,103 | £628,860 | £225,757 | 56.00% |
| Net Transfer to / (from) reserves | £499,935 | £575,000 | £75,065 | 15.01% |
| Total | -£4,860,720 | -£4,644,761 | £215,959 | -4.44% |
| Service Expenditure b/fwd | £8,732,790 | £8,772,830 | £40,040 | 0.46% |
| Balance to be funded by Tax Payers | £3,872,070 | £4,128,069 | £255,999 | 6.61% |

* re-stated to remove effect of 100% business rates retention pilot.

- 6.6** Table 6 highlights a reduction in the financing streams available to fund the cost of services totalling £215,959 or 4.44%. The reduction in RSG has been offset by increases to both New Homes Bonus and retained business rates. However, reductions in the collection fund surplus together with increases in the Minimum Revenue Provision (MRP), as a result of an increased borrowing requirement, and an increase in the transfer to reserves reflecting the additional monies set aside to deal with future issues in our commercial property portfolio, have resulted in the overall reduction in financing as highlighted.
- 6.7** After deducting the financing streams from the net cost of services, the balance of expenditure to be funded by Council Tax payers is £4,128,069 for 2019/20, an increase of £255,999 on the current year. The Council Tax base has increased by 726.4 Band D equivalents (2.15%) over the previous year to a total of 34,585.03. This increase in itself generates additional income of £83,000 towards the £256,000 extra required from tax payers. The remaining £173,000 is therefore generated by a rise in the rate of Council Tax from £114.36 to £119.36, an increase of £5.

7.0 RISKS

7.1 The Council's budget is prepared using best estimates for the level and timing of expenditure, budget and efficiency savings and available resources. However, a number of uncertainties exist which could have an impact on the budget of the Council:

- Government Support – the settlement is only provisional and is subject to change. Funding levels beyond 2019/20 are as yet unknown. A prudent view of future years funding has been included in the MTFP.
- New Homes Bonus – The Council now relies heavily on this source of funding. Whilst the Council has absorbed, to a large extent, the changes introduced to the scheme, further changes cannot be ruled out which could have a severe impact on the Council's finances.
- Business Rates – Until such time as the issues with backdated appeals have been resolved, accurately forecasting the level of business rate income is difficult. Provisions are made within the scheme to deal with expected bad debts and appeals but these may not be sufficient. The Council is also a member of the Gloucestershire Pool and so neighbouring authorities' performance with regards to rates retention will impact on Tewkesbury's over all retention.
- Interest rate forecasts – rates continue at a historically low level. The current base rate is 0.75%. Our Treasury Advisers indicate that further modest increases in the base rate are likely to happen in the financial year and these have been factored into estimates for likely investment returns and the cost of borrowing. With both political and economic uncertainty effecting the country, changes to interest rate predictions cannot be ruled out.
- Political uncertainty – the estimates have been prepared based on a stable footing and normal operating conditions. Economic shock or a disorderly exit from the European Union could have knock on-effects on the cost of goods and services, levels of income and costs arising from further requirements on local government.
- Budgetary control – whilst every effort is made by services to operate within their set budgets, in some circumstances, overspends are unavoidable.

7.2 Given the existing requirements for the use of NHB and the budgetary deficit within the 2019/20 estimates it has not possible to allow a contingency sum to meet potential deficits within the 2019/20 budget. However, it is anticipated that a large year end surplus in the current year will allow the Council to add to its existing uncommitted and risk management reserves, to provide some comfort. As always though, careful in-year management of the budget will be necessary to ensure the budget outturn is, at worst, cost neutral and the Council avoids needing to rely on reserves to balance the budget.

8.0 REVENUE RESERVES

8.1 As at 31 March 2018, the Council had earmarked reserves totalling £5.89m. In addition, there was an uncommitted General Fund working balance of £550,000. This reserve is considered to be low and, given a projected year end surplus for 2018/19, it is suggested that it is increased through the year end process to a more appropriate level.

8.2 The revenue reserves are reviewed and approved annually as part of the closure of accounts. A financial outturn report will be taken to Executive Committee in June to approve the reserves of the Council for 2019/20.

9.0 CAPITAL PROGRAMME

- 9.1** The current capital programme is shown at Appendix A and covers forward forecasts of the next three years.
- 9.2** The programme is significant in size and totals £9.29m over the three years, although this is much reduced compared to recent years. The vast majority of the programme relates to investment in commercial properties with the aim of delivering an income stream to the council over and above the cost of financing. This strand of the capital programme totals £6.7m and represents the finance available for the purchase of a further industrial unit to balance the portfolio and which will consume the remaining monies of the sum approved by Council for commercial property investment. It is envisaged that the acquisition will be concluded in the first half of 2019 and a review of the potential for further investment phases will be undertaken in the summer of 2019 when national economic conditions are known and more clarity on the future of local government funding should be available.
- 9.3** Other significant expenditure within the programme includes the purchase of a new split back vehicle as required by the waste and recycling service and significant investment in information technology requirements across the Council. Historical levels of expenditure on Disabled Facilities Grants (DFGs) are projected throughout the programme and are financed entirely by government grant.
- 9.4** The capital programme also includes transformational projects which would normally be required to be financed from revenue resources. However, the government will allow the flexible use of new capital receipts for transformational projects which will generate ongoing savings, subject to the approval of a strategy before the beginning of the financial year. The projects were previously approved in the 2018/19 budget papers and an updated Flexible Use of Capital Receipts strategy was approved in January 2019.
- 9.5** The capital programme will utilise the majority of the balance of the capital receipts reserve within the next 12 months, leaving a balance of circa £560,000. The forward projection however also includes estimates of capital receipts from land sales including garage sites and the MAFF site. These receipts will replenish capital balances and allow the Council to consider part funding further capital projects such as the Spring Gardens regeneration project that is currently being reviewed by Mace Ltd.

10.0 STATEMENT OF CHIEF FINANCE OFFICER

- 10.1** Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to make a statement on the robustness of the estimates and adequacy of financial reserves when considering its budget and Council Tax. The Act requires Councillors to have regard to the report in making decisions at the Council's budget and Council Tax setting meeting.
- 10.2** The basis on which the budget for 2019/20 and the MTFP have been prepared has been set out very clearly in this report and the previous MTFP report. I am satisfied that the budgets for the General Fund and the Capital Programme have been based on sound assumptions.
- 10.3** The grant settlement for 2019/20, and the previous amendments to the NHB scheme, have had a significant impact on the Council's finances and the current economic climate continues to challenge the financial affairs of the Council. However, with the planning that has taken place with the Transform Working Group, the efficiency savings that have been identified and the commercial activity that has been undertaken, the Council is able to set a balanced budget for 2019/20.

- 10.4** The Council is increasingly dependent on business rates retention and the utilisation of New Homes Bonus allocations to support its annual spending plans. Action will need to be taken to ensure that, in future years, the Council's spending plans are reduced to match the resources available.
- 10.5** The Council has a good record for only including in the budget income estimates that are deliverable. The Council's core expenditure requirements are well understood, budgeted for accordingly and delivered in accordance with the estimates. It is on this basis that I am satisfied the estimates are robust.
- 10.6** The requirement for financial reserves is acknowledged in statute. Section 32 and 43 of the Local Government Finance Act 1992 requires billing authorities to have regard to the level of reserves needed for meeting future expenditure when calculating the budget requirement.
- 10.7** The Council's earmarked reserves are set in June of each year by the Executive Committee with quarterly scrutiny being undertaken on a quarterly basis by both the Executive Committee and the Overview and Scrutiny Committee. The earmarked reserves contain specific project and service reserves as well as risk and forward management reserves. The level of reserves is considered to be good and places the Council in a low risk position as highlighted by the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index.
- 10.8** The General Fund balance on its own is low when comparisons are made with other District Councils again as highlighted by CIPFA's Financial Resilience Index and, as already highlighted, will require additional monies being added to it at the earliest opportunity. However, in making a judgement about the adequacy of reserves, bringing both allocated and unallocated reserves together gives assurance that the overall level of reserves is acceptable.
- 10.9** Overall, I am satisfied that the projected levels of reserves and balances held by the Council are adequate for the forthcoming year but will continue to review the position as necessary to ensure adequacy of reserves for future years.
- 11.0 CONSULTATION**
- 11.1** Consultation on the budget has taken place with the Transform Working Group. In addition, a public and business consultation has taken place on general budgetary principles. The council is also consulting with business rate payers on the specific proposals for 2019/20 as it is statutorily required to do.

12.0 OTHER OPTIONS CONSIDERED

12.1 The proposal within this report is for the Council to increase Council Tax by £5 or 4.37%. In producing a balanced budget proposal, officers have considered a number of options for Council Tax. A summary of different levels of Council Tax is shown in the table below alongside the impact on the Council's on-going deficit.

Table 7 – Council Tax increase options

| Council Tax 18/19 | Council Tax 19/20 | Increase | Increase | Ongoing income produced | Ongoing savings required |
|--------------------------|--------------------------|-----------------|-----------------|--------------------------------|---------------------------------|
| £114.36 | £119.36 | £5.00 | 4.37% | £172,925 | £0 |
| £114.36 | £114.36 | £0.00 | 0.00% | £0 | £172,925 |
| £114.36 | £115.36 | £1.00 | 0.87% | £34,585 | £138,340 |
| £114.36 | £116.36 | £2.00 | 1.75% | £69,170 | £103,755 |
| £114.36 | £116.65 | £2.29 | 2.00% | £79,200 | £93,725 |
| £114.36 | £117.36 | £3.00 | 2.62% | £103,755 | £69,170 |
| £114.36 | £117.79 | £3.43 | 3.00% | £118,627 | £54,298 |
| £114.36 | £118.36 | £4.00 | 3.50% | £138,340 | £34,585 |

12.2 A range of options are available within the set thresholds. A decrease on the Council Tax has been ruled out given the financial outlook for the Council, as has an excessive Council Tax increase as it is not believed that the public would vote in favour of an increase in excess of £5 in a local referendum.

12.3 It has been necessary to increase Council Tax by £5 in order to meet the deficit of £0.7m for 2019/20. Whilst lower Council Tax increases were considered, these added additional cost to the deficit and would need to be met by either ongoing savings or ongoing income. The use of one-off sums to replace an ongoing income stream is not considered prudent and only results in the need for ongoing savings to be postponed. The use of one-offs to support a budget should only be considered as a last resort.

12.4 The recommended increase in Council Tax is also made against the background of £3.5m deficit over the next five years and the uncertainty about government policy for local government finance. Even with the Council meeting the projected deficit, it will still be reliant on NHB for £2m of its funding. This leaves the Council in a risky position should the government choose to reduce or eliminate the scheme and with further uncertainty about the level of business rates growth the Council will be allowed to retain, it is of paramount importance that the council takes the decision to increase financing streams within its control as and when it can and to their full extent.

13.0 RELEVANT COUNCIL POLICIES/STRATEGIES

13.1 In line with Medium Term Financial Strategy approved by Council on 29 January 2019.

14.0 RELEVANT GOVERNMENT POLICIES

14.1 The Government has set down excessive Council Tax increase rules. Any increase in Band D Council Tax over a set limit will trigger a local referendum. The proposal for an increased Council Tax of £5 at Band D will mean that no referendum is required for Tewkesbury.

15.0 RESOURCE IMPLICATIONS (Human/Property)

15.1 The budget now relies significantly on a contribution from property assets towards the financing of the budget. This is both from the new commercial portfolio but also from the efficiency of the existing service buildings.

A number of new posts are included within the budget and only one vacant post has been deleted to enable the balanced budget proposal.

16.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

16.1 None directly.

17.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

17.1 Changes may be required to the way services are provided in order to reduce costs. Service Managers are responsible for undertaking Equalities Impact Assessments for any changes they make to any services they provide and where appropriate, EIAs will have been undertaken.

18.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

18.1 Approval of Medium Term Financial Strategy – Council on 29 January 2019.

Background Papers: Medium Term Financial Strategy.

Contact Officer: Head of Finance and Asset Management Tel: 01684 272005
Email: simon.dix@teWKesbury.gov.uk

Appendices: A - 2019-24 Capital Programme.

Forecast Capital Programme 2019 - 2022

| Scheme | 2019/20 £ | 2020/21 £ | 2021/22 £ | Total £ |
|--|------------------|------------------|----------------|------------------|
| Council Projects | | | | |
| <u>Land & Property</u> | | | | |
| Tewkesbury Regeneration project | 0 | 0 | | 0 |
| Public Services Centre refurbishment | 0 | 0 | | 0 |
| The Grange watercourse, Bishops Cleeve | 0 | 0 | | 0 |
| Asset Management Plan | 50,000 | 50,000 | 50,000 | 150,000 |
| | 50,000 | 50,000 | 50,000 | 150,000 |
| <u>Vehicles</u> | | | | |
| Grounds Maintenance equipment | 0 | 0 | | 0 |
| Vehicle replacement programme | 123,000 | 0 | | 123,000 |
| | 123,000 | 0 | 0 | 123,000 |
| <u>Equipment</u> | | | | |
| Asset Capitalisation | 100,000 | 100,000 | | 200,000 |
| One Legal case management system | 120,000 | 0 | | 120,000 |
| ICT Strategy | 114,000 | 50,000 | 50,000 | 214,000 |
| | 334,000 | 150,000 | 50,000 | 534,000 |
| <u>Capital Investment Fund</u> | | | | |
| Commercial property investment - round 2 | 6,700,000 | 0 | | 6,700,000 |
| Commercial property investment - round 3 | 0 | 0 | | 0 |
| | 6,700,000 | 0 | 0 | 6,700,000 |
| Capital Grants | | | | |
| Old scheme capital grants | 25,000 | 0 | | 25,000 |
| Community Grants Working Group | 87,464 | 0 | | 87,464 |
| | 112,464 | 0 | 0 | 112,464 |
| Housing and Business Grants | | | | |
| Disabled Facilities Grants | 500,000 | 500,000 | 500,000 | 1,500,000 |
| | 500,000 | 500,000 | 500,000 | 1,500,000 |
| Transformational projects requiring Capital Direction | | | | |
| Digitisation strategy | 172,000 | 0 | | 172,000 |
| Service Reconfiguration | 0 | 0 | | 0 |
| | 172,000 | 0 | 0 | 172,000 |
| Capital Expenditure | 7,991,464 | 700,000 | 600,000 | 9,291,464 |
| Anticipated Capital Receipts | | | | |
| Garage site sales | 105,000 | 240,000 | 0 | 345,000 |
| Right-to-buy receipts | 50,000 | 50,000 | 50,000 | 150,000 |
| Other land and property | 90,000 | 1,000,000 | 0 | 1,090,000 |
| Capital Receipts | 245,000 | 1,290,000 | 50,000 | 1,585,000 |
| Capital Resources required | | | | |
| Capital Receipts | 424,464 | 100,000 | 0 | 524,464 |
| Capital Grants | 580,000 | 500,000 | 500,000 | 1,580,000 |
| Direct revenue financing | 287,000 | 100,000 | 100,000 | 487,000 |
| Borrowing - external | 6,700,000 | 0 | 0 | 6,700,000 |
| Capital resources consumed | 7,991,464 | 700,000 | 600,000 | 9,291,464 |

TEWKESBURY BOROUGH COUNCIL

| | |
|------------------------------|--|
| Report to: | Executive Committee |
| Date of Meeting: | 6 February 2019 |
| Subject: | Council Tax Discounts 2019/20 |
| Report of: | Head of Corporate Services |
| Corporate Lead: | Deputy Chief Executive |
| Lead Member: | Lead Member for Finance and Asset Management |
| Number of Appendices: | None |

Executive Summary:

To provide Members with an update on proposed Council Tax discounts effective from 1 April 2019 and seek approval for their recommendation to Council.

Recommendation:

That it be RECOMMENDED TO COUNCIL that the following discounts be effective from 1 April 2019:

- **The Council Tax discount for unoccupied furnished properties (second homes) is zero.**
- **The discount for unoccupied and substantially unfurnished properties is 100% for a period of one month then 25% for the following 5 months.**
- **The discount for dwellings which are vacant and undergoing major repair work to render them habitable will be 25% for a maximum period of 12 months.**
- **An empty homes premium of an additional 50% is levied on properties that have remained unoccupied and substantially unfurnished for more than two years.**

Reasons for Recommendation:

Before Council Tax discounts are agreed by Council they must be put before the Council's Executive Committee for consideration and adoption. It is also best practice to review Council Tax discounts annually to ensure they reflect any legislative changes.

Resource Implications:

Council tax discounts directly impact on the Council's finances. The impact of the current level of discounts has been built into the Council Tax base which is reduced by the award of discounts. If we continue to award these discounts at the same level as for the 2018/19 financial year this represents £278,768.41 in lost Council Tax income.

Legal Implications:

The Local Government Finance Act 2012 amended the Local Government Finance Act 1992. Section 13A of the Local Government Finance Act 1992 (as amended) requires each billing authority to make a scheme specifying the reductions which are to apply to the amount of council tax payable.

Risk Management Implications:

It may become difficult to collect the increased Council Tax due but all available remedies will be used to mitigate this risk.

Performance Management Follow-up:

The impact of these discounts will be closely monitored and will be reported back to Members as part of a wider review of Council Tax discounts scheduled to take place in Spring/Summer 2019 for implementation in the 2020/21 financial year.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 Members will be aware of the key changes affecting local government finance from 1 April 2013. The Local Government Finance Act 2012 abolished certain exemptions from 1 April 2013 and replaced them with discounts which can be determined locally. The Act also allowed billing authorities to remove the minimum 10% discount on second homes and to charge a premium for long term empty properties.

2.0 BACKGROUND

2.1 Local discounts can be granted under Section 13A of the Local Government Act 1992. The Local Government Finance Act 2012 introduced changes in national Council Tax discounts and exemptions. These were considered and adopted by Executive in 2012 and cover the level of discount awarded on second homes and empty properties. These have remained unchanged since 2013/14 with the exception of long-term empty premium which was introduced from 1 April 2018.

2.2 Local discounts should be reviewed on an annual basis to make sure they continue to meet the requirements of the legislation. They also have financial implications as they impact directly on the Council's income from Council Tax.

LONG TERM EMPTY PROPERTIES

2.3 There are currently 43 properties which have been unoccupied and unfurnished for over two years and are already subject to a 50 percent long term empty homes premium.

- 2.4** The government introduced the Rating (Property in Common Occupation) and Council Tax Empty Dwellings Act 2018 on 1 November 2018. It allows billing authorities to:
- from 1 April 2019, apply a premium of up to an additional 100 percent of the Council Tax due where the dwelling has been empty for at least two years.
 - from 1 April 2020, apply a premium of up to an additional 200 percent of the Council Tax due where the dwelling has been empty for five years and over.
 - from 1 April 2021, apply a premium of an additional 300 percent where the dwelling has been empty for 10 years and over.
- 2.5** As long-term empty homes premium has only been in place since 1 April 2018, it is recommended we continue with the same level of premium for 2019/20 and review the amount we levy in the future as part as a general review of discounts in Spring/Summer 2019 prior to the 2020/21 budget setting process.
- 2.6** With regard to other Council Tax discounts it is recommended that they remain as is for 2019/20. They will be reviewed in the early part of the 2019/20 financial year alongside a review of the Council Tax Reduction Scheme to ensure they continue to be fit for purpose and meet the needs of all residents in the Borough.
- 3.0 OTHER OPTIONS CONSIDERED**
- 3.1** The Council could choose not to approve the recommended level of discounts.
- 4.0 CONSULTATION**
- 4.1** There is no statutory requirement to consult on the level of Council Tax discounts, but if they were to be amended it would be best practice to do so.
- 5.0 RELEVANT COUNCIL POLICIES/STRATEGIES**
- 5.1** None.
- 6.0 RELEVANT GOVERNMENT POLICIES**
- 6.1** None.
- 7.0 RESOURCE IMPLICATIONS (Human/Property)**
- 7.1** None directly associated with this report other than officer time.
- 8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 8.1** None.
- 9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**
- 9.1** None.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None.

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Appendices: None.

TEWKESBURY BOROUGH COUNCIL

| | |
|------------------------------|--|
| Report to: | Executive Committee |
| Date of Meeting: | 6 February 2019 |
| Subject: | Council Tax Discount for Care Leavers |
| Report of: | Head of Corporate Services |
| Corporate Lead: | Deputy Chief Executive |
| Lead Member: | Lead Member for Finance and Asset Management |
| Number of Appendices: | One |

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|---|
| <p>Executive Summary:</p> <p>Section 13A(1)(c) of the Local Government Finance Act 1992 gives the Council discretion to reduce the amount of Council Tax payable. This can be for individual cases or by class/category.</p> <p>This report proposes that a class is determined for Gloucestershire care leavers between the ages of 18 and 21 residing in the Tewkesbury Borough Council area.</p> |
| <p>Recommendation:</p> <p>That the Executive Committee:</p> <ul style="list-style-type: none"> a) Determines Gloucestershire care leavers between the ages of 18 and 21 as a class for the purposes of Section 13A(1)(c) of the Local Government Finance Act 1992. b) RECOMMENDS TO COUNCIL the adoption of the Council Tax Discount Scheme for Care Leavers to be effective from 1 April 2019. c) Delegates authority to the Head of Corporate Services to apply the discount for care leavers, with any dispute being subject to an internal reconsideration by the Deputy Chief Executive. |
| <p>Reasons for Recommendation:</p> <p>Before Council Tax discounts are agreed they must be put before the Council's Executive Committee for consideration.</p> <p>Creating a Care Leavers discount will form part of an overall package to prepare care leavers for independence and support them in making an effective social and financial transition from local authority care. Ultimately it should help to improve the life chances of looked after children. The discount will sit alongside several other support arrangements provided to care leavers by Gloucestershire County Council.</p> |

Resource Implications:

The full cost of any Council Tax discount awarded under Section 13(A)(1)(c) must be borne by Tewkesbury Borough Council. Gloucestershire County Council has agreed to fund their share of the cost of any care leaver discount awarded. Tewkesbury Borough Council will be required to fund the remainder including the Parish and Police and Crime Commissioner part of the bill. It is estimated that the cost to Tewkesbury Borough Council will be £2,768.

Legal Implications:

Section 13A(1)(c) of the Local Government Finance Act 1992 (as amended) gives the Council discretion to reduce the amount of Council Tax payable by individual cases or by class.

The discount for care leavers as defined in Appendix 1 is a class of case.

Risk Management Implications:

If the Council Tax Discount for Care Leavers Scheme is not implemented, it may leave care leavers financially disadvantaged. The Council's reputation is likely to be damaged as all other Councils in Gloucestershire are intending to implement the scheme.

Performance Management Follow-up:

The impact of the discount will be closely monitored.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 In July 2016, the government published 'Keep on Caring' a strategy for supporting young people from care to independence which highlighted awarding Council Tax discounts to this group was best practice. The Council has discretion under Section 13A of the Local Government Finance Act 1992 to reduce the amount of Council Tax payable. It is recommended that a Council Tax discount is introduced for care leavers resident in Tewkesbury Borough using this discretionary power.

2.0 BACKGROUND

2.1 Section 13A of the Local Government Finance Act 1992 gives the Council discretionary powers to reduce the amount of Council Tax payable for individual cases or by class. This includes reducing the amount payable to zero.

2.2 The government made recommendations in its care leavers' strategy "Keep on Caring", published July 2016, that local authorities should consider exempting care leavers from Council Tax using their existing discretionary powers under Section 13A.

2.3 Care leavers are considered a particularly vulnerable group for Council Tax debt. Moving to independent accommodation, and managing finances for the first time, is challenging as care leavers are faced with a new set of responsibilities without the family support and wider network that most young people can rely on.

2.4 The six District Councils, and Gloucestershire County Council, are working together to provide a common Council Tax discount scheme for care leavers which provides a consistent approach across Gloucestershire.

- 2.5** Any discount awarded using this discretionary power must be funded by the billing authority. However, by agreement, Gloucestershire County Council will fund its share of the cost of any care leaver discounts awarded.
- 2.6** The latest information for Gloucestershire County Council suggests there are eight care leavers living independently in the Tewkesbury area who may be eligible for a discount.
- 2.7** The Council Tax discount scheme for care leavers in Appendix 1 proposes a discount for care leavers between the ages of 18 and 21 residing in Tewkesbury Borough who were formerly in the care of Gloucestershire County Council.
- 2.8** The scheme will provide a 100% discount where the care leaver lives alone and a 50% discount where they live with others. Some care leavers will already have had their Council Tax liability reduced for other reasons and the discount will be awarded after all other discounts, exemptions and Council Tax reduction.
- 2.9** The full eligibility criteria and arrangements for administering the scheme are found in Appendix 1.
- 3.0 OTHER OPTIONS CONSIDERED**
- 3.1** The Council could choose not to approve a care leaver discount.
- 4.0 CONSULTATION**
- 4.1** No direct consultation has been undertaken regarding the implementation of this scheme, but Chief Finance Officers have discussed the scheme and its financial implications for each District Council.
- 5.0 RELEVANT COUNCIL POLICIES/STRATEGIES**
- 5.1** None.
- 6.0 RELEVANT GOVERNMENT POLICIES**
- 6.1** Keep on caring: supporting young people from care to independence (Policy paper, July 2016).
- 7.0 RESOURCE IMPLICATIONS (Human/Property)**
- 7.1** None directly associated with this report other than officer time.
- 8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 8.1** None.
- 9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**
- 9.1** None.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None.

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Appendices: 1. Council Tax discount scheme for care leavers.

Tewkesbury Borough Council

Council Tax Discount Scheme for Care Leavers

1. Introduction

The Government made recommendations in its care leavers strategy 'Keep on Caring', published in July 2016, that local authorities should consider exempting care leavers from council tax using their existing discretionary powers under Section 13A of the Local Government Finance Act 1992. Many Councils have since introduced discounts for care leavers.

2. Legal provision

Billing authorities have discretion under Section 13A(1)(c) of the Local Government Finance Act 1992 to reduce the amount of council tax payable for individuals or for classes of council taxpayer. This includes the power to reduce the amount payable to nil.

This provision is separate to and distinct from the Council Tax Reduction Scheme which is made under Section 13A(1)(a) of the Local Government Finance Act 1992. It allows the Council to reduce the amount payable after all statutory discounts, exemptions and local council tax reduction.

3. Eligibility criteria

- A care leaver, for the purposes of this policy, is defined as a young person aged 18-21 who was formerly a child in the care of Gloucestershire County Council and then became a 'Former Relevant Child' as defined by The Children (Leaving Care) Act 2000. The care leaver must be resident and liable for council tax on a property within the Tewkesbury Borough Council area.
- A care leaver must be aged 18-21 years old to qualify for a reduction under the care leavers discount scheme. A care leaver will cease to qualify for the discount from the date of their 22nd birthday.
- The care leaver must be the liable person for council tax, either solely or jointly and severally with other(s), at the dwelling in respect of which the application is made. The council tax bill must be in their name
- Where a care leaver lives in a house in multiple occupation or other property where they are not the council tax payer no discount will be awarded.
- The care leaver discount will apply to occupied properties only.
- Confirmation that a claimant is a Gloucestershire County Council 'Former Relevant Child' must be received from Gloucestershire's 11-25 Permanency Service.

4. Care Leaver Discount

The care leaver discount is effective from 1 April 2019.

Care leavers that meet the eligibility criteria above will be eligible to apply for a discretionary council tax discount as follows:

- Where a property is solely occupied by care leaver(s) a 100% discount will be awarded.
- Where a care leaver is in occupation and jointly liable with others a 50% discount will be awarded.

The care leaver discount will be awarded after all other discounts, exemptions and council tax reduction where applicable.

5. Application process and administration

Gloucestershire County Council's 11-25 Permanency Service will provide information to confirm the name, address and date of birth of care leavers living in the Tewkesbury Borough area who will qualify for the discount. A care leaver discount may also be awarded where the following information is provided and the care leaver status has been verified with Gloucestershire County Council's 11-25 Permanency Service.

An application should provide the following information:

- Full name
- Date of birth
- Current address
- Details of any other adults in the property and relationship to them
- Details of any circumstances that would be relevant regarding entitlement to discounts, disregards or exemptions
- Contact details
- Name of leaving care support worker if known

Awards will be made directly by a discount in council tax liability and notification of the discount being awarded will be by way of the council tax bill. The Revenues and Benefits Service will undertake periodic reviews appropriate to the individual circumstances of each case. The care leaver (or his/her appointee or a recognised third party acting on his/her behalf) must advise Tewkesbury Borough Council of any change in circumstances which may affect entitlement to the discount within 21 days of the change occurring.

Any overpaid care leaver discount will be reclaimed through the relevant council tax account and collected and recovered under the Council Tax (Administration and Enforcement) Regulations 1992.

6. Review of decision/backdating

The Council Tax Discount Scheme for Care Leavers is administered in accordance with the Local Government Finance Act 1992.

If the applicant disagrees with the decision they must put this in writing giving their reasons. This should normally be received by Tewkesbury Borough Council within a month of the date of the decision although more time can be given in exceptional circumstances. If a decision is challenged a reconsideration will be made by the Head of Corporate Services. The applicant will then be notified of the reconsideration which will clearly state the reasons for the decision made. If the applicant remains dissatisfied with the decision, an appeal may be made to the Valuation Tribunal.

Further details on this process will be notified to the applicant with the outcome of any previous review of the decision

The Council will accept applications backdated to the beginning of the financial year, or to the date the care leaver became responsible for council tax so long as the date is not more than 12 months prior to the date of the application. The care leaver discount cannot be awarded prior to 1 April 2019.

TEWKESBURY BOROUGH COUNCIL

| | |
|------------------------------|---|
| Report to: | Executive Committee |
| Date of Meeting: | 6 February 2019 |
| Subject: | Designation of a Neighbourhood Area for Deerhurst Parish Council and Amendment to Scheme of Delegation for Future Neighbourhood Areas |
| Report of: | Planning Policy Officer |
| Corporate Lead: | Deputy Chief Executive |
| Lead Member: | Lead Member for Built Environment |
| Number of Appendices: | Two |

Executive Summary:

Local planning authorities have a statutory duty to advise or assist communities in the preparation of Neighbourhood Plans, as explained in planning practice guidance. The Localism Act 2011, and the Neighbourhood Planning (General) Regulations 2012 (as amended), set out the local planning authority's responsibilities including designating "Neighbourhood Areas" for the purpose of preparing a Neighbourhood Development Plan.

An application to designate a new neighbourhood area has been received from Deerhurst Parish Council. The application has been assessed against the requirements set out in the legislation and is considered to meet the requirements to enable the designation of the neighbourhood area.

Approval is also sought to change the Scheme of Delegation for future neighbourhood area designations to be delegated to the Head of Development Services.

Recommendation:

1. **To APPROVE the designation of a neighbourhood area covering the Parish of Deerhurst.**
2. **To APPROVE an amendment to the Scheme of Delegation to delegate authority to the Head of Development Services to approve the designation of neighbourhood areas where a relevant body proposes a neighbourhood area that follows their Parish Council boundary meeting the requirements of r5A of SI 2012/637 (The Neighbourhood Planning (General) Regulation 2012).**

Reasons for Recommendation:

1. To enable the above Parish to prepare a Neighbourhood Development Plan for the area covered by the neighbourhood area designation.
2. To enable the Council to fulfil its duties under the amended neighbourhood planning regulations in a timely way.

Resource Implications:

Financial support is provided by the Department of Housing, Communities and Local Government (DHCLG) to assist local planning authorities to meet their neighbourhood planning obligations. However, there have been some changes that relate to claims for neighbourhood area designations. A limit of five neighbourhood areas has been set. Therefore, Tewkesbury Borough Council, having designated over five areas, has no further available claims for neighbourhood area designations, unless a business forum wishes to proceed with a neighbourhood plan. Funding remains for the Council in connection with neighbourhood plan examinations and referendums.

The additional duty to advise and assist communities engaged in neighbourhood planning, as explained in planning practice guidance, may increase existing human resource requirements, particularly for Development Services. However, the expectation is that this will be handled by existing staff resources, who will continue, in accordance with the Neighbourhood Planning Regulations 2012 (as amended) to: advise and assist communities in the preparation of a Neighbourhood Development Plan; check that a submitted plan meets the basic conditions and other legal requirements; arrange for statutory consultation and the independent examination of the plan; arrange a referendum; and, subject to the results of the referendum, bring the plan into force. The resource implications are corporate including Development Services, Community Development, Financial Services, Democratic Services and One Legal.

Legal Implications:

The Council has a duty to undertake this work under the Localism Act 2011 and the Neighbourhood Planning (General) Regulations 2012 as amended.

Risk Management Implications:

The designation of neighbourhood areas is a statutory requirement on local planning authorities. The process and timescales for designating neighbourhood areas has changed and therefore amending the Scheme of Delegation will ensure compliance with the amended Regulations, in particular: The Neighbourhood Planning (General) and Development Management Procedure (Amendment) Regulation 2016.

The 2016 changes mean that, where a relevant body proposes their neighbourhood area that follows their local Council boundary, for example a Parish boundary, Tewkesbury Borough Council must designate the neighbourhood area and is no longer required to advertise and consult on it. This was introduced to help speed up the initial stages of plan-making.

Performance Management Follow-up:

There are further statutory stages in neighbourhood planning; however, these are dependent on the timescales of the relevant Parish, in their role as the Qualifying Body for the preparation of a Neighbourhood Development Plan.

Environmental Implications:

The implications for biodiversity, habitats, energy usage, waste and recycling, or protected species will be considered by the local planning authority on behalf of the Qualifying Body as required by the Environmental Assessment of Plans and Programmes Regulations 2004 and the Conservation of Habitats and Species Regulations 2010.

1.0 INTRODUCTION/BACKGROUND

- 1.1 The planning system helps decide what gets built, where and when. It is essential for supporting economic growth, improving people's quality of life, and protecting the natural environment. The government's intention is to give local communities a greater say in planning decisions that affect them by providing the opportunity to prepare a neighbourhood plan if they wish. Neighbourhood planning was introduced in the Localism Act 2011 with specific legislation, the Neighbourhood Planning (General) Regulations (2012) (as amended).
- 1.2 There are three aspects of neighbourhood planning: Neighbourhood Development Plans (NDPs); Neighbourhood Development Orders (NDOs) and Community Right to Build Orders (CrtBO). NDPs establish planning policies applicable to the determination of planning applications. NDOs and CrtBOs grant planning permission for development in differing levels of specificity. NDOs can grant permission for types of development subject to limits and conditions. It does not have to be limited to identified sites. CrtBOs are a form of NDO that can be used to grant planning permission for small scale development for community benefit on a specific site or sites. The most common form of neighbourhood planning is the NDP. Town or Parish Councils are "qualifying bodies" entitled to lead on neighbourhood planning.
- 1.3 NDPs set out planning policies for the development and use of land in all or part of a designated neighbourhood area, for example where new homes and businesses should be built and what they should look like. The plan can be detailed or general, depending on what local people want. However, they should not be used to prevent growth and development; they are to be pro-growth documents. They are required to be in general conformity with the strategic policies of the statutory development plan in force when the NDP is being promoted.
- 1.4 NDPs must be subject to full public engagement, examination and public referendum. Once adopted, a NDP will form part of the statutory development plan, which, subject to material considerations indicating otherwise, planning applications are to be determined in accordance with. If there is conflict between development plan policies, the policy contained in the later adopted document prevails. In Tewkesbury Borough, at the time of writing, this is the saved policies of the Tewkesbury Local Plan adopted 2006 and the adopted Joint Core Strategy 2017 (JCS). The emerging revised JCS and Tewkesbury Borough Plan 2011 – 2036 will replace these plans as the statutory development plan, once adopted.
- 1.5 There are five key stages to preparing a NDP as summarised below:
- Stage 1: Defining the neighbourhood area
- The first formal stage in the NDP preparation process is for local people to decide how they want to work together and then for the "Qualifying Body" that wishes to prepare the plan to apply to the local planning authority (LPA) for their area to be designated as a neighbourhood area.
- The LPA then checks that the suggested boundary for a neighbourhood area makes sense and fit together. They could say no if, for example, two proposed neighbourhood areas overlap.
- Stage 2: Preparing the plan
- Local people will need to prioritise their early ideas, and draw up their plans following some ground rules:
- they must be generally in line with local and national planning policies;
 - they must be in line with other laws;

- if the LPA says that an area needs to grow, then communities cannot use neighbourhood planning to block the building of new homes and businesses; they can, however, use neighbourhood planning to influence the type, design, location and mix of new development;
- neighbourhood plans must contribute to achieving sustainable development; and
- the NDP must be subject to public consultation.

Stage 3: Independent Examination

Once a NDP has been prepared, the LPA will organise and pay for the examination of the plan. An independent examiner will check that it meets specified statutory criteria. These include it being appropriate having regard to national policy and advice and; it contributing to the achievement of sustainable development. If the plan does not meet these criteria the examiner will recommend changes. The LPA will then need to consider the examiner's views, consult with the Town or Parish Council, and decide whether to make those changes. If the examiner recommends significant changes, then the Town or Parish Council may decide to consult the local community again before proceeding.

Stage 4: Community referendum

The LPA must organise a referendum on any neighbourhood plan that meets the specified statutory criteria. This ensures that the community has the final say on whether a neighbourhood plan comes into force. People living in the neighbourhood area who are registered to vote in local elections will be entitled to vote in the referendum. If more than 50% of people voting in the referendum support the plan, then the LPA must bring it into force, make or adopt the plan. The question to be asked at referendum is set as:

“Do you want Tewkesbury Borough Council to use the [*insert name of plan*] Neighbourhood Plan to help it decide planning applications in the [*insert name of area*] Neighbourhood Area?”

Stage 5: Legal force

Once a neighbourhood plan has been made/adopted, following a successful referendum, it becomes part of the statutory development plan for its applicable area.

1.6 LPAs have a statutory duty to advise and assist communities in the preparation of neighbourhood plans and to take plans through a process of independent examination and public referendum. The Localism Act 2011 sets out the LPA's responsibilities:

- designating the neighbourhood area;
- checking a submitted plan meets the legal requirements;
- carrying out public consultation on a submitted plan proposal on behalf of an independent examiner;
- arranging and paying for the independent examination of the plan;
- determining whether the neighbourhood plan meets the basic conditions and other legal requirements;
- arranging and paying for a referendum to ensure that the local community has the final say on whether a neighbourhood plan comes into force in their area; and
- subject to the results of the referendum, bringing the plan into force, making or adopting the plan.

2.0 PROCESS FOR DESIGNATION OF A NEIGHBOURHOOD AREA

2.1 On receiving an application from a Parish Council (which includes Town Councils for this purpose) for designation of a neighbourhood area, the LPA must determine the application having regard to the following matters:

- 1) the desirability of designating the whole of the area of a Parish Council as a neighbourhood area;
- 2) the desirability of maintaining the existing boundaries of areas already designated as neighbourhood areas;
- 3) would the area more appropriately be designated as a business area i.e. the area is wholly or predominantly in business use?; and
- 4) consider the need for public consultation (e.g. the proposed neighbourhood area includes more than one neighbouring Parish).

2.2 On applying for designation of a neighbourhood area the Regulations (2012) as amended, specify the relevant body must submit the following:

- a map identifying the proposed neighbourhood area;
- a statement explaining why the area is appropriate to be designated; and
- a statement explaining that the body making the area application is capable of being a qualifying body (i.e. is a Parish or Town Council).

2.3 On accepting a valid application for area designation, the LPA is required to publish the application for a period of not less than six weeks to invite representations on the application. This is to be via the LPA website and 'in any other such manner as is considered likely to bring the application to the attention of people who live, work or carry out business in the area to which the application relates'.

2.4 On 29 January 2013 the Council resolved to adopt the statutory six week minimum period and also resolved that authority be delegated to the Executive Committee to agree designated neighbourhood area proposals. However, the process and timescales for designating neighbourhood areas has changed since 2013. This report seeks to amend the Scheme of Delegation to ensure the Council complies with the amended regulations, in particular: The Neighbourhood Planning (General) and Development Management Procedure (Amendment) Regulation 2016. The basic rule is that if the Council does not determine an area application within 13 weeks of publication for representations then it must make such decisions as are necessary to ensure that the whole of the area covered by the application is designated as a neighbourhood area.

2.5 The 2016 changes also imposed a duty (Reg 5A) to designate as a neighbourhood area where the applicant is the relevant Parish Council and the application relates to that entire Parish (not affecting an existing cross parish boundary designation). Reg 5A applications do not have to be advertised and are not subject to the 13 week default duty to designate. As the designation must be made representations upon it would not serve a purpose and there is no point in imposing a duty to designate after 13 weeks given that the same duty applies from the date of application receipt.

3.0 THE DEERHURST APPLICATION TO DESIGNATE A NEIGHBOURHOOD AREA

3.1 An application to designate Deerhurst Parish boundary as a neighbourhood area was validated on 7 December 2018. On the basis that the application was made on behalf of the Parish Council, as the relevant body, and was for the whole Parish it satisfied the provisions of Regulation 5A of the Neighbourhood Planning (General) Regulations 2012 (as amended) and therefore a six week consultation period was not required. The Council is under an obligation to designate. It has no discretion to decline to do so.

3.2 The area proposed for designation cannot be described as being wholly or predominantly in business use and, therefore, to the power to designate the area as a business area it not exercisable.

4.0 OTHER OPTIONS CONSIDERED

4.1 No other options have been considered as an application to designate a neighbourhood area is governed by a statutory process.

4.2 In connection with changes to the Scheme of Delegation, no other options have been considered as such r5A applications to designate a neighbourhood area is governed by a statutory duty as opposed to a power exercisable by the Council, which seeks to speed up the early stages of plan making.

5.0 CONSULTATION

5.1 On the basis that the application was made on behalf of the Parish Council, as the relevant body, and was for the whole Parish it satisfies the provisions of Regulation 5A of the Neighbourhood Planning (General) Regulations 2012 (as amended) and therefore a six week consultation period is not required.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Tewkesbury Borough Council Plan until 2011, adopted 2006.

6.2 Gloucester, Cheltenham and Tewkesbury Joint Core Strategy 2011-2031, adopted 2017.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 The National Planning Policy Framework (2018) supported by the National Planning Practice Guidance.

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 Financial support is provided by the DHCLG to assist LPAs in meeting their neighbourhood planning obligations. Claims can be made three times a year. The next is due in March 2019.

8.2 Tewkesbury now has over five neighbourhood areas designated and therefore no further funds are available to claim for neighbourhood area designations, unless a business forum wishes to proceed with a neighbourhood plan. However, £20,000 is available to the Council for each plan once the LPA has set a date for a referendum, following a successful examination, where a neighbourhood plan has not previously been made for that area.

8.3 The additional duty to advise and assist communities engaged in neighbourhood planning may increase existing human resource requirements, particularly for Development Services.

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

9.1 Neighbourhood planning gives communities direct power to develop a shared vision for their neighbourhood and deliver the sustainable development they need. Parishes and Town Councils can use neighbourhood planning to set planning policies to ensure that communities get the right types of development for their area within the overarching framework set by the statutory development plan.

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

10.1 The neighbourhood plan process requires evidence, set out in a consultation statement, that must be submitted to the LPA along with the draft neighbourhood plan as a proposal of involvement by the community including hard to reach groups. This is a matter for the relevant, Qualifying Body preparing the plan to address. However, the LPA is responsible for checking the plan meets with basic conditions as per Paragraph 12 of Schedule 4B of the 1990 Act as applied by s38A(3) of the 2004 Act. Working proactively with communities throughout the plan preparation, will ensure that impact on finances, equalities, Human Rights and other legislation are minimised and have been met.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 Council on 29 January 2013 delegated power to designate neighbourhood plan areas to the Executive Committee.

Background Papers: None.

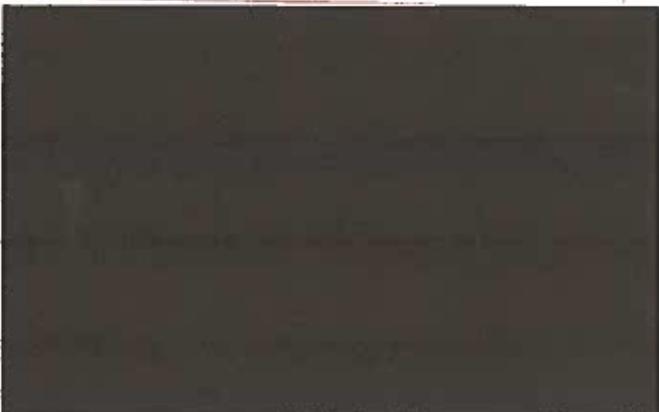
Contact Officer: Planning Policy Officer Tel: 01684 272208
Email: jane.wormald@teWKesbury.gov.uk

Appendices: 1. Deerhurst Parish Council neighbourhood area application form.
2. Neighbourhood Area boundary map.

Designation of a Neighbourhood Area

Please note that the information provided on this application form may be published on the Council's website. Please complete using block capitals and black ink

1. Parish clerk details

| | |
|-------------|---|
| Title: | MRS |
| First Name: | FIONA |
| Surname: | WALLBANK |
| Address 1: |  |
| Address 2: | |
| Address 3: | |
| Town: | |
| County: | |
| Postcode: | |
| Email: | |
| Phone: | |

2. Single point of contact (if different from above)

| | |
|-------------|--|
| Title: | MR |
| First Name: | LEN |
| Surname: | ATTARD |
| Address 1: |  |
| Address 2: | |
| Address 3: | |
| Town: | |
| County: | |
| Postcode: | |
| Email: | |
| Phone: | |

3. Relevant body

Please confirm that you are the relevant body to undertake neighbourhood planning in your area in accordance with section 61G of the 1990 Act and section 5C of the 2012 Planning Regulations.

Yes No Name of Lead Parish Council

Participating neighbouring parishes will need to give consent below:

| Name Town/Parish Council | Name and Position | Authorising Signature |
|--------------------------|-------------------|-----------------------|
| | | |
| | | |
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| | | |

4. Name of the proposed neighbourhood area

4. Extent of the proposed neighbourhood area

Please indicate below and attach a map showing the extent of the proposed area.

Whole parish
Part of a parish
Multiple parishes

Please outline why you consider the boundary of your proposed neighbourhood area to be appropriate.

THE PARISH BOUNDARY INCLUDES THE 3 MAIN POPULATION HUBS AND RURAL LAND ALSO.

Please describe what factors you have taken into account when reaching your decision on your proposed neighbourhood area boundary.

THE WHOLE PARISH IS CONSIDERED A UNIFIED NUMBER OF SETTLEMENTS AND AGRICULTURAL LAND AND NEEDS TO BE TREATED AS A WHOLE.

5. Consultation

Have any of the parishes or groups within your proposed neighbourhood area already undertaken relevant community consultations?

For example:

| | | | |
|----------------------|-------------------------------------|--------------------------------------|--------------------------|
| Parish/Town Plan | <input checked="" type="checkbox"/> | Design Statement | <input type="checkbox"/> |
| Place Plan | <input type="checkbox"/> | Local Landscape Character Assessment | <input type="checkbox"/> |
| Village Appraisal | <input type="checkbox"/> | Local Conservation Area Assessment | <input type="checkbox"/> |
| Themed consultations | <input type="checkbox"/> | Other | <input type="checkbox"/> |

When did these consultations take place and how representative of the population are they?

2002/2003 PARISH PLAN COMPLETED.
OUT OF DATE NOW!

Have the consultations you have already undertaken pro-actively involved hard to reach and seldom heard members of the community? Yes No

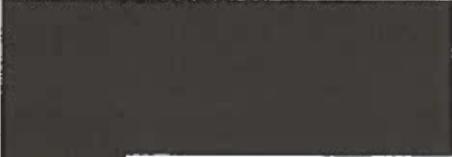
How?

How will the above consultations be used when developing a neighbourhood plan?

EXISTING PARISH PLAN MAY BE USED AS A STARTING POINT.

6. Declaration

I hereby apply to designate a neighbourhood area as described on this form and accompanying plan.

| | | | |
|------------|--|----------------------------|----------------|
| Signature: |  | Date: | 29.11.1918 LVA |
| Name: | LEN ATTARD - | CHAIRMAN DEERHURST T.C. | |

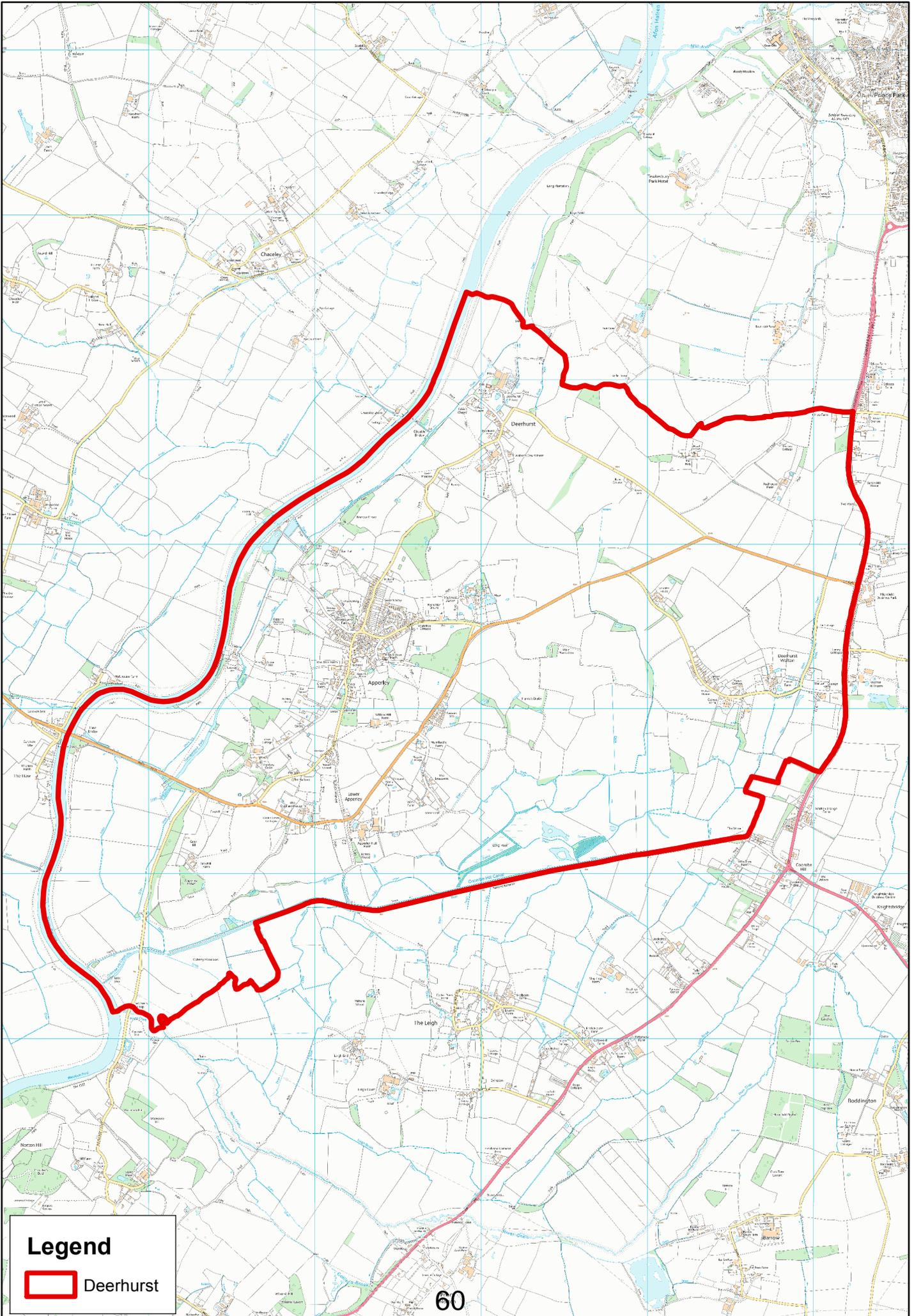
Please return your completed form to:

Neighbourhood Planning
Community & Economic Development Team
Tewkesbury Borough Council
Gloucester Road
Tewkesbury
Gloucestershire
GL20 5TT

Email : neighbourhoodplanning@teewkesbury.gov.uk
Phone : 01684 295010

*. AT MEETING OF DEERHURST PARISH COUNCIL
HELD ON 28.11.1918 LVA IT WAS RESOLVED
UNANIMOUSLY TO MAKE THIS APPLICATION.

Deerhurst Parish Neighbourhood Area



Legend
[Red Outline] Deerhurst

TEWKESBURY BOROUGH COUNCIL

| | |
|------------------------------|---|
| Report to: | Executive Committee |
| Date of Meeting: | 6 February 2019 |
| Subject: | Tewkesbury Mop Fair Opening Time – Variation to Agreement |
| Report of: | Community and Economic Development Manager |
| Corporate Lead: | Deputy Chief Executive |
| Lead Member: | Lead Member for Economic Development/Promotion |
| Number of Appendices: | None |

| |
|--|
| <p>Executive Summary:</p> <p>James Danter Fun Fairs requested that the Mop Fair open at the earlier time of 4pm for the Tewkesbury Mop Fair in 2018. In previous years it commenced at 6pm.</p> <p>This report requests that this arrangement be made permanent by a formal variation of the licence between James Danter and Tewkesbury Borough Council.</p> |
| <p>Recommendation:</p> <p>With effect from 2019, a variation to the current licence agreement be APPROVED to facilitate a 4pm opening of the Mop Fair subject to the annual approval of the emergency services.</p> |
| <p>Reasons for Recommendation:</p> <ol style="list-style-type: none"> 1. To open the fair at a more sociable time for young people to experience it. 2. To avoid road closures during peak times. |
| <p>Resource Implications:</p> <p>No resource implications directly resulting from the report.</p> |
| <p>Legal Implications:</p> <p>The current Mop Fair agreement runs until 2024 (including the Mop Fair that year). A formal variation of the licence will affect every Fair until the expiry of the agreement.</p> |
| <p>Risk Management Implications:</p> <p>There are no risk management implications associated with the report.</p> |
| <p>Performance Management Follow-up:</p> <p>There are no performance management requirements.</p> |
| <p>Environmental Implications:</p> <p>None directly associated with this report.</p> |

1.0 INTRODUCTION/BACKGROUND

1.1 The Tewkesbury Mop Fair is the largest street fair in Gloucestershire and one of the oldest in the country. Traditionally it takes place on the 9 and 10 October, unless the date falls on a Sunday. The Fair is thought to date back to the 12th Century.

1.2 The Mop Fair is traditionally opened by the Mayor. In the moments prior to this the Mayor and other dignitaries process from the Crescent to The Cross, where the Fair is formally opened. Traditionally this has been at 6pm on the first day of the Mop Fair. Council Officers assist in stewarding the procession and closure of roads during the procession.

2.0 MOP FAIR OPENING

2.1 In 2018 James Danter Fun Fairs requested that the Mop Fair open at 4pm, instead of the usual 6pm. The emergency services were consulted and raised no objections.

2.2 Following the success of this arrangement, James Danter Fun Fairs has requested that this arrangement is formalised and made permanent through a formal variation to the current licence agreement which runs until 2024. The Executive Committee's agreement to this variation would be subject to the annual approval of the emergency services.

2.3 The earlier time allows for young people to attend the event at a more sociable hour particularly primary school aged children who were provided with promotional vouchers to encourage attendance at the earlier time. James Danter is very keen to promote the fair and its historic origins within the local schools to ensure that the traditional Mop Fair continues to thrive. The earlier time also enables road closures outside of the peak time. Church Street (where the procession is held) and the surrounding roads are usually closed for a ten-minute period. The Safety Advisory Group has been consulted on the proposal and raised no objections.

4.0 OTHER OPTIONS CONSIDERED

4.1 No other options considered.

5.0 CONSULTATION

5.1 Consultation took place with the Safety Advisory Group which is unopposed to the change in opening time.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Tourism and Economic Development Strategy 2012 – 2015, Regenerating and Growing the Economy.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None directly associated with this report.

- 8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 8.1** The Mop Fair is enjoyed by many residents in the community and also attracts visitors to the town centre.
- 9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**
- 9.1** None directly associated with this report.
- 10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 10.1** None.

Background Papers: None.

Contact Officer: Community and Economic Development Manager
Tel: 01684 272094 Email: andy.sanders@teWKesbury.gov.uk

Appendices: None.