



**Gloucester
City Council**

Cabinet

**Meeting: Wednesday, 11th November 2015 at 6.00 pm in Civic Suite,
North Warehouse, The Docks, Gloucester, GL1 2EP**

Membership:	Cllrs. James (Leader of the Council and Cabinet Member for Regeneration and Economy) (Chair), Dallimore (Deputy Leader and Cabinet Member for Communities and Neighbourhoods), Noakes (Cabinet Member for Culture and Leisure), D. Norman (Cabinet Member for Performance and Resources), Organ (Cabinet Member for Housing and Planning) and Porter (Cabinet Member for Environment)
Contact:	Atika Tarajiya Democratic Services Officer 01452 396127 atika.tarajiya@gloucester.gov.uk

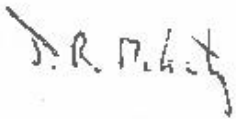
AGENDA

1.	APOLOGIES To receive any apologies for absence.
2.	DECLARATIONS OF INTEREST To receive from Members, declarations of the existence of any disclosable pecuniary, or non-pecuniary, interests and the nature of those interests in relation to any agenda item. Please see Agenda Notes.
3.	MINUTES (Pages 7 - 10) To approve as a correct record the minutes of the meeting held on 21 st October 2015.
4.	PUBLIC QUESTION TIME (15 MINUTES) The opportunity is given to members of the public to put questions to Cabinet Members or Committee Chairs provided that a question does not relate to: <ul style="list-style-type: none"> • Matters which are the subject of current or pending legal proceedings, or • Matters relating to employees or former employees of the Council or comments in respect of individual Council Officers

<p>5.</p>	<p>PETITIONS AND DEPUTATIONS (15 MINUTES)</p> <p>To receive any petitions or deputations provided that no such petition or deputation is in relation to:</p> <ul style="list-style-type: none"> • Matters relating to individual Council Officers, or • Matters relating to current or pending legal proceedings. 				
<p>6.</p>	<p>FINANCIAL MONITORING QUARTER 2 REPORT (Pages 11 - 24)</p> <p>To consider the report of the Cabinet Member for Performance and Resources updating Members on financial monitoring details including budget variances, year-end forecasts, and progress made against agreed savings targets for the 2nd quarter ended 30th September 2015.</p>				
<p>7.</p>	<p>TREASURY MANAGEMENT QUARTER 2 REPORT (Pages 25 - 38)</p> <p>To consider the report of the Cabinet Member for Performance and Resources updating Members on treasury management activities for Quarter 2, (1st July 2015 to 30th September 2015).</p>				
<p>8.</p>	<p>FLOOD IMPROVEMENT WORKS UPDATE (Pages 39 - 58)</p> <p>To consider the report of the Cabinet Member for Environment updating Members of the flood alleviation works which have been completed across the City throughout 2014/2015, those that are currently in progress and to outline future proposed works.</p>				
<p>9.</p>	<p>INVESTMENT AT BLACK DOG WAY (Pages 59 - 66)</p> <p>To consider the report of the Cabinet Member for Housing and Planning updating Members on progress with a development proposal at Black Dog Way and seeking approval for the use of 'right to buy' receipts as a means of delivering a viable scheme and to secure the delivery a range of types of 'affordable housing' within the City Centre.</p> <p>PLEASE NOTE: Appendix 1 contains exempt material as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended). If Members wish to discuss material contained within Appendix 1 it will be necessary to notify the Chair to enable a resolution to be passed to exclude the press and public.</p>				
<p>10.</p>	<p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>To resolve:-</p> <p>“That the press and public be excluded from the meeting during the following item of business on the grounds that it is likely, in view of the nature of business to be transacted or the nature of the proceedings, that if members of the press and public are present during consideration of this item there will be disclosure to them of exempt information as defined in Schedule 12A of the Local Government Act 1972 as amended”.</p> <table border="0"> <thead> <tr> <th data-bbox="236 1899 478 1933">Agenda Item No.</th> <th data-bbox="619 1899 1104 1933">Description of Exempt Information</th> </tr> </thead> <tbody> <tr> <td data-bbox="236 1966 272 2000">11</td> <td data-bbox="619 1966 1414 2033">Paragraphs 1 and 2: Information relating to an individual and which is likely to reveal the identity of an individual.</td> </tr> </tbody> </table>	Agenda Item No.	Description of Exempt Information	11	Paragraphs 1 and 2: Information relating to an individual and which is likely to reveal the identity of an individual.
Agenda Item No.	Description of Exempt Information				
11	Paragraphs 1 and 2: Information relating to an individual and which is likely to reveal the identity of an individual.				

11. ENFORCED SALE OF 71 NINE ELMS ROAD, GL2 0HF (Pages 67 - 80)

To consider the report of the Cabinet Member for Housing and Planning informing Members of the debt on 71 Nine Elms Road that has accrued as a result of continuing enforcement to clear the overgrown garden and to recommend the Enforced Sale of the property as a means for the City Council to recover this debt.



Jon McGinty
Managing Director

Date of Publication: Tuesday, 3 November 2015

NOTES

Disclosable Pecuniary Interests

The duties to register, disclose and not to participate in respect of any matter in which a member has a Disclosable Pecuniary Interest are set out in Chapter 7 of the Localism Act 2011.

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows –

<u>Interest</u>	<u>Prescribed description</u>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the Council) made or provided within the previous 12 months (up to and including the date of notification of the interest) in respect of any expenses incurred by you carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between you, your spouse or civil partner or person with whom you are living as a spouse or civil partner (or a body in which you or they have a beneficial interest) and the Council (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged
Land	Any beneficial interest in land which is within the Council's area. For this purpose "land" includes an easement, servitude, interest or right in or over land which does not carry with it a right for you, your spouse, civil partner or person with whom you are living as a spouse or civil partner (alone or jointly with another) to occupy the land or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the Council's area for a month or longer.
Corporate tenancies	Any tenancy where (to your knowledge) – (a) the landlord is the Council; and (b) the tenant is a body in which you, your spouse or civil partner or a person you are living with as a spouse or civil partner has a beneficial interest
Securities	Any beneficial interest in securities of a body where – (a) that body (to your knowledge) has a place of business or land in the Council's area and (b) either – i. The total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or ii. If the share capital of that body is of more than one class, the total nominal value of the shares of any one class in

which you, your spouse or civil partner or person with whom you are living as a spouse or civil partner has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

For this purpose, “securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

NOTE: the requirements in respect of the registration and disclosure of Disclosable Pecuniary Interests and withdrawing from participating in respect of any matter where you have a Disclosable Pecuniary Interest apply to your interests and those of your spouse or civil partner or person with whom you are living as a spouse or civil partner where you are aware of their interest.

Access to Information

Agendas and reports can be viewed on the Gloucester City Council website: www.gloucester.gov.uk and are available to view five working days prior to the meeting date.

For further details and enquiries about this meeting please contact Atika Tarajiya, 01452 396125, atika.tarajiya@gloucester.gov.uk.

For general enquiries about Gloucester City Council’s meetings please contact Democratic Services, 01452 396126, democratic.services@gloucester.gov.uk.

If you, or someone you know cannot understand English and need help with this information, or if you would like a large print, Braille, or audio version of this information please call 01452 396396.

Recording of meetings

Please be aware that meetings may be recorded with the Mayor or Chair’s consent and this may include recording of persons seated in the Public Gallery or speaking at the meeting. Please notify a City Council Officer if you have any objections to this practice and the Mayor/Chair 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.

FIRE / EMERGENCY EVACUATION PROCEDURE

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions:

- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building; gather at the assembly point in the car park and await further instructions;
- Do not re-enter the building until told by a member of staff or the fire brigade that it is safe to do so.

This page is intentionally left blank



CABINET

MEETING : Wednesday, 21st October 2015

PRESENT : Cllrs. James (Chair), Dallimore, Noakes, D. Norman, Organ and Porter

Others in Attendance

Jon McGinty, Managing Director

Martin Shields, Corporate Director of Services and Neighbourhoods

Ross Cook, Corporate Director

Jon Topping, Head of Finance

Atika Tarajiya, Democratic and Electoral Services Officer

47. DECLARATIONS OF INTEREST

There were no declarations of interest.

48. MINUTES

RESOLVED:

That the minutes of the meeting held on Wednesday 16th September be confirmed as a correct record and signed by the Chair.

49. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

50. PETITIONS AND DEPUTATIONS (15 MINUTES)

There were no petitions or deputations.

51. TREASURY MANAGEMENT UPDATE QUARTER 1

Cabinet considered the report of the Cabinet Member for Performance and Resources updating Members on Treasury Management Activities in Quarter 1 (1st April 2015 to 30th June 2015).

Councillor Norman (Cabinet Member for Performance and Resources) highlighted key areas of the report commenting that City Council had now repaid the

CABINET
21.10.15

outstanding debt associated with the housing stock transferred to Gloucester City Homes (GCH) on the 17th March 2015.

Cabinet Members endorsed the approach and were pleased to note that the City Council were not borrowing in advance of need at the end of Quarter 1.

RESOLVED:

That the contents of the report be noted.

52. BUSINESS RATES POOLING 2016/17

Cabinet considered the report of the Cabinet Member for Performance and Resources seeking approval for the temporary withdrawal of Tewkesbury Borough Council (TBC) from the Gloucestershire Business Rates pool and the formation of a revised business rates pool.

Cabinet Members welcomed the proposals reaffirming their commitment to remaining a member of a county wide pool noting that this would encourage economic growth across the district.

RESOLVED:

1. That subject to further work being undertaken by Gloucestershire Chief Financial Officers prior to 31 October 2015 deadline, that the current pool be disbanded in principle to enable Tewkesbury Borough Council to be withdrawn from the Gloucestershire Business Rates Pool for the financial year 2016/2017.
2. That authority be delegated to the s151 Officer, in consultation with the Cabinet Member for Performance and Resources, to manage on an on-going basis the Council's position with regard to Pool membership.
3. That authority be delegated to the s151 Officer, in consultation with the Cabinet Member for Performance and Resources, the agreement of any amendments in relation to the existing pooling agreement.
4. That authority be delegated to the S151 Officer to enter into revised pooling agreements on such terms as considered appropriate, in consultation with the Cabinet Member for Performance and Resources.

53. REVIEW OF DOG WARDEN SERVICE

Cabinet considered the report of the Cabinet Member for Environment updating Members on work that has been undertaken to review the Council's Dog Warden Service, and to seek approval to make arrangements for the collection service to be provided by Worcestershire Regulatory Services (WRS) for a trial period of 12 months.

Cabinet Members endorsed the approach commenting that the proposals were fiscally prudent, generating modest savings that would contribute to the Council's

CABINET
21.10.15

savings programme. They noted that this move alongside the introduction of micro chipping would encourage more responsible dog ownership.

RESOLVED:

1. That the contents of the report be noted and in particular the improvements that have been made through the transfer of stray dog kennelling and re-homing to Worcestershire Regulatory Services;
2. That approval be granted to extend the existing shared arrangement with Worcestershire Regulatory Services for a trial period of 1 year to wholly deliver the Dog Warden Service including the collection of stray dogs, and
3. That approval be granted to implement a formal variation to the AMEY Street-care Contract in accordance with contract provisions, in order to remove the requirement for them to provide a stray dog service.

54. ENERGY MONITORING AND MANAGEMENT - 2014/2015

Cabinet considered the report of the Cabinet Member for Environment updating Members on energy usage across the City Council's buildings during 2014/2015 and reduction in consumption and costs due to improved management.

Cabinet Members endorsed the approach noting that it delivered both environmental and financial benefits and commented that continual monitoring of new technology and processes could help to deliver future savings. Councillor Norman expressed his hope that given the fall in the cost of energy production Officers would ensure best value was being obtained and competitively negotiate with the Council's energy supplier if necessary.

RESOLVED:

1. That the positive progress that has been made in reducing energy usage, consumption and costs across the Council's buildings during 2014-15 be noted.
2. That the continued implementation of projects to minimise energy usage across the Council's buildings be supported and;
3. That the adoption of the framework agreement with Advanced Demand Side Management Ltd (ADSM Ltd) to access the 'Aquafund' for water conservation improvements across the Council's buildings be noted.

55. ROBINSWOOD HILL MASTER PLAN & PARKS FOR PEOPLE FUNDING BID

Cabinet considered the report of the Cabinet Member for Housing and Planning and Cabinet Member for Environment updating Members on the progress made with the Robinswood Hill Master Plan Project and to seek approval to pursue Heritage Lottery Fund, Parks for People funding in partnership with the Gloucestershire Wildlife Trust (GWT).

**CABINET
21.10.15**

Cabinet Members welcomed the proposals acknowledging that a successful bid would help to deliver further improvements to the Hill, already an important community asset and site of a wide variety of cultural events. They were pleased to note that an asset based approach had been adopted and the views of local residents were being sought and considered.

RESOLVED:

1. That the contents of the report be noted;
2. That the draft Memorandum of Understanding (included at Appendix 2) be endorsed for completion;
3. That approval be granted for Officers to jointly develop a Master Plan in partnership with the Gloucestershire Wildlife Trust;
4. That use of the plan in providing a framework for decision making on Robinswood Hill over the next 10 years be supported;
5. That approval be granted for Officers to work in partnership with the Gloucestershire Wildlife Trust to develop a Big Lottery/Heritage Lottery Fund, Parks for People funding bid for improvements to Robinswood Hill, and
6. That capital receipts raised from the sale of Woods Orchard Car Park be utilised to jointly fund a Gloucestershire Wildlife Trust post over 2 years, which will have a specific remit to develop Master Plan, gather necessary evidence to submit a Parks for People Funding Bid and prepare and submit the Bid.

56. INTERIM PLANNING POLICY FOR MOBILE CATERING UNITS

Cabinet considered the report of the Cabinet Member for Housing and Planning seeking approval for the proposed interim planning policy for mobile catering units for the purposes of public consultation.

Cabinet Members endorsed the approach commenting that once finalised the policy would help to ensure an appropriate location for the units in line with local resident's views and business appetite.

RESOLVED:

That the proposed interim planning policy for mobile catering units be approved for a six week period of public consultation.

**Time of commencement: 6.00 pm
Time of conclusion: 6.21 pm**

Chair



Meeting:	Overview and Scrutiny Cabinet	Date:	9 November 2015 11 November 2015
Subject:	Financial Monitoring Quarter 2		
Report Of:	Cabinet Member for Performance and Resources		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Andrew Cummings, Management Accountant		
	Email:	Andrew.cummings@gloucester.gov.uk	Tel: 396231
Appendices:	1. Progress against savings targets 2. Capital monitoring 3. Income Targets		

FOR GENERAL RELEASE

1.0 Purpose of Report

1.1 For Cabinet to note the financial monitoring report details including budget variances, year-end forecasts, and progress made against agreed savings targets for the 2nd quarter ended 30th September 2015.

2.0 Recommendations

2.1 **Overview and Scrutiny Committee** is asked, subject to any recommendations it wishes to make to Cabinet, to **note** the contents of the report.

2.2 Cabinet is asked to **RESOLVE** that it be noted that:

- (1) The savings achieved in year to date total £945k.
- (2) The forecast year end position is currently for a reduction to the Council's General Fund balance of £278k. This is an improvement of the Quarter 1 position of £554k.
- (3) The actual and expected levels of income for the Council shown at Appendix 3.
- (4) The details of specific budgetary issues identified by Officers and the actions being taken to address those issues
- (5) The current level of Capital expenditure as shown on Appendix 2.

3.0 Background and Key Issues

3.1 The figures contained within this report forecast the year end position. This is based on the actual expenditure to the end of quarter 2 and forecast forwards based on budget monitoring meetings between service managers and financial services staff. The year-end forecast is the best estimate at the current time of the year-end position on the Council's General Fund.

3.2 The estimated reduction in the General Fund balance would still ensure that the general fund balance remains above the Council's stated minimum of position of £1.6m.

3.2 A summary table below shows the projected position for each service area as well as the change in projected variances since the Quarter 1 position.

4.0 Whole Council Summary

4.1 The forecast position for the end of the year is a reduction of the Council's General Fund by £278k. This is a significant improvement from the forecast performance at the Quarter 1 of £554k. During Quarter 2 additional savings have been achieved of £94k and forecasts have improved in a number of other areas.

Council Total	2015/16 Budget	Year End Forecas t	Varianc e	Chang e since Q1
Corporate Director - Martin	3,399	3,479	80	27
Corporate Director - Ross	6,204	6,910	706	224
Regen and Economic Development	(486)	(526)	(40)	(24)
Finance and Business Improvement	3,141	2,873	(268)	(313)
Funding and Corporate Adjustments	(12,226)	(12,458)	(232)	(192)
Total	32	278	246	(278)

4.2 This position reflects the current level of at risk savings targets, as well as new financial pressures identified during 2015/16, and any areas which are expected to be under their budget for the year.

5.0 Corporate Director – Martin Shields

Corporate Director - Martin	2015/16 Budget	Year End Forecas t	Varianc e	Chang e since Q1
Planning	454	453	(1)	40
Legal and Democratic Services	1,103	1,102	(1)	(4)
Communications	125	119	(6)	3
Housing Services	761	722	(39)	(32)

HR	351	249	(102)	(51)
Guildhall and Museums	428	662	234	74
Internal Audit	177	172	(5)	(3)
Total	3,399	3,479	80	27

- 5.1 The position for the directorate as a whole is forecast to be overspent by 80k. The majority of service areas within the directorate are forecast to be within their budget allocations but the savings targets at the Guildhall and the Museums are creating a pressure on the year end position.
- 5.2 The team at the Guildhall have continued to primarily target income generation as a means of reaching the savings target. This has seen particular success with the cinema and room lettings. Appendix 3 shows that the Guildhall is expected to generate £80k more income than budgeted. There have been some offsetting costs as part of this process, in particular increased expenditure on advertising and publicity.
- 5.3 The performance at the bar and cafe at the Guildhall continues to fall short of the budgeted surplus. This shortfall for the year is expected to be £43k below the level required in the budget, diminishing the impact of budget savings achieved elsewhere within the Guildhall.
- 5.4 Current estimates suggest that savings at the Museums are unlikely to be delivered in year. An over spend of £134k is currently expected. It is within expectations for the service pending implementation of the recommendations from the Cultural Services Review. These include; major building works including opening up the wall between the library and the café; the installation of new display cases; the resubmission of the HLF Bid; restructuring, including annualised hours and a review of the opening times, and; allowing time for the joint museums card with the Soldiers of Gloucester and the Waterways Museums to impact on visitor numbers. In addition, rebranding and marketing of both Museums will be undertaken during the winter months ready to re-launch both Museums for the spring 2016.
- 5.5 The HR Service is forecasting a significant saving of £102k for the year, an increase of £50k since the first quarter position. The slight delays to the implementation of the shared service mean the City Council continues to make savings from the high level of vacancies within the team. The transfer of the service to the County Council will deliver annual savings of approximately £56k from the 2016/17 year onwards.
- 5.6 There is some pressure in year on the budget for the registration of electors. The new system of Individual Electoral Registration (IER) is resulting in higher administrative costs which are only partly met by central government funding. The cost of the service is partly dependant on the response rate from households and this is currently lower than anticipated. A clearer picture on final costs will develop as the process continues. For the Legal and Democratic service as a whole these additional election costs are currently predicted to be offset by the savings made by the transfer of legal services to One Legal.
- 5.7 Within planning and development there are extra costs in year relating to the review of the Joint Core Strategy and carrying out the City plan. At this stage these costs

are expected to be £67k higher than anticipated. The service as a whole is expected to be on budget as planning income is also higher than budget and effectively offsets these additional costs.

6.0 Corporate Director – Ross Cook

Corporate Director - Ross	2015/16 Budget	Year End Forecast	Variance	Change since Q1
Neighbourhood Services	4,530	5,144	614	253
Environmental Planning and the Countryside Unit	429	423	(6)	(5)
Voluntary Sector	381	371	(10)	(26)
Shopmobility	4	55	51	20
Cem and Crem	(852)	(877)	(25)	0
Markets	(208)	(144)	64	36
Contact Centre	760	714	(46)	(13)
TIC	144	179	35	16
Public Protection	1,016	1,045	29	(57)
Total	6,204	6,910	706	224

- 6.1 A significant overspend is still expected on this directorate and the overall position has deteriorated since the Quarter 1 variance of £482k.
- 6.2 The savings target on the Amey contract is £70k rolled forward from 2014/15 and an additional £300k from 15/16. The savings achieved in year now total £136k with no implications for the level of service provision. Further savings have been identified and are being negotiated with Amey but at this stage it is not expected that the Council will achieve the full £300k of savings in this financial year.
- 6.3 It has previously been reported to Cabinet that the Council is exposed to risk from any fall in the value of recyclable material that Amey is able to achieve on the open market. At Quarter 1 this was estimated at £200k but current estimates from Amey suggest a shortfall of approximately £330k which the Council will be required to pay to Amey at year end. This issue means that, after consideration of the achieved savings, an overspend of £564k is expected on this contract at this time. The Cabinet Member for the environment has recently met with Amey to reiterate the importance of the savings programme and further savings proposals are expected from Amey in the very near future.
- 6.4 The markets service expected overspend has increased to £64k. This is a result of no significant savings projects having yet been completed towards the £50k savings target as well as forecast shortfalls against the income budgets for both the Eastgate Market and Hempsted market. The shortfall at Eastgate market is partly caused by a number of vacant units at the market. However, a number of the vacant units have recently been filled and there is interest in some of the others. A higher level of occupancy will help to improve the financial position of the service. For the longer term a soft market testing exercise is underway which will inform the decisions to achieve the savings.

- 6.5 A procurement exercise is currently under way to determine the future of the Shopmobility Service so it is unlikely that the savings will be delivered in year. The service has however saved some money in year as a result of staff vacancies.
- 6.6 The Contact Centre and Customer Services continues to deliver savings against budget for the year. A saving of £15k against the postage budget is currently forecast alongside income from street naming and numbering charges of £11k. The income from the street naming is difficult to predict in the first year of operation and any significant changes will be reported back to cabinet.

7.0 Regeneration and Economic Development

Regeneration and Economic Development	2015/16 Budget	Year End Forecast	Variance	Change since Q1
Asset Management	(466)	(478)	(12)	(33)
Economic Development	367	366	(1)	39
Parking	(854)	(880)	(26)	11
Marketing Gloucester	467	466	(1)	(41)
Total	(486)	(526)	(40)	(24)

- 7.1 The overall position for this area is to be underspent against budgets by £40k.
- 7.2 Car parking continues to be forecast at a slightly higher level of surplus than anticipated in the budget. Income is currently forecast to be £86k above the budget (Appendix 3) but this is slightly offset by higher costs in some areas such as a higher level of enforcement in the car parks.
- 7.3 The Economic Development service is currently predicting to spend as budgeted in the current financial year. The service has had a significant number of vacancies during the year which have delivered a saving but this saving is offset by redundancy costs and unbudgeted consultancy work.

8.0 Head of Financial Services

Finance and Business Improvement	2015/16 Budget	Year End Forecast	Variance	Change since Q1
Financial Services	738	681	(57)	(50)
Revenues and Benefits	81	(126)	(207)	(211)
Business Improvement	919	904	(15)	(57)
IT	1,403	1,414	11	5
Total	3,141	2,873	(268)	(313)

- 8.1 There has been a reduction in the expected cost to the Council of providing housing benefit in the year. This has arisen from work undertaken to improve the forecasting of both the expenditure on housing benefit and the subsidy received from Central Government. The expected position now is that the net cost to the Council will be £207k less than budgeted. It should be noted that small percentage

variations in either income or expenditure would affect this but the forecasting now in place will ensure that any changes can be captured and reported.

9.0 Progress against savings targets

- 9.1 Full details of the Council's progress against its savings targets are shown at Appendix 1.
- 9.2 The savings achieved to date from the Amey contract relate to savings which have not had any impact on Service provision. These are a change in the staffing of the yard at the depot (£17k), a removal from Amey of the responsibilities around education and communications for waste and recycling carried out by Council staff (£30k) and a reduction in the number of loaders working on the recycling vehicles (£89k). The Amey savings target now has £154k identified as being at risk. There are a number of savings options still available, both for this year and the next but it is unclear how much financial impact they will have on the 15/16 year.
- 9.3 Restructurings within both Neighbourhood Services and Planning have not yet taken place which again reduces the financial impact in 15/16. Therefore, a proportion of the savings targets in both of these areas have now been identified as being at risk.

10.0 Capital Programme

- 10.1 The Capital Programme budget currently stands at £8.91m. At the end of quarter 2 capital expenditure stands at £1.026m in total. It is expected that expenditure will increase as projects progress during the year.
- 10.2 Four new capital projects have been added to the Capital Programme during the second quarter. Public open space at Barton and Tredworth has received s106 funding of £182k, additional work at the crematorium has been identified on the cremators of £35k, Cherry & White Gazebos at the Kings Square Market are included at £11k and LED lighting installation for car parks is now included at £11k. New capital projects must be approved by the officer led Capital Projects Steering Group.

11.0 Prompt payment performance

- 11.1 The Council aims to make payments to all suppliers promptly and in accordance with contract terms. The performance on invoice payments during the quarter is below.

	<u>July</u>		<u>August</u>		<u>September</u>		<u>Qtr 2</u>	
Number paid within 30 days	701	96%	749	94%	772	95%	2222	95%
Number paid over 30 days	30	4%	52	6%	41	5%	123	5%
Average Days to Pay (from receipt of invoice to payment date)	9		10		7		8	

12.0 Asset Based Community Development (ABCD) Considerations

12.1 This report notes the financial performance of the Council against budgets. Where Council services are undertaken using an ABCD approach and this impacts on either service expenditure or income, this is reflected in the figures projected.

13.0 Alternative Options Considered

13.1 When consider how to reduce budgetary pressure or make savings officers explore a wide range of options.

14.0 Reasons for Recommendations

14.1 It is a good practice for members to be regularly informed of the current financial position of the Council. This report is intended to make members any of any significant issues in relation to financial standing and any actions that officers are taking in response to identified variances.

15.0 Future Work and Conclusions

15.1 Work will continue to reach savings targets or limit in year budget pressures. A further financial monitoring report will be produced for members at the end of the second quarter.

16.0 Financial Implications

16.1 All financial implications are contained within the report which is of a wholly financial nature.

(Financial Services have been consulted in the preparation this report.)

17.0 Legal Implications

17.1 There are no legal implications from this report

(One Legal have been consulted in the preparation this report.)

18.0 Risk & Opportunity Management Implications

18.1 There are no specific risks or opportunities as a result of this report

19.0 People Impact Assessment (PIA):

19.1 A PIA screening assessment has been undertaken and the impact is neutral. A full PIA is not required.

20.0 Other Corporate Implications

Community Safety

20.1 None

Sustainability

20.2 None

Staffing & Trade Union

20.3 None

Budget Savings Monitoring - 2014/15 and 2015/16

Savings Not Delivered in 2014/15

Service	Officer	Details: aim of the project	2014/15 £000	Achieved £000	In Progress £000	At Risk £000	Not Achieved	Comments	Status
Neighbourhood Services	RC/LG	Amey contract review, ongoing project from 2013/14 with requirement to identify further savings	(70)	(70)	0		0	As part of the 2015/16 budget process Amey are producing proposals for further contract savings.	☺
Neighbourhood Services	RC/LG	Environmental Team Review	(100)		(50)	(50)	0	Staff consultation underway on restructuring. Full savings not expected to be delivered in	☺
Public Protection	GR	Shopmobility	(50)			(50)	0	Options to deliver the service with the voluntary sector are still being explored. No savings are expected in 15/16.	☹
Public Protection	GR	Market Service	(50)			(50)	0	No firm actions in place to deliver savings. Performance elsewhere in markets not sufficient to compensate.	☹
Cultural Services	MS	Museums Operational Review	(50)	(18)	0	(32)	0	Cultural Services review completed and recommendations to deliver savings are being implemented.	☺
Cultural Services	MS	Guildhall Operational review	(50)	0	(50)		0	Cultural Services review completed and recommendations to deliver savings are being implemented.	☺
Regeneration	AH	Asset Management Service Review	(100)	(100)			0	Structure Implemented in February 2015, full savings now realised in 2015/16	☺
Total			(470)	(188)	(100)	(182)	0		

Savings Target 2015/16

Service	Officer	Details: aim of the project	2015/16 £000	Achieved £000	In Progress £000	At Risk £000	Not Achieved	Comments	Status
Neighbourhood Services	RC/LG	Cemeteries and Crematorium	(50)	(50)			0	Monitoring of income against budget will continue during 2015/16	☺
Neighbourhood Services	RC/LG	Amey contract review, ongoing project from 2013/14 with requirement to identify further savings	(300)	(66)	(80)	(154)	0	Some savings identified and the process of identifying further savings is identified.	☹
Business Improvement	SN	Aspire - Phased reductions in management fee	(200)	(200)			0	Management fee has been reduced for 2015/16	☺
Business Improvement	SN	Energy Savings	(100)	(100)			0	Capital works completed in 14/15 ongoing monitoring in 15/16 to ensure expected savings delivered	☺
Public Protection	GR	Voluntary sector SLA's	(50)	(50)			0	Through agreed change in level of SLA funding	☺

Service	Officer	Details: aim of the project	2014/15 £000	Achieved £000	In Progress £000	At Risk £000	Not Achieved	Comments	Status
Cultural Services	MS	Museums Operational Review	(100)		0	(100)	0	Cultural Services review completed and recommendations to deliver savings are being implemented.	☹️
Cultural Services	MS	Guildhall Operational review	(100)		(50)	(50)	0	Cultural Services review completed and recommendations to deliver savings are being implemented.	☹️
Development Services	AW	Planning Services Review	(100)	(21)	(28)	(51)	0	Restructuring in progress. Amounts delivered are through Building Control shared Service	☹️
Financial Services	JT	Financial Services Review	(70)	(70)			0	Savings delivered through deletion of vacant role, savings delivered through banking procurement with balance to be delivered through shared financial systems and processes	😊
Business Improvement	SN/JT	CIVICA, review further savings on contract	(100)	(100)			0	Savings delivered through agreed contract extension	😊
Legal Services	SM	Legal Services review	(50)	(50)			0	Saving delivered through agreement with One Legal	😊
Communications	SM	Shared Working Arrangements	(50)	(50)			0	Structure Implemented in February 2015, full savings now realised in 2015/16	😊
Total			(1,270)	(757)	(158)	(355)	0		
2014/15 Savings Brought Forward			(470)	(188)	(100)	(182)	0		
2015/16 Savings			(1,270)	(757)	(158)	(355)	0		
Total			(1,740)	(945)	(258)	(537)	0		

Capital Programme 2015/16

Scheme	Current budget	Actual Spend to date
City Centre Investment Fund	1,496,840	119,952
Enhanced Lighting Scheme	2,160	2,078
Kings Quarter	1,170,000	223,124
Townscape Heritage Initiative	1,168,815	29,764
SWRDA Asset Transfer Improvement Works	7,645	780
HCA Grant Money	79,270	0
ICT Projects	256,375	57,045
Main Buildings Improvement Fund	400,000	67,725
Repairs Eastgate Rooftop Carpark	718,890	3,706
Smaller Asset Management Works	308,360	32,918
Flood Works	727,445	58,589
Crematorium Heat Exchanger	10,000	1,938
Crematorium Programme of Works	35,000	0
Guildhall Sound Desks	50,000	39,775
Refurbish Play Areas	64,505	20,786
Other Grant Funded Projects incl S106	841,195	105,138
Alney Island Works	126,360	52,850
City Centre CCTV	600,235	22,079
GL1 Works	58,960	3,645
All Mains Buildings Voltage Optimisation	45,175	0
Cherry & White Market Gazebo	10,520	10,520
LED Lighting	11,360	0
Housing Projects	720,910	173,501
TOTAL CAPITAL PROGRAMME	8,910,020	1,025,911

Financing Source	2015 / 16 £000
External Grants	3,186,714
Section 106	702,138
Capital Receipts	3,901,365
Borrowing	1,119,803
Sub total	8,910,020

This page is intentionally left blank

Service Area	Income to end of Month 3 £000	Budgeted Income 2015/16 £000	Forecast Income £000	Forecast Variance £000
Development Services	(300)	(530)	(621)	(91)
Museums	(61)	(125)	(128)	(3)
Guildhall	(255)	(334)	(415)	(81)
Guildhall Bar and Cafe	(61)	(174)	(137)	37
Corporate Director - Martin Shields	(677)	(1,163)	(1,301)	(138)
Shopmobility	(7)	(25)	(20)	5
Private Sector Housing	(79)	(74)	(133)	(59)
Cem and Crem	(790)	(1,616)	(1,724)	(108)
The Arbor	(69)	(133)	(158)	(25)
Food Safety and Licensing	(197)	(327)	(327)	0
Markets	(195)	(472)	(387)	85
Waste Management	(657)	(1,210)	(1,329)	(119)
Tourist Information Centre	(203)	(424)	(369)	55
Corporate Director - Ross Cook	(2,197)	(4,281)	(4,447)	(166)
Parking	(874)	(2,082)	(2,168)	(86)
Asset Management	(821)	(1,669)	(1,729)	(60)
Regeneration and Economic Development	(1,695)	(3,751)	(3,897)	(146)
Overall Council Position	(4,569)	(9,195)	(9,645)	(450)

This page is intentionally left blank



Meeting:	Cabinet	11 November 2015
	Audit and Governance Committee	23 November 2015
Subject:	Treasury Management Update – Quarter 2 Report 2015/16	
Report Of:	Cabinet Member for Performance and Resources	
Wards Affected:	All	
Key Decision:	No	Budget/Policy Framework: No
Contact Officer:	Jon Topping, Head of Finance	
	Email: jon.topping@gloucester.gov.uk	Tel: 396242
Appendices:	1. Prudential and Treasury Indicators	
	2. Treasury Management Investment Portfolio	
	3. Economic Outlook	
	4. Interest rate forecasts	

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 One of the requirements of the revised Code of Practice for Treasury Management in November 2011 recommends that Members should be updated on treasury management activities at least twice a year, but preferably quarterly. This report covers Quarter 2, 1st July 2015 to 30th September 2015.
- 1.2 This report will highlight issues specific to the Council and also highlight the overall economic outlook as provided by the Council's treasury advisors Capita Asset Services.
- 1.3 The body of the report provides an overview of the Council's performance in Quarter 2;
- **Appendix 1** highlights the key performance indicators in line with the Council's Treasury Management Strategy.
 - **Appendix 2** is the investments held at the end of Quarter 2.
 - **Appendix 3** is an economic summary provided by the Council's treasury advisors.
 - **Appendix 4** is a detailed commentary on interest rate forecasts.

2.0 Recommendations

- 2.1 Audit and Governance Committee is asked, subject to any recommendations it wishes to make to Cabinet, to note the contents of the report.

2.2 Cabinet is asked to **RESOLVE** that the contents of the report be noted subject to any comments subsequently received by the Audit and Governance Committee.

3.0 Annual Investment Strategy

3.1 The Treasury Management Strategy Statement (TMSS) for 2015/16, which includes the Annual Investment Strategy, was approved by the Council on 18th March 2015. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield

3.2 The Council will also aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months, with highly credit rated financial institutions, using our suggested creditworthiness approach, including a minimum sovereign credit rating, and Credit Default Swap (CDS) overlay information.

3.3 Investment rates available in the market have been broadly stable during the quarter and have continued at historically low levels as a result of the ultra-low Bank Rate. The average level of funds available for investment purposes during the quarter was £6.5m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme.

4.0 New Borrowing

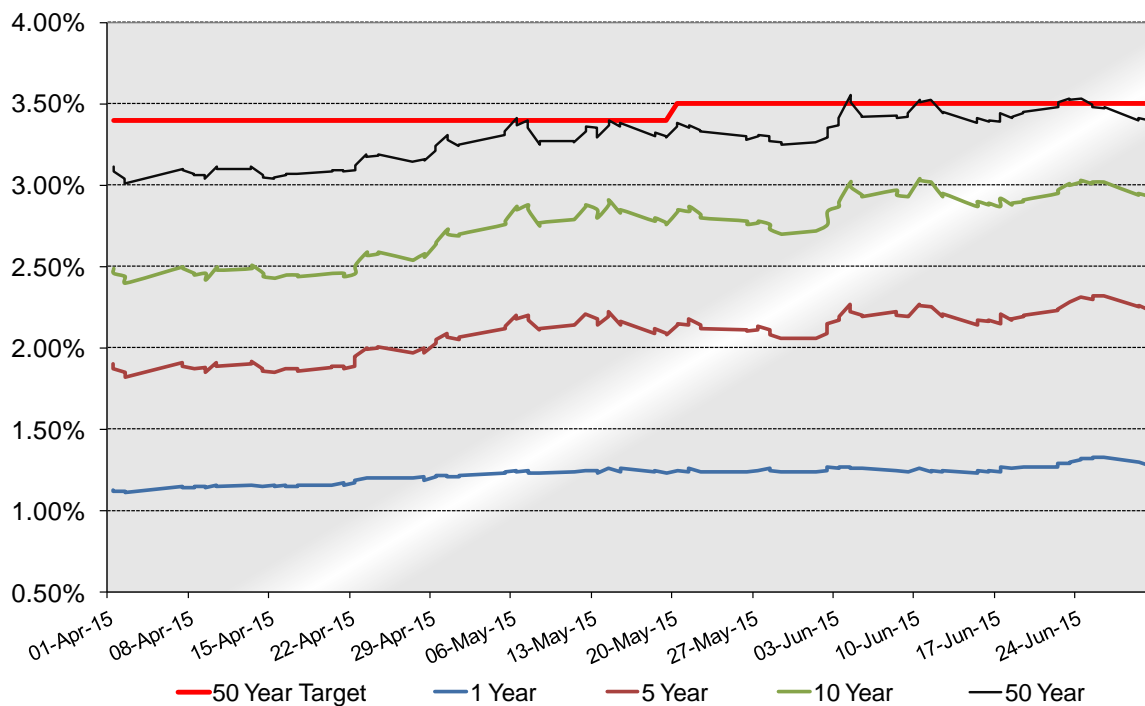
4.1 As outlined below, the general trend in PWLB rates has been an increase in interest rates during the first quarter but then a fall during the second quarter. The 50 year PWLB target (certainty) rate for new long term borrowing, for the quarter ending 30th September, fell slightly from 3.60% to 3.40% after the August Bank of England Inflation report.

4.2 No long term borrowing was undertaken during the quarter.

4.3 PWLB certainty rates, quarter ended 30th September 2015

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.23%	1.96%	2.56%	3.21%	3.07%
Date	24/09/2015	24/09/2015	29/09/2015	12/08/2015	12/08/2015

High	1.35%	2.35%	3.06%	3.66%	3.58%
Date	05/08/2015	14/07/2015	14/07/2015	02/07/2015	14/07/2015
Average	1.29%	2.15%	2.78%	3.40%	3.28%



4.4 Borrowing in advance of need.

On the 17th March 2015 the Council completed the voluntary stock transfer to GCH, the Council received funding from the Government and GCH to repay debt associated with the Council housing stock. Due to uncertainty in the market around debt premia at the time of the transfer, the Council did not repay all of the market debt at that time. Certainty returned to the markets in Quarter 1 and the Council repaid associated debt. At the end of Quarter 2, the Council is not borrowing in advance of need.

5.0 Debt Rescheduling

5.1 Debt rescheduling opportunities have been limited in the current economic climate and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. During the quarter ended 30th September 2015, no debt rescheduling was undertaken.

6.0 Compliance with Treasury and Prudential Limits

- 6.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved TMSS.
- 6.2 During the financial year to date the Council has operated within the treasury limits set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The housing stock transfer in 14/15 changed the Council debt profile from long term to short term borrowing. The Council is able to benefit from reduced costs associated with short term borrowing compared to longer term rates while operating within the Council's borrowing requirements.
- 6.3 In quarter 2 the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The prudential and treasury Indicators are shown within appendix 1.

7.0 Other

- 7.1 The Council continued to maintain an under-borrowed position in Quarter 2.
- 7.2 This under-borrowing reflects that the Council resources such as reserves and provisions will have reduced debt rather than be externally invested. This strategy is sensible, at this point in time, for two reasons. Firstly, there is no differential between the marginal borrowing rate and investment rate so there is nothing to be gained by investing Council resources externally. Secondly, by using the resources to reduce debt the Council will reduce exposure to investment counterparty risk.
- 7.3 The Council will continue to monitor its approach to under borrowing in light of market movement and future events.

8.0 Asset Based Community Development (ABCD) Considerations

- 8.1 This report notes the treasury management performance of the Council. There are no anticipated ABCD implications from this report.

9.0 Financial Implications

- 9.1 Contained in the report

(Financial Services have been consulted in the preparation this report.)

10.0 Legal Implications

- 10.1 There are no legal implications from this report

(One Legal have been consulted in the preparation this report.)

11.0 Risk & Opportunity Management Implications

11.1 There are no specific risks or opportunities as a result of this report

12.0 People Impact Assessment (PIA):

12.1 A PIA screening assessment has been undertaken and the impact is neutral. A full PIA is not required.

13.0 Other Corporate Implications

Community Safety

13.1 None

Sustainability

13.2 None

Staffing & Trade Union

13.3 None

Press Release drafted or approved

13.4 Not applicable at this stage.

Prudential and Treasury Indicators as at 30th September 2015

Treasury Indicators	2015/16 Budget £'000	Quarter 2 (Jul-Sept) Actual £'000
Authorised limit for external debt	£35M	£10M
Operational boundary for external debt	£30M	£10M
Gross external debt	£30M	£10M
Investments	N/A	£7.3M
Net borrowing	£30M	£2.7M
Maturity structure of fixed and variable rate borrowing - upper and lower limits		
Under 12 months	0% - 50%	50.00%
12 months to 2 years	0% - 50%	0%
2 years to 5 years	0% - 50%	0%
5 years to 10 years	0% - 80%	50.00%
10 years to 20 years	0% - 80%	0%
20 years to 30 years	0% - 80%	0%
30 years to 40 years	0% - 80%	0%
40 years to 50 years	0% - 80%	0%
Upper limit of fixed interest rates based on net debt	100%	50.00%
Upper limit of variable interest rates based on net debt	100%	50.00%

Investment Portfolio

Investments held as at 30th September 2015 compared to our counterparty list:

Specified Investments	Outstanding Investments £'000	Date of Maturity	Interest Rate %
Banks			
Barclays Bank Plc	£2,600	N/A (call a/cs)	
Goldman Sachs	£1,700	N/A (call a/cs)	
	£4,300		
Building Societies			
Nationwide Building Society	£1,500	10/11/2015	0.46
Nationwide Building Society	£1,500	21/12/2015	0.51
	£3,000		
Total Invested	£7,300		

1. Economic Background

UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again, possibly being equal to that of the US. However, quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a rebound in quarter 2 to +0.7% (+2.4% y/y). Growth is expected to weaken marginally to about +0.5% in quarter 3 as the economy faces headwinds for exporters from the appreciation of Sterling against the Euro and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme, although the pace of reductions was eased in the May Budget. However, the Purchasing Manager's Index, (PMI), for services issued on 5 October would indicate an even lower growth rate of around +0.3%, in quarter 4, which would be the lowest growth rate since the end of 2012.

Despite these headwinds, the Bank of England August Inflation Report had included a forecast for growth to remain around 2.4 – 2.8% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero over the last quarter. Investment expenditure is also expected to support growth. Since then, worldwide economic statistics have been distinctly weak so it would not be a surprise if the next Inflation Report in November were to cut those forecasts.

The August Bank of England Inflation Report forecast was notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon. However, with the price of oil taking a fresh downward direction and Iran expected to soon rejoin the world oil market after the impending lifting of sanctions, there could be several more months of low inflation still to come, especially as world commodity prices have generally been depressed by the Chinese economic downturn.

There are therefore considerable risks around whether inflation will rise in the near future as strongly as previously expected; this will make it more difficult for the central banks of both the US and the UK to raise rates as soon as had previously been expected, especially given the recent major concerns around the slowdown in Chinese growth, the knock on impact on the earnings of emerging countries from falling oil and commodity prices, and the volatility we have seen in equity and bond markets in 2015 so far, which could potentially spill over to impact the real economies rather than just financial markets.

The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015. While there had been confident expectations during the summer that the Fed. could start increasing rates at its meeting on 17 September, or if not by the end of 2015, the recent downbeat news about Chinese and Japanese growth and the knock on impact on emerging countries that are major suppliers of commodities, was cited as the main reason for the Fed's decision to pull back from making that start. The nonfarm payrolls figures for September and revised August, issued on 2 October, were disappointingly weak and confirmed concerns that US growth is likely to weaken. This has pushed back expectations of a first rate increase from 2015 to 2016. However, there are increasing concerns, both in the US and UK, that the growth rates currently being achieved are only being achieved with monetary policy being highly aggressive with central rates at near zero and huge QE in place. This is causing an increasing debate as to how realistic it will be for central banks to start on reversing such aggressive monetary policy until such time as strong growth rates are more firmly established and confidence increases that inflation is going to get back to around 2% within a 2-3 year time horizon. In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This already appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in quarter 2 and looks as if it may maintain this pace in quarter 3. However, the recent downbeat Chinese and Japanese news has raised questions as to whether the ECB will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

2. Interest Rate Forecast

The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Bank rate	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%
5yr PWLB rate	2.40%	2.50%	2.60%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%
10yr PWLB rate	3.00%	3.20%	3.30%	3.40%	3.50%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
25yr PWLB rate	3.60%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%
50yr PWLB rate	3.60%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%

Capita Asset Services undertook a review of its interest rate forecasts on 11 August after the August Bank of England Inflation Report. This latest forecast includes no change in the timing of the first increase in Bank Rate as being quarter 2 of 2016. With CPI inflation now likely to be at or near zero for most of 2015, it is difficult for the MPC to make a start on increasing Bank Rate when the Inflation Report forecast was also notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon. Despite average weekly earnings ticking up to 2.9% y/y in the three months ending in July, (as announced in mid-September), this is unlikely to provide ammunition for the MPC to take action to raise Bank Rate soon as labour productivity growth meant that net labour unit costs are still only rising by about 1% y/y. The significant appreciation of Sterling against the Euro in 2015 has also acted as a dampening to UK growth while sharp volatility in financial markets since the Inflation Report has depressed equity prices, raised bond prices and lowered bond yields (and PWLB rates).

The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when average disposable income is only just starting a significant recovery as a result of recent increases in the rate of wage inflation, though some consumers will not have seen that benefit come through for them.

DETAILED COMMENTARY ON INTEREST RATES FORECASTS

Our treasury management advisers, Capita Asset Services have provided us with the following update to their interest rate forecasts.

Post Bank of England Inflation Report August 2015 interest rate review

- There has been very little change in our forecasts since our previous forecasts in February and May. This time, we have left unchanged the start of the increases in Bank Rate at quarter 2 of 2016; this is in line with comments from the Bank of England.
- The so called Bank of England's 'super Thursday' on 6 August turned out to be a damp squib with market expectations of the first increase in Bank Rate being pushed back to quarter 2 2016 after the flurry of excitement caused by Mark Carney's comments in July where he said that an interest rate rise would come "into sharper relief around the turn of the year". However, as he subsequently clarified, this was not intended to give rise to an inference that rates would rise in 2015!
- What did stand out in the MPC voting on 6 August was that one member started to vote for an immediate increase in Bank Rate, while the minutes showed that "some members" were concerned about upside risks to inflation, (but not to downside risks).
- CPI inflation has been between -0.1% to +0.1% between April and August and is expected to continue near to zero for some months to come. The latest Inflation Report was notably subdued in its forecast for inflation over the 2 – 3 year time horizon with inflation barely getting above the 2% target. However, there are significant downside risks to even this level of inflation as the report was also notable for downgrading its forecasts for growth in labour productivity despite robust forecasts for increases in business investment (which ought to boost productivity growth). This is key as the real cost of wages will be depressed by strong productivity growth and so would therefore cause price rises for goods and services to be subdued. In addition, the downturn in Chinese growth has depressed commodity prices but these will take time to feed through into CPI figures. We also have the potential for a further increase in oil supply depressing oil prices further if the end of sanctions on Iran occurs in the near future. A further factor is that the Fed. is likely to commence raising rates, probably in early 2016, which will cause the dollar to appreciate relative to Sterling and so cause the UK cost of imports, denominated in dollars, to fall.
- UK quarterly growth in quarter 2 2015 jumped back up to +0.7% (+2.4% y/y) from the disappointing +0.4% (2.7% y/y) in quarter one. However, growth is expected to subside to about +0.5% in quarter 3 2015 but the services Purchasing Manager's Index, (PMI), at the beginning of October was particularly weak and would indicate a

lower growth rate of +0.3% in quarter 4; this would be the lowest growth rate since the end of 2012.

- The election of a majority Conservative Government which is going to implement significant cuts in government expenditure in order to reduce the size of the annual budget deficit, will slow GDP growth marginally.
- Greece: the Greek government capitulated to EU demands for further austerity at the eleventh hour and 59th minute and has now agreed a third bailout package. However, there is considerable doubt as to whether Greece will be able to implement and tolerate the level of cuts stipulated. The bailout also does nothing to address the unsupportable size of total debt relative to GDP that is now outstanding after nine months of prevarication and disaster for the economy this year. It is therefore eminently possible that Greek exit from the euro has only been delayed by this third bailout.
- We remain concerned at the level of potential risk surrounding the government and corporate debt of several of the major emerging economies, from the perspective of both the potential for default in some countries and also a sharp swing in investor sentiment: investors have previously sought out higher yields in these economies during an extended period when yields in western countries have been heavily suppressed. Corporates heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by sovereign wealth funds of countries highly exposed to falls in commodity prices which, therefore, may have to liquidate some of their investments in order to cover national budget deficits.
- Clients should therefore expect a high level of volatility in PWLB rates over 2015, depending on how long it takes to resolve the longer term future and financial viability of Greece and as various factors impinge on market and investor sentiment. We would not be surprised to see PWLB rates swinging by 50 bps in a quarter, which makes any forecasts in the shorter term subject to a much higher level of volatility than has been usual.

CAPITA ASSET SERVICES' FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data transpires over 2015. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

Despite market turbulence in late August, and then September, causing a sharp downturn in PWLB rates, the overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and

consequent increases in Bank Rate, and the eventual unwinding of QE. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

We have pointed out above that the Fed. rate is likely to go up sooner and more strongly than Bank Rate in the UK. These increases will have corresponding effects in pushing up US Treasury and UK gilt yields. While there is normally a high degree of correlation between the two yields, we would expect to see a decoupling of yields between the two i.e. we would expect US yields to go up faster than UK yields. We will need to monitor this area closely and the resulting effect on PWLB rates.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas. However, the weak US nonfarm payroll figures and weak UK PMI figures at the beginning of October have provided added weight to the view that the first increase in central rates in the US and UK is more likely to occur later in 2016 than previously expected, and then only if there is substantial evidence that stronger growth is firmly in place and that inflation is going to reach around 2% within a 2-3 year time horizon. Market expectations have shifted at the beginning of October to the second half of 2016 for the first increase in Bank Rate.

We would, however, remind clients of the view that we have expressed in our previous interest rate revision newsflashes of just how unpredictable PWLB rates and bond yields are at present. We are experiencing exceptional levels of volatility which are highly correlated to geo-political and sovereign debt crisis developments. Our revised forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1st November 2012.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK strong economic growth is weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or the start of Fed. rate increases, causing a flight to safe havens.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU.
- The ECB severely disappointing financial markets with a programme of asset purchases which proves insufficient to significantly stimulate growth in the EZ.

- The commencement by the US Federal Reserve of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.



Meeting:	Overview and Scrutiny Committee	Date:	9 November 2015
	Cabinet		11 November 2015
Subject:	Flood Improvement Works Update		
Report Of:	Cabinet Member for Environment		
Wards Affected:	All Wards		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Wayne Best, Environmental Protection Service Manager		
	Email: Wayne.Best@gloucester.gov.uk		Tel: 396307
Appendices:	<ol style="list-style-type: none"> 1. Completed Flood Works/Schemes 2. Capital and Maintenance works ongoing 3. Future works for consideration 4. List of areas where clearance works are carried out 		

FOR GENERAL RELEASE

1.0 Purpose of Report

1.1 To update Members of the flood alleviation works which have been completed across the City throughout 2014/2015, those that are currently in progress and to outline future proposed works.

2.0 Recommendations

2.1 **Overview and Scrutiny Committee** is asked to consider the information contained in the report and make any recommendations it considers appropriate to Cabinet.

2.2 **Cabinet** is asked to **RESOLVE** that:

- (1) The contents of this report be noted.
- (2) Authority be delegated to the Corporate Director to work in partnership with relevant agencies and landowners to recognise the importance of all flood alleviation works within the City in minimising the risk and impact of flooding events.
- (3) The importance of the ongoing partnership working to secure the best possible outcomes for residents and businesses in Gloucester in reducing flood risk, including bidding for external funding and entering into appropriate agreements on terms approved by the Council Solicitor be recognised.
- (4) Officers be supported in investigating and utilising additional resources to maximise opportunities to reduce flood risk.

- (5) The continued importance of information, education, consultation and signposting as funding reduces be recognised.

3.0 Background and Key Issues

3.1 Introduction 2007- 2015

- 3.1.1 To date 123 schemes and major improvement works have been completed since 2007 to reduce the risk of future flooding to residents and businesses city wide.
- 3.1.2 Many of the projects undertaken have only been possible as a direct result of partnership working and by securing external funding.
- 3.1.3 The City Council has previously contributed towards these projects with funding secured from a number of sources including the Environment Agency, DEFRA, Gloucestershire County Council/Gloucestershire Highways and Developers through section 106 agreements and commuted sums.
- 3.1.4 The City Council has secured around £1.84 million pounds since 2007; approximately £1,227,000 has been spent on the delivery of schemes to date.
- 3.1.5 The current Capital Schemes budget is £727,445 which is fully committed to the delivery of projects already identified with funds secured from a number of sources as above.

3.2 Capital Schemes

- 3.2.1 Between September 2014 and September 2015 approximately £240k was secured in funding and £159k spent on Capital Schemes and associated works see Appendix 1 for list of completed schemes.
- 3.2.2 There are currently 6 Capital projects in progress and a further 7 schemes planned to start in the near future. Details can be found in Appendix 2.
- 3.2.3 An additional 8 Capital projects identified will be investigated and progressed over the next 12 months if viable, cost effective and funding can be secured. See Appendix 3 for details.

3.3 Future Funding

- 3.3.1 The City Council continues to work with partners to identify potential funding opportunities and will look to deliver schemes in those areas at the greatest risk in addition to works which can deliver quick wins.
- 3.3.2 Funding for flood alleviation projects and works is decreasing however schemes that can deliver additional environmental benefits including improved water quality, creation of wildlife habitats and increased biodiversity are looked upon more favourably and present additional funding opportunities.

3.4 **Maintenance Works**

- 3.4.1 Inspections and assessments of flood assets throughout the City including; culverts, trash screens, balancing ponds, flood barriers etc is ongoing.
- 3.4.2 Works to manage Himalayan Balsam (where there are known issues) and other invasive weed species such as Giant Hogweed and Japanese Knotweed on City Council land is ongoing with the support of the TCV (The Conservation Volunteers) and specialist contractors.
- 3.4.3 The City Council has Riparian Responsibilities of approximately 25 kilometres of watercourse the majority of which is not included in the Amey contract. Works are carried out on a priority basis by contractors and voluntary groups. Appendix 4 identifies stretches of watercourses and assets which have been identified for inspection and clearance works.
- 3.4.4 Between September 2014 – and September 2015, TCV accumulated 301 volunteer hours carrying out watercourse clearance works on behalf of the City Council.

3.5 **Planning**

- 3.5.1 Regeneration is important for Gloucester and officers from the City Council have been actively working with developers to attract further investment whilst offering constructive planning advice to reduce future flood risk.
- 3.5.2 There are ongoing discussions with internal and external partners including Developers to resolve issues related to land adjacent to watercourse and flood assets which the City Council will adopt from developers which can also attract a commuted sum.

3.6 **Education**

- 3.6.1 Working with Riparian Owners in relation to the ongoing maintenance of private land alongside watercourses in addition to assisting with enquiries, offering advice and support regarding proposed works which could impact flow.
- 3.6.2 The need for improved signposting and information for residents, Members and other customers in relation to the roles and responsibilities of the relevant organisations involved with flood related work in addition to the identification and operation of flood assets.

3.7 **Resilience**

- 3.7.1 The City Council and partners continue to work together on promoting community resilience in those areas at greatest risk of flooding. A number of events planned for this year to promote community resilience have been rescheduled for next year.
- 3.7.2 There are future plans to work with businesses in relation to giving advice on reducing flood risk and business continuity plans.
- 3.7.3 The continued work with communities/Friends Groups on management plans (i.e. Barnwood Park and Saintbridge Balancing Pond) to assist with future ongoing

maintenance requirements. A number of other sites have been identified for consideration in relation to promoting Friends Groups and creating additional opportunities for communities i.e. funding and awards.

3.7.4 Better management of water including the need for additional flood storage capacity to further reduce the risk of future flooding. A number of options are currently being considered including:

- Additional storage within the existing drainage ditches at Blackbridge
- Flood storage area at Winnycroft Farm as part of a proposed development
- Improving a number of existing balancing ponds including Appleton Way, Milton Avenue and Combrook Close.
- Diverting surface water along Coney Hill Road into the existing balancing pond near Harley's Field

3.8 **Gloucestershire Highways**

3.8.1 The City Council continues to work closely with Gloucestershire Highways (GH) to resolve a number of ongoing localised highways flooding issues with the agreement of further investigations and future planned works.

4.0 **Asset Based Community Development (ABCD) Considerations**

4.1 Increasingly local government is moving away from being an organisation that drivers services to one that creates the conditions for people to help themselves and each other.

4.2 A number of City Council Officers are continuing to work with our communities, Friends and Residents groups with addition support from the voluntary sector including the TCV and Probation Payback Service delivering watercourse maintenance and associated improvement works. For example a number of sites were identified and put forward for a Green Flag award including Barnwood Park and Saintbridge Balancing Pond. Further sites have also been identified for future Green Flag applications.

4.3 We will continue to work with communities to promote an ABCD approach whilst exploring opportunities to work with new groups/residents assisting them in shaping their communities.

5.0 **Alternative Options Considered**

5.1 Do minimum; only carry out maintenance works currently on contract and no further submission of bids in relation to funding of Capital Schemes and additional maintenance works resulting in minimal costs and resources.

5.2 Doing the minimum would increase the flood risk to residential and businesses premises in addition to important infrastructure and assets. Given Gloucester City's geographical location and history of flooding events this would be seen as unacceptable and would increase anxiety for residents and business owners. There is the expectation that works to reduce flood risk will continue attracting investment and employment into the City. Flood schemes are politically supported in

Gloucester and the City Council has built up a good reputation which could be affected if works do not continue.

- 5.3 To put all maintenance works on contract, however there is not the capacity or funding to put all maintenance works on to contract and resources are focused on those areas at greatest risk.
- 5.4. The City Council could consider making funds available to fund Capital Schemes however given the current economic climate this is unlikely option.

6.0 Reasons for Recommendations

- 6.1 To reduce the risk of future flooding to residential properties and business premises through continued investment in flood alleviation schemes/works, the promotion of self resilience, advice and information, community flood plans and drop in sessions.
- 6.2 Reducing flood risk to homes and businesses will continue to support regeneration and further investment into the City which will be communicated to developers through planning policy.
- 6.3 To meet the requirements of the Flood and Water Management Act 2010 in respect of flood risk management including working with partners to resolve flooding issues.
- 6.4 The ongoing Capital Works Schemes and Maintenance Programme in 2014/2015 is still proving to be effective in reducing flooding incidents however we have been fortunate and not experienced the same intense weather events such as those in 2012 and early 2014.
- 6.5 Continue to investigate and utilise additional sources of funding and resources to deliver schemes and improvement works to further reduce flood risk to homes, businesses and critical infrastructure throughout the City.
- 6.6 To investigate improving the effectiveness of our resources with the aid of technology, better signposting for customers and building community resilience.

7.0 Future Work and Conclusions

- 7.1 The City Council will continue to plan, prioritise and deliver flood alleviation schemes and works where resources allow, whilst delivering improvements to watercourse biodiversity, habitat creation, water quality and amenity value in accordance with legal requirements in partnership with internal and external partners.
- 7.2 Maintenance works will continue to be funded through our maintenance budget and external funding will be sought to enable the delivery of Capital schemes where opportunities present themselves and where resources allow.
- 7.3 The City Council will continue to work with partner organisations to identify where flood alleviation schemes and watercourse improvement works are required and seek joint funding where possible to deliver schemes.

- 7.4 Continue to target areas at highest risk and to assist Riparian Owners with carrying out regular maintenance works.
- 7.5 An update report will be provided for Members on an annual basis regarding works that have been completed and future planned works.

8.0 Financial Implications

- 8.1 Costs for capital and maintenance works have been met through existing budgets. The City Council continues to be proactive in securing additional funding from external sources for capital projects.
- 8.2 The Council will continue to bid for funding for flood alleviation and watercourse improvement works wherever the opportunity presents itself and where resources allow.
- 8.3 With the ongoing constraints on Local Authority and partner organisations budgets there is a need to investigate alternative sources of funding whilst prioritising existing resources.
- 8.4 The City Council will continue to work with communities and the voluntary sector to assist with the delivery of maintenance works.

(Financial Services have been consulted in the preparation this report).

9.0 Legal Implications

- 9.1 The report identifies that the City Council has Riparian Responsibilities as a land owner under the Land Drainage Act 1991 which requires responsible parties to maintain the watercourses in such a condition as to ensure that the free flow of water is not impeded. The City Council should enter into appropriate agreements with landowners and partner organisations in respect of works undertaken to clarify terms and conditions, particularly on-going responsibilities and liabilities.
(One Legal have been consulted in the preparation this report).

10.0 Risk & Opportunity Management Implications

- 10.1 See table below -

Risk	Opportunities
Flood Alleviation structures and assets will not perform to their full potential if ongoing maintenance is not carried out subjecting residents/ communities and businesses to greater risk of flooding during extreme weather events which increases anxiety and concern.	To prioritise resources on those areas at greatest risk and to work with partners to deliver additional works to reduce flood risk.
Increased insurance premiums or becoming uninsurable and the potential loss of investment and employment to the City.	The Council will work with communities to promote resilience and participation with schemes and works in their areas.

	Continue working with voluntary groups and to promote a programme of community events which we will publicise through the Partnerships and Community Groups.
Reduced funding to deliver works.	Continue working with communities to establish more 'Friends Groups' which can have a number of positive outcomes including residents taking ownership of their area, attract funding opportunities for further enhancements and awards.

11.0 People Impact Assessment (PIA):

- 11.1 Reducing flood risk to an individual property or a community does not prejudice against any one group or community. Reducing flood risk and increasing flood resilience provides re-assurance and comfort to those communities and groups at risk.
- 11.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

12.0 Other Corporate Implications

Community Safety

- 12.1 Flood alleviation works and measures have a critical role to play in protecting communities. Proper maintenance of flood assets will reduce the risk and impact of flooding events.

Sustainability

- 12.2 Given the ongoing reductions to local authority resources there is a need to support communities to become more resilient.
- 12.3 Sustainable Urban Drainage Systems are promoted in relation to new developments and used whenever possible in flood alleviation schemes. SuDS (ponds, swales, rain gardens etc) are usually less expensive to implement, maintain, add amenity value and are important for habitat creation.
- 12.4 Consideration is given to other requirements such as the Water Framework Directive to enhance and renaturalise watercourses in addition to improving water quality which may include the retro fitting of SuDS.

Staffing & Trade Union

- 12.5 None.

Press Release drafted/approved

- 12.6 Not applicable.

This page is intentionally left blank

FLOOD ALLEVIATION CAPITAL PROJECTS & MAINTENANCE WORKS COMPLETED

APPENDIX 1

Location	Issue/Works	No. of properties protected
1. Dinglewell / Green Lane, Hucclecote	Surface water/flooding from Wotton brook - Installation of individual property flood protection measures at ten properties. Works included: flood doors, new brickwork, flood proof airbricks, masonry repairs and non return valves.	10
2. Churchdown Lane, Jersey Rd, Lynton Fields & Lock House	Completion of individual property flood protection surveys.	
3. Rea Lane / Upper Rea, Westgate	Issues with surface water pooling in Rea Lane making it inaccessible for residents for prolonged periods of time including in 2012 and 2014. Construction of large diameter twin pipes and headwalls to facilitate flood water dispersal from Rea Lane. Joint project with the Environment Agency and Gloucestershire County Council.	16 + highway (part protection)
4. Tewkesbury Road, Kingsholm and Wotton	Surface water flooding due to Wotton brook backing up when the River Severn is high for prolonged periods - Works have included the installation of new chamber with non return valve in the highways drainage system and the construction of a storage swale along with associated highways works and planting. Joint project between the City and County Council's and Gloucestershire Highways.	6 + highway
5. Barnwood Park, Barnwood	Planting of reeds and other marginals to reduce issues with odour and provide a degree of flow attenuation.	
6. Fox Elms Road, Tuffley	Minor drainage works carried out to protect property against surface water issues.	1
7. Sandhurst Lane, Kingsholm and Wotton	Fluvial flooding from River Severn - Installation of a perimeter interceptor drain, sump pump, and a floor tanking system using DEFRA 'repair and renew' funding.	1
8. Beaumont Road, Longlevens	Runoff from City Council land affecting residential property - Installation of drainage to prevent flooding issues.	1
9. Barnwood Park Weir, Barnwood	Vegetation removal and renovation works to the weir structure to improve the resilience of critical asset.	

Location	Issue/Works	No. of properties protected
10. St Peters School, Stroud Road - Phases 2 and 3, Tuffley	Completion of phases 2 & 3 works to reduce surface water runoff from the school. Works include the construction of several ponds, swales and reed beds. Benefits of the work include flood risk reduction in the downstream catchment along with habitat creation, improved water quality and the provision of a valuable learning resource. The scheme is a joint venture between Gloucester City Council, Environment Agency, St Peter's School, Gloucestershire County Council and Glos Highways.	6+ and highway,
11. Carters Orchard, Quedgeley Severn Vale	Installation of a new pipe and headwalls and clearance of 100 m of channel to improve flow and reduce blockages.	Approx 8
12. Dimore Brook, Overbrook Road, Quedgeley Fieldcourt	Removal of a restrictive culvert and installation of new pedestrian / cycle footbridge. In addition to works carried out by Severn Trent Water to remove an obstruction caused by one of their outfalls.	Approx 16
13. Whaddon brook, Tuffley	Reinstatement of the watercourse channel to the rear of property in Bybrook Gardens. The channel had been 80% obstructed by 'build-over' work as a result of property owner shoring up rear garden.	Approximately 6+
14. Langate House, Robinswood Hill	Construction of a dwarf wall to divert flood flows from hill away from the ground floor flats into existing drainage network. Clearance works to highways drainage system.	5
15. Milton Avenue, Podsmead	Extensive clearance of the ditches in the POS area completed. Further works ongoing and planned in the near future. In discussion with Amey regarding future maintenance requirements.	Approximately 30 taken from County SWMP
Total		Approximately 106 properties

FLOOD ALLEVIATION CAPITAL PROJECTS & MAINTENANCE WORKS ONGOING/PLANNED

APPENDIX 2

Location	Issue/Works	No. of properties protected
1. Sud brook – The Lampreys/Cheyney Close, Matson & Robinswood/Barnwood	Surface water/ flooding from Sud and Matson brook - works to include Property Level Protection measures in addition to engineered solutions including bunds, ground reprofiling and flood barriers. Joint funded scheme – DEFRA, Glos County Council, City Council and GCH. Property level surveys completed detailed design underway.	40+
2. Stroud Road, Tuffley	Surface water flooding issues due to water pouring off fields adjacent to Grange Road. Works to include extending existing bund along Grange Road, replacement of trash screen on Stroud Road (Whaddon brook) and ground works on the junction of Bybrook Road and Grange Road to manage surface water flows.	Approximately 10
3. Deans Way, Kingsholm and Wotton	Surface water/flooding from River Twyver (when River Severn running high for prolonged period) which fills the public open space and up to the rear threshold of properties. Further investigation required, works may involve bunding of the public open space opposite the rear of residential gardens.	Approximately 10
4. Bristol Road, Quedgeley Severn Vale - surface water drainage into Dimore trib	Works to improve the conveyance of surface water system, problems identified with silt, debris and roots during investigations and CCTV survey. Works to include high pressure jetting and removal of silt, roots and other debris.	Approximately 6
5. Barnwood Park – Wotton brook, Barnwood	Works to improve the efficiency of pond to reduce risk of downstream flooding issues. Additional works being considered include creating additional storage and water treatment through a swale and reed bed system.	Approximately 20 + highway
6. Highclere Road, Quedgeley Severn Vale	Over topping of Dimore brook, works will look to include the installation of a flood alert/warning system and possibly Individual Property Level Protection measures to those properties at highest risk.	Approximately 20
7. Porchester Road, Hucclecote	Works to reduce the risk of flooding from Wotton brook - works under investigation include improving existing drainage, providing additional drainage, in channel storage and works to redirect flows back into the channel.	Approximately 20 + highway
8. Saffron Close, Matson and Robinswood	Issues with surface water discharging off City Council land into residential garages. Works to include drainage improvement works.	

Location	Issue/Works	No. of properties protected
9. Sandyleaze Field, Elmbridge	Bank erosion issues at a number of locations along the Horsbere brook. Works to include bank strengthening works which may include willow spiling etc.	
10. River Twyver, Suffolk Drive, Westgate	Issues with existing header wall structure and poor access for maintenance purposes, works to include improvements to existing structure and improved access and possible desilting works.	
11. Deans Walk, Kingsholm and Wotton	Surface water/ flooding from River Twyver. Property level surveys to be completed in spring 2016 to identify potential works which may include the installation of Property Level Protection measures i.e. flood doors, air brick covers, non return valves and flood barriers. Joint funded scheme – DEFRA and Gloucester City Council.	46
12. Tewkesbury Road, Kingsholm and Wotton	Issues with standing surface water. Property level surveys to be completed in spring 2016 to identify potential works which may include the installation of Property Level Protection measures i.e. flood doors, air brick covers, non return valves and flood barriers etc. Joint funded scheme – DEFRA and City Council.	6
13. Dobleys Drive Park, Hucclecote	Planting of reeds and other wetland plants in pond area which takes surface water from highway and adjacent POS to improve water quality and habitat creation.	
14. River Twyver - Malmesbury Road, Barnwood	Clearance of the banks and channel in addition to desilting works.	Approximately 16+, subway and footpath
15. River Twyver - Overbury Road, Barton & Tredworth	Clearance of the banks and channel in addition to desilting works.	Approximately 32
16. Wotton brook at Barnwood Park, Barnwood	Current trash screen traps small debris which causes watercourse to back-up. In addition screen is difficult to clear and maintain. Works required include some desilting works and replacement of existing trash screen.	Approximately 11+ properties & highway
Total		Approximately 237 properties

This page is intentionally left blank

FUTURE SCHEMES/WORKS UNDER CONSIDERATION

Location	Issue/Works	No. of properties protected by works
1. Bristol Road/Cecil Road, Moreland	Localised surface water flooding issues which have previously affected a number of properties in the area. Works carried out by Severn Trent Water have improved the situation. Continue to monitor the situation.	Approx 12
2. Holmleigh Road, Tuffley	Two culverts have been identified as being undersized for a 100 year event; works may involve the removal and replacement of culverts and associated bank works if funding becomes available.	22 houses + highway
3. Stroud Road, Tuffley	Surface water/ground water issues from Robinswood Hill affecting a number of properties. Further investigations required - works may include swales and a number of attenuation ponds.	Approx 6+
4. Blackbridge, Podsmead	Works to clear existing ditches have been carried out with further works to follow; additional works may include increasing capacity within ditches and attenuating flows during heavy rainfall events to protect properties further downstream.	
5. Sandwick Park – Phase 2, Clange	No recent issues, no further action required at this time	
6. Naas Lane, Quedgeley	Surface water runoff affecting 2 properties (1 residential, 1 business) and highway during heavy rain. Works have been carried out on third party land by landowner. In addition Gloucestershire Highways have carried out investigations and associated works which has improved the situation. Continue to monitor the situation.	2
7. Lower Meadow, Quedgeley Fieldcourt	Bank erosion issues along the banks of the Dimore brook, bank revetment works required. Continue to monitor the situation.	
8. Coney Hill Tributary and Balancing ponds, Barnwood	Reinstating the ditch network and diverting surface water flows into ditch from areas at risk from flooding. In addition further investigations required regarding associated balancing ponds which are currently under utilised.	Approximately 10+
9. Appleton Way, Hucclecote	Improvements to existing balancing pond to reduce flows into Wotton brook during heavy rain fall events. Works may include levels survey, modelling and reduction of orifice plate in control structure.	Approximately 10
10. Combroom Close, Abbeydale	Improvements to existing balancing pond to reduce flows into River Twyver during heavy rain fall events. Works may include levels survey, modelling and reduction of orifice plate in control structure.	

FUTURE SCHEMES/WORKS UNDER CONSIDERATION

Location	Issue/Works	No. of properties protected
11. Brookfield Road, Hucclecote/Barnwood	Water backs up at culvert spilling out of channel during flooding events affecting properties in the vicinity. Possible works may include replacing the existing parapet wall with railings to ease the flow of water back into channel on the downstream side of culvert.	Approximately 9 + highway
12. Forest View Road, Tuffley	Surface water runoff issues affecting properties. Further investigation required - works may include reinstating a ditch to the rear of properties.	Approximately 6+ & public footpath
13. Curlew Road, Abbey	Pooling of surface water on the public footpath and front garden of property. Initial investigations have been carried out, further works may include a new outfall into the brook should funding become available.	1
14. Argyll Place, Elmbridge	A section of footpath is breaking up and falling towards the brook. Repair works to bank and path being investigated.	
15. Highways Flooding Issues - City	Highways surface water issues at a number of locations – in discussion with Highways regarding potential works/solutions.	
16. Watercourse improvement works - City	Working with the EA on potential works to improve watercourses in Gloucester City in relation to the reduction in flood risk, habitat creation, increased biodiversity and improved water quality.	
17. Retro fit SUDS	There are currently a number of sites under consideration should funding become available.	
18. Urban Greening Project	The benefits of Urban Greening are numerous including; reducing urban flooding, providing biodiversity, cooling the urban environment, absorbing carbon and supporting human health. Looking to secure funding and possible sites to carryout works and promote the benefits of urban greening across the City.	
Total		Approximately 79 properties

LIST OF AREAS IN RELATION TO CLEARANCE WORKS

Location	Priority 1-5 (1 high, 5 low)	Frequency	No. of days?	Works required	Other considerations in addition to Bird Nesting Season
Scholars Walk & upstream alongside footpath off School Lane, Quedgeley Fieldcourt	3	Annually	1-2	Clearance of the banks/channel	
Blackbridge, Podsmead	2/3	Annually	4	Clearance of the banks/ditches to the rear of Duke of Beaufort Court	
Lilac Way, Quedgeley Severn Vale	3	2 x Annually	2-4	Clearance of the banks/channel between Park Drive & Lilac Way	
Saintbridge Balancing Pond, Barnwood	5	Annually	2	General tidy and clearance works including removal of Balsam	Friends Group. Himalayan Balsam and Giant Hogweed
Whaddon brook, Tuffley	3	Annually	2-4	Clearance of the banks/channel	Access
Milton Avenue, Podsmead	3	2x Annually	4-6	Clearance of pond and ditches	
Plock Court, Longlevens	3	Annually	2	Clearance of the banks/channel to the Western end of the Park	Himalayan Balsam
Lobleys Drive Park, Hucclecote	3/4	Annually	6	Clearance of the banks/dithces & pond	
Twyver - Barn Close down to Highfield Road, Abbey/ Barnwood	4	Annually	10	Clearance of the banks/channel	Himalayan Balsam and Giant Hogweed
Green Lane, Land drain/ditch, Hucclecote	4	Annually	2	Clearance of the banks/channel on POS area	Conservation area
Barnwood Park, Barnwood	3/4	Annually	1	Clearance of the banks/channel	Himalayan Balsam Friends Group

LIST OF AREAS IN RELATION TO CLEARANCE WORKS

Location	Priority 1-5 (1 high, 5 low)	Frequency	No. of days?	Works required	Other considerations in addition to Bird Nesting Season
Slimbridge Road – Land drain/ditch, Tuffley	3/4	Annually	½	Clearance of the banks/channel	Japanese Knotweed
Daniels brook, Tuffley	2/3	Annually	8	Clearance of the banks/channel to original channel	Land in multiple ownership
Porchester Road, Hucclecote	2	2 x Annually	1	Clearance of the banks/channel	Private land in multiple ownership
Malmesbury Road, Barnwood	2	Annually	1-2	Clearance of the banks/channel	Build up of silt in concrete lined channel
Bishop's Castle Way, Barton and Tredworth	3	Annually	1	Clearance of the banks/channel	Build up of silt in concrete lined channel
Blackditch, Hempsted Meadows	3/4	Annually	2	Clearance of the banks/channel	Water voles
Coney Hill Rugby Club & rear of properties at York Road, Wotton Tributary, Barnwood	3	Annually	1	Clearance of the banks/channel	Himalayan Balsam
Whaddon brook, Lower Tuffley Lane/ Bristol Road, Podsmead	3	Annually	½	Clearance of the banks/channel	Japanese Knotweed at Bristol Road end

LIST OF AREAS IN RELATION TO CLEARANCE WORKS

Location	Priority 1-5 (1 high, 5 low)	Frequency	No. of days?	Works required	Other considerations in addition to Bird Nesting Season
Open ditch adjacent to The Causeway down to Teal Close - Land drain/ditch Quedgeley Severn Vale	4	Annually	½	Clearance of the banks/channel	
Appleton Way, Hucclecote	3	Annually	½	Clearance of trash screen	
Matson Place, Sud brook, Barton and Tredworth	3	2 x Annually	2	Clearance of the banks/channel	Responsible parties Glos Highways and Private. Japanese Knotweed on third party land
North Upton Lane, Barnwood	4	Annually	½	Bramble clearance to a short section of the banks/channel	
Carters Orchard and Coopers Elm, Quedgeley Severn Vale	4	Annually	2	Clearance of the banks/channel	Land owned by Developer
Horsbere brook, Longlevens	4	Annually	2/3	Removal of Balsam	
Armscroft Park, Elmbridge/Kingsholm and Wotton	3/4	Annually	1	Clearance of the banks/channel	Himalayan Balsam
Ponds to the rear of Waterwells Drive	3/4	Annually	1	Clearance of ponds/outfalls	
Total Days			60 ½ - 69 ½		

This page is intentionally left blank



Meeting:	Cabinet	Date: 11 November 2015
Subject:	Investment at Black Dog Way	
Report Of:	Cabinet Member for Housing & Planning	
Wards Affected:	Westgate	
Key Decision:	Yes	Budget/Policy Framework: No
Contact Officer:	Helen Chard, Housing Strategy & Enabling Service Manager	
	Email: Helen.Chard@gloucester.gov.uk	Tel: 396534
Appendices:	1. Financial Information	

EXEMPTIONS

The public are likely to be excluded from the meeting during consideration of Appendix 1 of this report as it contains exempt information as defined in paragraph (3) of schedule 12A to the Local Government Act 1972 (as amended).

1.0 Purpose of Report

1.1 The purpose of this report is to brief Members about progress with a development proposal at Black Dog Way and a financial shortfall to the delivery of a viable development scheme. In addition, the report is seeking approval for the use of 'right to buy' receipts as a means of delivering a viable scheme and to secure the delivery a range of types of 'affordable housing' within the city centre.

2.0 Recommendations

2.1 Cabinet is asked to **RESOLVE** that:

- (1) The use of a contribution as, outlined in Appendix 1, be approved to enable a regeneration initiative to proceed at Black Dog Way subject to the following conditions:
 - That relevant planning permissions are obtained.
 - The application to the Homes & Communities Agency for grant funding is successful.
 - The total cost of delivering the scheme is financially viable overall.
 - All documentation securing the use of the grant for affordable housing and the retention of units supported by the grant as affordable housing being entered into; and
 - The receipt of invoices/evidence as to the actual costs incurred.

- (2) Authority be delegated to the a Corporate Director in consultation with the Council Solicitor to enter into a grant agreement in respect of the grant and all

documentation securing the use of the grant for affordable housing and the retention of units supported by the grant as affordable housing and;

- (3) Authority be delegated to the Housing Strategy & Enabling Service Manager to agree variations to the contribution (should they be required following scrutiny of financial appraisals), subject to consultation with the Cabinet Member for Performance & Resources, and Cabinet Member for Housing and Planning.

3.0 Background and Key Issues

- 3.1 The site in question is a 0.51 hectare site that is bounded by Black Dog Way to the north and east, the properties fronting Worcester Street to the west and the properties fronting Northgate Street to the south. The major part of the site is occupied by buildings that were last used by the “Kwik Save” store which closed in August 2002.
- 3.2 The site has received planning approval in the past, the last being in 15/07/2010; however the owners have not commenced development on the site, neither has another suitable buyer/developer been willing to date, to deliver in that location. Some of the difficulties arise from decreased land values following the market downturn from 2008 in particular in relation to apartment type development; and complexities of the site, including previous site development, archaeology, a culvert, proximity to road and railway etc. The site has attracted negative commentary due to its long-term dormancy and failure to contribute positively to the City.
- 3.3 In recent months, discussions have been underway between the site’s owners and a housing provider and these are now at an advanced stage. As a consequence of undertaking the necessary due diligence, the full complexities of the site have been revealed and the extent of the deficit for a viable scheme becoming clearer.
- 3.4 Following discussions with Housing Officers, the housing provider has sought approval through the Homes and Communities Agency (HCA) and the City Council for financial assistance to help deliver new housing on this site. At the time of writing the result from the HCA is uncertain. Subject to more detailed scrutiny of costs, this paper is wishing to determine whether there may be ‘in principle’ support for such a contribution. Due to the sensitive commercial nature of these matters, the development costs, deficit and subsidy requirements are set out within Appendix 1 and not for publication at this stage.
- 3.5 Due to the scale of the costs, Council Officers were aware of another Housing Provider with ‘Recycled Capital Grant Funding’ (RCGF) with a commitment to re-use in the City. Officers have encouraged the use of their funds to reduce the level of subsidy required by the HCA and ourselves. Currently there is in principle agreement for a second provider to take part of the site (13 apartments) and use their RCGF to provide some of the necessary subsidy.
- 3.6 The current proposals would see the addition of 84 units of accommodation. This consists of: -
 - a. 62 units of accommodation for older people to assist in meeting the needs of our ageing population; 8 of these would be fully wheelchair accessible.
 - b. 9 family dwellings
 - c. 13 apartments.

- 3.7 Members may recall that this site falls within the recently designated 'Housing Zone'. The bid for Housing Zone status outlined our objectives for the area: -
- a. To promote more housing in Gloucester city centre;
 - b. To regenerate a number of vacant, brownfield sites that detract from the potential of the City Centre as a place to live, work and shop in; and
 - c. To use Housing Zone (HZ) status to send an investment signal and promote more investment with positive knock on effects for the centre's retail offer and, in doing so, to help Gloucester City Centre become an "urban entertainment centre" and strengthen its appeal as a regional shopping destination.
- 3.8 Based on current proposals, the accommodation would be available for shared ownership and for rent, and provide options for an increasingly ageing population. It is understood that there are some older people who may be occupying unsuitable accommodation in the City and that the scheme could provide an attractive option to move to more suitable accommodation within the City Centre. In addition, the proposals also meet the needs of families and younger people, providing the option of accommodation near to employment opportunities or with easy access to rail/bus links close by.

4.0 Asset Based Community Development (ABCD) Considerations

- 4.1 At this stage, given the long term difficulties in finding a financially viable way of delivering the scheme, no opportunities have so far arisen that readily allow for ABCD considerations. Going forward, with the broad cross-section of age groups who could reside here (subject to the necessary funds being secured), with the availability of limited communal space, it will be critical to facilitate options for the new residents to come together to shape their community. Should the scheme progress with the housing provider, they would be well equipped to support residents creating their own unique community.

5.0 Alternative Options Considered

- 5.1 The site is not in the ownership of the Council although the Council Officers have sought to facilitate discussions with a number of housing providers to stimulate potential interest in the site, with a view to speeding up housing delivery. Regrettably the challenges with the site meant that levels of serious interest were low. To date Council Officers are unaware of any other serious interest for the site.
- 5.2 The proposed 'right to buy' receipts could be used for alternative schemes. The Council has an obligation to use the receipts held within a period of 3 years or alternatively pay interest or return sums to central government. The Council had £1,303,261.78 in receipts against which it must secure housing development to the value of £4,344,205.93. So far the Council has committed £600k of receipts to Gloucester City Homes as part of the Stock Transfer however the remainder of £703,261.30 must be spent by 31st December 2017, so decisions regarding the use of these funds must be taken with these timescales in mind.

6.0 Reasons for Recommendations

- 6.1 As the report outlines, the majority of the site has not been in use for thirteen years. The site is in close proximity to Kings Quarter and in a very visible location at entry points to the City

7.0 Future Work and Conclusions

- 7.1 Should 'in principle' support for a contribution be approved, appropriate scrutiny of development costs will be undertaken, beyond the separate evaluation undertaken by the HCA associated with the bid to them.
- 7.2 In addition, Officers would look to instruct One Legal to enter into a suitable legal agreement to safeguard the financial contribution subject to planning approval being received. Should financial support be secured through the various parties, it is the intention of the housing provider to submit a planning application in Autumn/Winter 2015.

8.0 Financial Implications

- 8.1 Retained right to buy receipts, which must be used for contributions towards social housing, are available as a resource within the Council's capital receipts reserve, and subject to Cabinet approval this will be added to the capital programme. There are no additional budget implications as a result of this proposed project.
- 8.2 As outlined in 5.2 the use of these funds must be within agreed timescales or the receipts will have to be returned to the Department of Communities and Local Government.

(Financial Services have been consulted in the preparation this report.)

9.0 Legal Implications

- 9.1 Legal agreements will be entered into, as necessary, to secure the use of the grant for affordable housing and the retention of units supported by the grant as affordable housing.

(One Legal have been consulted in the preparation this report.)

10.0 Risk & Opportunity Management Implications

- 10.1 As with any development scheme there will be risks, however many of these have been minimised by undertaking extensive due-diligence checks by the Registered Provider and the City Council before moving to a contractual position. Final checks at the time of writing the report are being undertaken in relation to the location of a culvert running through the site, so that the necessary easements and building design can be achieved.
- 10.2 The housing provider in acquiring the land will carry the majority of the risk associated with this development; however the Council will need to safeguard any contribution in relation to the scheme.

10.3 The scheme assists the council in meeting its housing objectives of delivering affordable housing and fulfilling its obligations under homeless legislation. In addition there is evidence to suggest that many older residents are occupying homes that are too large for them to comfortably maintain or are not suited to their needs. In providing good quality accommodation for older people, there are opportunities to down-size, or move from housing that is becoming difficult to maintain; it is therefore possible to create some churn within the housing market, freeing up family size homes, allowing for investment and making better use of the city's housing stock.

11.0 People Impact Assessment (PIA):

11.1 To be concluded, no negative impact anticipated as the provision of affordable housing will provide options for all sections of the community.

12.0 Other Corporate Implications

Community Safety

12.1 The profile of affordable housing discussed with the Housing Provider has had careful consideration in order to ensure that any new community that comes together is able to be sustainable and cohesive. It is envisaged a lettings plan would be put in place to ensure a balanced profile of residents on first let.

12.2 The design will need to be carefully considered to afford residents of the various schemes opportunities for integration whilst having some privacy and defensible space.

Sustainability

12.2 Given the prominence of the location, good quality design will be essential and will be a matter for discussions with various Council Officers. New housing developments are required to meet the necessary Building Regulations ensuring good standards for space, accessibility (enhanced for the wheelchair standard units) and also standards of thermal efficiency and sound insulation. With encouragement from the Council for the community to develop 'ABCD' techniques to shape and develop their own community, there is a good prospect of a highly sustainable scheme being delivered.

Staffing & Trade Union

12.3 Not relevant at this stage

Press Release drafted/approved

12.4 Discussion with the relevant Cabinet Member and Leader of the Council required ahead of report going into public domain.

Background Documents: None

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank