



**Gloucester
City Council**

Cabinet

Meeting: Wednesday, 22nd June 2016 at 6.00 pm in Civic Suite, North Warehouse, The Docks, Gloucester, GL1 2EP

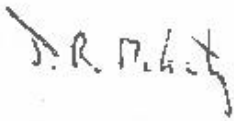
Membership:	Cllrs. James (Leader of the Council and Cabinet Member for Regeneration and Economy) (Chair), Dallimore (Deputy Leader and Cabinet Member for Communities and Neighbourhoods), Noakes (Cabinet Member for Culture and Leisure), D. Norman (Cabinet Member for Performance and Resources), Organ (Cabinet 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 - 16) To approve as a correct record the minutes of the meeting held on 9 th March 2016.
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>REVIEW OF THE CATERING SERVICE (Pages 17 - 26)</p> <p>To consider the report of the Cabinet Member for Culture and Leisure seeking approval for a number of recommendations that will ensure that the Council is providing modern, cost effective and attractive catering services moving forward.</p>
<p>7.</p>	<p>REVIEW OF THE WASTE AND RECYCLING SERVICE (Pages 27 - 36)</p> <p>To consider the report of the Cabinet Member for Environment updating Members on the work undertaken in respect of the Waste & Recycling Review and to recommend a new model of delivery that will deliver savings, enhance recycling performance and future proof the service for future challenges.</p>
<p>8.</p>	<p>2015-16 FINANCIAL OUTTURN REPORT (Pages 37 - 52)</p> <p>To consider the report of the Cabinet Member for Performance and Resources updating Members on the final Council position against agreed budgets for the 2015/16 financial year.</p>
<p>9.</p>	<p>TREASURY MANAGEMENT ANNUAL UPDATE 2015/16 (Pages 53 - 60)</p> <p>To consider the report of the Cabinet Member for Performance and Resources updating Members on Treasury Management activities for quarter 4, (1st January 2016 to 31st March 2016) and a summary of 2015/16 financial year.</p>
<p>10.</p>	<p>DISPOSAL OF LAND FOR PROPOSED CHURCH DOWN SURGERY (Pages 61 - 70)</p> <p>To consider the report of the Cabinet Member for Regeneration and Economy seeking approval for the intended disposal by way of a 125 year lease of land at Parton Road, Churchdown for the purpose of building a new doctors' surgery.</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>11.</p>	<p>EXCLUSION OF 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>

	Agenda Item No.	Description of Exempt Information
	12	Paragraph 3: Information relating to the financial or business affairs of any particular person (including the Authority holding that information).
12.	KINGS QUARTER DEVELOPMENT SCHEME (Pages 71 - 80)	
	To consider the report of the Cabinet Member for Regeneration and Economy concerning the Kings Quarter Development Scheme.	



Jon McGinty
Managing Director

Date of Publication: Tuesday, 14 June 2016

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.

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- 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.

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CABINET

MEETING : Wednesday, 9th March 2016

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

Others in Attendance

Councillor Kate Haigh

Councillor Jeremey Hilton

Jon McGinty, Managing Director

Shirin Wotherspoon, Solicitor

Ross Cook, Corporate Director

Jon Topping, Head of Finance

Anthony Wilson, Head of Planning

Atika Tarajiya, Democratic Services Officer

98. DECLARATIONS OF INTEREST

There were no declarations of interest.

99. MINUTES

RESOLVED:

That the minutes of the meeting held on 10th February 2016 be confirmed as a correct record and signed by the Chair.

100. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

101. PETITIONS AND DEPUTATIONS (15 MINUTES)

Mr O' Connor presented a petition on behalf of residents of Kemble Close, Tuffley who were experiencing major issues in gaining access to the area due to obstructions caused by the lack of sufficient parking spaces. He requested that City Council make some provision to release a small amount of land to provide 3 additional car parking spaces recognising the difficulty in accepting this request. He reported that the petition had attracted a modest number of signatures as the issue only affected a limited number of residents.

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Councillor James (Leader of the Council and Cabinet Member for Regeneration and Economy) thanked Mr O' Connor for his attendance noting that this request would need to be considered by Officers before a response could be provided.

Councillor Organ (Cabinet Member for Housing and Planning) stated that he was fully aware of the issue, caused by a combination of a lack of sufficient space and the attitude of a local resident. He assured Mr O' Connor that Officers would examine the issue in detail and provide Mr O Connor with a response.

102. CULTURAL STRATEGY

Cabinet considered the report of the Cabinet Member for Culture and Leisure (Councillor Noakes) concerning the proposed draft Cultural Strategy 2016-2026.

Councillor Noakes highlighted key areas of the report advising that the strategy had been developed with £15,000 funding from the Arts Council in addition to the £10,000 funding provided by the City Council and had incorporated feedback gathered from responses to the online public consultation. She advised that a Culture Board would be established to deliver the ambitious plans laid out in the strategy, noting that the independent Board would report back to the City Council regularly on the progress being made. She expressed her thanks to all members of the interim culture board for their efforts in developing the strategy within such a tight timescale.

Cabinet Members welcomed the strategy acknowledging the importance of continuing to develop culture within the City. Councillor Dallimore (Cabinet Member for Communities and Neighbourhoods) encouraged the continued use of asset based community development approach to help deliver the strategy's aims noting that fully constituted Culture Board should be representative of communities within the City.

RESOLVED TO RECOMMEND TO COUNCIL:

1. That the Cultural Strategy 2016 - 2026 be adopted;
2. That the Council notes the establishment of a new Cultural Board, as set out in paragraphs 3.5 – 3.7;
3. That the Council authorises the Corporate Director to enter into an agreement with the formed Cultural Board on terms approved by the Council Solicitor to deliver the Cultural Strategy on behalf of the Council for the period 2016- 2018; and
4. That the Cabinet Member for Culture and Leisure be appointed as the Council's nominee on the new Cultural Board.

103. CULTURAL STRATEGY UPDATE: JULY - DECEMBER 2015

Cabinet considered the report of the Cabinet Member for Culture and Leisure which updated Members on progress made in achieving the Cultural Strategy's targets from July to December 2015.

Councillor Noakes summarised key areas of the report and advised Members that future reports would be presented in an altered format following the implementation of the new Cultural Strategy.

RESOLVED:

1. That achievements made in delivering the Cultural Strategy from July to December 2015 be noted.
2. That the planned activities by various stakeholders as contributing to the Cultural Strategy aims and objectives be noted.

104. RUGBY WORLD CUP FINAL REPORT

Cabinet considered the report of the Cabinet Member for Regeneration and Economy which updated Members on the outcomes of the Council's Host City project as part of the Rugby World Cup 2015 (RWC) celebrations and the ongoing legacy priorities.

Councillor James reported that a Legacy group had been set up to explore the long term benefits of the RWC15 and to deliver the future projects planned across the City noting that the City Council had delivered a large programme of cultural events over and above the requirements of a Host City. He reported that owing to the considerable financial impact that the Host City Project had on the City, Gloucester would be used as a case study in an economic impact report being produced by England 2015.

Cabinet Members praised Officers for delivering the project and associated cultural programme within the agreed budget, noting that the City had been allocated a much smaller budget in comparison to other Host Cities. They placed on record their thanks to community groups and volunteers for their involvement and efforts in the project and expressed their hope that the City would be able to attract more events of a similar scale.

RESOLVED:

That the outcomes of being a RWC Host City and the ongoing work of the RWC Legacy Group set up to ensure a real legacy is achieved be noted.

105. VOLUNTARY AND COMMUNITY SECTOR FUNDING 2014-16 AND PROPOSAL FOR 2016-17 FUNDING

Cabinet considered the report of the Cabinet Member for Communities and Neighbourhoods which outlined how grant funding had been allocated for the

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period 2014 to 2016 and the proposed approach for 2016 to 2016 and the proposed approach for 2016 to 2017.

Councillor Dallimore reported that the landscape for grant funding had changed owing to the financial constraints the Council was facing, noting that the City Council was still the largest grant provider in the district. She advised that a grass roots approach had been adopted, with Officers working to develop communication with partners to consider the possibility of sharing funding. She reported that the budgetary implications had been discussed at a workshop on the 24th November 2015 which had been well attended by voluntary and community groups; she noted that the service level agreements with advice centres would remain the same.

Councillor Dallimore expressed her disappointment at an article in the local media regarding the Members Allocation Fund, noting that a majority of the monies had already been spent.

Cabinet Members endorsed the proposals, commenting that Members were in an appropriate position to recognise groups and projects that require funding within their individual wards.

RESOLVED:

1. That the allocation of grant funding for the period to March 2016, as set out in Appendix 1, be noted.
2. That the process and criteria for the allocation of grant funding, as outlined in appendix 2, be approved for 2016-17
3. That the grant monies are split as detailed in paragraph 3.8.
4. That the remaining ABCD (Your Gloucester) budget is carried forward to 2016-17.

106. APPRAISAL OF COMMUNITY BUILDING IN KINGSWAY

Cabinet considered the report of the Cabinet Member for Communities and Neighbourhoods which updated Members on the effects of Community Building using the asset based approach in Kingsway.

Councillor Dallimore reported that despite initial public concerns about Kingsway, the pilot had proven to be successful predominantly owing to the efforts of the Community Builder. She noted that the project had also sparked interest with other partner organisations, reporting that similar projects would be implemented in Podsmead and Matson following funding received from the National Lottery and Barnwood Trust.

Cabinet Members welcomed the progress made in Kingsway, noting the strong community spirit that had been established. They expressed their hope that other wards in the City could benefit from similar model.

RESOLVED:

1. That the contents of the report be noted
2. That the City Council continues to use an asset based approach to service delivery

107. MUSEUMS SERVICE COLLECTING POLICY 2016-2020

Cabinet considered the report of the Cabinet Member for Culture and Leisure which sought approval for the policy which defines how, why and what the City museums collect.

Councillor Noakes reported that the new policy had been developed following a revision of the Collections Development Policy templates produced by Arts Council England to ensure that the City Council retained its Accreditation status.

RESOLVED:

That the policy, set out in Appendix 1, be adopted.

108. FINANCIAL MONITORING QUARTER 3 REPORT

Cabinet considered the report of the Cabinet Member for Performance and Resources (Councillor Norman) which updated Members on the financial monitoring report details including budget variances, year-end forecasts, and progress made against agreed savings targets for the 3rd quarter ended 31st December 2015.

Councillor Norman summarised key areas of the report commenting that Senior Officers were encouraging their teams to consider new means of making further savings, without compromising the level of service being delivered.

RESOLVED:

1. That the savings achieved in year to date total £1.002m be noted.
2. That the forecast year end position which is currently for a reduction to the Council's General Fund balance of £244k be noted. This is an improvement of the Quarter 2 position of £278k.
3. That the actual and expected levels of income for the Council shown at Appendix 3 be noted.
4. That the details of specific budgetary issues identified by officers and the actions being taken to address those issues be noted.
5. That the current level of Capital expenditure as shown on Appendix 2 be noted.

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109. TO PROCURE AND AWARD A CONTRACT FOR THE SUPPLY OF TEMPORARY STAFF

Cabinet considered the report of the Cabinet Member for Performance and Resources which sought approval to conduct a joint EU compliant tender process with Gloucestershire County Council GlosCC for the award of a new 4 year contract (3 year initial term with an option to extend for a year) for the supply of temporary staff commencing 1st August 2016.

Councillor Norman commented that there was no single arrangement currently in place and a joint procurement with GlosCC could help to secure better value savings.

RESOLVED:

1. That a competition be run jointly with Gloucestershire County Council in accordance with the provisions of the ESPO 653F MSTAR Framework for the award of single supplier 4 year contract (for an initial term of 3 years with an option to extend for a further year) for the provision of temporary staff services commencing on 1st August 2016.
2. That upon conclusion of the mini competition process, to enter into a contract with the preferred provider evaluated as offering the Council best value for money for delivery of the services.
3. That in the event that the preferred provider is either unable or unwilling to enter into that contract with the Council, the Head of Finance, in consultation with Cabinet Member for Performance and Resources, be authorised to enter into such contract with the next willing highest placed suitably qualified provider.

110. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) SIX MONTHLY REPORT ON USE OF RIPA POWERS

Cabinet considered the report of the Cabinet Member for Performance and Resources which updated Members on the Council's use of its powers under the Regulation of Investigatory Powers Act 2000 (RIPA).

Councillor Norman stated that the actions outstanding from the last inspection had now been completed, and reported that following the review of the procedural guidance later in the year, an update report would be presented to Cabinet on annual basis instead.

RESOLVED:

That the contents of the report be noted.

111. COMMUNITY INFRASTRUCTURE LEVY - DRAFT CHARGING SCHEDULE

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Cabinet considered the report of the Cabinet Member for Housing and Planning which sought approval of the Community Infrastructure Levy- Draft Charging Schedule for public consultation purposes.

Councillor Organ summarised key areas of the report noting that the absence of an approved charging schedule could reduce the funds received to promote future development.

In response to Councillor James's query regarding the viability of small scale residential schemes if a flat rate were imposed across the entire JCS area, the Head of Planning reported that each authority were free to set their own CIL rates.

RESOLVED:

1. That the publication of the Draft Charging Schedule be approved for public consultation purposes subject to any further amendments recommended by Planning Policy Sub-Committee.
2. That authority be delegated to the Head of Planning in consultation with the Cabinet Member for Housing and Planning to prepare the final consultation document.
3. That following the conclusion of the public consultation period, the responses received be compiled and submitted with the Draft Charging Schedule to the Planning Inspectorate for Examination.

112. INTERIM PLANNING POLICY FOR MOBILE CATERING UNITS

Cabinet considered the report of the Cabinet Member for Housing and Planning which sought approval for an interim planning policy for mobile catering units to be used for development management purposes, prior to the completion on the City Plan.

Councillor Organ highlighted key areas of the report, and commented that the responses from the public consultation had been evaluated, though Officers had not felt amendments to the policy were required.

Councillor Dallimore was encouraged to see that health and wellbeing of local residents were taken into consideration within the policy, reporting that Stroud District Council were also considering a similar aspect in the development of their policy.

RESOLVED:

That the interim planning policy for mobile catering units be adopted for development management purposes, prior to the adoption of the City Plan.

113. GLOUCESTER CITY COUNCIL AND GLOUCESTERSHIRE COUNTY COUNCIL SHARED SERVICES PROGRAMME: CO-LOCATED PROPERTY SERVICE

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Cabinet considered the report of the Cabinet Member for Regeneration and Economy which sought approval to co-locate both Gloucester City and Gloucestershire County property teams within Shire Hall, to enable consideration of a fully shared property service over the forthcoming months.

Councillor James reported that the co-location of the property teams would help the City Council to achieve its savings targets but recognised that further work would be required to evaluate the benefits a fully integrated service. He commented that Members' could continue to have easy access to the Asset and Property teams at Shire Hall and would continue to be able to do so, should there be any changes to the arrangements.

In response to Councillor Norman's query regarding pension liability if staff were TUPEd, the Head of Finance explained that a full cost benefit analysis would be carried out and this issue would be considered in detail.

In response to the Councillor Jim Porter's query of why a cost benefit analysis had not been completed prior to the move to Shire Hall, the Managing Director advised that this had not been completed deliberately, in order to allow both teams to fully consider the opportunistic savings that could be made. He noted that as there had been no changes to the terms and conditions, staff could be re-located back to the City Council at the end of the trial period, if this was felt to be appropriate.

RESOLVED:

1. That the City Council property team be relocated to Shire Hall to enable the two property teams to be co-located.
2. That a period of review be undertaken to fully assess the opportunities for shared working and develop plans for a full shared service.

114. EXCLUSION OF PRESS AND PUBLIC

RESOLVED 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 items there will be disclosure to them of exempt information as defined in Schedule 12A of the Local Government Act 1972 as amended.

115. REGENERATION AT KINGS QUARTER

Cabinet considered the report of the Cabinet Member for Regeneration and Economy updating Members on the Kings Quarter scheme.

RESOLVED:

The recommendations as laid out in the exempt report.

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116. BAKERS QUAY, GLOUCESTER

Cabinet considered the report of the Cabinet Member for Regeneration and Economy concerning Bakers Quays, Gloucester.

RESOLVED:

The recommendations as laid out in the exempt report.

117. DISPOSAL OF LAND AT ST OSWALDS AND TESCO LEASE VARIATION

This report was withdrawn from the agenda.

Time of commencement: 6.00 pm

Time of conclusion: 7.40 pm

Chair

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Meeting:	Overview & Scrutiny Committee	Date:	13 June 2016
	Cabinet		22 June 2016
Subject:	Catering Service Review		
Report Of:	Cabinet Member for Culture & Leisure		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Lloyd Griffiths, Head of Neighbourhood Services		
	Email: lloyd.griffiths@gloucester.gov.uk		Tel: 39(6355)
Appendices:	1. Surplus / (Deficit) of Catering Sites 2012/2013 – 2015/2016		

FOR GENERAL RELEASE

1.0 Purpose of Report

1.1 This report is intended to inform Cabinet on the outcome of the Catering Service Review and requests approval for a number of recommendations that will ensure that the Council is providing modern, cost effective and attractive catering services moving forward.

2.0 Recommendations

2.1 Overview & 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:

- (1) Approval be granted to cease operating the catering facility at the Council’s Herbert Warehouse, but to note that alternative arrangements are being investigated to provide a snack option for staff at no cost to the Council;
- (2) Approval be granted to cease operating the Museum of Gloucester Café, but to note that alternative arrangements are being investigated to provide a snack option for visitors at no cost to the Council;
- (3) Further investigation into opportunities to develop a shared café space with the City Library be endorsed; and
- (4) Plans outlined within the report in respect of the catering facilities at The Arbor at Gloucester Crematorium, Gloucester Guildhall, Gloucester Life Museum and Blackfriars Priory, which will enhance the level of service provided at these facilities be endorsed.

3.0 Background and Key Issues

- 3.1 An initial commercial review was carried out of the Guildhall and Museums Services in 2014. This report highlighted areas for potential growth within the catering facilities attached to these services, including the potential for outsourcing some elements.
- 3.2 Subsequently a further review ('the review') was commissioned and undertaken in 2015 which encompassed all of the Council's catering services to address whether an outsourced option was both financially viable and practically deliverable. Furthermore the brief of the review was to identify short-medium term options for in-house growth of catering services if outsourcing proved to be non-viable.
- 3.3 In general the review confirmed the following –
- 1) Individually and collectively the Councils catering services were unlikely to provide an attractive outsourcing opportunity;
 - 2) The catering service provided at The Arbor at Gloucester Crematorium, Gloucester Guildhall, Gloucester Life Museum and Blackfriars Priory were all operating at profit and options should be developed to grow these catering sites to improve the level of service provided, thus increasing income;
 - 3) The Museum of Gloucester Café is running at a loss and required an increase in footfall if it were to operate at profit, and
 - 4) The staff kitchen at Herbert Warehouse is also running at loss due to insufficient footfall and relatively high staffing costs for the hours and nature of the operation.

3.4 The Museum of Gloucester Cafe

- 3.4.1 The review highlighted that the level of footfall seen through the Museum was contributing to the loss making position of the Café on site. Annual losses since 2012/2013 have ranged from £5,000 - £12,000.
- 3.4.2 The review recommended that a transformation project aimed at increasing footfall and subsequent sales should be explored, with an option of a shared entrance/café space with the City Library. This project is already being explored but will require time to develop and may require a significant amount of capital expenditure to implement.
- 3.4.3 To continue to operate the Café whilst this project is explored and developed does not seem financially prudent and therefore the report seeks approval to close the Café whilst alternative models of delivery are explored.
- 3.4.4 In order to continue to provide a catering offer however that adds value to the customer experience at the Museum it is intended that hot and cold drinks and pre-packaged snacks will be sold from the reception area at no cost to the Council this being delivered from within existing resources.

3.5 Herbert Warehouse Staff Kitchen

- 3.5.1 The kitchen at Herbert Warehouse is predominantly used to cater for staff in respect of breakfast, lunch and snack offerings. The review confirmed that the kitchen continues to operate at a loss, these losses ranging from £4,000 to £25,000 since 2012/2013.
- 3.5.2 The kitchen was installed prior to the Quays development and as the lunchtime options in the surrounding area have increased and the number of staff working within the building has steadily decreased, this has resulted in a decline in sales.
- 3.5.3 Work has already commenced to investigate alternative snack facilities for staff by way of a visiting food vendor (i.e. sandwich van) or vending machine. Subject to approval arrangements will be made to implement such a service with all staff being made fully aware of its introduction and availability. It should also be noted that kitchen pods are provided throughout the Council's Docks offices and these will be retained for use by staff to prepare and consume their own food & drink.

3.6 The Arbor & Tea Room at Gloucester Crematorium

- 3.6.1 The catering facility at Gloucester Crematorium consists of The Arbor (a purpose built wake room) which can hold up to 80 people and The Willows Tea Room, which in addition to a day to day café facility, can also be used to hold private wakes for up to 40 people. This however requires the Tea Room facility to close to non-wake customers.
- 3.6.2 The Cemeteries & Crematorium Service Manager has identified that having only one wake room that is able to hold more than 40 people and the fact that this room operates on a maximum 2 hour hire, is resulting in a number of hire requests having to be declined due to a lack of availability. A second dedicated wake room would provide scope to hold longer wakes but also cater for wakes resulting from services held within a short period of time of each other.
- 3.6.3 A draft business plan including draft drawings is currently being developed in conjunction with Asset Management, for a second dedicated wake room at the site which would hold 80 people. These plans would also be accompanied by plans to maximise car parking spaces at the site to cater for extra vehicles. Once complete and subject to approval by the Capital Expenditure Board the plans will be consulted on with relevant Cabinet Members and a report submitted to Cabinet for their approval.

3.7 The Gloucester Guildhall

- 3.7.1 The service benefits from an existing steady level of footfall generated through events and gigs. The review however identified three areas for improvement, these being:
- 1) Amended opening hours of catering facilities to cater for range of needs and active advertisement of new opening hours;
 - 2) Review of menu to cater for opening hour needs, and

3) Kitchen infrastructure improvements which will support an efficient catering operation that can cope with demand.

3.7.2 The Guildhall Service Manager has commenced developing plans to address these three items and intends to implement these in the forthcoming months through a mix of existing budgets and capital expenditure subject to approval.

3.8 The Gloucester Life Museum

3.8.1 This museum closed its café facility in 2014 due to operational changes implemented at the site. This achieved a saving of £18,000 although it is still not considered cost-effective to open a full café on-site at this time. Developing the self-service by way of a 'vintage theme' would provide a better offer to customers more in keeping with the museum.

3.8.2 Subject to approval of this report several donations of vintage tea sets and cutlery will be incorporated into the self-service offer and be made available for visitors to use if they so wished. Having such a facility visible to passing pedestrians would also provide a greater attraction for them to visit the museum.

3.9 Blackfriars Priory

3.9.1 This site has year on year since 2012/2013 run at surplus, ranging from £3,000 - £13,000. Services are provided through a mix of in-house and 3rd party provision depending on the nature and scale of event.

3.9.2 The review recommended that the catering brand at the site be developed through use of a contracted 3rd party caterer operating under the banner of the Council. This would allow the Council to review its investment costs at the site through minimising the catering infrastructure it is responsible for. It will however be prudent to hold a basic level of catering equipment so that small – medium events such as meetings and conferences can still be managed in-house and will prevent us from having to hire such equipment.

3.10 In conclusion, the report confirms the financial operating position of each catering site and offers more detail at Section 7. Two of the sites, Herbert Warehouse Kitchen and the Museum of Gloucester Café are running at a loss. It is not financially viable to operate the two sites highlighted and to do so would not represent best value for money. The report seeks approval to cease operating catering facilities at these two sites and in its place implement an alternative but reduced catering offer at no cost to the Council.

4.0 Asset Based Community Development

4.1 In considering a longer term option for catering at The Museum of Gloucester it is important that community catering models are actively encouraged and considered. Such models are active and successful within the City and we will look to engage such organisations in order to explore alternative opportunities for delivery.

5.1 Alternative Options Considered

- 5.1 The initial focus of the review was to examine the benefits of outsourcing the Council's Catering Services. This was discounted as an over-arching model, as each service has distinctly different needs and there are few if any 3rd party catering/hospitality contractors who could provide all such requirements.
- 5.2 Furthermore due to the variance in income from site to site, outsourcing all catering services under one umbrella would be unlikely to present an attractive business opportunity.

6.0 Reasons for Recommendations

- 6.1 With the Council needing to make significant savings over the next 3 years it is prudent to cease operating those sites that are loss making. Such a decision would remove a pressure from the Council's budgets of approximately £24,000 per annum.
- 6.2 Ceasing to operate loss making sites would then allow the Council to concentrate on improving the level of service at those sites that are currently making a surplus and at which it has been identified can become more profitable through a mix of capital infrastructure works and re-focussing of resource.

7.0 Future Work and Conclusions

- 7.1 As outlined in the report and subject to its approval, those services where it is recommended that improvements are made will require its Service Manager in conjunction with relevant internal services and the relevant Cabinet Member, to develop business cases where expenditure for infrastructure improvements are required. These business cases will then need to be submitted to the Council's Capital Expenditure Board for approval.
- 7.2 Where capital expenditure is not required then Service Managers in conjunction with their Head of Service and relevant Cabinet Member will need to implement those operational changes that have been identified as necessary.
- 7.3 In respect of the Museum of Gloucester and Herbert Warehouse Staff Kitchen then subject to approval, work will commence to implement an alternative snack offer such as vending machine or visiting sandwich van.
- 7.4 Subject to approval of the report a formal consultation process involving those staff whose posts will potentially be deleted as a result of closure of catering sites will be undertaken in conjunction with Human Resources. Formal consultation with relevant Trade Unions will also take place.

8.0 Financial Implications

- 8.1 The proposal to close catering facilities at Herbert Warehouse and The Museum of Gloucester will remove a pressure on the Council's budget. The sites are budgeted by the Council to achieve a break even position. Removing a break even budget does not contribute to the Council's savings target as it has no net budget impact.

- 8.2 However if the sites continue to trade at a deficit it would be necessary to add to the savings target to remove pressure created by that deficit. The level of pressure removed is approximately £24,000 as per 2015/2016 figures and will therefore improve the outturn position in 2016/2017.
- 8.3 It is illustrated in Appendix 1 that remaining sites are operating at surplus. However catering does not yet trade at the level of surplus included within the Council's budget, most notably at the Guildhall.
- 8.4 As outlined in the report the Service Managers with responsibility for these sites have started to develop plans on the back of the review on how improvements can be made. Any projects requiring capital expenditure will be supported by businesses cases to show how the capital expenditure will generate a payback against the cost of the project.

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

9.0 Legal Implications

- 9.1 The recommendations made within the report will require redundancies to be made. Redundancy is a fair reason for dismissal under the Employment Rights Act 1996 provided there is a diminution of the work or the work ceases altogether.
- 9.2 The Council's policies and processes will be followed diligently regarding redundancy and should there be volunteers for redundancy the Council will support these colleagues as necessary whether that be preparation for future employment opportunities or perhaps planning for retirement. This will also apply in a compulsory redundancy situation.
- 9.3 The Council is under a general Best Value Duty to 'make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness'. Under this duty the Council needs to consider overall value, including economic, environmental and social value, when reviewing service provision. Before deciding how to fulfil its Duty, the Council is under a compulsory duty to consult with Council Tax payers, service users and potential users of the service with full information and the right to put forward alternative options.
- 9.4 The Council is required to comply with its Public Sector Equalities Duty and present an Equalities Impact Assessment under Section 149 of the Equality Act 2010. Careful thought must be given to the need to engage with relevant individuals and that the aims of the Duty are achieved at the earliest possible stage in the decision making process. Often this process is combined with the process for the Best Value Duty outlined in paragraph 9.3 as a People Impact Assessment which is covered in Section 11 of this report.
- 9.5 To avoid any judicial challenge, when formulating a decision to cease or outsource a service, the Council need to have regard and be able to demonstrate it has given due regard to any People Impact Assessment.

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

10.0 Risk & Opportunity Management Implications

10.1 It may be perceived that withdrawing catering facilities from The Museum of Gloucester would affect footfall into the core museum area of the building. Although research suggests that those who use the Museum Café are very often there only to use the café, such a risk is mitigated by the provision of a reduced catering offering selling snacks and drinks and furthermore an eating area so goods bought on site or brought from off site can be consumed at The Museum.

11.0 People Impact Assessment (PIA):

11.1 The potential impact resulting from the proposal to close the catering facilities at both Herbert Warehouse and The Museum of Gloucester is that service users would need to make alternative arrangements to source food or drink.

11.2 This impact in itself is low to moderate given the range of alternative catering facilities in close proximity of both sites, but is further mitigated by the proposal to offer a reduced catering offer at both sites to meet basic needs. Furthermore in respect of The Museum of Gloucester it is still the intention to provide a space for the consumption of food brought in from off-site by visiting groups such as schools.

11.3 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required. However a two week consultation exercise with service users of the Museum Café commenced on Friday 27th May 2016, to further assess the impact of closure and obtain their views on alternative provision.

12.0 Other Corporate Implications

Community Safety

12.1 Not applicable in respect of this report

Sustainability

12.2 Reviewing the Council's Catering Services presents an opportunity to modernise and provide offerings that deliver best value for both the Council and our customers moving forward.

Staffing & Trade Union

12.3 Subject to approval of this report a full and formal staff consultation in conjunction with Human Resources will be undertaken within those services where redundancies may be necessary. Relevant Trade Unions will also be consulted with in a timely fashion.

Background Documents:

- 1) MYA Consulting Report (1st December 2015)
- 2) People Impact Assessment – Screening Stage Assessment (19th May 2016)

Appendix 1 – Surplus / (Deficit) of Catering Sites 2012/2013 – 2015/2016

Site	2012/2013 £000	2013/2014 £000	2014/2015 £000	2015/2016 £000	2016/2017 Budget £000
The Museum of Gloucester	(9)	(12)	(5)	(7)	0
Herbert Warehouse Staff Kitchen	(25)	(15)	(4)	(17)	0
The Arbor & Willows Tea Room at Gloucester Crematorium	2	13	33	22	19
Gloucester Guildhall	19	10	(1)	28	57
The Gloucester Life Museum	5	(12)	N/A	N/A	N/A
Blackfriars Priory	3	13	6	10	8
Annual Total	(5)	(3)	29	36	84

RECOMMENDATION FROM OVERVIEW AND SCRUTINY COMMITTEE 13 JUNE 2016

The City Council's Overview and Scrutiny Committee considered the Cabinet's report on the Catering Service Review. As a result of the debate, the Committee requested that the following recommendation should replace the existing recommendation 2.2 (2) of the report.

RESOLVED TO RECOMMEND TO CABINET - That the Museum of Gloucester Café continues to function in the short term pending the results of a market testing exercise which will be undertaken to gauge the interest of potential local catering operators in the business.

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Meeting:	Overview & Scrutiny Committee	Date:	13 June 2016
	Cabinet		22 June 2016
Subject:	Review of The Waste & Recycling Service		
Report Of:	Cabinet Member for Environment		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Lloyd Griffiths, Head of Neighbourhood Services		
	Email:	lloyd.griffiths@gloucester.gov.uk	Tel: 39(6355)
Appendices:	1. Diagram Illustrating Proposed New Service Model (NSM) 2. Table Illustrating Capital Expenditure Requirements 3. Table Illustrating Full Year Savings Delivered by NSM		

FOR GENERAL RELEASE

1.0 Purpose of Report

1.1 To outline to Cabinet the work undertaken in respect of the Waste & Recycling Review and to recommend a new model of delivery that will deliver savings, enhance recycling performance and future proof the service for future challenges.

2.0 Recommendations

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

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

- (1) The contents of the report and the work of the ‘Waste & Recycling Review Members Project Group’ be noted;
- (2) Approval be granted to implement the New Service Model (NSM) Option, as outlined in the report with a target commencement date of Spring 2017;
- (3) Approval be granted to purchase capital items (as outlined in Appendix 2 of the report) to the value of £2,356,900 in order to deliver and implement the NSM.

3.0 Background and Key Issues

3.1 As part of the Councils Money Plan, year on year savings are required to be delivered from within the Streetcare Contract. During 2015/2016, in year savings in excess of £100,000 were achieved from an identified £150,000 full year saving. These savings were identified from within the waste & recycling element of the

contract, acknowledging that the bulk of previous savings had been achieved through changes associated with grounds maintenance and street cleansing.

- 3.2 A project to identify a significant level of savings was conducted during 2014 at the advice of our contractor AMEY, the focus of which was to investigate whether a move to co-mingled recycling would be a more cost effective means of delivering the service. The timing of this project was in recognition of the fact that lease arrangements in respect of our recycling trucks are due to end in December 2016 and a replacement fleet would be required. The replacement of these trucks offered the Council a timely opportunity to look at delivering the service in a more cost effective manner.
- 3.3 It became evident however that market conditions in respect of commodities and the terms of the Councils Streetscene Contract meant that a co-mingled recycling service would cost the Council significantly more to deliver whilst delivering a minimal increase in performance. This was reported to Cabinet in February 2015 and subsequently a decision was taken not to proceed with a co-mingled recycling service.
- 3.4 Attention then turned to how our current kerbside sort recycling service could be delivered differently in order to achieve the following outcomes –
- 1) Deliver Savings / Increase Income;
 - 2) Improve Recycling / Increase Landfill Diversion;
 - 3) Minimise Customer Impact / Improve Customer Satisfaction
- 3.5 A cross-party Members Project Group chaired by The Cabinet Member for Environment (Cllr Porter) was set up to oversee the project and included Cllrs Haigh, Field, Taylor and latterly Cllr McLellan. In reviewing the current recycling service several variables were scrutinised including: frequency of collections, the type of materials currently accepted/not accepted, food waste collections, the type of recycling trucks available, customer perception of service, commodity markets /income and future growth of City.
- 3.6 A number of alternative options for delivering the service were presented to Members over a period of 12 months along with impact assessments in respect of cost, performance and customer.
- 3.7 At the Members Project Group on 7th March 2016, Members unanimously agreed to endorse a preferred option – ‘Enhanced Recycling Service with No Change to Frequency’ for formal pricing and subsequent presentation to Cabinet for approval. The group also unanimously supported the Council purchasing all capital items if this resulted in further savings.
- 3.8 The preferred option has been illustrated at Appendix 1 but the key points are outlined below –
- Refuse continuing to be collected in a black wheeled bin by a standard refuse collection vehicle on a fortnightly basis;
 - Dry recycling will continue to be collected weekly but with cardboard and textiles being added to the existing materials of food waste, glass, cans, mixed papers, plastic bottles and household batteries.

- A hessian type weather proof sack will be made available to all residents to present their cardboard in with all other dry recycling items needing to be presented in the existing green boxes.
- The new service will require a fleet of Resource Recovery Vehicles (RRV) to collect the expanded range of commodities in one pass

3.9 Although this review has been undertaken in respect of how we collect both refuse and recycling, the Members Project Group were of the opinion that at this point in time reducing the frequency of refuse (black bin) collections would have too much of an impact on the customer. Therefore no changes are proposed to the frequency of refuse collections at this time. However the preferred NSM does present the Council with an opportunity to consider frequency of refuse collections in the future.

3.10 The pricing exercise undertaken to date in conjunction with AMEY has confirmed that the net financial benefit to the Council of implementing the preferred NSM will as a minimum amount to £204,025 per annum. A breakdown of these costs is provided at Appendix 3.

3.11 The costs in Appendix 3 reflect an additional financial benefit to the Council of £102,591 if the Council themselves were to purchase all capital items associated with the new service and which this report seeks approval for. The capital items required in addition to their costs are set out at Appendix 2.

4.0 Asset Based Community Development

4.1 The introduction of a new service will present an opportunity for the Council to promote some key messages particularly around recycling and landfill diversion. This in itself provides an opportunity for us to encourage and identify 'community recycling champions' or 'recycling communities' that could help us engage with hard to reach groups that are known to be associated with low recycling participation.

5.0 Alternative Options Considered

5.1 As outlined in the report several other models of delivery have been developed and presented to the Members Project Group and have undergone scrutiny in respect of the three key criteria of performance, cost and customer impact.

5.2 Three final models were developed, indicatively costed and presented to Members for their endorsement of a preferred option. These models included the preferred option and two others, namely –

- Enhanced Recycling Service (addition of cardboard & textiles) with a Dedicated Food Waste Fleet; and
- Enhanced Recycling Service (addition of cardboard & textiles) with Fortnightly Collection of Recycling

Enhanced Recycling Service with Dedicated Food Waste Fleet

5.3 This model as compared to that being proposed would see food waste being collected by dedicated food waste trucks as opposed to trucks that would collect dry recycling and food waste. This would result in a reduction in the number of dry

recycling trucks required but then requires the addition to the fleet, of a number of dedicated food waste vehicles which starts to add back in costs. It would also see each property being visited by a truck four times every fortnight as opposed to three times with the preferred model and as well as being inefficient also has the potential to add to congestion issues on collection rounds in busy narrow streets. Members felt the impact of this model exceeded that of the preferred option and that the level of savings it offered did not justify its implementation.

Enhanced Recycling Service with Fortnightly Collection of Recycling Utilising a Dedicated Food Waste Fleet

- 5.4 This model is identical to that being proposed by this report with the only difference being that dry recycling is collected fortnightly rather than weekly at present. With residents being asked to manage their dry recycling for a two week period, research has shown this would have a negative impact on recycling performance in the longer term. This model would also result in a significant number of requests for second or even third green recycling boxes which would start to increase capital and ongoing revenue costs in respect of provision and replacement of bins. Fundamentally however with the increase of material being presented following a two week period the resource model proposed and which would deliver savings would require collection crews to be working to be working to full capacity and this comes with significant risks including: building back in of resource to cope with increase in materials, accidents/injuries and overtime costs. Weekly food waste collections would need to be maintained via a separate fleet of vehicles. Members agreed that although there were additional savings associated with this option, customer and performance impact was too great and moving to fortnightly recycling would make it more difficult for future changes to the service if required as a result of ongoing savings pressure.

6.0 Reasons for Recommendations

- 6.1 The waste & recycling review focussed on identifying a new service that would deliver savings, increase recycling performance (thus diverting waste away from landfill) and minimise customer impact.
- 6.2 The proposed new service delivers against all these objectives as it will financially benefit the Council to the tune of at least £204,025 per annum, it is forecasted to increase our recycling performance in the region of 4-5% and the impact on the customer from having to manage one extra receptacle in the form of a hessian sack for cardboard is deemed manageable.
- 6.3 Furthermore it should be noted that residents and Members have for some time been advocating that the Council collects additional materials, particularly cardboard. This scheme provides the Council with an opportunity to deliver an improved service that residents require.

7.0 Future Work and Conclusions

- 7.1 Subject to approval being granted the Council will issue a Service Change Request Notice to its contractor AMEY, requesting that the new service model be implemented.

- 7.2 Successful implementation will require a partnership approach and a partnership project group will be organised to develop a number of key projects including the development of an implementation plan and communications plan. As part of this delivery plan the collection of mixed plastics at the kerbside will also be investigated in order to maximise the benefits that the new type of recycling trucks will offer.
- 7.3 It is not envisaged that any further formal reports will be submitted prior to implementation of a new service and regular dialogue will take place between The Head of Neighbourhood Services, Senior Management Team and The Cabinet Member of Environment in respect of progress.

8.0 Financial Implications

- 8.1 This report seeks approval for the Council to purchase the capital items relating to the new recycling model. The indicative figures show this is more cost effective than Amey financing capital expenditure as a result of the lower the lower rates of borrowing available to local authorities. Financing these items this way results in additional savings to the Council of approximately £102,591 as illustrated in Appendix 3 of this report.
- 8.2 A detailed breakdown of the capital expenditure required is provided at Appendix 2. The total capital expenditure required is estimated at £2.356 million. As no alternative financing sources are available the Council will utilise borrowing to fund this capital expenditure. This borrowing will keep the Council within the affordable borrowing limit set by full Council as part of the Treasury Management Strategy. The annual costs of the minimum revenue provision to repay debt and the interest costs are included within the annual cost of capital shown at appendix 2.
- 8.3 The potential saving of £204,025 forms part of the savings target of £432,000 against the Amey contract in 2016/2017. Additional savings will now need to be found from within contract services if the Council is to meet this savings target.
- 8.4 Financial figures provided are indicative and may be subject to some change in the procurement and financing process. Achievement of the savings target is also dependant on achieving the levels of projected income as outlined in Section 10 of this report.

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

9.0 Legal Implications

- 9.1 The total value of the vehicles being acquired is above the current European Union threshold for goods and services (£164,176). Accordingly the Council must follow the provisions of the Public Contract Regulations 2015 when procuring the vehicles.
- 9.2 The cost of the hessian sacks and recycling boxes, together with cost of delivery, also exceed the European Union goods and services threshold. Again, the Council will have to follow the provisions of the Public Contracts Regulations 2015 when procuring these items.

- 9.3 Any works involved in the alterations to the paper bay or upgrading of the sorting line will need to be procured in accordance with the Council's contract procedure rules, unless they form part of the Service Charge Request to Amey in accordance with paragraph 7 above.
- 9.4 The People Impact Assessment referred to in paragraph 11.1 should be conducted in such a manner that it fulfils the Council's obligations under both the Best Value and Public Sector Equality Duties.

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

10.0 Risk & Opportunity Management Implications

- 10.1 As discussed within the report the vast majority of financial benefit that would be gained from moving to the proposed service would result from an increase in commodity sales and recycling credits through the collection of cardboard and textiles.
- 10.2 The commodities market has seen a steady decline over the last two years but it is possible that material values have started to bottom out and may soon start to recover. Textiles still have a relatively high value (>£250/tonne) and there is demand for reclaimed textiles for reuse and recycling. The price of brown corrugated cardboard (OCC grade) has performed well compared to other paper grades mainly due to demand generated through on-line shopping habits. It is likely that this will continue and therefore the risks that the revenue estimates for the NSM not being achieved are considered to be manageable.
- 10.3 By way of example, a 5% variance (+ / -) in the current prices received for onward sale of both textiles and corrugated cardboard would have the impact of reducing or increasing our forecasted position by £6,650.
- 10.4 Contractually, AMEY are responsible for the onward sale of our recyclates and have always been able to demonstrate that they achieve a competitive level of income for the Council. In order to further to mitigate this risk close scrutiny of commodity sales will be undertaken within the strategic performance monitoring framework of the contract.

11.0 People Impact Assessment (PIA):

- 11.1 A 4 week online public consultation delivered via GovMetric commenced on 12th May 2016 to establish how residents view the current waste & recycling service, to gather the level of support there is for recycling cardboard & textiles and whether having to manage an extra receptacle in the form of a bag for storing and collecting cardboard would be acceptable.
- 11.2 Research and discussion with colleagues from other Councils has illustrated that the addition of a bag for cardboard has proven successful with very little negative feedback. As with our current service the Council offers an assisted collection scheme which provides households with no residents that are able to physically carry waste and or recycling to the boundary of the property for collection to place it an agreed collection point within the boundary of the property. This too would apply to the sack being proposed for cardboard and we would actively publicise this as

part of our communications plan. At this stage therefore it is not deemed necessary for a full People Impact Assessment to be undertaken.

12.0 Other Corporate Implications

Community Safety

- 12.1 The model of delivery being recommended proposes to maintain frequency of collections as they are, with the only change being the addition of a sack for recycling cardboard. This model is deemed impact neutral and will ensure there is no negative impact on the street scene which is known to influence how our communities perceive the safety of their communities.

Sustainability

- 12.2 The report proposes that a kerbside sort method of collecting recycling is maintained. This ensures the best quality of materials are taken to market with minimal contamination. From an environmental point of view this service system avoids the need for high energy intensive sorting and preparation of the materials prior to re-processing.
- 12.3 As part of this project a re-routing of collection rounds will also be undertaken to ensure that where possible the service can be future proofed taking into account growth areas such as Kingsway in the South of the City.

Staffing & Trade Union

- 12.4 The proposed model of delivery has little or no impact on staffing numbers within our Eastern Avenue Depot and any losses would be managed through existing agency resources.

Background Documents: N/A

Appendix 1 – Diagram Illustrating Proposed New Service Model



Appendix 2 – Capital Expenditure Required to Deliver New Service Model

Item	Unit Cost (£)	No Required	Net Cost (£)	Annual Revenue Cost (£)
Stillage Type Recycling Vehicle	134,775	14	1,886,850	£241,726
Upgrading of Sorting Line	205,525	N/A	205,525	£26,386
Alterations to Paper Bay	25,000	N/A	25,000	£585
Hessian Sacks to Collect Cardboard	0.78	55,000	42,900	£21,000
Additional recycling boxes and delivery of Hessian Sacks		Est 21,500 boxes	196,625	£42,668
TOTAL			£2,356,900	£332,365

Appendix 3 – Full Year Breakdown of Savings Resulting from New Service Model

Cost / Saving	AMEY Finance (£'s)	GCC Finance (£'s)
Removal of Existing Core Fleet	- 593,674	- 593,674
Staffing Changes	+ 61,738	+ 61,738
Fleet Running Charges	+ 556,151	+ 238,593
AMEY Capital Costs	+ 129,485	+ 12,086
Change in Contract Fee	+ 153,700	- 281, 257
GCC Capital Costs - W&R Core Fleet		+ 241, 726
GCC Capital Costs – Sorting Line		+ 69, 639
Purchase of Hessian Sacks		+ 21,000
Gross Cost (+) / Saving (-)	+ 153,700	+ 51,108
Increase in income resulting from Additional Commodity Sales	- 150,238	- 150,238
Increase in income resulting from Additional Recycling Credits	- 104,895	- 104,895
Overall Net Financial Benefit	101,433	204,025

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Gloucester City Council

Meeting:	Overview and Scrutiny Cabinet	Date:	13 June 2016 22 June 2016
Subject:	2015-16 Financial Outturn report		
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		
	Jon.topping@gloucester.gov.uk	Tel:	396242
Appendices:	1. Savings Performance 2. Capital Programme		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 This report is to inform members of the final Council position against agreed budgets for the 2015/16 financial year. This includes a summary of how the Council has progressed against key savings targets for the year. It also highlights some key performance indicators.
- 1.2 It is best practice for members to approve any transfers of Council funds into, or out of, earmarked reserves. This report includes details of all reserves movements.

2.0 Recommendations

- 2.1 **Overview and Scrutiny Committee** is asked, subject to any recommendations it wishes to make to Cabinet, to **RESOLVE** that the report be noted.
- 2.2 **Cabinet** is asked to **RESOLVE** that:
- (1) It be noted that:
- (i) The savings achieved in year total £1.174m
 - (ii) The year-end position for the financial year 2014/15 is to decrease the Council's General Fund balance by £246k
 - (iii) The General Fund balance has decreased from £1.881m to £1.635m at the end of 2015/16
 - (iv) That the business rates pool has returned a surplus of £173k to the City Council.

(2) The transfers to and from earmarked reserves as below and detailed in section 8 of this report be approved.

- £710k to adopted land reserve
- £291k to VAT Shelter reserve
- £200k to Business Rates reserve
- £5k from Members Allocation Reserve
- £13k to Portfolio Reserve
- £197k to Regeneration Reserve
- £50k to Trading Development Reserve
-

3.0 Background

3.1 This report is intended to give Members a clear and concise view of the 2015/16 outturn of the Council. The financial position for the services is presented in a summary table.

3.2 The reported position in Quarter 3 was to decrease the general fund by £244k. The final outturn position is to decrease the general fund by £246k, a change of just £2k from the Qtr3 forecast. The closing General Fund is now £1.635m. This is in an improvement of £32k over the forecast starting position of the Money Plan approved by Council in February 2016.

3.3 In previous years The Council had reached a point where earmarked reserves were almost exhausted. The Council now seeks to place funds into earmarked reserves, where appropriate, as part of a prudent long term financial strategy. This report includes details of proposed reserve transfers to bring the year-end balance on earmarked reserves to £3.577 million.

3.4 The savings target for 2015/16 was £1.27 million. A further £470k of savings unachieved in 2014/15 was added to that target to give an overall savings target of £1.74 million. Savings actually achieved total £1.174 million. Where savings targets have not been achieved these will be delivered in 2016/17. Section 10 and Appendix 1 provide further details.

4.0 Council Summary

4.1 A summary table below shows the outturn position for each service area. To ensure consistency with budget monitoring from throughout 2015/16 this is subdivided as per the pre-existing Council structure.

Council Total	2015/16 Budget	Year End Forecast	Variance	Change since Q3
Corporate Director 1	3,383	3,466	83	62
Corporate Director 2	6,187	7,077	890	153
Regen and Economic Development	(508)	(652)	(144)	(183)
Finance and Business Improvement	3,196	2,689	(507)	(124)
Funding and Corporate Items	(12,226)	(12,334)	(108)	94
Total	32	246	214	2

- 4.2 The increased cost within the funding and corporate items line relates to the final cost of historic items relating to the Councils impairment of Icelandic bank debt. Although this has generated an additional cost this year these items have been creating a revenue cost for a number of years. Their write off therefore creates a saving which can form part of the achievement of savings in 2016/17.
- 4.3 The Council successfully delivered the Rugby World Cup 2015, with the expectation to remain within the approved budget of £350k.

5.0 Corporate Director 1

Corporate Director 1	2015/16 Budget £000	Year End Actual £000	Variance £000	Change since Q3 £000	Q3 Variance £000
Planning	454	486	32	47	(15)
Legal and Democratic Services	1,100	1,027	(73)	36	(109)
Communications	125	119	(6)	(1)	(5)
Housing Services	761	734	(27)	4	(31)
HR	346	184	(162)	(64)	(98)
Guildhall and Museums	422	711	289	26	263
Catering Review and Cultural Services Strategy	0	33	33	14	19
Internal Audit	175	172	(3)	0	(3)
Total	3,383	3,466	83	62	21

- 5.1 The directorate as a whole was overspent against budgets by £83k, a change of £62k from the third quarter. There were a number of savings targets within the directorate, the majority of which have been achieved.
- 5.2 The significant variance relates to the Guildhall and Museums which had a combined total savings target of £282k. The Guildhall has achieved an in year saving of £88k against its target of £150k by targeting areas for increased visitor numbers and income generation. The Museums Service has not achieved any savings in 2015/16 and the

target will roll forward to the following financial years. The future operation of both the Guildhall and the Museum will be influenced by the cultural strategy and a number of further savings options are being considered to help reach the target.

- 5.3 The increased cost within the planning service relates to additional year end costs relating to the shared working arrangement with Stroud District Council for Building Control as well as additional Joint Core Strategy costs. However, planning income was higher than budgeted in year and as a result the service overspent by only £20k while delivering against a £100k savings target.
- 5.4 The additional saving from Human Resources is a result of the fact that the shared service arrangement for the County Council was delivered midway through the financial year and the Council also did not employ the level of apprentices that it originally budgeted for. The savings from the new shared service will deliver the targets in the money plan 2016/17.

6. Corporate Director 2

	2015/16 Budget £000	Year End Actual £000	Variance £000	Change since Q3 £000	Q3 Variance £000
Corporate Director					
Neighbourhood Services	4,523	5,335	812	42	770
Environmental Planning and the Countryside	427	473	46	55	(9)
Voluntary Sector	381	368	(13)	(6)	(7)
Shopmobility	4	56	52	(2)	54
Cem and Crem	(857)	(960)	(103)	11	(114)
Markets	(212)	(109)	103	34	69
Contact Centre	753	697	(56)	4	(60)
TIC	151	208	57	26	31
Public Protection	1,017	1,009	(8)	(11)	3
Total	6,187	7,077	890	153	737

- 6.1 The directorate as a whole was overspent by £890k. The reasons for this variance have previously been reported to members but primarily relate to delays in achieving the Amey savings target, the payment required to Amey for a shortfall in recycling income and a delay in achieving the £100k saving from the restructuring of the Neighbourhood Services team.
- 6.2 The final recycle payment due to Amey was £323k which was in line with previous estimates. The Council budget for 2016/17 includes a budget of £300k for recycle top up payments.
- 6.3 The increased cost in environmental planning primarily relates to redundancy costs. This was part of the restructuring of the team which took place towards the end of the financial year and contributes to the saving target in the directorate.

- 6.4 The change in forecast in the markets service from Quarter 3 is a combination of final lettings income being lower than forecast and some additional costs being incurred. These costs include additional repairs costs and higher charges relating to waste collection. The markets service has also not yet achieved the £50k savings target and additional models of delivery continue to be explored.
- 6.5 The commercial performance of the Tourist Information Centre (TIC) was lower than anticipated at quarter 3. This is a result of the significant portion of shop space taken up by Rugby World Cup merchandise, which contributed to the world cup budget, during the year. Performance is expected to be in line with budget in 2016/17.

7.0 Regeneration and Asset Management

	2015/16 Budget £000	Year End Actual £000	Variance £000	Change since Q3 £000
Regeneration and Economic Development				
Asset Management	(487)	(592)	(105)	(122)
Economic Development	367	356	(11)	9
Parking	(856)	(902)	(46)	(86)
Marketing Gloucester	468	486	18	16
Total	(508)	(652)	(144)	(183)

- 7.1 The Directorate is now under budget for the year as a result of higher than previously expected income from the Council's asset portfolio and from parking income. This additional income has offset a high level of repair costs incurred in year. This high level of repair costs is expected to continue into 2016/17 and will be closely monitored and controlled.

8.0 Financial Services

	2015/16 Budget £000	Year End Actual £000	Variance £000	Change since Q3 £000
Finance and Business Improvement				
Financial Services	752	678	(74)	(51)
Revenues and Benefits	81	(306)	(387)	(113)
Business Improvement	960	816	(144)	(66)
IT	1,403	1,501	98	106
Total	3,196	2,689	(507)	(124)

8.1 Significant savings have been generated in the service over the year resulting in a £507k net underspend. The major savings have resulted from the Revenues and Benefits service with an increase in the level of overpayments of Housing Benefit which have been recovered. This level of income has increased by over £100k from the forecast at Quarter 3.

9.0 Business Rates and Business Rates Pooling

9.1 The City Council is able to retain the rates levied upon business within Gloucester. This forms part of the funding for the Council's revenue budget.

9.2 The Council has retained more business rates in 2015/16 than expected. This caused by a lower "levy" payment to Central Government. The levy is a 50% share of the business rate growth in the city. Business rate growth has been below target due to the increased number of successful appeals made by businesses against their valuations. The successful appeals benefit the Council in year, through the lower levy payment, but have the adverse effect of reducing the ratebase providing Council funding in future years which will impact on future year's budgets. As a result it is prudent for the Council to begin building a business rates reserve to be used to supplement the General Fund in any future year where rates are not able to provide the required funding.

9.3 In addition to the impact on the Council's own budget the Council is a member of the Gloucestershire Business Rates Pool (GBRP). The pooling mechanism shares the risk of fluctuating rates around the County and also allows an overall reduction in the combined levy payment which is made to Central Government. That reduction increases the amount of business rates retained within Gloucestershire and is shared amongst the member authorities.

9.4 The position for 2015/16 is expected that the pool will declare a surplus and additional funding of approximately £800k which will be retained in Gloucestershire and returned to the member authorities. This is a contrast to the 2014/15 situation where the large deficit at Tewkesbury Borough Council had the impacted of all pool authorities making additional payments from the General Fund. The surplus returned to Gloucester City Council is provisionally standing at £173k and is to be included in the sums being transferred to the Business rates reserve (See 9.2 and 10.7). As stated in the outturn report for 2014/15 any surplus from pooling going forward would in the first instance repay the General Fund against the deficit payment made of £345k.

9.5 The pool is to continue in 2016/17 with a different membership. Tewkesbury have withdrawn from the pool as their risk profile, after the reduction in their largest ratepayer, means that not only do they not currently benefit from pool membership but they expose the remaining pool members to additional risk and reduce the pool surplus.

10.0 Reserve Movement

10.1 The table below shows the proposed transfers to and from reserves along with balances on all other reserves.

	Reserve	Opening Balance £'000	Proposed Transfer £'000	Closing Balance £'000
1	3 Choirs Reserve	5	0	5
2	Historic Buildings Reserve	53	0	53
3	Portfolio Reserve(Housing Survey)	23	13	36
4	Members Allocation Reserve	14	(5)	9
5	Shopmobility Reserve	29	0	29
6	Regeneration Reserve	313	197	510
7	Insurance reserve	10	0	10
8	Land Adoptions Reserve	0	710	710
9	VAT Shelter Reserve	0	291	291
10	Business Rates Reserve	0	200	200
11	Trading Development Reserve	0	50	50
12	Environment Reserve (Stock transfer)	1,000	0	1,000
13	Pension Liability Reserve (Stock Transfer)	275	0	275
14	Major Repairs Reserve	400	0	400
	Total Earmarked Reserves	2,122	1,455	3,577

10.2 In previous years the Council took ownership of a number of assets previously held by the South West Regional Development Agency (SWRDA). A number of these assets generate income. Where the asset portfolio generates a surplus it is to be transferred in an earmarked reserve for use only on local regeneration purposes. This year the reserve has been partly used to finance legal costs relating to unlocking the regeneration at Bakers Quay. However, the asset portfolio generated a greater surplus in 2016/17 and after the legal costs it is proposed to transfer £197k to the reserve.

10.3 The legal arrangements around the housing stock transfer created a future revenue stream for the Council from the "VAT Shelter" arrangement. This is a procedure agreed with Her Majesty's Revenues and Customs to ensure that following a housing stock transfer there is no impact on taxation. Had the Council retained the housing stock and carried out the necessary works on the properties the VAT would have been reclaimed by the Council, however private registered providers are unable to recover the VAT. The VAT shelter arrangement allows the VAT to be recovered by GCH and shared between the council and GCH. The income to the Council from the VAT shelter in 2015/16 was £291k. It is recommended to move this money to a reserve in its entirety and earmark it for future regeneration and housing projects.

- 10.4 The Council has received money from developers when it adopts land on new housing developments, such as those in Kingsway. The money received upon adoption is intended to cover the future ground maintenance costs of such land. It is therefore good practice to place such sums in a reserve and only use them when they are needed for maintenance works. It is proposed that £710k is placed into an adopted land reserve to reflect the money that the Council has received and intends to use in future years.
- 10.5 The members' allocation reserve is for those grant projects which had been agreed by members but where the money had not been spent by the end of the financial year. The reserve holds the money needed to pay those allocations at the start of the new financial year. At the end of the 2015/16 year approximately £9k was needed to be held in a reserve for that purpose.
- 10.6 The Housing Survey reserve is topped up annually to fund the cost of a housing survey within the city which takes place every three or four years. There was no expenditure in 2015/16 and an additional £12.5k was placed into the reserve.
- 10.7 It is proposed to add £200k to the Business Rates Reserve. This reserve will be drawn down upon in future years should the level of business rates raised be less than expected in the Money Plan.
- 10.8 The Council may have opportunities in future years to pursue trading development options. It is proposed to transfer £50k into a reserve to provide funding for exploring opportunities as they arise in future.
- 10.9 There are no proposed movements on any other reserves and they remain available for future years. The Environmental Reserve and Pension Liability Reserve relate to the housing stock transfer are held to cover potential future liabilities arising from that arrangement.

11.0 Savings

- 11.1 Appendix 1 shows that £1.174m of savings have been successfully implemented in 2015/16. These include savings related to the Amey contract, reductions in SLAs to the voluntary sector, and a reduction in the Aspire management fee.
- 11.2 Savings not achieved in 2015/16 will be added to the 2016/17 savings target. These total £566k and are detailed in the following paragraphs.
- 11.3 The total savings achieved on the Amey contract this year will have a full year budgetary impact of £138k. These savings have been found by achieving efficiencies in existing models of service delivery. The unachieved savings target of £232k will be rolled forward into 2016/7. During the upcoming year the service will be looking to move to a new vehicle procurement and service delivery model which are estimated to achieve the majority of the savings target

- 11.4 The markets service has yet to achieve any of the £50k saving allocated in 2014/15. The service continues to explore alternative models of service delivery and this saving remains in the budget for 2016/17.
- 11.5 The Shopmobility service did not generate any savings against the target in 2015/16. It has now been contracted out to an external partner and will begin to deliver savings over the course of the upcoming Money Plan. These savings will take a number of years to reach the £50k target and the next Money Plan will be updated to reflect the profiled savings achievement.
- 11.6 The Cultural Strategy will assist in framing the future savings options and service delivery models at the museums. Also, a rebranding exercise has been carried out which is predicted to increase visitor numbers. There were no additional savings found in year and the service overspent by £182k (including the £132k remaining savings target). The museums team will look to implement a number of changes to bring the museums in line with the Council budget available.
- 11.7 The planning department has carried out a staffing restructure but the £100k saving is not yet fully achieved as the costs of the joint Building Control service with Stroud are higher than originally anticipated. This increased cost will be met by income from the planning fees in 2015/16.

12.0 Capital Programme

- 12.1 The Capital Programme budget for the year was £9.320m. Expenditure for the year was £4.242m. The areas of major capital expenditure were £1.081m on ICT projects, this included the server and hardware refresh programme increasing resilience to Council systems and progress towards PSN compliance, servers have been upgraded and replaced meeting current standards, computer hardware has been refreshed during the migration to Windows 7. £0.695m has been spent on Kings Quarter, 15/16 expenditure is largely towards the Bus Station as the demolition of the old station gets underway. £0.527m was spent on the City Centre CCTV project which has seen CCTV in the City updated and improved.
- 12.2 The nature of capital projects means that many of them span a number of financial years, budgets are set per project any unspent budgets at the end of any one financial year may be carried forward into the next.
- 12.3 A summarised table for the Capital Programme is shown as Appendix 2.

13.0 Supplier Payments

13.1 The Council is committed to paying invoices within terms. In 2015/16 95% of invoices were paid within 10 days and the average number of days to pay was 8. This was an improvement on 2014/15 where the figures were 94% and 9 days. A full breakdown of the statistics is shown in the table below. During Quarter 4 and in 2014/15 as a whole, the actual achievement was 94% within 30 days. The details on prompt payment are:

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		TOTAL 2015/16	
Number paid within 10 days	1808	77%	1863	79%	1981	85%	2024	85%	7676	82%
Number paid within 30 days	2156	92%	2222	95%	2232	96%	2333	98%	8943	95%
Number paid over 30 days	188	8%	123	5%	102	4%	54	2%	467	5%
Total Invoices paid	2344		2345		2334		2387		9410	
Average Days to Pay	10		8		6		6		8	

14.0 Asset Based Community Development (ABCD) Considerations

14.1 There are no ABCD implications as a result of this report.

15.0 Alternative Options Considered

15.1 The Council's accounts in prepared in line with its accounting policies. Alternative options for the breakdown of funds to be allocated to reserves have been considered but the options proposed in this document are believed to be the most prudent.

16.0 Reasons for Recommendations

16.1 It is a good practice for members to be informed of the change to the Council's financial position across the financial year. This should include details of the general fund balance and the reserves position.

16.2 The Council has made a decision to continue to be a part of the Gloucestershire Business Rates Pool. As part of this process members must be aware of the current financial position of the pool and the financial implications for the City Council.

17.0 Future Work and Conclusions

17.1 In the 2016/17 financial year there is a new savings target of £607k which is an addition to targets rolled forward from 2015/16. Officers will be working on the implementation of those targets and progress will be reported to members in the quarterly financial monitoring reports.

18.0 Financial Implications

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

19.0 Legal Implications

19.1 There are no legal implications from this report

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

20.0 Risk & Opportunity Management Implications

20.1 There are no specific risks or opportunities as a result of this report. The delivery of the savings programme is a key corporate risk and this report forms part of the management and mitigation of that risk.

21.0 People Impact Assessment (PIA):

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

22.0 Other Corporate Implications

Community Safety

22.1 None

Sustainability

22.2 None

Staffing & Trade Union








22.3 None

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Final Savings Position 2015/16

Appendix 1

Savings Not Delivered in 2014/15

Service	Officer	Details: aim of the project	2014/15 £000	Achieved £000	Not Achieved in 15/16 £000	Comments	Status
Neighbourhood Services	RC/LG	Amey contract review, ongoing project from 2013/14 with requirement to identify further savings	(70)	(70)	0	Savings identified through efficiencies at the depot yard and number of refuse loaders	
Neighbourhood Services	RC/LG	Environmental Team Review	(100)	(100)	0	Restructuring complete. Some savings achieved in 15/16. Full year expected in 16/17.	
Public Protection	GR	Shopmobility	(50)	0	(50)	Service is now contracted out. No saving in 15/16 and only partial in future years. Future money plans will reflect new costs	
Public Protection	GR	Market Service	(50)	0	(50)	No savings achieved in year. Alternative provision models still being explored.	
Cultural Services	MS	Museums Operational Review	(50)	(18)	(32)	No further savings were achieved in year.	
Cultural Services	MS	Guildhall Operational review	(50)	(50)	0	Increased income generation helped the service to meet savings targets in 15/16.	
Regeneration	AH	Asset Management Service Review	(100)	(100)	0	Structure Implemented in February 2015, full savings now realised in 2015/16	
Total			(470)	(338)	(132)		

Savings Target 2015/16

Service	Officer	Details: aim of the project	2015/16 £000	Achieved £000	Not Achieved	Comments	Status
Neighbourhood Services	RC/LG	Cemeteries and Crematorium	(50)	(50)	0	Income levels were in excess of new savings targets.	
Neighbourhood Services	RC/LG	Amey contract review, ongoing project from 2013/14 with requirement to identify further savings	(300)	(68)	(232)	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 was reduced for 2015/16	
Business Improvement	SN	Energy Savings	(100)	(100)	0	Capital works completed in 14/15 delivered the expected savings.	

Officer					Not Achieved		
Service		Details: aim of the project	2014/15 £000	Achieved £000	in 15/16 £000	Comments	Status
Public Protection	GR	Voluntary sector SLA's	(50)	(50)	0	SLA funding was reduced in year.	😊
Cultural Services	MS	Museums Operational Review	(100)	0	(100)	Savings yet to be delivered.	😞
Cultural Services	MS	Guildhall Operational review	(100)	(38)	(62)	Income generation part met the savings target. The Guildhall Business Plan will be used to shape future growth.	😊
Development Services	AW	Planning Services Review	(100)	(60)	(40)	Restructuring complete. Saving is only partly achieved as Building Control costs are higher than anticipated.	😊
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)	(836)	(434)		
2014/15 Savings Brought Forward			(470)	(338)	(132)		
2015/16 Savings			(1,270)	(836)	(434)		
Total			(1,740)	(1,174)	(566)		

Capital Programme 2015/16

Scheme	Revised budget 2015/16	Actual Spend to date
City Centre Investment Fund	1,496,840	270,151
Enhanced Lighting Scheme	2,160	2,078
Kings Quarter	1,170,000	695,370
Townscape Heritage Initiative	1,168,815	87,213
SWRDA Asset Transfer Improvement Works	7,645	0
HCA Grant Money	79,270	0
ICT Projects	256,375	1,037,201
Main Buildings Improvement Fund	400,000	153,507
Repairs Eastgate Rooftop Carpark	718,890	4,985
Smaller Asset Management Works	476,360	92,974
Flood Works	727,445	135,152
Crematorium Heat Exchanger	10,000	10,000
Crematorium Programme of Works	35,000	34,779
Crematorium Vehicles	107,785	72,223
23-29 Commercial Road	100,000	100,000
Electrical Investigatory works	0	0
Flex Replacement	0	61,088
Guildhall Sound Desks	50,000	40,571
Refurbish Play Areas	64,505	36,780
Other Grant Funded Projects incl S106	867,430	209,009
Alney Island Works	126,360	90,295
City Centre CCTV	600,235	526,682
GL1 Works	58,960	9,754
All Mains Buildings Voltage Optimisation	45,175	0
Cherry & White Market Gazeboz	10,520	10,520
LED Lighting	19,160	19,234
Housing Projects	720,910	542,747
TOTAL CAPITAL PROGRAMME	9,319,840	4,242,313

Finanicng Source	2015 / 16 £000
External Grants	1,447,919
Section 106	132,704
Capital Receipts	2,451,545
Borrowing	210,145
Sub total	4,242,313

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Meeting:	Audit and Governance Committee	20 June 2016
	Cabinet	22 June 2016
Subject:	Treasury Management Annual Update 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. 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 4, 1st January 2016 to 31st March 2016 and provides a summary of 2015/16.
- 1.2 This report will highlight issues specific to the Council and also highlight interest rate forecasts as provided by the Council’s treasury advisors Capita Asset Services.
- 1.3 The body of the report provides an overview of the Councils performance in quarter 4;
 - **Appendix 1** highlights the key performance indicators in line with the Councils Treasury Management Strategy.
 - **Appendix 2** Interest Rate Forecast.

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 Audit and Governance Committee.

3.0 Annual Investment Strategy

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

3.1 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.

3.2 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 £6.8M. 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. The Council does not hold cash balances for investment purposes (i.e. funds available for more than one year).

Investment performance for quarter ended 31st March 2016

Benchmark	Benchmark Return	Council Performance	Investment Interest Earned
7 day	0.36	N/A	N/A
1 month	0.38	0.35	£793.98
3 month	0.46	0.41	£876.16
6 month	0.62	N/A	N/A
12 month	0.89	N/A	N/A

As illustrated, the Council was slightly behind the benchmark by 03 bps over 1 month investments and 05bps on investments over 3 months, as the investments were utilised for cashflow purposes.

4.0 New Borrowing

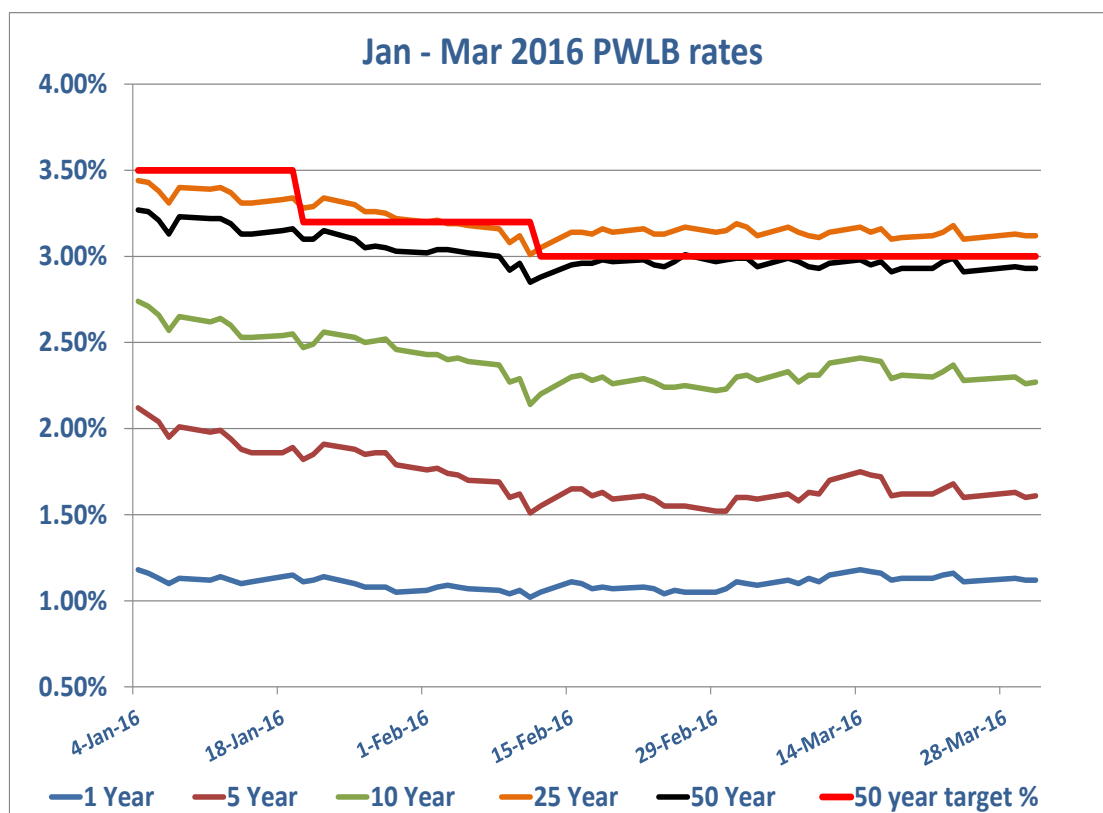
4.1 As depicted in the graph below, the general trend in PWLB rates during 2015/16 was an increase in interest rates during the first quarter followed by marked bouts of sharp volatility since 2015 but with an overall dominant trend for rates to fall to

historically low levels by the end of the year. During the quarter ended 31st March 2016, the 50 year PWLB target (certainty) rate for new long term borrowing fell from 3.50% to 3.00%.

4.2 No long term borrowing was undertaken during the quarter.

4.3 **PWLB certainty rates, quarter ended 31st March 2016**

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.02%	1.51%	2.14%	3.01%	2.85%
Date	11/02/2016	11/02/2016	11/02/2015	11/02/2016	11/02/2016
High	1.18%	2.12%	2.74%	3.44%	3.27%
Date	04/01/2016	04/01/2016	04/01/2016	04/01/2016	04/01/2016
Average	1.10%	1.72%	2.39%	3.20%	3.02%



4.4 **Borrowing in advance of need.**

The Council has not borrowed in advance of need during the quarter ended 31st March 2016.

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 31st march 2016, 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 Council debt profile is currently structured on 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, this strategy will continue to be reviewed in line with market expectations.
- 6.3 The Council has a prudential indicator set at 50% for fixed rate borrowing <12 months. The treasury strategy notes that if limits are too restrictive they will impair the opportunities to reduce costs. In quarter 4 the Council has exceeded the indicator but remained within its approved limits, this policy of borrowing has allowed the Council to benefit from lower interest rates available via short term agreements. The Council will continue to monitor its prudential indicators to ensure that they do not restrict performance in light of the Council's debt profile. 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 4.
- 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.
- 7.4 The Council has utilised short term borrowing in 2015/16 as part of its overall borrowing strategy, this policy has allowed the Council to benefit from lower interest rates available over the short term, this policy has allowed the Council to reduce its borrowing costs significantly in the short term. Over our current 2015/16 borrowing

requirement, the Council has been able to obtain short term borrowing at 0.38% compared to current long term rates at 2.4% for 10 year. This reduces the annual borrowing costs by £200k.

7.5 The Council will continue to monitor its approach to short term borrowing in accordance with our treasury advisor forecasts and future Council events implementing on the Council borrowing requirement.

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

Prudential and Treasury Indicators as at 31st March 2016

Treasury Indicators	2015/16 Budget £'000	Quarter 4 (Jan-Mar) Actual £'000
Authorised limit for external debt	£35M	£15M
Operational boundary for external debt	£30M	£15M
Gross external debt	£30M	£15M
Investments	N/A	£0M
Net borrowing	£30M	£15M
Maturity structure of fixed and variable rate borrowing - upper and lower limits		
Under 12 months	0% - 50%	66.67%
12 months to 2 years	0% - 50%	0%
2 years to 5 years	0% - 50%	0%
5 years to 10 years	0% - 80%	33.33%
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%	66.67%
Upper limit of variable interest rates based on net debt	100%	33.33%

INTEREST RATES FORECASTS

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

	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank rate	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%
5yr PWLB rate	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%
10yr PWLB rate	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.30%	3.40%	3.50%	3.60%
25yr PWLB rate	3.20%	3.30%	3.30%	3.50%	3.50%	3.60%	3.60%	3.70%	3.70%	3.70%	3.80%	3.80%
50yr PWLB rate	3.00%	3.10%	3.10%	3.30%	3.30%	3.40%	3.40%	3.50%	3.60%	3.60%	3.70%	3.70%

Capita Asset Services undertook an early quarterly review of its interest rate forecasts on 20 January 2016, before the quarterly Bank of England Inflation Report issued on 4 February, due to the run of recent downbeat UK and world economic news and the extreme volatility in financial markets. However, a further revised forecast was then done on 12 February due to a further resurgence of various fears and renewed extreme volatility in markets. Consequently, the forecast for the timing of the first increase in Bank Rate was overall moved from quarter 2 of 2016 to quarter 1 2017. With CPI inflation now expected to be between 0% and 1% during the whole of 2016, it is likely to be very difficult for the MPC to make a start on increasing Bank Rate in 2016. 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. In addition, average weekly earnings excluding bonuses were weak at only 2.2% in the three months to January and so this is unlikely to provide ammunition for the MPC to take action to dampen inflationary pressures as labour productivity growth would mean that net labour unit costs are still not rising by the significantly more than 2% level which the MPC wants to see before starting to raise Bank Rate.

The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when the growth in average disposable income is still weak and for some consumers, who have had no increases in pay, could be non-existent (other than through some falls in prices).

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Meeting:	Cabinet	Date:	22 June 2016
Subject:	Disposal of land for the proposed new Churchdown Doctors' Surgery		
Report Of:	Cabinet Member for Regeneration and Economy		
Wards Affected:	None		
Key Decision:	Yes	Budget/Policy Framework:	No
Contact Officer:	Melloney Smith, Surveyor and Valuer		
	Email: Melloney.smith@gloucester.gov.uk	Tel:	396849
Appendices:	1. Financial Information (EXEMPT) 2. Plan of site 3. Plan showing proposed development		

EXEMPTIONS

The public are likely to be excluded from the meeting during consideration of part 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

To seek approval to the intended disposal by way of a 125 year lease of land at Parton Road, Churchdown for the purpose of building a new doctors' surgery.

2.0 Recommendations

Cabinet is asked to **RESOLVE** that:

- (1) The land be disposed to Brackley Developments for the purpose of building a new doctors' surgery for the value outlined in Appendix 1, on the basis of a long lease on the general terms set out in the report and such other terms as the Acting Asset Manager, in consultation with the Head of Property and Asset Management of Cheltenham Borough Council, deems appropriate;
- (2) That the Council Solicitor be authorised to execute such documents as she deems necessary or appropriate to carry into effect the transaction upon the terms agreed.
- (3) That the proceeds of the disposal be split equally between Gloucester City Council and Cheltenham Borough (who jointly own the land) and Churchdown Community Association (who have a lease on the land).

3.0 Background and Key Issues

- 3.1 The land comprises 1.77 acres of undeveloped land. It was subject to an unsuccessful Village Green bid. It is not classed as Public Open Space but as "Important Open Space" by Tewkesbury Borough Council, whose authority it lies in.
- 3.2 The land is jointly owned with Cheltenham Borough Council
- 3.3 The land is currently let to Churchdown Community Association by way of a lease. The lease commenced 1 June 1985 and is for 60 years. The annual rent is £1750 pa. This lease will be surrendered as part of this transaction.
- 3.4 The lease to the Churchdown Community Association does not contain a break clause to terminate the lease. In order to obtain the surrender of their lease it has been agreed that the proceeds are split three ways between the two Councils and the Community Association.
- 3.5 Discussions have taken place with Gloucester City Council and Brackley Investments Ltd. It is proposed that they take a 125 year lease on the land at a peppercorn rent. The granting of the lease will be subject to a one year option whilst planning permission is obtained. Brackley Investments Ltd are the developers that the doctors are using. After obtaining planning permission they will purchase the long lease of the site and build the surgery. They will then sublet it to the doctors.
- 3.6 GVA Grimley Ltd have acted on behalf of Gloucester City Council and Cheltenham Borough Council in agreeing the price for the land which has been provisionally agreed at the value outlined in Appendix 1. GVA will provide confirmation that this figure is the best figure that could be achieved for the land to satisfy the requirements of section 123 of the Local Government Act 1972.
- 3.7 Cheltenham Borough Council will be taking this decision to their Cabinet on 14 June 2016.
- 3.8 Churchdown Community Association has been advised of the figure. We are awaiting confirmation of their procedure and timescale for agreeing to this.

4.0 Asset Based Community Development (ABCD) Considerations

- 4.1 Not applicable to this transaction.

5.0 Alternative Options Considered

- 5.1 The site could be left as it is being rented to the Churchdown Community Association. This would mean the loss of the opportunity of a capital receipt and also mean an alternative site for the proposed doctor's surgery having to be found.
- 5.2 To dispose of the site on the open market. The site is classed as "Important Open Space" by Tewkesbury Borough Council. It is considered that residential development would not be permitted on the site.

6.0 Reasons for Recommendations

- 6.1 The proposal will assist in the provision of a much needed new doctors' surgery in Churchdown. It will provide a capital receipt for the Council.

7.0 Future Work and Conclusions

- 7.1 Following the approval of Cabinet and together with the approval of Cheltenham Borough Council and Churchdown Community Association, Officers will instruct One Legal to draw up an option agreement and a lease.

8.0 Financial Implications

- 8.1 The Council's share of the disposal proceeds will be a third. This amount will be added to the Council's capital receipt reserve and may be allocated in future to capital expenditure or the repayment of existing debt.
- 8.2 The loss of the existing rent on the site will have minimal impact on the Council's revenue budget.

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

9.0 Legal Implications

- 9.1 The Council has an obligation under s123 of the Local Government Act 1972 to dispose of land at the best consideration that can reasonably be obtained. This obligation applies unless there are specific circumstances in which a sale at an under value can be considered. The external valuation provided by GVA Grimley Ltd in respect of the proposed transaction as a whole indicates that the Council's statutory duty under this section has been met.

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

10.0 Risk & Opportunity Management Implications

- 10.1 If Cheltenham Borough Council and Churchdown Community Association do not approval to the disposal then it will not proceed.
- 10.2 If planning permission is not forthcoming on the site for a doctors' surgery the disposal will not proceed.

11.0 People Impact Assessment (PIA):

- 11.1 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 No real impact. If building works commence on site the contractor will be governed by relevant legislation including Construction Design and Management Regulations 2015.

Sustainability

- 12.2 The proposed surgery is to be built to a BEAM excellent standard.

Staffing & Trade Union

- 12.3 There are no implications.

Press Release drafted/approved

- 12.4 It is premature to consider this aspect.

Background Documents: None

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

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Gloucester City Council



Land rear of Churchdown Community Centre

APPENDIX ONE

18/05/2016



1:2,000

Gloucester
City Council

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BRACKLEY
Primary Health Care Property
Thomas Wilson Architects

The Churchdown Surgery

Site Plan Scale 1:500 @ A3 approx. 125 Car Parking Spaces (including 9 disabled) (revised 10/01/12)

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

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