



Meeting: Wednesday, 15th January 2020 at 6.00 pm in Civic Suite - North Warehouse, The Docks, Gloucester, GL1 2EP

Membership:	Cllrs. Cook (Leader of the Council and Cabinet Member for Environment) (Chair), H. Norman (Deputy Leader of the Council and Cabinet Member for Performance and Resources), Gravells (Cabinet Member for Planning and Housing Strategy), James (Cabinet Member for Regeneration and Economy), Morgan (Cabinet Member for Culture and Leisure) and Watkins (Cabinet Member for Communities and Neighbourhoods)
Contact:	Democratic and Electoral Services 01452 396126 democratic.services@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 - 12) To approve as a correct record the minutes of the meeting held on 4 th December 2019.
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

5.	<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
6.	<p>LEADER AND CABINET MEMBERS' QUESTION TIME (15 MINUTES)</p> <p>Any Member of the Council may ask the Leader of the Council or any Cabinet Member any question without prior notice, upon:</p> <ul style="list-style-type: none"> • Any matter relating to the Council's administration • Any matter relating to any report of the Cabinet appearing on the summons • A matter coming within their portfolio of responsibilities <p>Only one supplementary question is allowed per question.</p>
7.	<p>DRIVING UP ARCHITECTURAL DESIGN IN GLOUCESTER (Pages 13 - 22)</p> <p>To consider the report of the Cabinet Member for Planning and Housing Strategy advising Members of a plan intended to take steps to drive up the standards of architectural design across the City to be delivered by the City Growth and Delivery service.</p>
8.	<p>TRANSFER OF HUCCLECOTE HAY MEADOWS EAST SITE OF SPECIAL SCIENTIFIC INTEREST (SSSI) TO GLOUCESTER CITY COUNCIL (Pages 23 - 30)</p> <p>To consider the report of the Cabinet Member for Environment updating Members on the current situation relating to the use and ownership of Hucclecote Hay Meadows East and recommending that the City Council accepts ownership of the site contingent on receiving a commuted sum of £124,000 from Bovis Homes.</p>
9.	<p>PROCUREMENT OF PRIVATE SECTOR ENVIRONMENTAL CRIME ENFORCEMENT CONTRACTOR (Pages 31 - 36)</p> <p>To consider the report of the Cabinet Member for Environment seeking approval of Members to tender for an enviro crime enforcement service over a 5-year period to replace/carry on from the existing contract with 3GS (UK) Limited.</p>
10.	<p>MARKETING GLOUCESTER (Pages 37 - 132)</p> <p>To consider the report of the Cabinet Member for Culture and Leisure and the Cabinet Member for Performance and Resources reporting on the findings and recommendations of the finance, governance, strategic and operational review of Marketing Gloucester commissioned by the Board of Marketing Gloucester and seeking for future actions to be agreed.</p>
11.	<p>PUBLIC SPACES PROTECTION ORDERS (PSPOS) UPDATE REPORT (Pages 133 - 140)</p> <p>To consider the report of the Cabinet Member for Communities and Neighbourhoods updating Members following the PSPO report which went to Council in 2018 and to update on how Public Spaces Protection Orders (PSPOs) and initiatives to tackle street-based nuisance have been working over the past year.</p>

12.	<p>LOCAL COUNCIL TAX SUPPORT SCHEME 2020/21 (Pages 141 - 156)</p> <p>To consider the report of the Cabinet Member for Performance and Resources seeking approval to amend the Local Council Tax Support Scheme for 2020/21.</p>		
13.	<p>DISPOSAL OF HERBERT, KIMBERLEY AND PHILPOTTS WAREHOUSES (Pages 157 - 160)</p> <p>To consider the report of the Cabinet Member for Regeneration and Economy updating Members on the progress of the disposal of this key interest and seeking to authorise continued negotiations.</p>		
14.	<p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>To resolve:</p> <p>that the press and public be excluded from the meeting during the following item of business on the grounds that it is likely, in view of the nature of business to be transacted or the nature of the proceedings, that if members of the press and public are present during consideration of this item there will be disclosure to them of exempt information as defined in Schedule 12A of the Local Government Act 1972 as amended.</p> <p>Agenda Item No. Description of Exempt Information</p> <table> <tr> <td data-bbox="335 1062 366 1107">15</td> <td data-bbox="525 1062 1441 1129">Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information).</td> </tr> </table>	15	Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information).
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15.	<p>KINGS QUARTER DELIVERY PROPOSAL KINGS SQUARE TENDER UPDATE (Pages 161 - 172)</p> <p>To consider the report of the Cabinet Member for Regeneration and Economy seeking to secure approval from Members to authorise Officers to enter into legal negotiations for a joint venture to realise the Council's regeneration aspirations for Kings Quarter and to provide Cabinet with an update on the progress of Kings Square and the wider Quarter.</p>		

J.R.M.L.

Jon McGinty
Managing Director

Date of Publication: Tuesday, 7 January 2020

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 <ul style="list-style-type: none">(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) – <ul style="list-style-type: none">(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 – <ul style="list-style-type: none">(a) that body (to your knowledge) has a place of business or land in the Council's area and(b) either –<ul style="list-style-type: none">i. The total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; orii. 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.

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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, 4th December 2019

PRESENT : Cllrs. Cook (Chair), H. Norman, Gravells, James and Morgan

Others in Attendance

Managing Director
Corporate Director
Corporate Director
Head of Place
Head of Communities
Accountancy Manager
Democratic Services and Elections Officer

APOLOGIES : Cllr. Watkins

69. DECLARATIONS OF INTEREST

There were no declarations of interest.

70. MINUTES

RESOLVED that the minutes of the meeting held on 6th November 2019 be confirmed as a correct record and signed by the Chair.

71. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

72. PETITIONS AND DEPUTATIONS (15 MINUTES)

There were no petitions or deputations.

73. LEADER AND CABINET MEMBERS' QUESTION TIME (15 MINUTES)

There were no questions to the Leader of the Council or Cabinet.

74. SOCIAL ENTERPRISE ACTIVITY

Cabinet considered the joint report of the Cabinet Member for Communities and Neighbourhoods and Cabinet Member for Environment that updated Members on the trial devolution of part of the grass cutting contract in Podsmead ward to the Stewkley Enterprise Agency and requested approval for continuation of the current contractual arrangements and extension of the trial to other wards.

The Cabinet Member for Environment highlighted the benefits of the devolution, such as young people learning new skills, and advantages of extending it to other areas of the city. The Cabinet Member for Regeneration and Economy noted that it had been a highly positive move. He sought reassurance that the flexibility to extend would be retained when the contract is retendered in 2022. The Cabinet Member for Environment confirmed that it would be kept going as long as there were social benefits and that opportunities to extend it elsewhere would continue to be taken. The Cabinet Member for Culture and Leisure asked for confirmation that the ride-on mower donated by Amey (8.2) could be easily utilised on sites other than Podsmead. The Cabinet Member for Environment advised Members that it could as it was roadworthy.

RESOLVED that:

- (1) the review of the grass cutting trial in Podsmead ward as delivered by the Stewkley Enterprise Agency be noted
- (2) it be approved that the continuation of grass cutting in Podsmead ward and note that the Head of Communities will, following the grant of a waiver of the Council's Contract Rules, in consultation with the Council's Solicitor, enter into a new services contract with by the Stewkley Enterprise Agency following engagement with stakeholders to confirm contract scope
- (3) plans to explore a further trial of the scheme in Matson & Robinswood ward and any other community which comes forward be approved
- (4) it be noted that if the Podsmead Clearance Team and Podsmead Big Local become a legal entity, the Head of Communities will consider whether to terminate the contract with Stewkley Enterprise Agency and enter into a new arrangement with the new entity (subject to the grant of waiver).

75. HOUSING, HOMELESSNESS AND ROUGH SLEEPING POLICY

Cabinet considered the joint report of the Cabinet Member for Communities and Neighbourhoods and Cabinet Member for Planning and Housing Strategy that sought approval for the draft Housing, Homelessness and Rough Sleeping Strategy 2020-2025 to go to public consultation and approval of the Rough Sleeping Action Plan 2019.

The Cabinet Member for Planning and Housing Strategy introduced the report. He thanked the Head of Communities and her team for the impressive depth of their work and advised Members that the feedback from stakeholders had been positive.

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The Cabinet Member for Environment commented that it was good to combine Homelessness and Housing Strategies to better address need. The Cabinet Member for Culture and Leisure reminded Members of the importance of taking action in what was a complex area. The Cabinet Member for Regeneration and Economy drew Members' attention to the range of measures to raise standards in private sector accommodation (Appendix 1) and commented that it was right to explore all options and work with private landlords to address issues. The Cabinet Member for Planning and Housing Strategy stated that although it was important for the administration to be ambitious and challenge itself, the expectations for vulnerable people must not be unrealistic and that it was essential that their voices be listened to.

RESOLVED that:

- (1) it be noted that the engagement work carried out to create the draft Housing, Homelessness and Rough Sleeping Strategy and the involvement of key stakeholders, including pre-consultation engagement
- (2) the Draft Housing, Homelessness and Rough Sleeping Strategy can go out to public consultation
- (3) the Rough Sleeping Action Plan be adopted.

76. PERFORMANCE MONITORING QUARTERS 1 & 2 2019/20

Cabinet considered the report of the Cabinet Member for Performance and Resources that informed Members of the Council's performance against key measures in Quarters 1 & 2 of 2019/20.

The Cabinet Member for Performance and Resources summarised the key points and trends of the report. She thanked the recently appointed Performance and Improvement Officer for his work. The Cabinet Member for Environment commented that the clarity of the presentation of data enabled problems to be readily identified and addressed. The Cabinet Member for Regeneration and Economy noted the trends for planning applications (CGD5, CGD6) and advised Members that these should be seen in the context of the overall customer experience and advised that the number of complaints had reduced dramatically. He further commented that he and the Cabinet Member for Planning and Housing Strategy had been working hard to build relationships with applicants and improve their experience of the process.

RESOLVED that the Quarters 1 & 2 Performance Report 2019/20 at Appendix 1 of the report be noted.

77. MONEY PLAN 2020-25 & BUDGET PROPOSALS

Cabinet considered the report of the Leader of the Council and the Cabinet Member for Performance and Resources that sought to review the Council's Draft Money Plan for recommendation to Council.

The Leader of the Council stated that there were no proposed savings required over the period of the Money Plan and placed this achievement in the context of progress made against the Council Plan despite a difficult financial climate. He thanked everyone who had contributed, not least the previous Leader, and confirmed that the administration would continue to focus on supporting people in need. The Cabinet Member for Performance and Resources highlighted some of the pressures since the Chancellor of the Exchequer deferred the full spending review and noted that the healthy performance of the Property Investment Strategy had helped mitigate these. She further emphasised that the Council must continue to be prudent in uncertain times. The Cabinet Member for Planning and Housing Strategy drew Members' attention to the investments to address housing need (Appendix 3) and noted that these combined with the affordable housing initiatives being worked on would make a real difference to people's lives. The Cabinet Member for Regeneration and Economy commented that having taken difficult decisions early, the Council was in a position to make investments such as those in Kings Quarter and Kings Square.

RESOLVED that:

- (1) the assumptions contained in the Council's draft Money Plan from 2020/21 to 2024/25 and revisions to the draft revenue budget be approved.
- (2) the uncertainties regarding future incomes, as shown in this report and Appendix 1, and the need to update the Draft Money Plan when there is more certainty regarding Central Government financing, be noted

78. FINANCIAL MONITORING QUARTER 2 2019/20

Cabinet considered the report of the Cabinet Member for Performance and Resources that sought Members to note year-end forecasts, and progress made against agreed savings targets for the 2nd Quarter ended 30th September 2019.

The Cabinet Member for Performance and Resources summarised the position in each portfolio. The Cabinet Member for Culture and Leisure noted that the overspend in his own portfolio was relatively small. He commented that it should be seen in the light of the successful relocation of the Tourist Information Centre and advised them of increasing footfall in the Museum of Gloucester and staff efforts to raise income. The Cabinet Member for Planning and Housing Strategy expressed disappointment that the major project planning fees expected had not been received and stated that these were beyond the control of the Council. The Cabinet Member for Environment reminded Members that this reporting period ended in September so that the positive impact of the recent arrangement with the environmental and waste services contractor Amey was not reflected in the report.

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RESOLVED it be noted that:

- (1) the forecast year end position is currently for a decrease to the Council's General Fund balance of £222k against a budgeted decrease of £91k.
- (2) the details of specific budgetary issues identified by officers and the actions being taken to address those issues
- (3) the current level of Capital expenditure as shown in Appendix 2 of the report.

79. TREASURY MANAGEMENT UPDATE ANNUAL REPORT 2019/20

Cabinet considered the report of the Cabinet Member for Performance and Resources that updated Members on treasury management activities for the six month period of 1st April 2019 to 30th September 2019 in accordance with the Chartered Institute of Public Finance and Accountancy Code of Practice for Treasury Management.

The Cabinet Member for Performance and Resources highlighted the key features of the report and especially the borrowing position. The Cabinet Member for Environment referred to the Public Works Loan Board (PWLB) interest rate forecasts in Appendix 2 and asked if they had increased since the report had been published. The Accountancy Manager confirmed that they had and advised that approximately 1% be added to each for a more current picture. The Cabinet Member for Culture and Leisure stated that he was very impressed with the level of funds available for investment purposes (3.2) and thanked both Accountancy Managers for their work.

RESOLVED that the contents of the report be noted.

Time of commencement: 6.00 pm

Time of conclusion: 6.25 pm

Chair

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Meeting:	Cabinet	Date:	15 January 2020
Subject:	Driving Up Architectural Design in Gloucester		
Report Of:	Cabinet Member for Planning and Housing Strategy		
Wards Affected:	All Wards		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	David Evans		
	City Growth & Delivery Manager		
	Email: david.evans@gloucester.gov.uk		Tel: 396847
Appendices:	1. Summary of Recommendations		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To advise Members of a plan prepared by Officers intended to take steps to drive up the standards of architectural design across the City, to be delivered by the City Growth and Delivery service. The Action Plan has been drafted following a meeting with businesses in the development industry.

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** to adopt the recommendations summarised at Appendix 1.

3.0 Background and Key Issues

3.1 Introduction

The desire for improved quality in design is consistent with the ambition to assert Gloucester as a nationally significant location offering a sustainable and distinctive place to live, work and visit. The challenge is to raise ambitions and to change the attitudes of the development industry, to assert pride in Gloucester's built environment, and to strengthen the sense of place in the City.

This issue sits at the heart of the statutory planning process, governed by national legislation, case law and guidance, as well as the adopted Local Development Framework, all of which already strive for local distinctiveness and high standards of urban design.

There are many good examples in Gloucester built recently and underway that are well designed, and much development is of a much higher standard than comparable examples in other towns and cities within the County and further afield. However, the recommendations are intended to address all development,

irrespective of size and type, to aim to raise the bar throughout the City and to strive for excellence.

3.2 Strengthening links with the local design industry

The Portfolio holder and Officers met in October with the Regional Chair and the Regional Director of the Royal Institute of British Architects. The RIBA has a similar ambition to raise standards of design and plans to roll out a series of learning and professional events across Gloucestershire for the development industry in 2020. The meeting was positive and the Council will work with the institute to enhance learning and to raise the profile of Gloucester's design ambition.

The Council also organised a meeting on 28th November with businesses from within the local development industry to discuss this issue. It was attended by 19 local developers, agents and architects and generated a healthy debate on measures to drive up standards of design. The key points made were:

- Make greater use of the Gloucestershire Design Review Panel, and require applicants to consult the panel as early as possible
- Opportunity for high level pre-app advice at an early stage would be very helpful (BANES offers a good example)
- Mixed views on design codes and guidance
- Working collaboratively between Council and businesses in the development industry is important. We should repeat the meeting in spring 2020.
- Involve County Highways earlier, understanding their requirements early on allows more options for a good design response
- Learn from examples of good design elsewhere, such as Norwich.
- Training and seminars for Members and officers, possibly involving RIBA and Design Panel members.

3.3 Local policy context

Policy SD4 of the adopted Joint Core Strategy (JCS) is extensive and refers specifically to the need for new development to achieve good urban design, emphasising the importance of good quality design in creating quality places. The JCS also makes specific reference to the Principle of Architectural Design in new buildings and alterations of existing buildings, stating that such development should demonstrate a creative response to a specific site and locality. Compared to many other areas the policy is extensive and robust, providing a detailed explanation of what the policy is aiming to achieve.

The Pre-submission Gloucester City Plan, which is currently out to public consultation, strengthens and provides local context to the requirements set out in the JCS, including in relation to architectural design.

The new Gloucester Heritage Strategy refers explicitly to the importance of good quality design pointing out the direct relationship between the quality of the environment and the ability of Gloucester to attract investment, businesses, shoppers and visitors. The Strategy recognises that local character is diverse, based on changes over time and including both local vernacular and national/international influences. It therefore advises discouraging stylistic imitation of any period of historic buildings, as this harms the integrity of Gloucester's historic places. The Council should positively encourage creative and innovative

architecture, as these are likely to be the legacy and heritage of 21st century, which will help in raising the profile of the area and projecting a positive and dynamic image.

3.4 Townscape Character Assessments

The Council has recently produced a very detailed Townscape Character Assessment to inform the Gloucester City Plan. The Assessment provides detailed information on and understanding of the design and character of Gloucester City, analysed by each of the 15 Wards in the City.

The document describes the different character areas across the city, and in detail the materials that are prominent in each. It highlights those areas where the Council needs to either raise the standard of design and local distinctiveness, and those areas that already have a strong character that ought to be preserved and enhanced. The document can be viewed on the Council's website at <https://www.goucester.gov.uk/planning-development/planning-policy/evidence-base/>

Recommendation 1: The Gloucester Townscape Character Assessment is promoted, referred to and used as part of plan making and the decision making process

3.5 Design Guidance

Design guides, design codes and other area focussed planning documents, including Neighbourhood Plans, that have been adopted by the Local Planning Authority, are recognised in the National Planning Policy Framework (2018) as providing an opportunity to set out a clear design vision and expectations, giving developers as much certainty as possible about what is likely to be acceptable. The NPPF asserts that design policies should be developed with local communities so they reflect local aspirations, and are grounded in an understanding and evaluation of each area's defining characteristics. The Government published on 1st October the National Design Guide setting out the characteristics of well-designed places and demonstrates what good design means in practice.

The National Design Guide advocates local authorities providing maximum clarity about design expectations at an early stage. Local plans and supplementary planning documents should use tools such as design guides and codes. These provide a framework for creating distinctive places, with a consistent and high quality standard of design. Their level of detail and degree of prescription should be tailored to the circumstances in each place and should allow a suitable degree of variety where this would be justified. However, it is important that such design tools have flexibility and do not stymie and restrict design creativity.

Recommendation 2: Particular attention should be given in Design Guidance and other location based planning documents to set out a clear design vision and expectations in new development and regeneration schemes.

3.6 Design Review Panels

Major applications are currently referred to the Gloucestershire Design Review Panel with the aim of securing independent, expert advice to the Local Planning Authority. The advice received from the DRP is a material planning consideration in the planning application process.

The Gloucestershire DRP describes itself as an independent, multi-disciplinary panel of local design professionals, who wish to make a positive contribution to the quality of Gloucestershire's built environment. Membership is intended to be representative of a broad cross section of design professionals practicing in Gloucestershire. The Panel is non-commercial.

The Gloucestershire Barriers to Development study, commissioned by the GFirst LEP in consultation with the development industry and the County's Local Planning Authorities during 2018, recognised the value of DRPs, though it commented that local authorities make insufficient use of the resource and expertise available in them.

In recent years the City Council has referred developers to the Gloucestershire DRP with the redevelopment of Kings Quarter being the most recent example.

Better links should be created with the DRPs and their constituent members to draw upon their expertise and to bring their attention to Gloucester. Developers and designers of major schemes should be required to seek DRP advice prior to the submission of planning applications, and preferably at an early stage in the design process. DRP members could be asked to speak to local businesses, developers and professional firms to promote awareness of good design and its benefits.

Recommendation 3: Make greater use of the Gloucestershire Design Review Panel, including referring more major applications to the panel, and inviting DRP members to Gloucester to provide training and awareness raising to the Council and to the local developer community.

3.7 Expertise within the City Council

It is important that the Council can draw upon expertise within the Planning service in order to interpret good design and to negotiate with developers to drive up standards within developments of all sizes and types. The City Council currently draws on advice from the Urban Design Officer within Tewkesbury Borough Council on individual planning applications. This advice is sought on all major developments that require consideration of design issues, and it is proposed that this relationship is reviewed.

The Council's own Planning Officers and Conservation Officers have expertise in urban design, and they regularly and consistently advise applicants with the aim of securing better quality, drawing on the policies within the Local Plan and their own professional expertise. However, they are not qualified urban designers, and inevitably the expertise varies according to the experience and knowledge of the individual. Officers acknowledge that further learning in urban design would benefit their skills and therefore the advice they are able to give to the Council and to developers.

It is equally important that Members on the Planning Committee can identify good urban design, and whilst they depend upon the advice of Planning Officers, they would benefit from recognising and supporting good design in the schemes they are required to consider. Several consultants and architects practice in the South West and would be able to meet Members and Officers to educate them on urban design.

Recommendation 4: Review the continuation of the service being secured from the Council's current design consultant

Recommendation 5: actively explore opportunities to enhance the design awareness and skills of Planning and Conservation officers, and Members of the Planning Committee, through CPD, looking to learn from other cities, and receive talks from architects in the region on what constitutes good architectural design.

3.8 Better use of Pre-App Consultations and a more robust approach to refusals.

The Planning service offers advice to developers on a Pre-App basis, prior to the submission of a full planning application. Applicants are not required to take the service but are certainly advised that it will flag up likely issues, including design, and challenges that may arise. An effective mechanism to drive up standards of design would be to:

1. Encourage greater use of Pre-App consultations with the service, including discussion of design issues at the outset. Furthermore, Pre-design community and stakeholder engagement should be strongly encouraged as a means to achieving better informed and more sustainable design.
2. Take a stronger stance to refuse planning applications that propose poor design quality.

At the meeting with development businesses referred to in paragraph 3.2 it was suggested that the Council provides an opportunity for consultation prior to pre-app stage. Where the Pre-app stage requires the drafting of plans and detailed proposals a stage prior to that would enable a more provisional sense check and general sounding on design and other planning principles.

Recommendation 6: Planning Officers encourage greater use of the Pre-App service and introduce an early Pre-App advice service.

3.9 Ensuring good design in the Council's own developments

The Council plays an active role in stimulating the regeneration of the City, including progressing the redevelopment of its own property assets. The Council provides financial support to developers (such as Project Pilgrim and Bakers Quay), delivers external financing to assist development (eg the HLF funded Southgate Street Townscape Heritage Initiative), and has invested in its own property portfolio. The King's Quarter programme in particular will bring about the regeneration of a key quarter of the city centre, and is an opportunity for the Council to draw upon its own assets to deliver a high quality and well-designed scheme.

It is important that the Council leads by example, setting the bar high and requiring developments in which it has a financial interest to be supporting its ambition to drive up design standards.

Recommendation 7: The Council seeks to ensure high design standards in its own developments, and those in which it has a financial involvement.

3.10 Recognising good design

The Royal Institute of British Architects (RIBA) holds annual awards to champion and celebrate the best architecture in the UK and around the world within all Regions in the UK. Winners in the South West in 2019 included the Bristol Old Vic, the Kingswood Preparatory School, and the national headquarters of the UK Hydrographics Office in Taunton.

The City Council used to run a design awards scheme every two years in Gloucester, the last one being in 2015, but it was stopped due to the available of staffing resources. Were the Council to run the scheme itself in future years the resources that would be required would need to be diverted from the delivery of other planning services. An alternative model might be the Council working with one or more local architects or planning firms to run the scheme, perhaps with the Council offering design expertise to judge entries and/or sponsorship.

Developers in Gloucester should also be encouraged by Planning Officers to submit entries to the RIBA South West awards.

Recommendation 8: that the Council instigates a 2020 Gloucester Design Awards, working alongside the development industry and local architects.

Recommendation 9: individual developers will be encouraged to apply for RIBA design awards, and the Council will offer its support to high quality submissions to the awards.

3.11 Conclusion

The onus of responsibility to innovate and drive up the standards of architectural design and quality in Gloucester rests with the developer community, and the architects and designers employed by developers. However, the Council through its Planning function has an important enabling and enforcement role to drive up standards by supporting and advising the developer community and by resisting poor design; raising our own standards of what is acceptable and using the statutory planning system more effectively to achieve better architectural and urban design outcomes.

The Council has an ongoing plan in place to transform and improve the Development Management service, including through process redesign, effective professional training, and collaborating more closely with Tewkesbury Borough Council. If the recommendations proposed are accepted they will be included in the Planning Transformation Plan, which is managed by the Planning Business Transformation Manager, so that they can be introduced alongside other improvement measures and monitoring accordingly.

4.0 Asset Based Community Development (ABCD) Considerations

- 4.1 Engagement and consultation with the community underpins the design and delivery of an effective planning process, and the service already consults extensively in the preparation of statutory planning documents and individual planning applications. The report describes examples where greater engagement of the community could be achieved (such as developers consulting more extensively with communities on major planning applications), and the report advocates closer working relations with development agencies and the industry.

5.0 Environmental Implications

- 5.1 The proposals contained in the report would have a positive impact on the physical appearance of development, and therefore a beneficial impact on the built environment in Gloucester.

6.0 Alternative Options Considered

- 6.1 Do nothing – the quality of design would continue at current standards, having a detrimental impact on the Council's vision to deliver high quality regeneration and growth.

7.0 Reasons for Recommendations

- 7.1 To seek to drive up the standards of architectural design in the City
To counter perceptions that Gloucester is a low value location

8.0 Future Work and Conclusions

- 8.1 As per Recommendation 12 within the Action Plan as appended, the work will be included within the Planning Business Transformation Plan. Updates will be provided to the Planning and Strategic Housing Portfolio Holder as and when required.
- 8.2 A follow-up meeting will be held with local businesses in the design and development industry during spring 2020.

9.0 Financial Implications

- 9.1 There are no direct financial implications arising from this report. The recommendations could have indirect financial implications on the financial viability of developments in the City, including those supported and funded by the Council itself, however, these would be considered on a case by case basis and implications would be reported to Council accordingly.

Financial Services have been consulted in the preparation this report.

10.0 Legal Implications

- 10.1 There are no direct legal implications of this report.

One Legal have been consulted in the preparation this report.

11.0 Risk & Opportunity Management Implications

Risk	Impact	Level of impact	Likelihood of impact	Mitigating measures
Developers are put off investing in the City due to the increased financial burden of investing in good quality design	Downturn in the level of development and under-achievement of the Council's regeneration and growth aims	2	1	Better relationship building with the development industry.
Higher number of development schemes refused Planning permission.	Aggrieved developers and planning customers.	1	3	Only developers presenting poor quality schemes would potentially be aggrieved.
Opportunities	Impact	Level of impact	Likelihood of impact	Maximising measures
Improved reputation for the City, which encourages good quality investment	Upturn in the level of development and delivery of the Council's regeneration and growth aims.	3	2	Celebration of good design through PR and the annual design awards scheme
To deliver a higher quality of development in the City	Improved appearance to properties, and less public objections to new development.	3	2	Use previous schemes as precedents to drive up standards.

12.0 People Impact Assessment (PIA) and Safeguarding:

- 12.1 There are no safeguarding implications of this report.
- 12.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

13.0 Community Safety Implications

- 13.1 Standards of physical design within the built environment can have a direct impact on community safety. The recommendations of this report would therefore have a positive impact.

14.0 Staffing & Trade Union Implications

- 14.1 None

Background Documents: None

Appendix 1

Summary of Recommendations

<p>Recommendation 1: <i>The Gloucester Townscape Character Assessment is promoted, referred to and used as part of plan making and the decision making process</i></p>
<p>Recommendation 2: <i>Particular attention should be given in Design Guides and other location based planning documents to set out a clear design vision and expectations in new development and regeneration schemes.</i></p>
<p>Recommendation 3: <i>Make greater use of the Gloucestershire Design Review Panel, including referring more major applications to the panel, and inviting DRP members to Gloucester to provide training and awareness raising to the Council and to the local developer community.</i></p>
<p>Recommendation 4: <i>Review the continuation of the service being secured from the Council's current design consultant.</i></p>
<p>Recommendation 5: <i>Actively explore opportunities to enhance the design awareness and skills of Planning and Conservation officers, and Members of the Planning Committee, through CPD, looking to learn from other cities, and receive talks from architects in the region on what constitutes good architectural design.</i></p>
<p>Recommendation 6: <i>Planning Officers encourage greater use of the Pre-App service and introduce an early Pre-App advice service.</i></p>
<p>Recommendation 7: <i>The Council will seek to ensure high design standards in its own developments, and those in which it has a financial involvement.</i></p>
<p>Recommendation 8: <i>That the Council instigates a Gloucester Design Awards during 2020, working alongside RIBA, the development industry and local architects.</i></p>
<p>Recommendation 9: <i>Individual developers will be encouraged to apply for RIBA design awards, and the Council will offer its support to high quality submissions to the awards.</i></p>

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Gloucester City Council

Meeting:	Cabinet	Date: 15 January 2020
Subject:	Transfer of Hucclecote Hay Meadows East Site of Special Scientific Interest (SSSI) to Gloucester City Council	
Report Of:	Cabinet Member for Environment	
Wards Affected:	Hucclecote Parish is part of Tewkesbury Borough	
Key Decision:	Yes	Budget/Policy Framework: No
Contact Officer:	Meyrick Brentnall Climate Change and Environment Manager Email: Meyrick.brentnall@gloucester.gov.uk Tel: 396829	
Appendices:	1. Location Map	

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To update Cabinet on the current situation relating to the use and ownership of Hucclecote Hay Meadows East and recommend that the City Council accepts ownership of the site contingent on receiving a commuted sum of £124,000 from Bovis Homes.

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that subject to confirmation of receipt of a commuted sum of £124,000 and satisfactory deduction of title, the freehold interest in Hucclecote Hay Meadows East be transferred to the City Council. The transfer to be subject to such conditions as the Head of Place in consultation with the Cabinet Member for Environment and Council Solicitor consider appropriate.
- 2.2 Following transfer, the site will be managed by the City Council's Countryside Unit for the purposes of amenity and nature conservation.

3.0 Background and Key Issues

- 3.1 Hucclecote Hay Meadows is an area of unimproved neutral grassland to the east of Gloucester. The meadows have been managed in a traditional manner for many hundreds of years, and as such they have built up a rare assemblage of vascular plants such as green winged orchid and yellow rattle. The UK has lost 90% of its traditional meadows over the past 100 years, so because of its rarity Hucclecote Hay Meadows have been designated a Site of Special Scientific Interest (SSSI)
- 3.2 This did not however, protect it from M5 motorway and in the 1970s this was driven through the middle dividing the site in two with the western half in Gloucester and the eastern part in Stroud and Tewkesbury.
- 3.3 For many years the eastern section was owned and managed by the Ministry of Defence (MoD) as part of Brockworth airfield, This changed relatively recently when the site was sold to Bovis Homes. Although the wider site has now been built out, the Hay Meadows due to its designation have not been developed and have

continued to be managed in the traditional manner – an annual hay cut with ‘after math’ grazing by cattle.

- 3.4 During the planning process for the former airfield, English Nature (now Natural England) were instrumental in ensuring the protection of the site and helped negotiate a sum of money to allow the site to be managed in perpetuity as a hay meadow.
- 3.5 As a result, on the completion of 1,800 dwellings the site was to be passed to a competent body. Tewkesbury Borough and Stroud District were to be offered the site first (as it is within their boundaries) and if they were not interested then it was to be offered to Gloucester City. Natural England throughout the process expressed a desire for the City Council to take it on, as we managed the other half of SSSI, and almost uniquely had the stock and machinery to carry out the necessary management.
- 3.6 Development of the site has progressed over the past 10 years with Bovis Homes now seeking to transfer ownership and management of the site. In the intervening years the City Council’s Countryside Unit has at times and for a fee grazed the site and generally kept an eye on matters. Recently, our Rangers have been successful in setting up a friends group for our side of the site and as a number of the volunteers come from Brockworth side they expressed an interest in the management of the Eastern side. Indeed, with permission from the land owner they have, under the instruction of the City Council Rangers carried out occasional volunteer tasks there.
- 3.7 As per the original agreement, the site has now formally been offered to Tewkesbury Borough and Stroud District Councils who have decided not to take it on. Due to our experience and expertise. Natural England are keen for the City Council to manage the site.
- 3.8 The extra land will of course bring a little more work and new management challenges and it is proposed that the Ranger currently working 4 days a week extends this to a full 5 days to accommodate the extra work. There are also security issues as the site has been used by travellers in the past. Therefore, it is proposed we bolster security on this site and our current site within Gloucester which has also experienced encampments in the recent past.
- 3.9 The finances involved are as follows: £124,000 as a one off payment (essentially a commuted sum) to take on the ownership and management of the site. As an SSSI and farmland it will be eligible for agri-environment schemes and ‘Single Farm Payment’. Currently, this money comes from the EU via the UK Government so post Brexit it is likely to change.
- 3.10 However, the Government have said on a number of occasions that over the next 5 years they will phase out the current system and replace it with ‘Environmental Land Management System (ELMS). Usefully this will have a public interest focus underpinning any allocation of funds. Therefore, any changes that do occur are likely to adversely impact lower value sites with little public benefit whilst schemes such as the Hay Meadows are likely to be treated more favourably. As an indication of income, Hucclecote West is a little smaller and currently secures around £1200 a year.
- 3.11 The £124,000 is intended to be spent as follows:
 - (i) £53,000 as a contribution to the new barns at Netheridge without which we will struggle to sustainably manage the site

- (ii) Additional security for Hucclecote East and West at c £7,000
- (iii) The balance of funds will be used to maintain and replace equipment that will enable the Rangers to continue to do their job. For example, there are number of large capital items, such as tractors, that are currently reaching the end of their useful life, the Cabinet member for Environment will be consulted on all large capital purchase items.

4.0 Social Value Considerations

- 4.1 The social value of quality open space on people's doorstep is well documented. It is known to have a beneficial impact on wellbeing and an individual's mental health. The Rangers already run very successful volunteer groups on both sites, the intention being to extend this if it comes under City Council ownership.

5.0 Environmental Implications

- 5.1 Underpinning all of the above is the sustainable management of one of the UKs most treasured sites. English Nature and then Natural England have always been of the opinion that in order to ensure the long terms sustainability of the site then it needs to be managed by the City Council. We have the stock, the equipment, the skills and importantly the motivation to do the best for the site and ensure that future generations can enjoy a species diverse environmental asset.

6.0 Alternative Options Considered

- 6.1 The alternative is do nothing, the corollary of this is that the site will probably be looked after by a management company and the site will deteriorate further as they will not have the expertise or motivation to carry out the works properly. Thus, Gloucester City residents' in the longer term will be denied a quality public amenity.
- 6.2 The City Council would also lose a useful revenue stream from single farm payment and agri-environmental schemes as well as a £124,000 capital payment which would be a welcome addition to help with a number of capital purchases including the new barns at Netheridge.

7.0 Reasons for Recommendations

- 7.1 Hucclecote Hay Meadows East is an SSSI on the borders of Gloucester. Natural England are very keen for the City Council to adopt and manage it as we have an excellent track record on the neighbouring site within Gloucester.
- 7.2 It is not unusual for the City Council to own nature conservation assets outside of the City. We have owned Lassington Wood in Highnam for decades and more recently we took on Horsbere flood management area, the latter again managed by the Countryside Unit.
- 7.3 As well as providing a precious amenity for the residents of Gloucester the site also comes with a revenue stream and a large capital sum that will allow the continued efficient running of the Countryside Unit, in particular the construction of some new barns at Netheridge.

8.0 Future Work and Conclusions

- 8.1 The management of the site is straightforward and will involve an annual hay cut with 'aftermath' grazing. There will also be a need for hedge and tree maintenance. It is anticipated that the friends group can be extended to take account of the increased areas to enable more habitat management to be carried out. Additional security will be deployed to make the site more resistant to unauthorised encampments.

8.2 The legal agreement does require botanical and visitor surveys as part and parcel of the transfer. This is not considered onerous and is good practice for such a site and will be wrapped up as part of the Hucclecote West work.

9.0 Financial Implications

9.1 The site comes with a on off ‘commuted sum’ of £124,000. It is also expected that in the region of £1,200 revenue funding from ‘Single Farm Payment’ and agri-environment schemes will be forthcoming.

9.2 The form of any funding scheme post Brexit is unknown, but the Government has committed to maintaining the level of funding for the next 5 years and then replace it with something that has a public interest focus. It is also considered highly unlikely that money will be diverted from the most precious sites.

9.3 The capital receipt will also allow the barn re-location to be realised. This is in the region of £53k short so this capital receipt will allow this project to go forward and save us £6k a year and adequately cover any associated increase in staff time which should be about £6k per year including on costs.

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

10.0 Legal Implications

10.1 The Council would need to be satisfied that the commuted sum is not to be ringfenced if it is intended that some or all of the moneys are to be spent off site.

10.2 The Council has various powers to acquire land for recreational purposes and may acquire land outside of its area by virtue of s120 Local Government Act 1972 provided it is for any of their functions or for the “benefit, improvement or development of their area”.

10.3 In addition to the designation of the area as an SSSI, there may be additional restrictions on use imposed by the title, whether existing or new.

10.4 Due to the restrictions on use imposed by the site’s status, it may be difficult to find a new owner willing to take on the responsibilities if the Council wished to transfer the site in the future. The Council therefore needs to be satisfied that it is willing to take on such responsibilities for an indefinite period.

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

11.0 Risk & Opportunity Management Implications

11.1 The main risk is from Brexit and a reduction/removal of single farm payment and agri-environment schemes. This is not just a risk for this site but the viability of the Countryside Unit as a whole as a significant portion of their funding comes from this source.

11.2 Indications are that for the next 5 years this will remain unchanged. When changes are implemented then it is considered unlikely that funding will be withdrawn from SSSIs due to legal duties to ensure their continued protection.

11.3 Notwithstanding the point made in 10.4 above, the Council will ensure that the ownership and management of the site may be transferred to a third party in the future should the need or opportunity arise.

12.0 People Impact Assessment (PIA) and Safeguarding

12.1 The site is an area of open space that is available to all to use and enjoy. Less able individuals able to enjoy the site as are young the elderly and those from any minority background.

- 12.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

13.0 Community Safety Implications

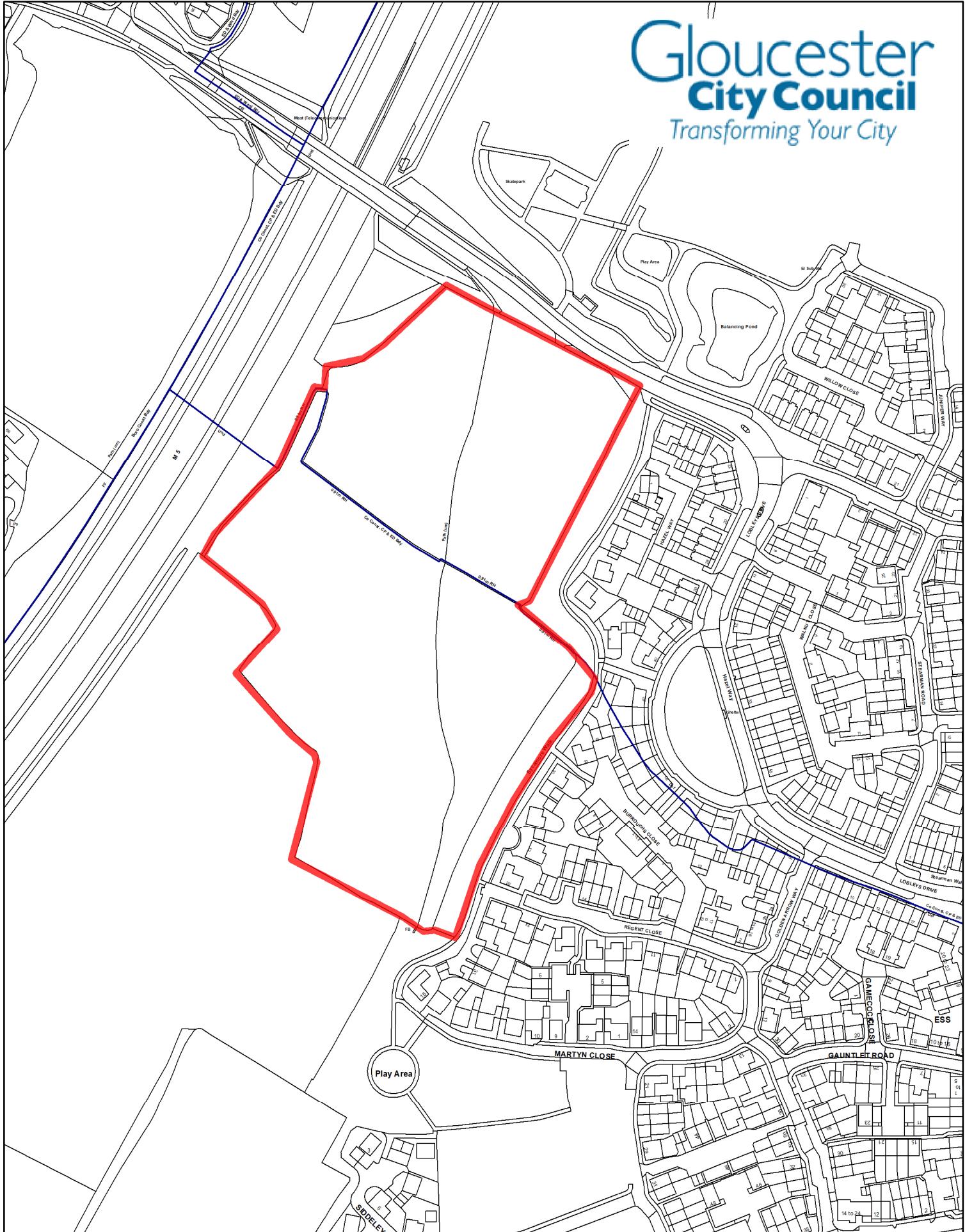
- 13.1 The site will not change as a result of this site other than be used and manged by more people and therefore should only have a positive outcome

14.0 Staffing & Trade Union Implications

- 14.1 None

Background Documents: None

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Hucclecote Hay Meadow East SSSI

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Gloucester City Council

Meeting:	Cabinet	Date: 15 January 2020
Subject:	Procurement of Private Sector Environmental Crime Enforcement Contractor	
Report of:	Cabinet Member for Environment	
Wards Affected:	All Wards	
Key Decision:	No	Budget/Policy Framework: No
Contact Officer:	Matt Cloke, City Improvement & Environment Officer	
	Email: matt.cloke@gloucester.gov.uk	Tel: 396317
Appendices:	None	

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.2 To seek approval of Cabinet to tender for an enviro crime enforcement service over a 5-year period to replace/carry on from the existing contract with 3GS (UK) Limited

2.0 Recommendations

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

- (1) the City Council carry out a procurement for a private sector organisation to deliver enforcement services against environmental crime for a five-year term.
- (2) should the procurement be successful, authority is delegated to Corporate Directors to award the contract to the chosen bidder with the terms being agreed in consultation with the Council Solicitor.
- (3) the City Council extend the current contract with 3GS(UK) Limited for a period up to three months to allow sufficient time for the procurement and contract award to be carried out.

3.0 Background and Key Issues

- 3.1 In 2018, the Council agreed to enter into a 12 month Pilot Concession Agreement with 3GS (UK) Limited (3GS), to provide an environmental enforcement service to tackle small scale environmental crime in Gloucester. The scheme began in March 2019 and currently delivers a service to the City Council at effectively zero cost funded ultimately through the income derived from issuing Fixed Penalty Notices (FPNs) and pursuing prosecutions against non-payment.
- 3.2 A Pilot scheme was chosen as the best option as it was essential to understand if this type of service would be financially viable long term. Further, the Council wished to

gather evidence to recognise the environmental benefits in addition to establish the type of contractor suitable to meet our needs in Gloucester before awarding a longer term contract.

- 3.3 The trial with 3GS, has been widely successful during the pilot period. At the time of writing this report, since 25th March 2019 3GS has issued 1856 FPNs for enviro-crime offences and have initiated legal proceedings against 101 individuals for non-payment of the fines.
- 3.4 The 3GS service has further significantly enhanced the Council's capability to patrol and enforce issues such as Public Space Protection Orders (PSPOs) dog controls and alcohol restrictions, litter, fly tipping/posting, householder/commercial duty of Care and to tackle other small scale enviro crime issues.
- 3.5 Further visual evidence of the four gate streets indicates that the city centre is markedly cleaner and free from smoking paraphernalia than it was prior to the pilot scheme commencing. Anecdotal evidence suggests that Amey street cleaners are now collecting less waste from the city centre by as much as half.
- 3.6 Re-tendering to extend this service to a 5-year contract with reviews in years 3 and 4, enables officers to enhance the already good performance of 3GS to further improve the service offered. Additionally, the service shall continue to enable a near nil-cost prosecution service to those who fail to pay FPN's and provide much wider opportunities for the Council to gain enhanced enforcement capabilities.
- 3.7 Subject to Members approval, the intention is to undertake a tender exercise during January and February 2020, awarding the contract in March 2020.

4.0 Social Value Considerations

- 4.1 The negative impact of a poor urban environment is well documented. Litter and small-scale enviro crime is a deterrent to peoples enjoyment of the public realm. Without this service the vast majority of the population who do not commit these crimes are being disadvantaged as they go about their daily business. The proposal is therefore likely to have a positive effect thus, improving the value of the wider environment in addition to public safety.

5.0 Environmental Implications

- 5.1 There are no adverse environmental implications. The continuation of issuing FPNs for enviro-crime offences will deliver a net positive environmental impact, through the reduction in illegal waste disposal and fly tipping; and associated additional vehicle movements required to clear and dispose of it. A reduction in fly tipping and littering will also deliver an increase in the quality of the local environment, a reduction in associated environmental pollution, contamination and associated improvements in public perception, health, civic pride and inward investment.

6.0 Alternative Options Considered

- 6.1 **Do nothing;** revert to the enforcement services offered by the Council prior to the commencement of the 3GS trial.

- 6.2 It is likely that the quality of the public realm would deteriorate resulting in increasing numbers of reported incidents of littering, fly tipping, duty of care offences.
- 6.3 In addition there would be an increase in associated costs to investigate, remove and dispose of the unlawful deposit of controlled or otherwise waste.

7.0 Reasons for Recommendations

- 7.1 One of the Corporate Plan objectives is a Greener Gloucester. A priority derived from working to maintain a safe and attractive City manifests as “taking action against those who fail to respect our environment”. The aim to reduce the number of reported fly tipping incidents across the City by extending this service shall play an extensive role in accomplishing this goal.
- 7.2 It is therefore our objective to reduce the number of reported fly tipping incidents across the City, and thus reduce the overall associated costs/resources of dealing with the unlawful deposit of controlled or otherwise waste.
- 7.3 To work more closely with existing partners and seek new stakeholders who can assist with reducing the number of fly tip incidents and deal with enviro-crime generally.
- 7.4 Continuing to issue FPNs for smaller fly tipping and Duty of Care incidents will be less resource intensive for the authority than taking a prosecution. It will also focus minds and will free up valuable court time for more serious offences. Those FPN's which are not paid in full will be followed up by Single Justice Procedure or prosecution.

8.0 Future Work and Conclusions

- 8.1 Future work will continue to prioritise resources and engage with partner agencies to deal with the issue of fly tipping to improve our communities and the City overall.
- 8.2 To invest in new technology and therefore assist with the reduction in the number of fly tipping incidents and will use the technology to secure the issuance of FPNs and/or initiate prosecutions wherever possible.
- 8.3 To continue to work with partner organisations to share information, knowledge and best practice to deliver improvements.
- 8.4 To conclude the proposal would secure a private sector organisation to deliver enforcement services against environmental crime for five years at approaching zero cost to the authority.

9.0 Financial Implications

- 9.1 There is no requirement for the City Council to provide additional funding to 3GS if income does not match the cost of enforcement, meaning there is low risk of a financial cost to the council resulting from this proposal.
- 9.2 In accordance with the Regulations, FPN receipts will be used for the purpose of exercising functions to improve the environment by increasing street cleanliness and enforcement of offences. To allow officers to issue FPN's will further reduce the need

to pursue costly prosecution in some cases and enable a more flexible approach in dealing with specific offences under the Environmental Protection Act 1990.

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

10.0 Legal Implications

- 10.1 If the new contract is to follow a similar model to that with 3GS, it will be tendered as a concession contract. This is because the Council will not be paying directly for the services provided and the contractor's costs will be met by the penalties received from the FPNs. Depending on the value of the contract the Concessions Contracts Regulations 2016 may apply. Advice from the procurement officer and One Legal should be sought at the earliest opportunity.
- 10.2 It is likely that the staff from 3GS will have to transfer to a new contractor and clauses regarding compliance with TUPE will be included into the new contract.
- 10.3 Authority in accordance with the constitution will need to be given to a new contractor to enable it to carry out the enforcement services on behalf of the Council.

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

11.0 Risk & Opportunity Management Implications

- 11.1 See table below -

Risk	Opportunities
<p>Income generated</p> <p>The introduction of the FPN's to deal with small scale fly tipping may be seen as income generation driven.</p>	<p>The City Council will be able to deal with smaller scale fly tipping offences with a lesser burden of evidence than is required for a prosecution and for offences that we have not previously been able to deal with due to resources and the public interest test.</p> <p>We will be able to demonstrate to our communities that we are able and willing to take robust action against those responsible.</p> <p>Income generated from the issuing of FPN's can be used to purchase mobile CCTV cameras and the ongoing associated costs.</p> <p>To prioritise resources on hotspot areas and to work with partners to deliver outcomes this may include the training of additional officers to issue FPN's including the Police and PCSO's.</p> <p>Press Release to raise the issue of fly tipping and Householder Duty of Care and the City Council's commitment to deal with the issue of fly tipping and rogue traders.</p>

	The City Council to work with communities to promote the implementation of FPN's and to encourage participation i.e. reporting incidents and offenders, organising clean up events etc. This can also have a number of positive outcomes including residents taking ownership of their area and feeling better about the area in which they live.
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12.0 People Impact Assessment (PIA) and Safeguarding:

- 12.1 A very recent statistical analysis of the FPN's issued by 3GS since commencement of the trial has identified that there may be a disproportionate focus on females. However, in the absence of formal statistics to identify the demographic of footfall in the four gates streets we are unable to ascertain whether this might constitute discrimination.
- 12.2 The PIA Screening Stage was completed and may identify a potential negative impact of gender bias therefore, additional work on a PIA is required to continue examining the 3GS data along with ascertaining the general data on footfall within the city centre in order to establish if discrimination exists.
- 12.3 Further the 3GS service will be reviewed by the Councils cross-party Equalities Group in order to examine whether one protected characteristic is being discriminated against.

13.0 Community Safety Implications

- 13.1 The reduction in fly tipping incidents has a critical role to play in relation to residents feeling safe in the areas where they live, visit and play whilst reducing the risk of attracting other low-level crimes.
- 13.2 There are no adverse community safety implications. Improvements to personal accessibility and the wider public realm are likely to have a positive effect upon access and public safety.

14.0 Staffing & Trade Union Implications

- 14.1 The potential need to train additional staff to issue FPN's for fly tipping incidents.

Background Documents: None

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Gloucester City Council

Meeting:	Cabinet	Date:	15 January 2020
Subject:	Marketing Gloucester		
Report Of:	Cabinet Member for Culture and Leisure and Cabinet Member for Performance and Resources		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Anne Brinkhoff, Corporate Director (Partnerships) Email: anne.brinkhoff@gloucester.gov.uk Tel: 396745		
Appendices:	1. Terms of Reference for the Reviews 2. Feedback Report of the Strategic and Operational Review (Melanie Sensicle and Associate) 3. Feedback Report of the Finance and Governance Review (Grant Thornton)		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To report on the findings and recommendations of the finance, governance, strategic and operational review of Marketing Gloucester (MGL) commissioned by the Board of Marketing Gloucester and to agree future actions.

2.0 Recommendations

2.1 Cabinet is asked to **RESOLVE**:

- (1) to note and welcome the review reports and thank the report authors and the city and sector stakeholders, MGL staff and Directors, councillors and officers who participated in the review;
- (2) to endorse the proposal that Gloucester needs an effective, dynamic and collaborative Place Marketing Organisation (PMO) and that MGL should refocus its efforts to deliver this requirement;
- (3) to bring back in-house the budget, seconded staff and commissioning responsibilities for the delivery of the City Events Programme;
- (4) to work with MGL to reshape and resize the Board to ensure that the Council's interests are equitably represented, that there is an independent Chair and appropriate mix of executive and non-executive Directors and that the Directors have the necessary skills and experience to provide effective governance and management of the company

- (5) to appoint one additional City Council representatives to the Board of MGL
- (6) to recommend to the Board of MGL the urgent appointment of an interim Managing Director to work with the Board to determine the Company's vision, mission and purpose, its business plan, its staffing structures, skills needs and budgets; and for this to include a review of best practice nationally and locally, including Marketing Cheltenham and appropriate risk assessments;
- (7) to support the Board of MGL in putting in place formal and transparent financial policies and procedures to ensure effective financial management, oversight and reporting;
- (8) to work with the Board of MGL and GFirstLEP on a priority review of the delivery and operation of the UK:DRIC;
- (9) to engage with the Boards of MGL and the Gloucester BID on a possible review of the support, administration and events delivery provided to the BID by MGL;
- (10) to authorise the Corporate Director (Transformation) in consultation with the Cabinet Member for Culture and Leisure to negotiate and enter into revised Articles and Service Level Agreement and other related legal documentation, on terms approved by the Council Solicitor and s151 Officer, in order to implement those above mentioned recommendations.

3.0 Background and Key Issues

- 3.1 Gloucester City Council established Marketing Gloucester Ltd. (MGL) as a wholly owned company in March 2007 in order to provide a range of services to promote and market the City of Gloucester.
- 3.2 Since that time MGL has grown into an organisation with multiple functions and a strong focus on delivering an extensive and very diverse events programme for the City. This includes the high profile 'Tall Ships' event and the vibrant fan zone for the 2015 Rugby World Cup. Other examples are the summer events programme (SOMAC), the annual Carnival, a range of sculpture and other trails, Henry III, Aethelflaed and Civil War commemorations all of which deliver footfall and help the city center to be vibrant. MGL led on the development of the Gloucester BID and has taken on its management functions, as well as the delivery of other city center focused event and improvements for the BID, including the successful city center protection officers. MGL manages the film desk for the City and is the prime contact for regional, national and international marketing agencies.
- 3.3 Whilst MGL had previously communicated its financial challenges to the Council, in September 2019 the scale of its cash flow issues was quantified. The Council approved a lending facility to support the cash flow of MGL subject to the MGL Board commissioning an urgent comprehensive financial, governance, strategic and operational review of the Company.

The review was commissioned in late October as two separate pieces of work:

3.1 • A review into the effectiveness of financial and governance arrangements, carried out by the Council's external auditors (Grant Thornton); and

- A strategic and operational review of the business of MGL, carried out by Melanie Sensicle and Associate, expert consultants in the field of destination marketing and visitor economy.

3.2 Given the complexity and interdependencies of the brief, the consultants were required to share findings and draft recommendations arising from their respective work. Both sets of consultants presented their findings and recommendations at a single feedback session on the 6th December to representatives of the MGL Board and the City Council.

Key Findings and recommendations

3.3 The terms of reference of the review and the feedback reports from both consultants are included in the appendices to this report.

Purpose, vision, strategic and operational management

3.4 Consultants found a lack of clarity about the purpose, vision, strategic and operational priorities of MGL. Activity analysis showed that, in reality, MGL was operating as an events delivery company that manages a selection of projects, some of which involve marketing. The absence of a clear vision and purpose for the organisation also means that MGL lacks clear strategic and operational priorities. Its business plan has significant gaps which has led MGL to focus on running events and pursuing other revenue generating opportunities without a clear strategic rationale and a funding plan; this in turn leading to a 'hand to mouth' existence. Consultants found that many of the core activities of a marketing organisations were not being delivered, including brand management, amplification of partner activity, campaigns, message management, regional collaboration and managing the visitor economy. This is reflected in the staffing arrangements which are weighted towards events; and with gaps in specific marketing skills (ie campaign development, marketing planning, content creation) and business leadership skills, including business and financial planning and management, effective partnership working and constructive relationship management.

However, Consultants identified a number of marketing positives including social media management for local audiences, marketing support on selected projects, managing the Gloucester Trip Advisor profile and developing Tall Ships as a signature event. MGL's staff were well regarded, particularly for their passion and commitment to Gloucester. However, they found no clear rationale around the delivery of events that are integral to strategic city marketing or positioning. Consultants highlighted that MGL's website has significant gaps in content and a wider review of Gloucester content across a range of national and international sites reveals that copy and especially imagery is limited and doesn't do justice to the City's assets. Consultants found that the City Council requirements (SLA) were too broad and far ranging and needed to be more focused.

3.5 Consultants recommend that MGL become 'the strategic place marketing function that stakeholders require', delivering the full complement of marketing functions, including market intelligence, branding, campaign activity, relationship management

with external agencies at national and regional level. For this to work, MGL will need to define its external audiences so it can shape activity and apply resources accordingly. To create the ‘breathing space’ MGL requires to refocus its activity, develop a strategic and operational framework and re-build relationships where this is required the consultants recommend that the festivals and events programme, budget and seconded staff return to the City Council. Many of the events ran by MGL were delivered through external grants and/or sponsorship; hence the City Council will need to ensure that any delivery in house or through a commissioning process requires additional funding to be generated. In due course MGL or a trading arm of the Company would be able to offer its services to produce/deliver key strategic or signature events if this was consistent with the Company’s vision and business plans and the needs and ambitions of the City.

Governance

- 3.6 Consultants identified an urgent need to review and strengthen the Board structure and composition, including a reduction of the size of the Board, and the appointment of an Executive Director to the Board. This would ensure that Executive Directors are better held to account and that the Board represents the key skills needed for effective governance, as opposed to representing stakeholder groups. In the short-term, consultants recommend the Council to strengthen its representation on the Board, including the appointment of additional board members in order to be assured that the MGL Board functions effectively. Consultants recommended a more structured approach to performance management and a simpler and clearer contract for services.

Financial Management

- 3.7 Consultants stated that it is not uncommon in an organisation of MGL’s size for the CEO to take on responsibility for budgeting and financial forecasting in the absence of a dedicated finance resource. However, they expressed significant reservations over the informality of financial controls and procedures, and the extent and quality of budget monitoring and financial oversight by the Board. Consultants consider that the City Council needs to support the MGL Board with the introduction, at pace, of formal and transparent policies and procedures. Consultants note that MGL has incurred annual losses after tax in 2018 and 2019 and that the reliance on events such as Tall Ships introduces an element of financial volatility which needs to be accounted for in its business planning. Consultants further note risks around liquidity and solvency of the company as a result of low levels of cash balances; all of which needs urgent attention.

UK:Digital Retail Innovation Centre (UK:DRIC)

- 3.8 Consultants expressed concerns over the UK:DRIC on several accounts. They felt that it is not aligned to MGL’s vision or purpose and is not intended to be an income generator for MGL. Rather its purpose is to help position Gloucester and Gloucestershire in the digital and innovation field. Consultants highlighted concerns about the ability for the current set up to deliver against the outcomes in the funding agreement and the lack of income generation, putting additional financial strain on MGL. There are concerns about governance, management and reporting of the UK:DRIC. Consultant recommend an urgent full and comprehensive review.

Business Improvement District

3.9 Consultants commented that a number of stakeholders felt that MGL's provision of administrative and support and the delivery of events was 'pulling the company out of shape' and added to the fragmentation of purpose. Consultants also identified potential conflicts of interests with MGL by virtue of several MGL Directors also being Directors of the BID. Consultants recommend a review of the support and events arrangements with the Gloucester BID as part of the exercise to ensure that MGL is able to refocus effectively on a strategic place marketing role.

4.0 Social Value Considerations

4.1 There are no direct social value implications

5.0 Environmental Implications

5.1 There are no direct environmental implications

6.0 Alternative Options Considered

6.1 Dissolve MGL altogether. This option is not recommended as we consider that the City requires a strategic marketing function which entails:

- a. Gathering and interpreting market intelligence to inform product development and promotional activity
- b. Develop, implement and steward the branding for the City which is more than a logo
- c. Design and deliver campaign activity of the City beyond events
- d. Managing the message and supporting others to amplify it.
- e. Relationship management with external agencies at a national and regional level.

7.0 Reasons for Recommendations

7.1 Both consultants have identified significant shortcomings in the operation of MGL which need urgent attention and action. As the sole owner/member, it is the responsibility of the City Council to ensure that improvements are made at pace to safeguard public funding and the reputation of the Council and the City.

8.0 Future Work and Conclusions

8.1 As outlined in the recommendations

9.0 Financial Implications

9.1 The Council currently provide an annual grant to MGL and fund a seconded member of staff. The Council also provide funding for one additional member of staff previously seconded to the company.

- 9.2 If the option at para 2.2 (3) is approved the grant funding provided to MGL would be reduced accordingly. The level of grant reduction would be commensurate with the level of service brought back in house.
- 9.3 The Council has a loan and a lending facility in place with MGL. The recommendations at paras 2.2 (6) & (7) will ensure that future financial planning of the company will make provision for the prudent repayment of these loans to the Council.
(Financial Services have been consulted in the preparation of this report.)

10.0 Legal Implications

- 10.1 The Council as the sole owner/Member of the company may exercise control over the company through company law and the governance documentation entered into between the Council and the company.
- 10.2 The governance documentation comprises:
- Articles of Association;
 - Members' Agreement; and
 - Service Level Agreement.
- 10.3 The Articles include provisions for the operation of the Board and General Meetings of the company and includes following provisions:
- Article 16- the Board shall comprise at least 5 and not more than 16 individuals provided that the Council will be entitled to appoint 1 Director;
 - Article 19- refers to the procedures for election and retirement of Directors; and
 - Article 22- refers to the proceedings of the Board including the quorum (3 Directors or one third of the Board).
- 10.4 The Members' Agreement includes provisions relating to the strategic overview of the company and includes the following specific provisions:
- The independence of the company;
 - Reporting obligations; and
 - Reserved Matters- which sets out circumstances in which the company must obtain the prior approval of the Council e.g. transactions over £100,000 and the appointment of Directors other than the council nominated director.
- 10.5 The duties of Directors of companies are set out in the Companies Act 2006 (sections 171 to 181).
- 10.6 The UK Corporate Governance Code (July 2018) sets out the principles of good governance for companies and includes guidance on the relationship between Directors and Shareholders/Members.
- 10.7 The current governance documentation will need to be revised to implement any changes approved.

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

11.0 Risk & Opportunity Management Implications

11.1 The recommendations in this report will remove the immediate financial and governance risks and will enable MGL to work towards a purpose of becoming a strategic marketing function for the City.

12.0 People Impact Assessment (PIA) and Safeguarding:

12.1 There are no safeguarding implications

13.0 Community Safety Implications

13.1 There are no Community Safety Implications

14.0 Staffing & Trade Union Implications

14.1 The City Council currently seconds one member of staff to MGL to work in the events team. This member of staff would need to be brought back in house in line with our secondment policy. This would require us to give adequate notice to MGL and the member of staff. This would be an opportunity to review the previous role of the member of staff to ensure that the duties and salary are still appropriate. The member of staff would require a full reintegration plan and supportive induction back to their home service.

Background Documents: None

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Terms of Reference for a finance, governance, strategic and operational review of Marketing Gloucester.

1. Background and introduction

Gloucester City Council established Marketing Gloucester Ltd. (MGL) as a wholly owned company in March 2007 in order to provide a range of services to promote and market the City of Gloucester.

Whilst MGL had previously communicated its financial challenges to the Council, in September 2019 the scale of its cash flow issues were quantified. The Council approved a lending facility to support the cash flow of MGL subject to MGL commissioning an urgent comprehensive financial, governance, strategic and operational review of MGL.

The review will have two distinct parts:

- a) The effectiveness of financial and governance arrangements; and
- b) A strategic and operational review of the business of MGL

Separate bids will be invited for each of the two parts.

Naturally there will be linkages and we will require the successful bidders to share the findings and recommendations of their respective work to ensure that the Council and the Company have a good understanding of the whole operation of MGL and that recommendations reflect this.

Draft findings and recommendations of both parts of the review will be presented in a single feedback session to representatives of the Board of MGL and the City Council in their role as members and sole owner of the company.

The requirements of the two aspects of the review are detailed below:

2. Part A: Finance and Governance

Fundamental principles

The finance and governance review is to be carried out by independent experts having the required professional competence, expertise and experience, and in accordance with generally accepted international auditing standards.

These Terms of Reference (“TOR”) define the mandate of the experts in connection with the financial review of Marketing Gloucester Limited and its subsidiaries (“MGL”), a company whose sole Member/Owner is Gloucester City Council. The financial review is to be based on the professional requirements and guidelines governing the professional work to be undertaken by the experts in relation to their areas of expertise.

In planning, conducting and reporting on the financial review, the experts shall give due consideration to the relevant standards of the local accounting profession as well as the local legislation on accounting, governance and reporting in force at the time of the review.

Detailed review procedures

Appropriate review procedures are to be applied by the experts in order to form professional judgements on the matters outlined below. The experts are expected to select and apply any other review procedures that they may consider necessary in the professional execution of the engagement.

Finance

The review should comprise a full review of the financial position of the company and its subsidiaries and its forecast position over a period not less than two years back from and two year forward of the review date, including but not restricted to:

a) Principles of financial orderliness:

- i. Details of funds received and reconciliation with the information supplied by the donor(s);
- ii. Authorisations/approvals of expenditures and validity with supporting documents;
- iii. Allocation of expenditures in conformity with the agreed budget(s);
- iv. Conformity of contracts with legislation currently in force;
- v. Adequacy and completeness of revenues, revenues are booked correctly;
- vi. Assessment of accounts receivable and advances; justification for overdue/unpaid amounts in excess of one month,
- vii. Reconciliation of balances of cash in hand and in banks with the general ledger accounts;
- viii. Physical existence and movements of the goods representing the property of the company (fixed assets, inventory items, current assets);
- ix. Timeliness of recording economic events and transactions in the general ledger accounts.

b) Financial budgeting and cashflow forecasting:

- i. Review of the latest budget position and future cashflow projections;
- ii. An assessment of the financial viability of the budget and cashflow projections;
- iii. An assessment of the viability of any actions being proposed to improve the financial position of the company;
- iv. A review of the medium to long term business plans of the company, and its business planning processes.

c) Existence, adequacy and effectiveness of the Internal Control System (ICS):

- i. Adequacy of the internal organization (structures, functions, tasks, authority, responsibilities, methods, procedures, segregation of duties etc.);
- ii. Effectiveness of project and financial accounting and reporting processes;
- iii. Adherence to applicable laws, regulations and instructions;
- iv. Prevention of accounting errors and financial fraud;

- v. Adequacy and completeness of information and financial reporting system;
- vi. Physical safeguard of assets.
- vii. Governance arrangements (systems, processes), including Board (membership, skills, management)

d) Economical conduct of business and effective use of financial resources (VFM):

- i. Financial resources are utilised for the activities, as agreed with the Council and always ensuring an appropriate level of cost and benefits;
- ii. Existence and application of adequate measures in the internal control system (ICS) in respect of the utilisation of committed resources;
- iii. Application of management procedures relative to the various transactions. In particular, adequate segregation of duties for vital functions and processes, like entering commitments, authorising and accounting of expenditures, reconciliation of cash on hand and in banks, follow-up on long outstanding debtors and creditors, physical control over inventories, etc.;
- iv. Expenditures are in line with the agreed budget positions;
- v. Any deviations of actual expenses from the agreed budget are reasonably explained and adequately documented by management;
- vi. Existence of adequate bid and purchasing procedures. e.g. best cost/benefit ratio for materials and services, conformity of price offers with local practices and cost levels;
- vii. Confirmation that prices and rates are subject to regular verification and that the accounting system in use is adequate to the requirements of a management tool, particularly as it concerns cost analysis;
- viii. Review and substantiation of expenditures of consultants and contracted agents (rent, travel expenses, accommodations, allowances etc.);
- ix. Review and substantiation of expenditures related to staff (gross salary, social and pension contributions, income taxes etc.).
- x. Review of the current SLA agreement and governance by Gloucester City Council

e) Conformity with the company objectives and adherence to contract conditions:

- i. Agreement of transactions, expenditures and receipts by comparison with the agreed business documents (programs of activities, contracts, terms of reference, budgets etc.);
- ii. Verification whether the clauses of the agreements/contracts have been respected;
- iii. Verification that the expenditures correspond to the agreed budgets. Analysis of deviations between budgeted and actual expenses and substantiation of major budget variations (+/- 10 % of the budget).
- iv. Verification that goods purchased with allocated funds are utilised within the defined objectives and are still available or have been disposed/sold in conformity with the procedures defined in the project agreement/contract.
- v. Examination of the arrangements between MGL and the UK:DRIC & MGL and BID to ensure compliance with all contractual arrangements and deliverables;

Governance

The review should also comprise a full review of the governance arrangements established by the company and its subsidiaries to ensure that they comply with the law and regulations, that they provide sufficient transparency to allow the management of the company and the Board of Directors to exercise accountability, oversight and control including a review of the governance of the company by Gloucester City Council. In particular this should review:

- i. The Company's alignment with the strategic objectives and corporate plans of the City Council
- ii. The Company's adherence to relevant law, regulations and company guidance including the UK Corporate Governance Code 2018
- iii. The Company's adherence to its Memorandum and Articles of Association, Members Agreement and its Contract for Services with Gloucester City Council
- iv. The arrangements for appointments to the Board and the skills, experience and expertise required by the Board Directors to provide appropriate leadership to the Company
- v. The Board composition generally in terms of the Non-Executive and Executive roles
- vi. The arrangements for the employment and management of staff
- vii. The arrangements to manage conflicts of interest
- viii. The arrangements for developing and documenting the Company's strategic and operational plans
- ix. The arrangements for reporting on the Company's performance.
- x. The current SLA and the effectiveness of Gloucester City Council's governance of the company and its responsiveness to information provided.

3. Part B: Strategic and operational review

This review will examine the effectiveness and efficiency of the current operation of MGL, including its distinct role within the City and its many (and growing) partners and stakeholders involved in making the City a vibrant, diverse and successful tourist destination. In particular the review will need to assess what actions are required to ensure that MGL continues to add value to the City of Gloucester, supports the City Council in delivering its strategic objectives and corporate plans and is financially sustainable in the future. At the same time the review will assess the reasonableness of the Council's requirements for MGL within a challenging financial climate.

Key areas of focus include but are not limited to:

- i. Clarity and appropriateness of purpose, vision, strategic and operational business priorities of MGL and the reasonableness of the Council's requirements.
- ii. Quality and appropriateness of the Business Plan and the delivery focus of the organisation in view of the City and its potential, and work of other

- partners and stakeholders, including the LEP, the Culture Trust, the BID and the City Council. Are there overlaps or duplication?
- iii. The resilience and effectiveness of its relationships with key city stakeholder organisations and leaders including departments of Council.
 - iv. Appropriateness and sustainability of the staffing arrangements, including structure/staffing numbers, skills and capabilities
 - v. Quality and effectiveness of inputs, outputs and outcomes related to the effective marketing of the City; and comparison to industry standards/leaders in this area
 - vi. Assessment of historic income and future income potential and what is needed to successfully explore these
 - vii. Assessment of the potential of the UK:DRIC in the promotion of the City and its potential for income generation for MGL
 - viii. Appropriateness of the company structure (wholly owned Teckal company) in view of successful models elsewhere; and in the context of the BID, the LEP, the Culture Trust and the City Council's Economic Development team.

4. Outputs and reporting

Consultants are required to produce interim findings and a final report including recommendations.

Interim findings will be presented to a meeting of representatives of the Board of MGL and the City Council.

5. Timescales

The assignment needs to be concluded by the end of November 2019 at the latest with draft reports produced at intervals agreed with the City Council.

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Marketing Gloucester Ltd Strategic and operational review



December 2019

MELANIE SENICLE
MELANIE SENICLE CONSULTING LTD

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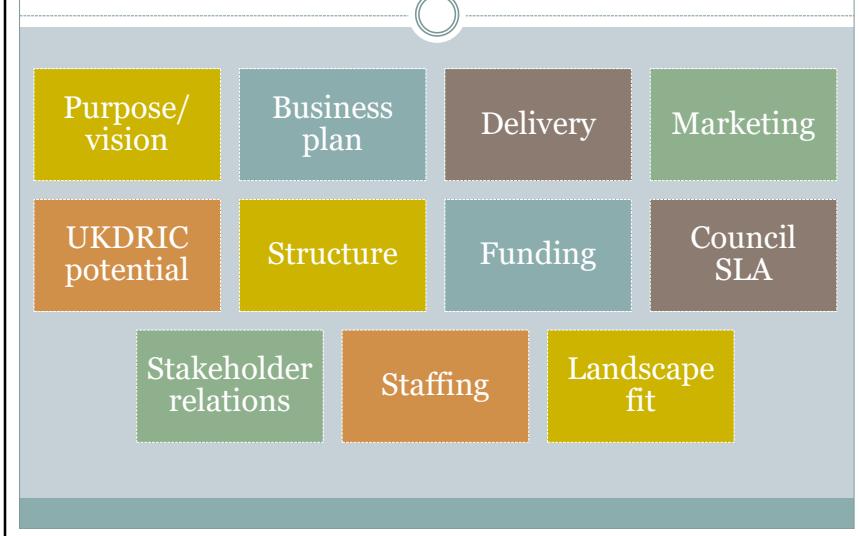
JASON FREEZER
BRIGHT SIDE TOURISM CONSULTING

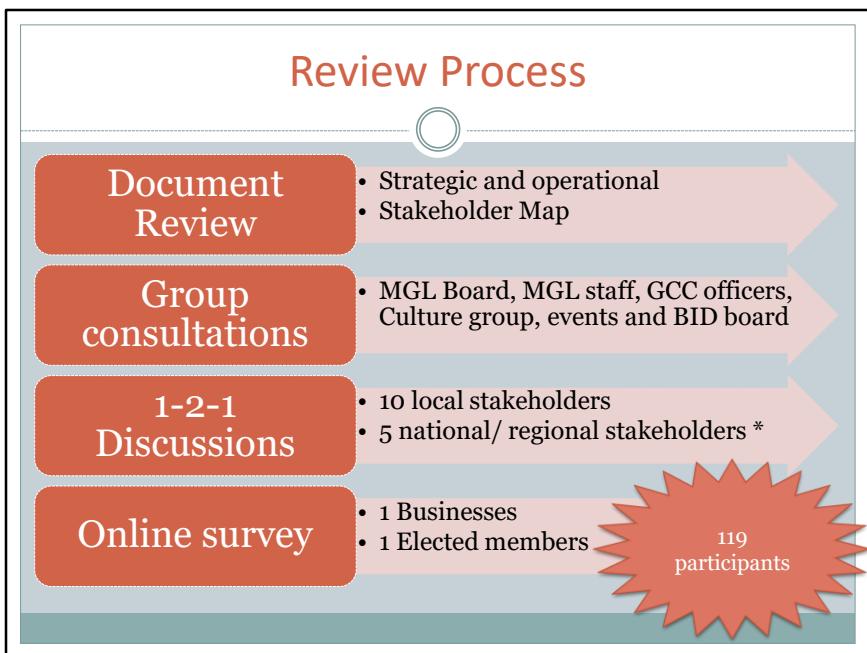
The consultants were asked to focus on 11 areas in the review brief.

Disclaimer

- *The information provided in this report forms part of a commission by Marketing Gloucester Limited and is to inform the review of its strategic and operational context. All information is provided in good faith, however, the authors make no representation or warranty of any kind, express or implied, regarding the accuracy, adequacy, validity, reliability, availability or completeness of the information included.*
- *Every effort has been made to ensure the completeness of this report, however, the authors take no responsibility for the commissioning agency (Marketing Gloucester Limited) not providing contextual information, contacts or other information sources that may have informed the contents.*
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Areas of Review Focus





Over 20 strategic and operational plans were reviewed including the Gloucester City Vision 2012-2022, Gloucester Cultural Strategy, Gloucester Economic Growth Strategy, Gloucester Great Place Application, Growing Gloucester's Visitor Economy, the Joint Core Strategy for Gloucester, Cheltenham and Tewkesbury, Gloucester City Council's Regeneration and Economic Development Strategy, the Gloucester BID business plan, the Gloucester Heritage Strategy and documents relating to the company itself including Marketing Gloucester's Business Plan, the Memorandum and Articles of Association, the Gloucester City Council's Contract for Services and documents relating to financial performance and the UKDRIC.

Consultees were chosen by the board of Marketing Gloucester Ltd and their participation solicited and organised by staff at Gloucester City Council, except for national and regional stakeholders.

43 responses were received to the business survey from the following sectors: 7 accommodation providers, 7 culture (events and venues), 14 retail, 9 hospitality, 6 professional or other services. In addition 10 responses were received from people connected to trusts and other non commercial organisations.

16 councillors responded to the elected members survey.

- = work done out of the scope of the contract.

Findings



Q. Purpose, vision, strategic and operational business priorities – are they clear and appropriate?

- Overall lack of clarity on all four, among all stakeholders. MGL business plan describes MGL as a Place Marketing and a Destination Management Organisation.
- Many interpretations among stakeholders on what Marketing and Management mean in relation to MGL.
- Most common view is that MGL's purpose is to market the city and deliver events.
- In reality MGL is an events delivery company that manages a selection of projects, some of which involve marketing.

Purpose, vision, strategic and operational business priorities – are they clear and appropriate?

- Lack of clarity was apparent among the board and all stakeholders to some extent. The staff group defined their purpose as a DMO.
- Many stakeholders quoted the acronym DMO to describe Marketing Gloucester but this meant different things to different people. Some thought the M stood for Marketing and others for Management.
- The MGL business plan describes MGL as a destination management company and a place marketing company however the plan is not clear about how it goes about delivering these two different but related functions.
- The review concluded that the focus on the company is event management and delivery with an ad hoc set of additional projects that it delivers some of which involve marketing e.g. UK DRIC, GL card, involvement with US connections.
- There is no stated vision for the organisation in the business plan and no one articulated one through the course of the consultation.
- Visitor economy doesn't feature strongly with staff, board or stakeholders.

Purpose/ Vision/ Priorities cont.

Lack of clear purpose/vision leads to lack of strategic and operational priorities.



Reduction of resources



The company leading a hand to mouth existence.

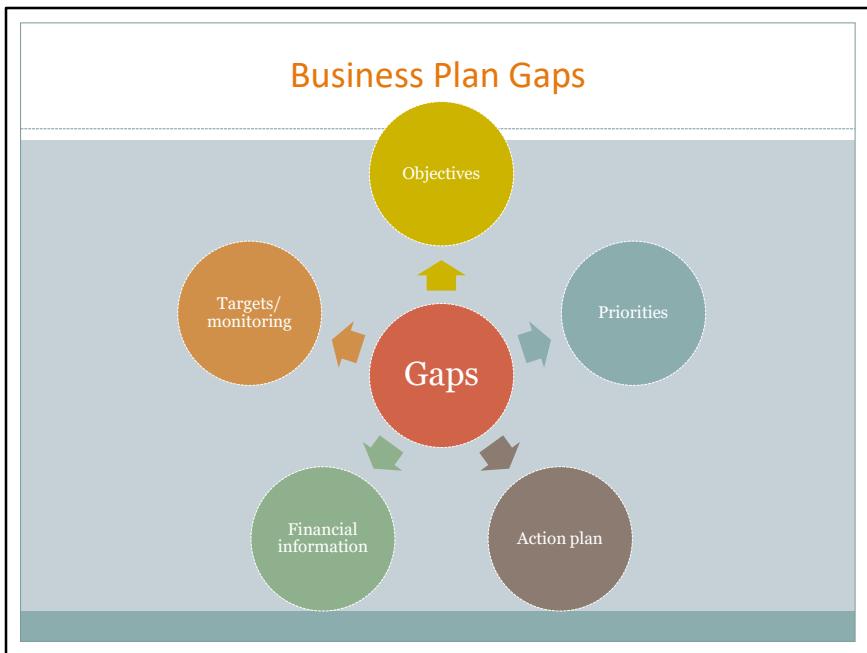
Because purpose and vision are lacking it is difficult to identify strategic and operational priorities for MGL. The reduction of grant from Gloucester City Council is significant, almost halving the core budget. This would normally prompt a revision of strategic and operational priorities and a proportionate scaling down of activity. It is not apparent that this took place, or was able to take place in relation to the expectations of GCC and other stakeholders. The situation required MGL to look for other sources of income to survive. The company is leading a hand to mouth existence as evidence by the need to secure a loan to continue operating.

Q. Business plan – quality and appropriateness?

- 5-year plan approved by MGL Board and GCC Cabinet
- Hasn't been monitored or refreshed since 2017.
- Over half of the document is annual report material or appendices.
- Describes MGL as doing Destination Management **AND** Place Marketing but doesn't clearly reflect the two functions.

Business plan - quality and appropriateness

- Five-year plan approved by MGL Board and GCC Cabinet but see further comments on quality of plan.
- No evidence that the plan has been monitored or refreshed since since 2017.
- Absence of an annual action plan that relates to the business plan.
- Describes the company as a Destination Management and Place Marketing Organisation which matches the broad range of responsibilities in the Council SLA. The document doesn't reflect these two functions clearly or articulate which activities relate to each.
- Many areas of the plan are light on detail, for example the statement, 'continue to potential investors in the City of Gloucester' isn't backed up with any detail on how the company will go about this or what kinds of investors are being targeted.
- More than half of the document is material that would be suitable for an annual report material or are appended to the documents as lists of achievements.



Business plan doesn't contain some of the contents that are usually present in a business plan for example: objectives, targets, financial information, time-based planning, how it will be monitored.

Q. Delivery focus of the organisation

- Event delivery is a primary focus
 - *Tall Ships (signature event) and local/regional events for City Council and BID. Other signature events not as strongly supported by MGL e.g. Three Choirs Festival, History Festival.*
- BID contract is a primary focus
 - *MGL deliver BID management, business engagement and events, regarded as successful by many levy payers but has drawn resource away from place marketing role. MGL plays a role in place making as part of this contract.*
- UK DRIC is a primary focus
- Local marketing is a primary focus
- Visitor economy is a secondary focus
 - *Visitor economy plan has not been updated since 2015, no evidence that it is monitored. MGL contributes to growth eg RWC, Tall Ships, hotel investment.*
- Investment leverage, has helped to fund events in particular, plus UK DRIC

Delivery focus of the organisation in relation to the city and its potential

- Delivery focus is managing events, delivering the BID contract (events and business engagement), local marketing and developing the UK-DRIC.
- MGL has lots of ideas, some of them good, e.g. working with US Connections to make the most of the city's US connections, working to adjust the city's profile on trip advisor.
- BID contract involves place making activity eg city safety, local vibrancy, support for businesses eg Gloucester Antiques Centre
- UK DRIC is yet to attract significant tenants from outside the city to help fulfil its strategic purpose
- Main projects often not central to the success of the city but are important to the success of a particular stakeholder (e.g. BID events) or are part of a contract (e.g. UK DRIC).
- The Visitor economy not really managed, the visitor economy plan is out of date and not monitored. Visitor economy networks not in evidence eg accommodation association, visitor attractions group and relationships with neighbouring DMOs/national tourism board is weak.
- Data and intel quoted in MGL documents is high level and generic. Very little

evidence of target audiences.

Q. Delivery focus – appropriate for city and city's potential?

- Events
 - *Events can help with raising profile and delivering footfall. No clear rationale for which events MGL develops/delivers/promotes and how they connect to image/reputation/positioning.*
- Some ideas progressed regardless of fit for city/stakeholders
 - *E.g. Great Places funded totems, not in original plan and 1 out of 8 delivered*
- Focused more on internal audiences
 - *Delivering principally for residents, e.g. events, BID, local marketing*
- Little audience data and intel beyond city to provide focus

Delivery focus of the organisation in relation to the city and its potential

- Events are a mix of signature (Tall Ships) and local (Fireworks) events leading to a lack of audience focus for MGL. Many place marketing organisations have a clear audience focus and the majority focus on those events that help to raise the profile outside the destination e.g. Lincoln Christmas Market, Manchester International Festival, Newcastle Great North Run, Brighton International Festival. MGL are less involved with other Gloucester signature events, e.g. History Festival and other regional events which are high profile e.g. Three Choirs Festival.
- MGL ideas and projects not always appropriate to the city or the funding stream that pays for them e.g. Great Places destination development funding made available for improving the city's online presence but instead the investment has been used to develop in-destination advertising totems, e.g. the Festivals and Events International evaluation of what is and isn't working not acted upon. Conclusion that MGL isn't always in tune with what the rest of the city is doing.
- Ideas and projects aren't always followed through e.g. only one out of 8 totems have been delivered. Lots of activity, that is important to the stakeholders, isn't prioritised by MGL e.g. Cultural campaign as part of the cultural strategy in

2018, regeneration prospectus, city brand.

- Data and intel quoted in MGL documents is high level and generic. Very little evidence of target audiences.

Q. Marketing of the city – quality, effectiveness and comparisons

Strengths

Social media management

Local/event marketing

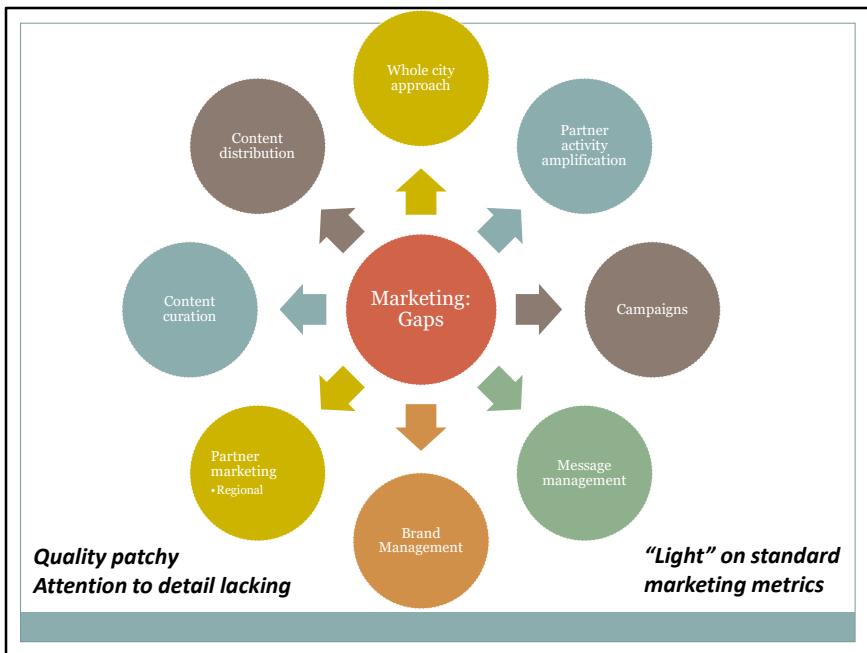
Strategic marketing initiatives
• some

PR success
• Not recent

Visit Gloucester website

Inputs, outputs, outcomes in relation to marketing the city - quality and effectiveness of, plus comparisons with others elsewhere

- Good at social media management for local audiences
- Extensive list of PR achievements in business plan, majority of coverage generated locally – exceptions Tall Ships and Rugby World Cup in 2015. Doesn't include reach figures therefore not clear on actual impact and much of it not recent. GL card and associated campaign viewed as positive
- Some examples of strategic marketing approach e.g. links from VisitEngland.com, managing the Gloucester Trip advisor profile, developing Tall Ships as a signature event, US Connections collaboration
- Independent review of online presence reveals that the visitor facing site is adequate within the constraints of the destination management system that it is built on.



Stakeholder view of MGL is that it doesn't deliver on some of the key responsibilities expected of a city marketing agency. Specifics mentioned: amplification of partner activity, campaigns, message management, brand management, collaborating with region on marketing, city online presence

Little connectivity to the surrounding area or examples of partner marketing (US connections an exception)

Light on standard marketing metrics e.g ROI, campaign conversion, performance of website, PR reach, therefore difficult to see the impact that the company is having.

- No clear rationale which events are integral to city marketing/positioning (exception Tall Ships) and therefore received marketing support eg Three Choirs Festival and History Festival do not receive similar level of support as Tall Ships
- MGLs website has significant gaps in content e.g. filming, inwards investment. Wider review of Gloucester content across a range of national and international sites reveals that imagery is limited and doesn't showcase the city's assets to a great extent (US connections excepted).
- VE hold few images of Gloucester for use in national marketing.

- Stakeholder view that MGL principally promotes activity that it leads but could be partly explained by its struggle to survive and operate effectively.
- Examples provided re attention to detail – promoting activity to consumers that has finished.

Q. Staffing arrangements – appropriateness and sustainability, structure, numbers, skills, capabilities

- Weighted towards events
- Roughly comparable to other historic city teams but comparison difficult due to variety of roles and remits
- Strategic thinking/decision making doesn't generally involve staff or board
- Passion and commitment of staff recognised across the city
- Good skills
 - Event management and delivery BUT with support from others
 - Social media, tactical marketing, PR
 - Business engagement/ support (via BID work)

Appropriateness depends
on agreed role and remit.

Appropriateness and sustainability of staffing arrangements – structure, numbers, skills, capabilities

Limited information from which to draw conclusions. Not clear how many FTEs are in the team.

Staff team are passionate and committed and this is recognised across the city's stakeholders.

Sustainability structure, numbers

- Largest team is events which is unusual for a place marketing and destination management organisation
- Marketing team on the small side. Other historic city marketing teams range from 0 to 4 people.
- Business engagement team mainly work on the BID contract.

Skills and capabilities

- Some good social media and PR skills apparent e.g. involvement in US Connections project, social media channels well managed generally
- Good business engagement skills e.g. BID are happy with the delivery of their

contract

- Events management, some managed and delivered well but stakeholders cite issues of capacity and quality e.g. Tall Ships
- Strategic thinking/decision making isn't undertaken with the board and staff e.g. no one aware of MGL taking on the UK DRIC project until it was a fact.

Skills Gaps	
Place Marketing Agency	General
<ul style="list-style-type: none"> • Campaign development and management • Marketing planning • Content creation and distribution • Web development 	<ul style="list-style-type: none"> • Visitor economy management • Strategic partnerships • Stakeholder communications • Relationship management • Business planning • Commercial development • Performance monitoring • Financial management

Gaps

- Commercial skills/business development knowledge lacking e.g. UK DRIC, challenges of establishing and maintaining income streams
- strategic marketing, integrated campaigns, branding, all necessary for a place marketing organisation
- stakeholder communications and relationship management.
- business planning, monitoring, reporting
- financial management

Q. Historic income and future potential for MGL Ltd

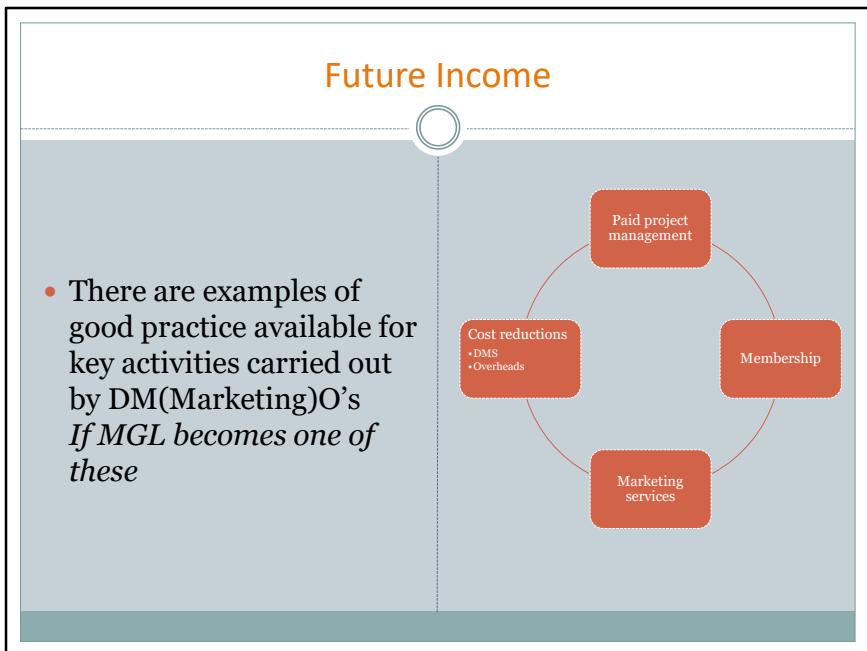
Historic	Future
<ul style="list-style-type: none"> • Limited financial information • Funding leveraged through relationships (not-competitive) • Tends to follows revenue opportunities without strategic purpose 	<ul style="list-style-type: none"> • Few clear and sustainable sources of income beyond grant • Income generation possible from a position of strength - NOT where MGL is currently

Historic income and future income potential – what is needed to explore these

Limited information to go on. Not clear about sources of income except Council grant, due to lack of or limited information re business plans, monitoring, board reporting, activity reporting.

- MGL have leveraged funding (mainly capital) through existing relationships acting as volunteers to deliver projects where money is already available e.g. Tall Ships, DEF and UK DRIC.
- If a strategic marketing agency then ability to earn will be limited, if a delivery agency then income potential more positive.
- Significant reduction in council grant, at relatively short notice, has necessitated looking elsewhere for funds
- Income challenging and only likely to be successful if initiated from a position of strength, MGL not in this position currently
- Membership – a particular challenge because of involvement with the BID and competing membership schemes in the region e.g. Cheltenham and Cotswolds Tourism, but potentially some opportunities to work collaboratively
- UKDRIC could generate income in the future depending on agreement of the

LEP.



Some clear examples of good practice available for key activities that are commonly part of a DM(Marketing)O e.g. York for publications, York for events, Visit County Durham for paid project management, numerous DMOs re membership
Best practice examples will be provided after decisions are taken on future direction of MGL

Q. Potential of the UKDRIC – for city and MGL

Position Gloucester and Gloucestershire at the forefront of digital research and innovation, with particular application to retail

- UKDRIC not regarded as fulfilling a strategic or income generating role currently
- A reputational risk for MGL, GCC and LEP.
- Has income generational potential.

Needs turning around fast.

- Conceived by LEP as a project to help position Gloucester and Gloucestershire in the digital research and innovation field in particular relation to retail and the challenge of the high street. Isn't living up to this ambition currently. Lack of high profile tenants, promised at the outset and that would have established the reputation of the UK:DRICC, haven't materialised.
- LEP regard DRIC as a priority and a reputational risk for GCC, MGL and themselves
- Short term leasing arrangements may make investment (staff/expertise) difficult to justify
- Longer term leasing arrangements could open up potential for it to fulfil its strategic and income generating opportunities.
- Needs a financially focused business plan and business development manager to turn around for both strategic purpose and an income generator.

Q. Company structure – model for the future

DMOs vary in form, function and governance

1. a function within a local authority
2. an informal partnership or a legal entity, such as a CIC, that includes representation from both the private and public sectors
3. part of the remit of a place management/marketing organisation
4. private sector company

Model depends on agreed role and remit.

Example of 1. Marketing Cheltenham, staff employed by Cheltenham BC, back office support via Cheltenham BC

Example of 2. Visit Lincoln, Cotswolds Tourism

Example of 3. Visit York part of Make it York

Example of 4. Visit Cambridge and beyond

Q. Company structure – model for the future

- Essentially DMOs take a lead role in the management and development of tourism in a destination.
- DMOs (Destination Management Organisations) usually:
 - Have overall responsibility for the Destination Management Plan (Gloucester doesn't have one)
 - Represent tourism and the visitor economy
 - Look after the quality of the visitor experience – standards
 - Are responsible for evidence gathering / monitoring – visitor/business surveys
 - Lead on destination branding and marketing
 - Lead on visitor information and orientation

Model depends on agreed role and remit.

Destination Management is a process of leading, influencing and coordinating the management of all the aspects of a destination that contribute to a visitor's experience, taking account of the needs of visitors, local residents, businesses and the environment.

A Destination Management Plan (DMP) is a shared statement of intent to manage a destination over a stated period of time, articulating the roles of the different stakeholders and identifying clear actions that they will take and the apportionment of resources.

In these definitions, 'manage' and 'management' are taken in their widest sense. Crucially, destination management includes the planning, development and

marketing of a destination as well as how it is managed physically, financially, operationally and in other ways.

Various terms have been used for the process of planning and managing tourism or visitors in a destination. It is important not to get confused by different jargon which can sometimes mean the same thing, but also to be aware of where some terms which sound quite similar actually have slightly or significantly different meanings.

Q. Company structure – model for the future

- MGL commonly referred to as a DMO but doesn't really fit the accepted definition.
- Place Marketing a better description of MGL.

The application of marketing and branding strategies and tactics to destinations in order to attract investment and income. This latter may arise from attracting new business, tourists, residential expansion and other development and activity.

Model depends on agreed role and remit.

Recommendation based on the consensus among stakeholders on what is required of MGL and the stated purpose in the business plan – Place Marketing.

Q. Company structure – model for the future



- Common characteristics of both DMOs and Place Marketing organisations
 - Chair usually independent, even where organisation is “owned” or integrated into council
 - Public/ Private partnership standard model
 - Independent authority
 - Knowledge and experienced of board based on strategic development need rather than to represent a stakeholder group
 - Trading arm often separate with distinct purpose and services to sell

Model depends on agreed role and remit.

Q. Fit into city organisational landscape

- Overlap and duplications
 - Event planning, business groups/ networks, audience focus
- Lack of co-ordination
 - Visitor information
 - Film unit
 - Event delivery
- Gaps that others expect MGL to fill
 - Non-MGL events, Regeneration marketing, visitor economy, strategic marketing
- Active resistance to working with some partners and strategies
- Partnerships outside city non-existent/ actively negative
 - With one exception – US Connections

Fit into the city with regard to LEP, Culture Trust, BID and City council – overlaps and duplication

Representatives from all these stakeholders took part in the review. The gaps, overlaps and duplications reflect their input.

- Gap: stakeholders looking to Marketing Gloucester to market the city, many feel they aren't fulfilling this function strategically or practically
- Gap: visitor economy not really managed, only important if core to city's future success. Last VE plan updated 2015.
- Gap: examples of MGL not delivering on initiatives they lead, relying on others for help and perception that they take the credit for work of others e.g. filming, event delivery, content for website
- Overlap: events confusion over who does what, who leads, who supports, who delivers.
- Lack of clarity: what is and isn't supported by MGL and who makes decisions particularly on events – company inconsistent in approach e.g. Strike a Light, Kings Jam.
- Lack of clarity: audience focus – mainly delivering for residents but role is place marketing which should include inward investment, visitor economy etc

- Duplication: a city wide problem in terms of network and business groups –MGL could facilitate at a strategic level but doesn't appear to
- Working mainly in isolation from wider stakeholders except the BID, because they are the BID delivery team.
- Work for BID viewed by all other stakeholders as 'pulling the company out of shape'.
- Active resistance to supporting some partners and strategies e.g. Culture Trust and the Cultural Strategy, FEI report on Festivals and Events.
- Some support for heritage partners but not on key heritage events e.g. History Festival, Three Choirs.

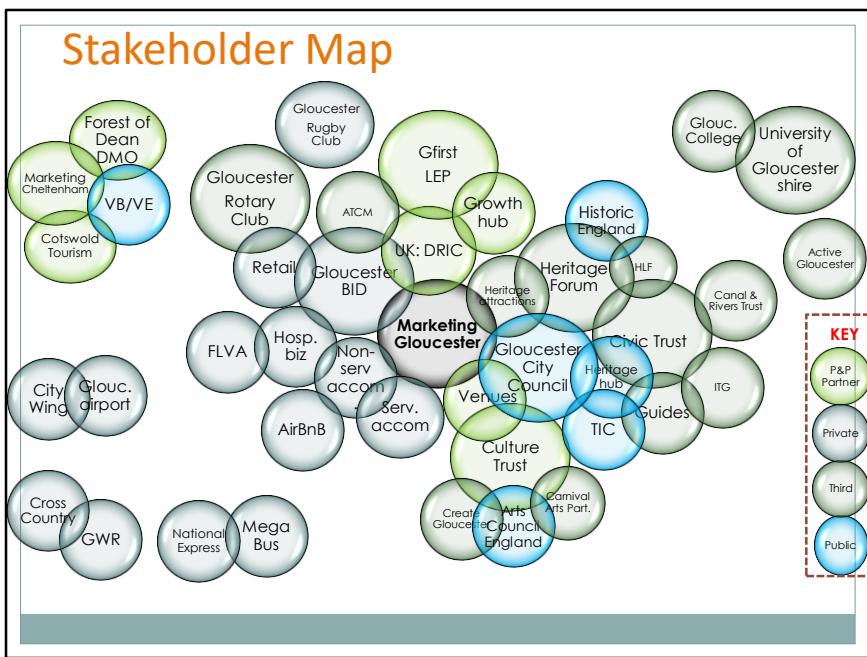
NB: Partnership work outside of the city non-existent (regional DMOs and national tourism board) or actively negative (regional DMOs). One exception US Connections – positive relationship down to one key staff member.

Q. Relationships with stakeholders	
Positive	Neutral/ negative
<ul style="list-style-type: none"> • Goodwill for MGL name and staff to build on. • Staff working closely with stakeholders viewed as passionate & committed. • Hospitality and retail sectors value MGL particularly in their BID delivery role. <p><i>Stakeholder view polarised: minority in favour, majority frustrated, some relationships have broken down.</i></p>	<ul style="list-style-type: none"> • Many stakeholders don't separate company from CEO. • CEO central to positive and negative relationships and perception and reputation of the company. • Board invisible as representatives of the company. • Staff work with partners on projects and practical delivery of activity. • MGL sometimes viewed as taking credit for others' work eg visitor information, filming in the city.

Resilience and effectiveness of relationships with stakeholders including Council

- There is a store of residual good will towards the company and the staff which can be built on plus a desire for it to play its part in achieving the ambitions of the city and region.
- Where staff work directly with colleagues they are well regarded, particularly for their passion and commitment to Gloucester.
- Stakeholders' view of MGL polarised – minority in favour, majority frustrated, in some instances relationships have broken down completely e.g. Culture Trust, Cathedral, Cotswolds Tourism. In some instances relationships are strong, often down to MGL's BID delivery role.
- Good relationship with BID board and regarded as doing a good job.
- Many don't separate the company from the CEO. Staff and Board not operating as company representatives in city-wide conversations. The CEO has been central to both positive and negative relationships and the perception and reputation of the company.
- Public perceptions of what MGL does, doesn't always reflect what they actually do, which damages relationships with partner organisations, MGL not acknowledging the support they receive e.g. businesses think they deliver

visitor information, filming, all events.



As complete a picture as possible but may still be omissions e.g. Strategic events forum only mentioned at a late stage of the review and not by any partner.

Demonstrates the complexity of the stakeholder environment.

Q. Council requirements - are they reasonable?	
Expectation of SLA	Reality
<ul style="list-style-type: none"> Very broad and wide-ranging role and remit that goes beyond marketing and events. Business planning expected to focus MGL resource. Majority of GCC grant to be spent on specific events. MGL expected to make up cuts in core grant, at relatively short notice. 	<ul style="list-style-type: none"> SLA open to interpretation and has created lack of focus and clarity. Business planning hasn't been undertaken to focus resource. Stakeholder landscape has changed significantly in recent years eg BID, Culture Trust. MGL lacks skills and assets to make up for cuts in grant.
Reasonableness depends on agreed role and remit.	

Council's requirements – are they reasonable?

- Requirements very broad and wide ranging to provide flexibility and give MGL opportunity to take advantage of opportunities
- SLA general with lots of room for interpretation/misinterpretation - ‘continue to attract potential investors to the city’ ‘to promote the city overseas with other appropriate agencies’ ‘to provide business advice, support and information’. Pro is that it goes MGL scope to respond and act quickly but in reality they are tied to delivering an events programme determined by GCC.
- Potential responsibilities in summary:
 - ⇒ Image, reputation and positioning of the city for all audiences from local to global
 - ⇒ Support for city businesses (all?) on a range of subjects from skills and training to quality and marketing
 - ⇒ Investment into the city – businesses, regeneration, inward investment
 - ⇒ Business and public satisfaction with the city
 - ⇒ Provision of services to tourism and travel industry
 - ⇒ Managing the relationship between the public and the private sectors in the city
 - ⇒ Delivering all strategic and tactical marketing and the ‘annual programme’

- (defined each year) of events
- ⇒ Act as the city's film unit
 - ⇒ Support the city council
 - ⇒ AND earn a proportion of its operating budget through commercial activity
- Lack of strategic and operational priorities, adjustment of priorities over time and lack of business planning means that changes in the stakeholder landscape haven't been responded to or adjustments made.

Recommendations



Recommendations for MGL

Become The Strategic Place Marketing Function That Stakeholders Require.

This entails



For MGL

There is a strategic marketing function that the wider city stakeholder group are looking to be undertaken. This should entail:-

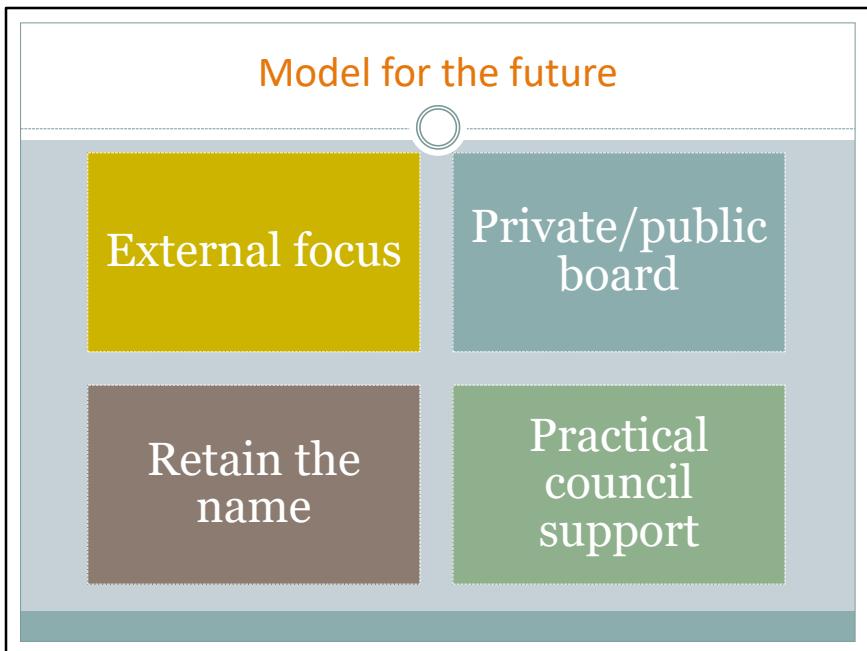
- Market intelligence (gatherers and interpreters to inform product development and promotional activity).
- Branding (proposition/ positioning for the city – more than just a logo)
- Campaign activity – awareness of the city and its offer (beyond events)
- Managing the message and supporting others to amplify it.
- Relationship management with external agencies at a national and regional level.
- MGL could fulfil this function.

Define their audience more clearly and focuses their resources on these audiences

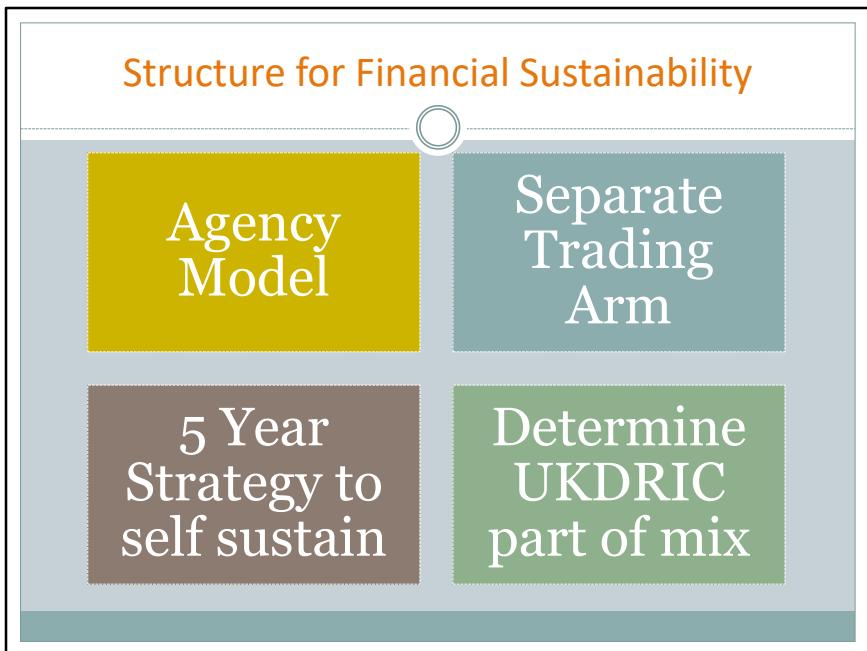


Define the audience for MGLs focus of activity

- External facing
- Shape activity and apply resources to chosen audiences, including the marketing mix appropriate to each
- Product development activity related to the strategic purpose of the company & audiences it is seeking to attract eg
 - ✓ Tall Ships
 - X local fireworks



Important to focus on attracting audiences outside the city
 A public/private board with the skills to lead and shape the organisation
 Retain the name, it has currency and some good will
 Practical council support on finance, business planning etc.



Once MGL stabilized look at agency model for future contracts e.g. BID, events
 Consider separating the strategic place marketing entity from the trading arm
 Create a 5 year plan for financial sustainability – but likely to always need public money to fulfil strategic aim
 Determine whether UK DRIC can be part of financial sustainability through dialogue with the LEP.

Prioritise the UK DRIC

- Ensure it fulfils strategic purpose
 - Attract appropriate tenants
 - Create plan to be profitable
 - Needs business development expertise with the right contacts.
- Alternative: contract it out delivery
 - MGL as a place marketing organisation can support with promotion and PR.

Recommendations for MGL

- Consider role in the visitor economy.
- Questions include:
 - Is the visitor economy a focus for the city?
 - Who has the strategic focus on the sector?
 - Who undertakes the visitor economy management role and what does this entail?

If MGL is the place marketing organisation...

It can embrace visitor marketing within its remit but it requires a close relationship with visitor economy management.

MGL needs to consider its role as a true DMO.

Can absorb destination marketing within its place marketing remit

Destination management is the gap, who does this?

Broad principles to consider

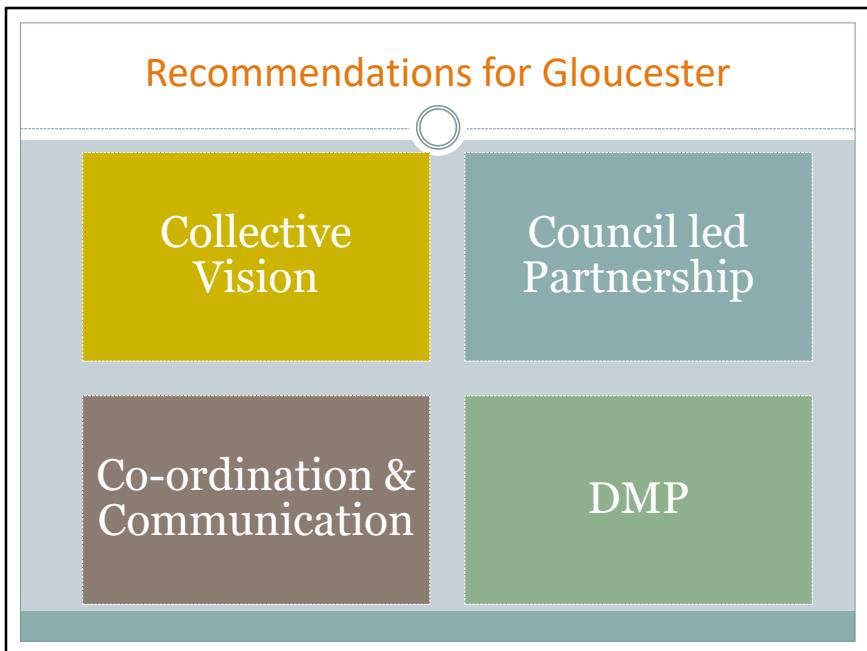
- Adopt a partnership approach to all that it does
- Be evidenced based
- Be customer/audience led
- Build a reputation based on good work
- Communicate well and frequently
- Amplify the success of others alongside its own successes

Broad principles for MGL include:

- Need to be part of key city-wide conversations bringing their strategic perspective on -marketing/positioning/new initiatives/audience development/city performance stats etc
- They should work on behalf of the city as a whole not just for events that they are responsible for.
- There must be accountability and reporting for its work. Ensuring that all partners who need to know, understand what is working well or not.
- The board need to be accountable for the organisation and its actions.
- A close relationship with the LA is important but a degree of separation is required; this means financial autonomy and decision making to deliver against agreed objectives. An independent chair would help facilitate this.

More specific recommendations divided into short, medium and long-term actions.

NB: short and medium term will overlap and some activity can run concurrently.



For Gloucester

- City needs a clearer vision that is bought into across the city – bringing together the existing strategies and plans to describe where it wants to be in 10 years' time, plus a clear delivery plan identifying who is leading and on what.
- It should not exclusively be the responsibility for the city council, but it would have support of stakeholders as the lead as long as others are involved.
- Co-ordination and communication are lacking and is must for Gloucester as a place to build on its successes and realise its full potential. MGL should not be the lead organisation but can help the co-ordination of the partnership and be responsible for the strategic marketing plan for the city, therefore helping to deliver the collective vision.
- A destination management plan, with the associated processes to develop one would be a useful mechanism to help Gloucester realise its potential, particularly as a visitor destination.



Suggested action plan for discussion

Short term – one to three months

- Put all F&Es out to tender perhaps for a 2 -year term to give MGL breathing space.
- Return events lead to council to manage events contracts.
- Put in a business development manager for UK DRIC to ensure it fulfils its strategic purpose and to negotiate long term arrangements with the LEP and produce a separate business plan towards it becoming an income stream for MGL.
- Audit current activity and prioritise based on risk, to MGL and GCC, allocate staff to leads on different areas/projects with clear objectives and targets.
- Install an interim chair, ideally independent but if not then senior council officer, to manage changes to the board (see Governance review).
- Contract or secure via GCC some support on financial processes and procedures (see Financial review).
- Review operating/overhead costs and reduce where possible eg: office rent, DMS costs
- Use a mechanism to help MGL to carve a clear and distinct role *with* the city

stakeholders - assumption should be around strategic marketing and possibly visitor economy, perhaps use a DMP.

- Conduct a skills audit of existing staff to identify who fits where in new role



Suggested action plan for discussion

Medium term – one to six months

- Appoint an independent chair for min. three years, who can work with the leadership team on relationships (city and region), business planning (related to company purpose) and key projects e.g. DRIC
- Appoint an interim MD
- Agree a new SLA with GCC that reflects the redefined purpose of the company
- Develop a three -year business plan for MGL
- Untangle MGL from Business Improvement District Company and either second existing staff to BID or retain for MGL business liaison.
- Start to rationalise networks and liaison groups to reduce duplication and overlap as a prelude to city-wide initiatives (see below)



Suggested action plan for discussion

Longer term – six to 12 months

- Restructure the company to fit with agreed purpose, potentially a strategic marketing agency with a trading arm.
- Begin to bid for profitable project work in city and beyond.
- Begin at least one new key piece of strategic work e.g. branding or Destination Management Plan, that will help MGL to fulfil its purpose and demonstrate its purpose to stakeholders and partners.

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Gloucester City Council

High-level governance and financial assessment of Marketing Gloucester Limited

Final report dated 16 December 2019

Page 101





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For the attention of Anne Brinkhoff (Corporate Director) and Jon Topping (Head of Policy and Resources)

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16 December 2019

Dear Sirs

High-level governance and financial assessment of Marketing Gloucester Limited

We have pleasure in enclosing a copy of our report in accordance with your instructions dated 6 November 2019 which is reproduced at Appendix A of this report. This document (the **Report**) has been prepared by Grant Thornton UK LLP (**Grant Thornton**) for Gloucester City Council (the **Addressee** or the **Council** or **GCC**) in connection with the Council's review of Marketing Gloucester Limited (**MGL**), a wholly owned subsidiary company of the Council. We understand that the Council has recently approved a lending facility to MGL and is therefore carrying out a review of MGL (the **Purpose**). For the avoidance of doubt, our work does not constitute an audit nor a forensic investigation of the affairs of MGL.

We stress that the Report is confidential and prepared for the Addressee only. We agree that the Addressee may disclose our Report to its professional advisers solely in relation to the Purpose, or as required by law or regulation, the rules or order of a stock exchange, court or supervisory, regulatory, governmental or judicial authority without our prior written consent but in each case strictly on the basis that prior to disclosure you inform such parties that (i) disclosure by them is not permitted without our prior written consent, and (ii) to the fullest extent permitted by law we accept no responsibility or liability to them or to any person other than the Addressee.

To the fullest extent permitted by law, Grant Thornton UK LLP do not accept or assume responsibility to anyone other than the Addressee for our work, our Report and other communications, or for any opinions we have formed

In addition, we understand that in the interests of transparency, the Report may be published on the Addressee's website. In these circumstances, we stress that the Report is published strictly on a no duty basis. We highlight that to the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Addressee for our work, our Report and other communications, or for any opinions we have formed. We do not accept any responsibility for any loss or damages arising out of the use of the Report by the Addressee for any purpose other than in relation to the Purpose.

The data used in the provision of our services to you and incorporated into the Report has been provided by the management of MGL and the Council. We have not verified the accuracy or completeness of any such data. There may therefore be errors in such data which could impact on the content of the Report. No warranty or representation as to the accuracy or completeness of any such data or of the content of the Report relating to such data is given nor can any responsibility be accepted for any loss arising therefrom.

The management of MGL has not been provided with a copy of this Report and so has not confirmed its factual accuracy in all material respects. You recognise and accept that our Report and any conclusions we draw may differ had we had the benefit of confirming the facts with the management of MGL.

Period of our fieldwork

Our fieldwork was performed in the period between 7 November 2019 and 2 December 2019. We have not performed any fieldwork since 2 December 2019 and, our Report may not take into account matters that have arisen since then. If you have any concerns in this regard, please do not hesitate to let us know.

Scope of work and limitations

Our work focused on the areas set out in our scope of work, which is reproduced at Appendix A of the Report. Our assessment of the affairs of MGL does not constitute an audit in accordance with Auditing Standards and no verification work has been carried out by us; consequently, we do not express an opinion on the figures included in the Report.

The scope of our work has been limited both in terms of the areas of the business and operations which we have assessed and the extent to which we have assessed them. There may be matters, other than those noted in the Report, which might be relevant in the context of the Purpose and which a wider scope assessment might uncover.

Forms of report

For your convenience, the Report may have been made available to you in electronic as well as hard copy format, multiple copies and versions of the Report may therefore exist in different media and in the case of any discrepancy the final signed hard copy should be regarded as definitive.

To the fullest extent permitted by law, Grant Thornton UK LLP do not accept or assume responsibility to anyone other than the Addressee for our work, our Report and other communications, or for any opinions we have formed

General

The Report is issued on the understanding that the management of MGL and the Council have drawn our attention to all matters, financial or otherwise, of which they are aware which may have an impact on our Report up to the date of signature of this Report. Events and circumstances occurring after the date of our Report will, in due course, render our Report out of date and, accordingly, we will not accept a duty of care nor assume a responsibility for decisions and actions which are based upon such an out of date Report. Additionally, we have no responsibility to update this Report for events and circumstances occurring after this date.

Notwithstanding the scope of this engagement, responsibility for management decisions will remain solely with the officers and directors of the Council and not Grant Thornton. The officers and directors of the Council should perform a credible review of the recommendations and options in order to determine which to implement following our advice.

Yours faithfully



Grant Thornton UK LLP

To the fullest extent permitted by law, Grant Thornton UK LLP do not accept or assume responsibility to anyone other than the Addressee for our work, our Report and other communications, or for any opinions we have formed

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Glossary

BID	Business Improvement District
Board	Board of directors of MGL
CEO	Chief executive officer
Current ratio	Current assets ÷ Current liabilities
DMO	Destination Management Organisation is responsible for promoting a community as an attractive travel destination and enhancing its public image as a dynamic place to live and work
FYxx	Financial year ended/ending 31 March 20xx
Gearing ratio	Total loans and borrowings ÷ shareholders' equity
Gloucester BID	Gloucester Bid Limited, a private company limited by guarantee (without share capital) that manages Gloucester Business Improvement District (BID)
HMRC	Her Majesty's Revenue & Customs
KPIs	Key financial indicators
Management	Management team of MGL
MGL or the Company	Marketing Gloucester Limited, a private company limited by shares, which is wholly owned by the Council
NIC	National insurance contributions
PGT	Pitt Godden & Taylor LLP
P&L	Profit and loss
SLA	Service-level agreement

SoMAC event	Gloucester Summer of Music, Arts & Culture (SoMAC) is a two-month long festival in July and August every year, celebrating Gloucester's music, arts and cultural offering
Tall Ships Festival	Gloucester Tall Ships and Adventure Festival that brings some impressive ships, interactive history, and water activities to Gloucester Docks. The festival takes place every two years with the last one being held over the bank holiday weekend in May 2019
The City	City of Gloucester
The Council or GCC or the Addressee	Gloucester City Council
UK:DRIC	The UK Digital Retail Innovation Centre, which was launched in May 2019, is based at Eastgate Shopping Centre in Gloucester. It is managed by UK Digital Retail Innovation Centre Limited (formed on 28 November 2017), a wholly owned subsidiary company of MGL
VAT	Value added tax

1. Introduction

1.1 Background of MGL

- Marketing Gloucester Limited (MGL) was incorporated on 9 May 2008 with the primary purpose of representing, supporting and advising business and public leaders on economic and regenerative growth, leisure and tourism, and promotion of these themes in the City of Gloucester (the City).
- We understand that prior to the setting up of MGL, the Council's marketing and promotion function for the City was fragmented. MGL was formed to pull functions together and achieve co-ordination and resilience, and to bring a 'private sector entrepreneurial' ethos to the task of promoting the City as a great place to live, work, study, visit and invest.
- MGL is recognised by Visit England and Visit Britain as the Destination Management Organisation (DMO) for the City.
- The Company's core activities have expanded since its inception. In recent years, MGL took on the responsibility for delivering the Council's festival and events programme under an SLA with the Council. The Council's festival and events range from the Tall Ships Festival to SoMAC, Gloucester Goes Retro and firework events.
- In addition, MGL provides management service to Gloucester BID since April 2019, including management of Gloucester BID's programme of events. We understand that there is currently no SLA between MGL and Gloucester BID in respect of the services.

- On 28 November 2017, MGL formed a wholly owned subsidiary company, UK Digital Retail Innovation Centre Limited that manages the UK Digital Retail Innovation Centre (known as UK:DRIC). The UK:DRIC, which was launched in May 2019, is based at Eastgate Shopping Centre in the City. We understand that the UK:DRIC aims to be the national centre for testing and developing digital innovations that will help shape and inform the future development of town and city centres from a retail perspective.
- UK:DRIC's current directors are Jason Smith (MGL's CEO) and Richard Brooks (MGL's bookkeeper). The first accounts for the period ended 30 November 2018 (filed with Companies House) were dormant accounts. We understand that it started trading from 1 October 2019, with the main source of income being rental income from the letting of spaces at the centre.
- The current corporate structure of MGL is shown in the diagram below.



Sources: 1. Companies House record as at 28 November 2019

To the fullest extent permitted by law, Grant Thornton UK LLP do not accept or assume responsibility to anyone other than the Addressee for our work, our Report and other communications, or for any opinions we have formed

1.2 Our work

- MGL has experienced financial challenges in recent years, which were compounded by the significant reduction in funding from the Council particularly over the last three years.
- In October 2019, the Council approved a £240,000 credit facility to MGL in order to support its cash flow position. As part of the provision of the loan, the Council is carrying out a review of MGL, covering (a) strategic and operational aspects; and (b) governance and financial aspects.
- The Council has engaged an external consultancy company, Melanie Sensicle Consulting Ltd (working with Brightside Tourism Consulting) to perform a strategic and operational review of MGL.
- In addition, the Council has engaged Grant Thornton UK LLP to perform a high-level governance and financial assessment of MGL, which covers commentary of the following areas:
 - the corporate governance arrangements, focusing on the structure of MGL board and its committee(s), and board reporting to the Council;
 - the budgeting and forecasting procedures;
 - the key financial controls and procedures;
 - the financial performance and position of MGL for the last two years ended 31 March 2019 and current year-to-date; and
 - the overall profitability, liquidity and solvency position.
- For the avoidance of doubt, our work does not constitute an audit nor a forensic investigation of the affairs of MGL. Our scope of work is detailed in Appendix A of this report.
- Our work is based on a review of the key documentation and information provided by the relevant personnel of MGL and the Council as listed in Appendix B, as well as our meetings/discussions with them and their

representations to us. We would like to highlight that the CEO of MGL is currently absent on leave. As requested by the Council, we have not sought information from him nor held discussion with him as part of our work.

- The data and information used in our work and incorporated into this report has been provided by the personnel of MGL and the Council. We do not accept responsibility for such information which remains the responsibility of the personnel of MGL and the Council. We have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information which was made available to us in the course of our work. We have not, however, sought to establish the reliability of the sources by reference to other evidence.
- Our report makes reference to 'Grant Thornton Analysis'; this indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented; we do not accept responsibility for the underlying data.

2. Executive summary

2.1 Our key findings and recommendations

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Issue	Commentary	Next steps / recommendations
Board governance	<p>Board structure and composition</p> <ul style="list-style-type: none"> MGL currently has 11 directors (based on Companies House record), all of whom work on a voluntary basis and represent different stakeholder groups (retail, cultural, media, etc). We consider the size of the Board to be large given the size and nature of the Company. During our work, we found some discrepancies in the list of directors and instances where the changes of directors were not updated with Companies House in a timely manner. It is unclear whether MGL has a company secretary. There is currently no clear division of responsibility amongst the Board members. Based on our interviews, we understand that all the Board members are non-executives, acting in an advisory capacity. Their roles as non-executive directors are, however, not explicitly stated. There is no executive director on the Board. The CEO who regularly attends the Board meetings is not a Board member. There are no explicit references in MGL's articles of association on the voting rights of the directors and the decision-making process. Based on our interviews, it is unclear whether there is a formal process in place or criteria being established for changes or appointment of directors. For example, consideration of the director's experiences, skillsets and term of office. 	<p>Board structure and composition</p> <ul style="list-style-type: none"> We believe there is an urgent need to review and strengthen the Board structure and composition. We also believe there is merit in reducing the size of the Board, so that it is manageable, to ensure focus and clarity amongst Board members of their roles and responsibilities. It is also appropriate to have an executive director (e.g. CEO or managing director) appointed to the Board. This would allow proper governance and ensure a clear division of roles and responsibilities where non-executive directors are able to hold executive directors to account and provide appropriate scrutiny and challenge. To protect the shareholder's interest, we recommend the Council have a controlling representation on the Board, by introducing appropriate voting rights of directors and having the Council's appointed director as chair. In addition, we believe there is benefit of having a Council's officer (e.g. corporate director) attending the Board meetings in the short term given the governance issues and current financial situation of MGL. It is important for the Council to gain comfort that the MGL Board can function effectively and is fit for purpose. There is also the opportunity for the Council to

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Issue	Commentary	Next steps / recommendations
	<ul style="list-style-type: none"> • We have the following observations based on our review of the minutes of Board meetings between 24 March 2017 and 26 April 2019: <ul style="list-style-type: none"> - We noted that the notes of Board meetings did not record any material questions or challenge from the Chair of the Board or Board members; - We noted little evidence of challenges or scrutiny by the directors, partly due to the lack of clarity over their roles as non-executives as mentioned earlier; - We noted from the Board minutes that the main discussions during Board meetings tend to be on the CEO's updates on the financial position (focusing on profit and loss) and operational matters (recent events), rather than a more strategic and systematic review of risks and opportunities. - There was no risk register being maintained or reviewed during Board meetings. <p>Reporting to the Council</p> <ul style="list-style-type: none"> • The Members Agreement between the Council and MGL (which was updated in March 2017) sets out the Council's requirements and the terms of the relationship upon which the Council will participate in the business of MGL as a shareholder. The agreement also includes the specific matters reserved for the Council's approval, which in summary restrict MGL from amending the business plan, entering into contracts or arrangements of over £100,000 in value and changing directors. • Regular monitoring and review of MGL's performance are undertaken by the Council through the quarterly review meetings, which are minuted and typically attended by a Council's corporate director, the MGL chair and CEO. • There are no terms of reference for these review meetings. There are also no standard agenda items, but discussions tend to have focused on the review of the previous quarter's performance, operational and events highlights, financial update and forecast, and new business/opportunities. We understand that quarterly review meetings in recent years had been structured to broadly cover 	<ul style="list-style-type: none"> provide some operational support to MGL in the short term where possible (e.g. legal, company secretarial, finance or HR matters). • In terms of stakeholders' representation, we believe it is possible to continue their engagement and promote representation through an alternative forum, for example, in a working group or stakeholders' committee that is separate from the Board but has a reporting line to the Board. • The MGL Board should develop a business plan that is aligned to the shareholder expectations. This should be developed in consultation with the Council and other stakeholders, and clearly set out the purpose and objectives of MGL. The Board should then oversee and receive assurance on the business plan. <p>Reporting to the Council</p> <ul style="list-style-type: none"> • We believe the quarterly review meetings lack structure and clarity of the Council's expectations, partly due to the absence of terms of reference. We would recommend the Council establishes terms of reference for these meetings and sets out a schedule of agenda. • Based on our work, we noted a lack of clarity on what the Council expects from MGL. This is complicated by the different roles of the Council in its relationship with MGL (i.e. shareholder, customer and funder). The SLA has attempted to set out the services to be provided by MGL and the associated funding. Nonetheless, we noted that the scope of the services set out in the SLA was too broad and that the agreed funding (which was fixed in nature across different years) did not appear to commensurate with the variable nature of events

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Issue	Commentary	Next steps / recommendations
	<p>the Council's requirements of MGL (such as business plan, etc) as set out in the Members Agreement (explained earlier).</p> <ul style="list-style-type: none"> Based on our interviews, we understand that MGL has not submitted a business plan to the Council, including annual budgets. We also noted that there was a business plan document prepared by MGL in respect of 2016-2021. However, we noted that the Council has concerns over the robustness of the business plan. A revised business plan has not been provided nor submitted to the Council. 	<p>and services that MGL was expected to deliver as part of the SLA.</p> <ul style="list-style-type: none"> We recommend that the Council prepares a document that sets out a clear set of expectations of MGL covering the next 3-5 years. The shareholder's expectations document should be proportionate to the circumstances of MGL as well as aligned to the Council's own strategies and wider plans. This document should be reviewed and restated each year, if necessary, in the form of a shareholder letter from the Council to MGL. The MGL Board should then develop an appropriate business plan that is aligned with the shareholder letter.
Budgeting and forecasting procedures	<ul style="list-style-type: none"> Based on our interviews, we understand that the preparation of budget and forecast is managed by the CEO. The bookkeeper and MGL employees were not directly involved in the preparation of annual budget or forecasts. We also understand that there are no written procedures for the preparation, review and monitoring of the budget. We understand that separate budgets for specific events and areas exist (e.g. Tall Ship festival, marketing budget, etc). However, these budgets only relate to the specific events or areas. It is unclear how these individual or specific budgets form the overall budget for MGL as a corporate entity. Based on our interviews with Board members, we understand that the Board was made aware of the annual budget. However, there was no detailed discussion on the budget nor evidence of review and challenge by the Board members. Performance against budget is monitored each month via the monthly profit and loss accounts prepared by the bookkeeper on Excel. No balance sheet and cash flow information are prepared. 	<ul style="list-style-type: none"> Given the size of the organisation and with no dedicated finance accountant or director, it is not uncommon for the CEO or a managing director equivalent to take the overall responsibility for the preparation and development of annual budget or forecasts. As the CEO is currently absent, we are unable to discuss the process involved nor provide our commentary and observations. However, we do have reservations over the extent and quality of review by the Board members on the budgets prepared by the CEO, based on our interviews and review of minutes of Board meetings. In addition, it is unclear whether the Board's review of budget covers balance sheet and cash flows, as the discussions appeared to have focused on profit and loss only. As noted earlier, there is no evidence of risk management, including review and monitoring of risks to the delivery of budget/forecast. Also, no sensitivity analysis or stress testing / assessment of downside scenarios to understand the potential financial implications on MGL. We recommend the Board ensures appropriate discussion and review of the budget. In addition, the Board should maintain a

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Issue	Commentary	Next steps / recommendations
Financial controls and procedures	<ul style="list-style-type: none"> MGL does not have formally documented financial procedures in place. It has no separate finance function nor a full-time finance director/accountant. This broadly reflects the size of the organisation with a few numbers of employees being employed. Based on our interviews, we understand that the overall management and financial leadership of MGL is provided by the CEO, with support from a part-time bookkeeper and a Board member with a finance background (who is a partner at PGT, a local accounting firm). The bookkeeper prepares monthly management accounts (only profit and loss) on Excel, which are used for management review purposes and discussion at Board meetings. Balance sheet or cash flow statements are not prepared. Sage 50 Accounts accounting software is used to maintain MGL's accounting records. We understand that the bookkeeper prepares several key accounting reconciliations each month, which includes a bank reconciliation, deferred income reconciliation and deferred expenditure reconciliation. For year-end accounts, the bookkeeper provides the monthly management accounts and the relevant accounting records to PGT as part of the annual close-down process. We understand that PGT prepares the year-end accounts and provides these and the supporting accounting file to the statutory auditors, Kingscott Dix Ltd, for the annual audit. Cash is managed by the bookkeeper, who has online access to MGL's bank account. Receipt is generally made via BACS into MGL's bank account. The bookkeeper manages payment of suppliers' invoices, largely through an online bank account. We understand that payment will not be made without an approval from the relevant manager or the CEO. The Company maintains a 	<p>risk register that is being reviewed and managed. We do not see this risk register as an extra administrative burden on MGL and the Board to manage, as long as it is proportionate and fit for purpose.</p> <ul style="list-style-type: none"> Without any formal documented financial procedures in place, the current practices and processes appear informal. Although the organisation is relatively small, we would have expected some degree of controls and good financial management practices being adopted given the reliance of public funding and the nature of the business that involves multiple stakeholders. As the Board has the overall responsibility for internal controls and governance, the Board should ensure there are formal and transparent policies and procedures in place. We do not see this as an extra administrative burden on MGL and the Board, as long as the policies and procedures are proportionate and fit for purpose. We would encourage the Council to support MGL on this. We would recommend the Board reviews the authorisation limits and signatory, for example, by requiring a second signatory when authorising amounts of over a certain amount.

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	<p>purchase order (PO) book, where a PO number is assigned to the respective expenditure. We understand that any payment for over £5,000 needs to be signed off by the CEO.</p> <ul style="list-style-type: none"> • Payroll is managed by PGT. We understand that any changes to payroll are confirmed by the CEO. 	
Historical financial results and position	<p>Profitability</p> <ul style="list-style-type: none"> • MGL incurred annual losses after tax of £23,000 and £45,000 in FY18 and FY19 respectively (based on management accounts). In addition, it incurred negative gross margins before including other operating income such as grant funding from the Council and sponsorship income. • In the current year trading to 31 October 2019, MGL reported a £16,000 net profit. However, given it is not at year-end, the management accounts may not reflect the underlying trading results as the preparation of management accounts did not follow the year-end close-down and accrual process. • MGL's main sources of income include annual funding from the Council as part of the SLA (which covers various services including delivering certain events for the Council), tickets sales and sponsorship income from third party organisations. • Sales declined significantly from £443,000 in FY18 to £199,000 in FY19, largely because there was no Tall Ships Festival during FY19. The festival is a major flagship event for MGL, which takes place every two years, i.e. in May 2017 (during FY18) and May 2019 (in FY20). The festival has generated a significant amount of extra income to MGL, through sponsorship income and ticket sales. This suggests a degree of volatility in the business. • The Council's funding has also reduced over the historical period by circa £100,000 each year in FY18 and FY19. <p>Liquidity</p> <ul style="list-style-type: none"> • In terms of liquidity, MGL had a relatively low cash balance of £5,000 and £10,000 at 31 March 2019 and 31 October 2019 respectively. 	<ul style="list-style-type: none"> • The Council should note that MGL has been trading under unprofitable circumstances, as well as historically incurring negative gross margins. MGL's trading is also subject to a degree of volatility every two years, due in part to the timing of the Tall Ships Festival which takes place every two years. The festival has generated a significant amount of extra income to the Company. The MGL Board should consider this business cycle when developing its business plan going forward and take actions to ensure continued financial resilience of the organisation. • In addition, there are significant risks around liquidity and solvency of the Company. This is because of the low levels of cash balance (even after receiving Council's funding generally in advance) and significant net liabilities on the balance sheet. We recommend that the MGL Board prepares weekly or monthly rolling cash flow forecasts for the next six months in order to monitor liquidity and working capital position of the Company, with oversight by the Council's officers and their finance team. • Based on MGL's historical results and its current financial situation, there is a risk that the Council's loans (including the new revolving facility due in 5 years' time) may not be repayable.

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	<ul style="list-style-type: none"> • MGL had a high cash balance of £251,000 at 31 March 2018, but this was due to a significant amount of unspent grant money received by MGL on behalf of UK:DRIC, its wholly owned subsidiary company. UK:DRIC was successful in applying for a £400,000 local growth capital funding, a scheme managed by GFirst LEP and Gloucestershire County Council. The grant relates to the development of the UK Digital Retail Innovation Centre in Gloucester. • At 31 March 2018, the unspent grant money relating to UK:DRIC was £319,610. This indicates that MGL would have had a negative cash balance at 31 March 2018 should the grant money be excluded from MGL's bank balance. We understand that the development of UK:DRIC was completed in FY19, with the grant money fully utilised as at 31 March 2019. • Current ratio was below 1.0 across each of the balance sheet dates, suggesting that MGL may have challenges in meeting its short-term obligations with regards to suppliers and ongoing costs, e.g. payroll. <p>Solvency</p> <ul style="list-style-type: none"> • Overall, MGL had net liabilities of circa £220,000 and £286,000 at 31 March 2018 and 31 March 2019 respectively. At 31 October 2019, net liabilities were £262,000. MGL is therefore technically insolvent due to its net liability position. MGL's going concern is subject to continued financial support from the Council. • MGL has a £97,000 loan from the Council, which was provided at inception of the business for pump priming and initial set up (based on the Members Agreement). The loan is interest free and repayable on demand upon a 6-month notice. The Company has not made any loan repayment. • In October 2019, the Council has agreed to provide further borrowing to MGL up to a total of £240,000 revolving credit facility, in order to support MGL's working capital. The credit facility has not been drawdown by MGL at 31 October 2019. The facility is subject to a 3% interest per annum above the Bank of England's base rate. The loan amount plus interest is repayable in full at the end of the facility term of 5 years. 	

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UK:DRIC	<ul style="list-style-type: none"> • The UK Digital Retail Innovation Centre was launched in May 2019. The centre is based at Eastgate Shopping Centre in Gloucester and managed by MGL, via its wholly owned subsidiary company, UK Digital Retail Innovation Centre Limited (UK:DRIC). • UK:DRIC was formed in November 2017 and was dormant in its first year of inception. The current directors of UK:DRIC are Jason Smith (MGL's CEO) and Richard Brooks (MGL's bookkeeper). The first set of accounts for the period ended 30 November 2018 (filed with Companies House) were dormant accounts. We understand that it started trading from 1 October 2019, with the main source of income being rental income from the letting of centre spaces. • In December 2017, UK:DRIC was successful in securing £400,000 of local growth capital funding to fund the development of the centre in Gloucester. The funding scheme was managed by GFirst LEP and Gloucestershire County Council. • We have been provided with the funding agreement dated 19 December 2017 between UK:DRIC and Gloucestershire County Council. We noted that the agreement was entered into by MGL, as the parent company of UK:DRIC. We also noted the following: <ul style="list-style-type: none"> - A business case for UK:DRIC, specifically in relation to the "UK Digital High Street Lab" was prepared by MGL and submitted to GFirst LEP as part of the grant application. We have requested but have not received a copy of this business case; - A number of "outcomes" are expected to be delivered by UK:DRIC as part of this grant approval, for example, (a) reduction of vacancy rate in Gloucester City from 13.8% to below the UK average at year 3 (UK rate at that time was 11.1%); (b) an increase in direct spend in retail environment, etc. - Specific reporting, governance and management requirements. For example, the requirement to have a project advisory board to provide oversight. 	<ul style="list-style-type: none"> • We have significant concerns over the UK:DRIC project, particularly as the project involves a significant amount of public funding. We have no information or detail of how the project was managed and governed, how the grant money was utilised and the arrangements around the use of grant money. There is also no financial information about the project nor the business plan. • Based on our interviews, we understand that there was overspend in the development of the project and that the entire grant money has been fully utilised. According to the Council's officers, MGL did not seek prior approval from the Council. We noted this did not appear to comply with the terms of the Members' Agreement that requires MGL to seek the Council's prior approval before entering into any contract or project above £100,000. • We therefore recommend the Council commissions a full and comprehensive review of the UK:DRIC project as a matter of urgency, with the main objectives of gaining comfort over the use of the grant money and ensuring proper governance going forward. The Council should ensure MGL puts in place proper review and monitoring of the project and its compliance with the grant conditions.

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Gloucester BID	<ul style="list-style-type: none"> • Gloucester BID is a private company limited by guarantee (without share capital) that manages Gloucester Business Improvement District (BID). As Gloucester BID has no employees, MGL provides management roles and manages the administrative function on behalf of Gloucester BID. • From April 2018, MGL started to provide management service to Gloucester BID for a monthly fee of £2,500 (this was increased to £3,900 from August 2018). From April 2019, MGL also manages the full programme of events on behalf of Gloucester BID for an additional monthly fee of £3,200. We understand that there is no SLA between MGL and Gloucester BID. • Based on the Companies House record, we noted that three of the MGL directors (plus Peter White who attends MGL Board meetings) are also the directors of Gloucester BID. • For the avoidance of doubt, Gloucester BID is not part of our scope of work. 	<ul style="list-style-type: none"> • We recommend that the Council, as shareholder of MGL and a public body, commissions an urgent review of the governance and arrangements in respect of Gloucester BID, including identifying any conflicts of interest with MGL by virtue of other interests and arrangements involving the directors of both entities. • MGL should ensure there is transparent and appropriate arrangements in place with regards to its dealing and relationship with Gloucester BID, for example, by putting in place an appropriate SLA.

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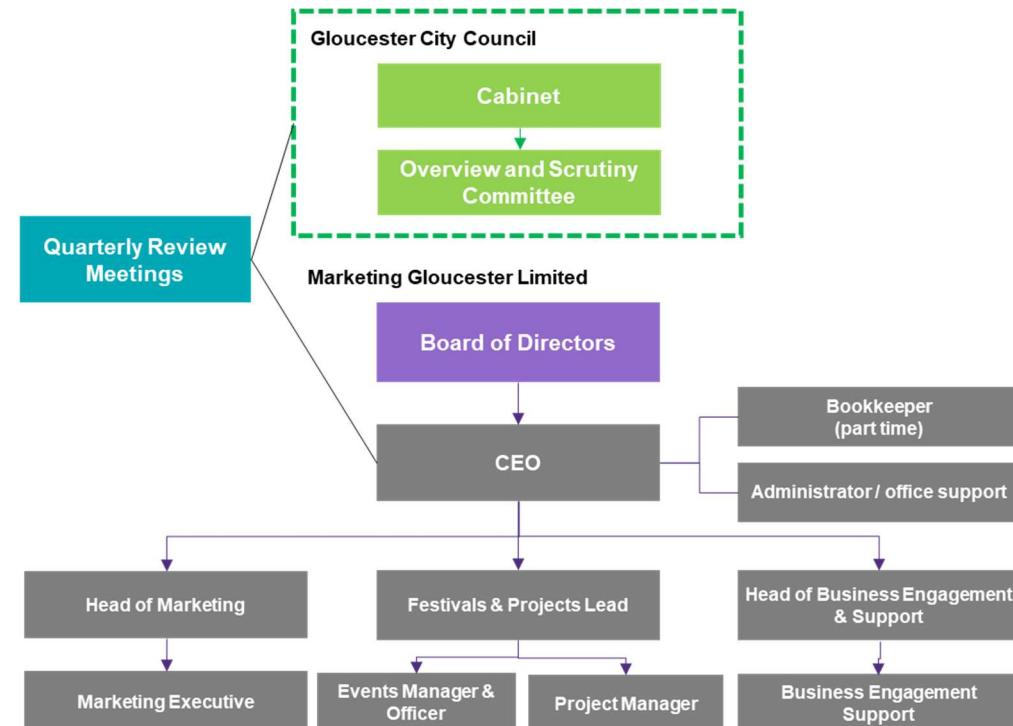
3. Governance arrangements

3.1 Overview

- The Council is the sole shareholder of MGL. The Members Agreement between the Council and MGL (which was updated in March 2017) sets out the Council's requirements and the terms of the relationship upon which the Council will participate in the business of MGL as a shareholder.
- The Members Agreement includes the following key points:
 - The MGL Board has the overall responsibility for the supervision and management of MGL and its business;
 - The Council is entitled to appoint/remove one director to/from the Board;
 - MGL is required to prepare a business plan in respect of each financial year. The business plan will include the full financial forecasts (P&L, cash flow and balance sheet), together with a five-year medium-term financial strategy projection and a management report setting out the business objectives and activities for the year;
 - MGL is required to provide to the Council draft and final audited accounts including an annual governance statement (or equivalent) in accordance with the Council's year-end timetable.
- The Members Agreement also includes the specific matters reserved for the Council's approval, which in summary restrict MGL (unless with prior approval by the Council) from:
 - adopting or amending the business plan in respect of each financial year;
 - entering into any arrangement, contract or transaction with either a capital or revenue value of over £100,000 which is not included in the current approved business plan; and

- agreeing the appointment and the associated terms of all MGL directors, other than the Council appointed director.

- The diagram below shows the overall corporate governance and management structure of MGL.



Sources: 1. Based on interviews with the Council and MGL's personnel.

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- As a wholly owned subsidiary of the Council, the affairs and performance of MGL come under the oversight of the Cabinet Member for Culture and Leisure. The Overview and Scrutiny Committee provides scrutiny and review, given the committee's main role as the body responsible for co-ordinating scrutiny at the Council.
- The regular monitoring and review of MGL's performance are undertaken by the Council through the quarterly review meetings with MGL. These review meetings are minuted and attended by:
 - a corporate director of the Council, who acts as the main liaison officer for the Council, and a relevant Council's officer or Cabinet member;
 - chair and CEO of MGL.
- We understand that there are no terms of reference for these review meetings. There are also no standard agenda items, but discussions tend to have focused on the review of the previous quarter performance, operational and events highlights, financial update and forecast, and new business/opportunities. We understand that quarterly review meetings in recent years had been structured to broadly cover the Council's requirements of MGL (such as the business plan, etc) as set out in the Members Agreement (explained earlier).
- Based on our interviews, we understand that MGL has not submitted a business plan to the Council, including annual budgets. We also noted that there was a business plan document prepared by MGL in respect of 2016-2021. However, we noted that the Council has concerns over the robustness of the business plan. A revised business plan has not been provided nor submitted to the Council.

Our observations and recommendations

- We note that the quarterly review meetings lack structure and clarity of the Council's expectations, partly due to the absence of terms of reference. We would recommend the Council establishes terms of reference for these meetings and sets out a schedule of agenda.

- Based on our work, we noted a lack of clarity on what the Council expects from MGL. This is complicated by the different roles of the Council in its relationship with MGL (i.e. shareholder, customer and funder). The SLA has attempted to set out the services to be provided by MGL and the associated funding. Nonetheless, we noted that the scope of the services set out in the SLA was too broad and that the agreed funding (which was fixed in nature across different years) did not appear to be commensurate with the variable nature of events and services that MGL was expected to deliver as part of the SLA.
- We recommend that the Council prepares a document that sets out a clear set of expectations of MGL covering the next 3-5 years. The shareholder's expectations document should be (a) proportionate to the circumstances of MGL as well as (b) aligned to the Council's own strategies and wider plans. This document should be reviewed and restated each year, if necessary, in the form of a shareholder letter from the Council to MGL. The MGL Board should then develop an appropriate business plan that is aligned with the shareholder letter.

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3.2 The Board

- In accordance with MGL's articles of association, the Board shall consist of between 5 and 17 directors, with one director being appointed by the Council.
- We noted that MGL currently has 11 directors, based on the public record from Companies House. We have listed them in the table below based on their appointment date, together with their background.

Name	Background / Sector experience	Date of appointment
1. Jennie Watkins	Deputy Leader of the Council / Councillor	28 June 2019
2. Owen Acland	Peel Group / Gloucester Quays (retail)	28 June 2019
3. Vivienne Hargreaves	Gloucestershire Academy of Music (cultural sector)	1 April 2018
4. Jenny Hawthorne	Eastwood Media (media and PR)	1 April 2018
5. Alex Bailey	Gloucester Civic Trust (heritage sector)	1 April 2018
6. Mike Turner	Elonex (digital marketing)	17 October 2013
7. Chris Atine	Café Rene Group (café/pubs)	17 October 2013
8. Jason Robinson	Eastgate Shopping Centre (retail)	17 October 2013
9. Nick Bishop	Partner, PGT (finance)	1 June 2011
10. Jude Rodrigues	Partner, Davies and Partners Solicitors (legal)	1 June 2011
11. Mike Mintram	Principal Consultant, Market Return (business coaching)	1 June 2011

Sources: 1. Companies House record as at 28 November 2019;
 2. MGL website (<http://marketinggloucester.co.uk/about/board-of-directors/>) as at 28 November 2019.

- The Board has no supporting Board committees.

Our observations

- During our work, we found some discrepancies in the list of directors. The list of directors shown on MGL website appeared to differ from the list obtained from Companies House. It is unclear to us whether MGL has a company secretary. In addition, we noted the following:
 - the recent changes of directors (appointment and resignation) were not updated with Companies House in a timely manner. For example, three directors' appointments on 1 April 2018 were only reported to Companies House on 6 November 2019;
 - Peter White, the centre manager at King's Walk Shopping Centre, was listed as a director on the MGL website and had regularly attended Board meetings (based on minutes). However, he is not a Board member based on the Companies House record;
 - both Mike Turner and Chris Atine are listed as MGL directors based on the Companies House record but not on the MGL website, although they did not appear to have regularly attended Board meetings (based on minutes).
- We noted from the articles of association that the Council (as shareholder) and the MGL Board shall ensure the Board is made up of people with an interest in the MGL services and a broad range of skills, who are likely to contribute to the Company's success. Based on our interviews, we understand that the Board is currently made up of a Council's appointed director and individuals representing the various stakeholder groups, such as retail, cultural, media, etc.
- We have the following observations:
 - The size of the Board (i.e. 11 members) appears large in the context of the size and nature of the Company;
 - There is no clear division of responsibility amongst the Board members. Based on our interviews, we understand that all the Board members work

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on a voluntary basis (unremunerated) and are acting as non-executives or on an advisory basis. Their roles as non-executive directors are, however, not explicitly stated;

- There is no executive director on the Board. The CEO who regularly attends the Board meetings is not a Board member;
- There are no explicit references in the articles of association on the voting rights of the directors and the decision-making process;
- Based on our interviews, it is unclear whether there is a formal process in place or criteria being established for changes or appointment of directors. For example, consideration of the director's experiences and skillsets and term of office;
- Based on the minutes of Board meetings between 24 March 2017 and 26 April 2019, we noted that the notes of Board meetings did not record any material questions or challenge from the Chair of the Board or Board members. In addition, we noted little evidence of challenge or scrutiny by the directors, partly due to the lack of clarity over their roles as non-executives as mentioned earlier. We noted from the Board minutes that the main discussions in Board meetings tend to be centred around the CEO's updates on the financial position (focusing on profit and loss) and operational matters (recent events), rather than more strategic matters and a systematic review of risks and opportunities. There was no risk register being maintained or reviewed during Board meetings.

Our recommendations

- We believe there is an urgent need to review and strengthen the Board structure and composition given our observations of a lack of governance. An effective Board will set the tone of the organisation. It defines the company's purpose and sets a strategy to deliver it, underpinned by the values and behaviours that shape its culture and the way it conducts its business. Board members, including the chair, need to discharge their duties effectively.

- We also believe there is merit in reducing the size of the Board to ensure focus and clarity amongst Board members of their roles and responsibilities. It is also appropriate to have an executive director (e.g. CEO or managing director) appointed to the Board. This would allow proper governance and ensure a clear division of roles and responsibilities where non-executive directors are able to hold executive directors to account and provide appropriate scrutiny and challenge.
- To protect the shareholder's interest, we recommend the Council have a controlling representation on the Board, by introducing appropriate voting rights of directors and having the Council's appointed director as chair. In addition, we believe there is benefit of having a senior Council officer (e.g. corporate director) attending the Board meetings in the short term given the governance issues and current financial situation of MGL. It is important for the Council to gain comfort that the MGL Board can function effectively and is fit for purpose. There is also an opportunity for the Council to provide some operational support to MGL in the short term where possible (e.g. legal, company secretarial, finance or HR matters).
- As noted earlier, the wide composition of the Board is to ensure there is representation of the various stakeholder groups (e.g. retail, cultural, media, etc) on the Board. We acknowledge and recognise the importance of having key stakeholders on side. Nonetheless, we believe it is possible to continue stakeholders' engagement and promote representation through a different forum, for example, in a working group or stakeholders' committee that is separate from the Board but has a reporting line to the Board.
- The MGL Board should develop a business plan that is aligned to the shareholder expectations. This should be developed in consultation with the Council and other stakeholders, and clearly set out the purpose and objectives of MGL. The Board should then oversee and receive assurance on the business plan.

3.3 Budgeting and forecasting procedures

- Based on our interviews, we understand that the preparation of the budget and forecast is managed by the CEO. The bookkeeper and MGL employees were not directly involved in the preparation of the annual budget or forecasts. We also understand that there are no written procedures for the preparation, review and monitoring of budget.
- We understand that separate budgets for specific events and areas exist (e.g. Tall Ship festival, marketing budget, etc). However, these budgets only relate to the specific events or areas. It is unclear how these individual or specific budgets form the overall budget for MGL as a corporate organisation.
- Based on our interviews with Board members, we understand that the Board was made aware of the annual budget. However, there was no detailed discussion on the budget nor evidence of review and challenge by the Board members.
- We noted that performance against budget is monitored each month via the monthly profit and loss accounts prepared by the bookkeeper on Excel. Further commentary of management accounts is provided later in this section.

Our observations and recommendations

- Given the size of the organisation and with no dedicated finance accountant or director, it is not uncommon for the CEO or a managing director equivalent to take the overall responsibility for the preparation and development of annual budget or forecasts. As the CEO is currently absent, we are unable to discuss the process involved nor provide our commentary and observations.
- However, we do have reservations over the extent and quality of review by the Board members on the budgets prepared by the CEO, based on our interviews and review of minutes of Board meetings. In addition, it is unclear whether the Board's review of the budget covers an assessment of the

balance sheet and cash flow statement, as the discussions appeared to have focused on profit and loss only. As noted earlier, there is no evidence of risk management, including review and monitoring of risks to the delivery of budget/forecast.

- We recommend the Board ensures appropriate discussion and review of the budget, covering profit and loss, balance sheet and cash flows. In addition, the Board should maintain a risk register that is being reviewed and managed. We do not see this risk register as an extra administrative burden on MGL and the Board to manage, as long as it is proportionate and fit for purpose.

3.4 Key financial controls and procedures

Overall financial leadership and finance function

- MGL has no separate finance function nor a full-time finance director/accountant. This broadly reflects the size of the organisation with a few numbers of employees being employed. We understand that MGL does not have formally documented financial procedures in place.
- Based on our interviews, we understand that the overall management and financial leadership of MGL is provided by the CEO, with support from a part-time bookkeeper and a Board member with a finance background.
- The Company's bookkeeper has the primary roles of maintaining management accounts, raising invoices and making payments to suppliers. The bookkeeper, who operates a local accounting service (Leonis Accountants), works on a part-time basis for MGL. Our understanding is that the bookkeeper is a qualified accountant.
- Based on our interviews, Nick Bishop, who is a Board member, provides ad-hoc advisory to the Board on financial matters. Nick is a qualified accountant and a partner of Pitt Godden & Taylor LLP (PGT), a local accounting firm.

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Management accounts

- The bookkeeper uses Sage 50 Accounts accounting software to maintain MGL's accounting records, which operates a general ledger, sales ledger, purchase ledger and cash book.
- On a monthly basis, the bookkeeper prepares management accounts on Excel, which are used for management review purposes and discussion at Board meetings. The monthly management accounts consist of a profit and loss account, showing the main sources of income (e.g. sales by events, grant income, etc), cost of sales or purchases (e.g. by events or key items) and a breakdown of overheads / administrative expenses. The profit and loss accounts compare the actual figures for the month with the planned figures. Balance sheet and cash flow statements are not prepared.
- The bookkeeper typically prepares the management accounts during the second week of the following month, before being sent to the CEO for review/approval and subsequently sent to the Board members.
- We understand that the bookkeeper prepares several key accounting reconciliations each month, which include a bank reconciliation, deferred income reconciliation and deferred expenditure reconciliation.
- For year-end accounts, the bookkeeper provides the monthly management accounts and the relevant accounting records to PGT as part of the annual close-down process. We understand that PGT prepares the year-end accounts and provides these and the supporting accounting file to the statutory auditors, Kingscott Dix Ltd, for the annual audit.

Cash and payroll

- Cash is managed by the bookkeeper, who has online access to MGL's bank account.
- Receipt is generally made via BACS into MGL's bank account. For cheque receipt, the bookkeeper will deposit the cheque into the bank account.

- The bookkeeper manages payment of suppliers' invoices, largely through an online bank account. We understand that payment will not be made without an approval from the relevant manager or the CEO. The Company maintains a purchase order (PO) book, where a PO number is assigned to the respective expenditure. We understand that any payment for over £5,000 needs to be signed off by the CEO.
- We understand that payroll is managed by PGT. We also understand that any changes to payroll are made by the CEO. The bookkeeper then provides the information to PGT, who prepares the staff payroll for BACS payment. The bookkeeper then makes the payment via online bank account.

Our observations and recommendations

- Without any formal documented financial procedures in place, the current practices and processes appear informal. Although the organisation is relatively small, we would have expected some degree of controls and good financial management practices being adopted given the reliance of public funding and the nature of the business that involves multiple stakeholders.
- As the Board has the overall responsibility for internal controls and governance, it should ensure there are formal and transparent policies and procedures in place. We do not see this as an extra administrative burden on MGL and the Board, as long as the policies and procedures are proportionate and fit for purpose. We would encourage the Council to support MGL on this.
- We would recommend the Board reviews the authorisation limits and signatory, for example, by requiring a second signatory when authorising amounts of over a certain amount.

4. Summary financial results and position

4.1 Historical trading results

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Basis of preparation

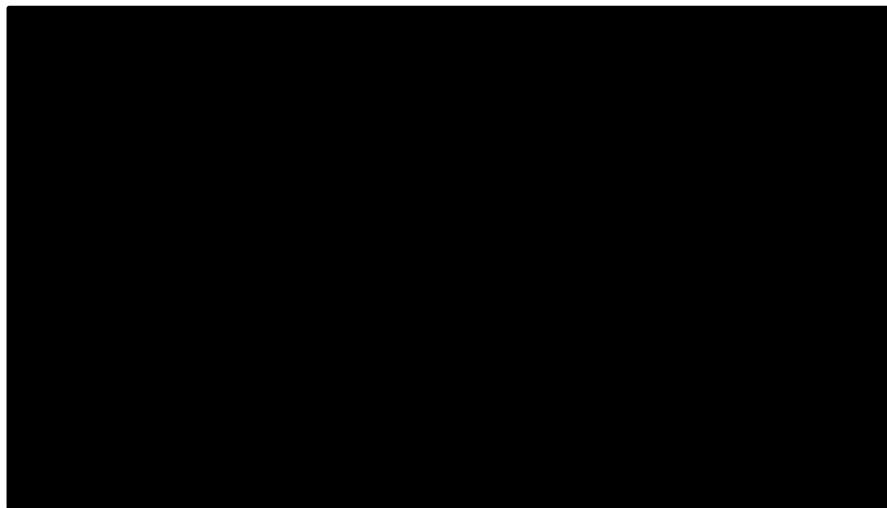
- The figures presented opposite are based on the unaudited management accounts provided by the MGL's bookkeeper.
- We have used the management accounts rather than the audited accounts due to insufficient additional information and analysis supporting the figures stated in the audited accounts. We have requested this additional information and analysis from PGT (who provides accounting services to MGL) and Kingscott Dix Ltd (external auditor). However, at the date of this report, we have not been provided with this information.
- We understand from the bookkeeper that the main differences between the management accounts and the audited accounts are year-end adjustments (e.g. depreciation, bad debt provision) and audit adjustments / reclassifications made by PGT and the auditor. We have set out the differences in Appendix C, although we have not been provided with any detail of the adjustments nor any explanations for these differences.

Commentary

- MGL's main sources of income include funding from the Council as part of the SLA (which covers the provision of various services including delivering events), sales of event tickets, sponsorship from third party organisations and a management fee from Gloucester BID. The small tourism service sales relate to map/brochure sales.
- MGL incurred negative gross margins historically, although this was due to the inclusion of the Council's grant income and sponsorship income as other operating income rather than sales.

Sources: 1. Management accounts (monthly profit and loss accounts) for FY18, FY19 and YTD FY20 (October 2019);
2. FY19 draft statutory audited accounts (with FY18 as comparatives) provided to us on 13 November 2019;
3. Grant Thornton Analysis

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- Overall, MGL incurred annual losses after tax of £23,000 and £45,000 in FY18 and FY19 respectively based on its unaudited management accounts. The annual losses as per the draft audited accounts were higher, amounted to £98,000 and £66,000 respectively, due to year-end and audit adjustments.
 - In the current year period up to 31 October 2019, MGL reported a small profit before tax of £16,000 based on the draft and unaudited management accounts at the time of preparation. As it is not year-end, we understand that the October 2019 management accounts did not follow the year-end close-down and accrual process, and hence may not reflect the underlying trading results – this is due to the timing of suppliers' invoices and accruals.
 - Sales declined from £443,000 in FY18 to £199,000 in FY19. Lower sales in FY19 was largely due to the absence of the Tall Ships Festival in that year. The festival takes place every two years, with the last two festivals taking place in May 2017 (in FY18) and May 2019 (in FY20). The Tall Ship Festival is one of the MGL's main events, which generates a significant amount of income through ticket sales and sponsorship income.
 - The table below shows the overall net financial performance (before overheads) of the previous two festivals. The 2019 festival has grown significantly from the previous event, contributing £35,000 to the Company's trading results before overheads.
- 
- We noted that a reduction in the Council's grant funding from £150,000 in FY18 to £90,000 in FY19, as shown in the management accounts. However, we noted that the Council's funding as per the SLA was £348,000 and £248,000 in FY18 and FY19 respectively. This was because some of the Council's funding which specifically related to certain events was classified as event sales in the management accounts (see previous page). Apart from events funding, the Council agreed to fund payroll costs of two members of Council staff who were seconded to MGL. One of them left in FY19. We have asked the Council and the MGL's bookkeeper for a detailed list of the Council's funding contributions by events and items but have not received this information at the date of this report.
 - Since April 2018, MGL has started to provide management service to Gloucester BID for a monthly fee of £2,500 (which was increased to £3,900 from August 2018). As Gloucester BID has no employees, we understand that MGL provides management roles and manages the administrative function on behalf of Gloucester BID. From April 2019, MGL also manages all the programme of events on behalf of Gloucester BID for an additional monthly fee of £3,200. We understand that there is no SLA between MGL and Gloucester BID.
 - Administrative expenses increased from £267,000 in FY18 to £284,000 in FY19, mainly driven by an increase in salaries and wages as a result of a new administrative support staff member being recruited.
 - In addition, the increase in salaries and wages in FY19 was due to the CEO joining the Company's payroll in FY19 (this was reflected by the cessation of CEO charge). Prior to that year, the CEO was engaged by MGL as a contractor.

Note: Certain income lines for the 2019 festival were classified as other operating income in the management accounts.
 Sources: 1. Management accounts (monthly profit and loss accounts) for FY18 and YTD FY20 (October 2019);
 2. Management analysis of actual versus budget for Tall Ships Festival in 2019 and 2017.

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4.2 Historical balance sheet

Summary balance sheet

	31 March 2018 £'000	31 March 2019 Audited accounts	31 March 2019 Draft audited accounts	31 October 2019 Management accounts
Fixed assets				
Intangible assets - software	7	4	7	
Tangible assets - fixtures, fittings and equipment	2	2	3	
Total fixed assets	9	5	10	
Current assets				
Trade debtors	4	163	79	
Other debtors	40	146	79	
Cash at bank and in hand	251	5	10	
Total current assets	295	314	168	
Current liabilities				
Trade creditors	(34)	(123)	(110)	
Other creditors	(405)	(370)	(125)	
Taxation and social security	(9)	(36)	(109)	
Total current liabilities	(447)	(529)	(344)	
Net current liabilities	(152)	(215)	(176)	
Non-current liabilities	(77)	(77)	(97)	
Net liabilities	(220)	(286)	(262)	
Capital and reserves				
Share capital (£1)	-	-	-	
Accumulated losses	(220)	(286)	(262)	
Total deficit	(220)	(286)	(262)	
KPIs:				
Current ratio (in times)	0.66	0.59	0.49	
Debtor days	5	128	42	
Creditor days	25	155	49	

Sources: 1. Trial balance from SAGE at 31 October 2019;

2. FY19 draft statutory audited accounts (with FY18 as comparatives) provided to us on 13 November 2019;
3. Grant Thornton Analysis

Commentary

- The balance sheets shown opposite are based on the audited accounts at 31 March 2018, the draft audited accounts at 31 March 2019 and the unaudited management trial balance provided by MGL at 31 October 2019.
- Overall, MGL had net liabilities of circa £220,000 and £286,000 at 31 March 2018 and 31 March 2019 respectively. MGL is therefore technically insolvent due to its net liability position. MGL's going concern is subject to continued financial support from the Council. The increase in net liabilities was due to the £66,000 net loss for the year, as per the audited accounts (see previous pages).
- At 31 October 2019, net liabilities were £262,000, which was £24,000 lower than the 31 March 2019 level. There is a discrepancy here as the profit after tax for the period from March to October 2019 as per management accounts was £16,000. This was mainly because the balance sheet at 31 October 2019 shown opposite was based on an unaudited trial balance at the time of preparation. As noted earlier, the October 2019 management accounts did not follow the year-end close-down process and therefore may not reflect the accurate balance sheet position at that point. We have presented the balance sheet position at 31 October 2019 for information only and provided commentary where helpful.
- MGL had net current liabilities across the period of our work. In terms of liquidity, it had a low cash balance of £5,000 and £10,000 at 31 March 2019 and 31 October 2019 respectively, although the high cash balance at 31 March 2018 was mainly due to significant unspent grant money (explained further later).
- Current ratio was below 1.0 across each of the balance sheet dates. This indicates that MGL may have challenges in meeting its short-term obligations with regards to suppliers and ongoing costs, e.g. payroll.

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Key balance sheet items

- Intangible fixed assets relate to software, which is depreciated on a straight-line basis over 5 years. Tangible fixed assets mainly relate to fixtures, fittings and equipment, which are depreciated over 4 years on a straight-line basis. The decrease over the period is driven by depreciation of the net book value of these assets.
- The high cash and other creditor balances at 31 March 2018 were mainly due to a significant amount of unspent grant money received by MGL on behalf of UK:DRIC, its wholly owned subsidiary company. UK:DRIC was successful in applying for a £400,000 local growth capital funding, a scheme managed by GFirst LEP and Gloucestershire County Council. The grant relates to the development of the UK Digital Retail Innovation Centre in Gloucester.
- The unspent grant money relating to UK:DRIC was £319,610 at 31 March 2018. This suggests that MGL would have had a negative cash balance at 31 March 2018 should the grant money be excluded from MGL's bank balance. We understand that the development of UK:DRIC was completed in FY19, with the grant money fully utilised as at 31 March 2019.
- High trade debtors balance at 31 March 2019 was mainly due to raising of an invoice to the Council at year end. This related to the late agreement of funding by the Council, resulting in a high debtor (also high debtor days) and deferred income balance at year-end.
- We understand that the increase in trade creditors in FY19 (as well as high creditor days) was mainly driven by increased activity relating to the development of the UK:DRIC project.
- Included in other creditors (current liabilities) was a £20,000 current element of the £97,000 loan provided by the Council. The £77,000 non-current element was shown in non-current liabilities. This loan, which was provided by the Council for pump priming, is interest free and repayable on demand upon a 6-month notice.

- In October 2019, the Council has agreed to provide further borrowing to MGL up to a total of £240,000 through a revolving credit facility, in order to support MGL's working capital. The credit facility has not been drawdown by MGL at 31 October 2019. The facility is subject to a 3% interest per annum above the Bank of England's base rate. The loan amount plus interest is repayable in full at the end of the facility term of 5 years.
- Based on MGL's historical results and its current financial situation, there is a risk that the Council's loans (including the new revolving facility due in 5 years' time) may not be repayable.

4.3 Historical cash flows

- MGL has not prepared any cash flow statements for the period of our work. There was no cash flow information in the audited accounts nor management accounts. This represents a limitation in our findings.
- We noted there was some limited analysis of monthly cash deficits based on expected funds flow for 1 October 2019 to 31 March 2020. We understand that the analysis was prepared by the bookkeeper for internal purposes and discussion with the Council's finance team as part of the recent loan arrangement. Based on our observations, the cash analysis does not appear to be supported by any trading nor supporting assumptions.

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Appendix A - Letter of engagement

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Our ref: AB/WB/BN

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For the attention of Jon Topping, Head of Policy and Resources

6 November 2019

Dear Sirs

High-level governance and financial assessment of Marketing Gloucester Limited (the Assignment)

1 Introduction

1.1 This letter (the **Engagement Letter**), together with our standard terms and conditions (the **Terms and Conditions**), sets out the basis on which Grant Thornton UK LLP (**Grant Thornton**) will undertake our role for Gloucester City Council (the **Client** or the **Council**) in connection with the Council's review of Marketing Gloucester Limited (**MGL**), a wholly owned subsidiary company of the Council (the **Purpose**). We understand that the Council has recently approved a lending facility to MGL and is therefore carrying out a review of MGL.

2 Scope of engagement

2.1 The services that we expect to perform pursuant to our engagement (the **Services**) are set out below:

- We will undertake a high-level governance and financial assessment of MGL as further set out below.
- We will assess and report in summary on the following:
 - the corporate governance arrangements, focusing on the structure of MGL board and its committee(s), and board reporting to the Council;
 - the budgeting and forecasting procedures;
 - the key financial controls and procedures.
- We will assess and comment on the financial performance and position of MGL for the last two years ended 31 March 2019 and current year-to-date. Specifically, we will summarise and comment, at a high level, on:
 - the historical trading results, balance sheet and cash flows, highlighting key trends and observations;
 - the overall profitability, liquidity and solvency position.
- We will report any areas of concern and make recommendations from the scope of work set out above as appropriate.

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- We will prepare a report that sets out our key findings and recommendations from the scope of work set out above.
- We will hold discussions with the senior management team of MGL and/or the Council and will consider documentation and information provided by them.
- For the avoidance of doubt, our work does not constitute an audit nor a forensic investigation of the affairs of MGL.

2.2 During the course of the engagement we may show drafts of our reports to you and we draw your attention to section 3.5 of the Terms and Conditions. You will bring to our attention any issues in the draft reports that you wish to have clarified prior to the reports being finalised. A document remains 'draft' for these purposes until it has been manually signed by a Grant Thornton partner or director.

2.3 Draft copies of our report will be provided to the directors or senior management team of MGL to confirm the factual accuracy of the information contained therein.

2.4 Notwithstanding the scope of this engagement, responsibility for management decisions will remain solely with the directors of the Council and not Grant Thornton UK LLP. The directors should perform a credible independent review of any analysis provided.

3 Taxation

3.1 The scope of our work does not include the provision of any tax advice. Should you require tax advice in connection with this engagement then this will be the subject of a separate letter of engagement.

4 Timetable

4.1 Our work will take place over a period of five weeks, commencing on 7 November 2019, with a draft report being provided to you on 6 December 2019 and a final report on 10 December 2019.

4.2 We will work with you to meet this expected timetable but point out that our ability to meet this deadline will be most notably dependent on the availability of the directors and senior management teams of MGL and the Council, and/or their advisers, and the timeliness and completeness of the information provided by them.

5 Confidentiality and reliance

5.1 Our report and related communications including attachments (together, the *Deliverables*) will be addressed to you. We draw your attention to clause 3.4 'Liability to Addressees only' and clause 7.1 'The Addressees' confidentiality obligations' in the Terms and Conditions.

5.2 Notwithstanding clause 7.1 'The Addressees' confidentiality obligations' in the Terms and Conditions, we hereby agree that you may disclose our Deliverables to your professional advisers in connection with the Purpose without our prior written consent but in each case strictly on the basis that prior to disclosure you inform such parties that (i) disclosure by them is not permitted without our prior written consent, and (ii) we accept no duty of care or assume responsibility to any to any person other than the Addressee.

6 Conflicts of interest and independence

6.1 You agree that we reserve the right to act during and after this engagement for other clients whose interests are or may be competing with or adverse to yours, subject to clause 7 'Confidentiality' of the Terms and Conditions. In the event that we act for other clients whose interests may be adverse to yours we will manage the potential conflict of interest by implementing additional safeguards to preserve confidentiality and objectivity, such as the use of separate teams, physical separation of teams and separate arrangements for storage of and access to information. You agree that the effective implementation of such steps or safeguards will provide adequate measures to reduce the threat to this firm's objectivity to an acceptable level and to avoid the risk of client confidentiality being impaired.

6.2 By agreeing to the terms of this letter of engagement you confirm your understanding of the roles that Grant Thornton is undertaking and you consider that there are no conflicts of interest or independence in relation to these roles. Should a conflict of interest or independence arise then this shall be promptly

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Appendix A - Letter of engagement (continued)

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disclosed to the other party and appropriate safeguards discussed. If it is not possible to put appropriate safeguards in place, either party may terminate this engagement.

7 Our team

7.1 Quality assurance will be provided by [REDACTED] a partner in our London office. Detailed below is the service team we intend to use on this assignment along with their proposed roles. It is our intention to use the same team throughout the course of this assignment however we may supplement or substitute members of our team from time to time as necessary.

Staff Member	Grade	Role
[REDACTED]	Partner	Engagement partner and quality assurance
Director	Review director	
Associate director	Assignment manager and principal point of contact	
Assistant manager	Project support	

8 Fees

8.1 Our fees for providing the Services will be [REDACTED]

8.2 Our fee invoices will be subject to VAT at the appropriate rate and will be payable by the Client.

8.3 Out of pocket expenses, which will include travel expenses, will be added to our fees.

8.4 We draw your attention to clauses 4.1, 14.4 and 14.5 of the Terms and Conditions.

9 Fee assumptions

9.1 Our fees are based on the following assumptions:

- we will have disclosed to us all relevant accounting records and related information and explanations, and the information and explanations we require will be reliable and will be provided to us without undue delay;
- we will receive full co-operation from all relevant personnel at, and other professional advisers to, the Council and MGL;
- we are given appropriate access to all information and people involved in this assignment from the management teams of the Council and MGL we reasonably require in the course of our work;
- we will attend no more than two meetings with the senior management team of the Council to discuss our report; and
- we will not undertake any work that is not specified in paragraph 2 of the Engagement Letter.

If the above assumptions are not met, we reserve the right to charge an additional or further fee for any extra work involved in carrying out the engagement or to compensate us for our staff being inefficiently utilised.

10 Limitation of liability

10.1 We draw your attention to clause 9 'Limitation of liability' in the Terms and Conditions. The limitation of liability referred to in that clause refers to all assignments undertaken by us for you in relation to the Purpose, whether the subject of this Agreement or another engagement letter/agreement.

10.2 The data used in the Services and which will be incorporated into the Deliverables has been provided by the management team of MGL and/or third parties. We will not verify the accuracy or completeness of any such data. There may therefore be errors in such data which could impact on the content of the Deliverables. No warranty or representation as to the accuracy or completeness of any such data or of the content of the Deliverables relating to such data is given nor can any responsibility be accepted for any loss arising therefrom.

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10.3 You are solely responsible for assessing whether the Services and the results of the Services would meet your specific requirements or fulfil a specific purpose, even if such requirements or purpose are specified by you.

10.4 You agree not to bring any claims in respect of the Services, the Deliverables, the data used in the Deliverables and/or this Agreement against any parties other than us.

11 Data Protection

11.1 We may need to Process Personal Data about you and individuals associated with you (such as clients, staff, trustees and others), which could include the following: personal identification and contact details, employment related information or financial data. We will hold the Personal Data as Data Controller. Our privacy notice on our website (www.grantthornton.co.uk/en/privacy) contains further details as to how we may use, process and store Personal Data.

12 Additional terms and condition of engagement

12.1 The additional detailed Terms and Conditions, version: T&C 04-18 apply to the Services as if they were set out in this Engagement Letter and should be read and understood in conjunction with it as they form an important and integral part of the overall terms of our Agreement.

12.2 Please follow this link [T&C 04-18](#) to access the Terms and Conditions. Alternatively refer to the "Terms and conditions" link at the bottom of our website (www.grantthornton.co.uk). A hard copy of our Terms and Conditions is available upon request.

13 Acceptance of terms

13.1 We should be grateful if you would confirm your instructions by signing and returning the enclosed copy of this Letter of Engagement.

Yours faithfully

Grant Thornton UK LLP

GRANT THORNTON UK LLP

I accept the terms of this Agreement for and on behalf of Gloucester City Council:

Signed: Date: 13/11/19.

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Appendix B - Principal sources of information

In conducting our work, we held discussions and/or exchanged correspondence with the following individuals:

MGL

- Jennie Watkins, director of MGL and Chair of the MGL Board (28 June 2019 – present) / Deputy Leader of the Council / Cabinet Member for Communities & Neighbourhoods
- Paul James, director of MGL (4 September 2008 – 28 June 2019, including as the Chair from 2 December 2010 to 28 June 2019) / former Leader of the Council (June 2007 – November 2019) / Cabinet Member for Regeneration & Economy
- Nick Bishop, director of MGL / partner of Pitt Godden & Taylor LLP (PGT)
- Richard Brooks, bookkeeper of MGL and owner of Leonis Accountants
- Ben Hau, Head of Marketing
- Karen Pearson, Events and Operations Manager
- Emily Knight, Head of Business Engagement

The Council

- Jon McGinty, Managing Director
- Anne Brinkhoff, Corporate Director
- Jonathan Lund, Corporate Director
- Jon Topping, Head of Policy and Resources and Section 151 Officer
- Greg Maw, Accountancy Manager
- Hadrian Walters, Accountancy Manager

The Council's advisers

- Melanie Sensicle, director of Melanie Sensicle Consulting Ltd

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Appendix C – Differences between management and audited/draft accounts (profit and loss only)

Summary profit and loss per management accounts

£'000	FY18 Management accounts	FY19 Management accounts
Profit and loss		
Sales	443	199
Cost of sales	(480)	(269)
Gross (loss)/profit	(37)	(70)
Other operating income	280	309
Administrative expenses	(267)	(284)
Operating (loss)/profit	(23)	(45)
Loss on asset disposal	-	-
(Loss)/Profit before tax	(23)	(45)
Tax	-	-
(Loss)/Profit after tax	(23)	(45)
KPIs:		
Gross profit margin/(loss) %	(8)%	(35)%

Summary profit and loss per audited and draft accounts

£'000	FY18 Audited	FY19 Draft audited
Sales	322	467
Cost of sales	(496)	(288)
Gross (loss)/profit	(174)	179
Other operating income	405	52
Administrative expenses	(315)	(297)
Operating (loss)/profit	(84)	(66)
Loss on asset disposal	(14)	-
(Loss)/Profit before tax	(98)	(66)
Tax	-	-
(Loss)/Profit after tax	(98)	(66)
KPIs:		
Gross profit margin/(loss) %	(54)%	38%

Sources: 1. Management accounts (monthly profit and loss accounts) for FY18, FY19 and YTD FY20 (October 2019); 2. FY19 draft statutory audited accounts (with FY18 as comparatives) provided to us on 13 November 2019.

We understand from the bookkeeper that the differences between the management accounts and the audited accounts (shown above) are year-end adjustments (e.g. depreciation, bad debt provision) and audit adjustments / reclassifications made by PGT and the auditor. We have not been provided with any detail of the adjustments nor any explanations for these differences.



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Gloucester City Council

Meeting:	Cabinet	Date: 15 January 2020
Subject:	Public Spaces Protection Orders (PSPOs) Update Report	
Report Of:	Cabinet Member for Communities and Neighbourhoods	
Wards Affected:	All	
Key Decision:	No	Budget/Policy Framework: No
Contact Officer:	Emily Bolland, Gupti Gosine, Community Wellbeing Team Leader, Team Manager	
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Appendices:	None	

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To update Cabinet following the PSPO report which went to Council in 2018 and to update on how Public Spaces Protection Orders (PSPOs) and initiatives to tackle street-based nuisance have been working over the past year.

2.0 Recommendations

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

- (1) ongoing work of PSPOs and Street Aware be endorsed
- (2) proposals contained in this report be endorsed-
 - a. That existing PSPOs as mentioned in paragraph 3.2.1 are next reviewed in 2022
 - b. That any gating-order type PSPOs are reviewed on a three-yearly basis
 - c. That begging continues to be dealt with via the Street Aware partnership initiative rather than be included in a PSPO
 - d. That street trading and entertainment be incorporated in to the City Council's enforcement policy rather than incorporated in to a PSPO which would duplicate existing legislation
- (3) it be endorsed that the Council's 'engage, support, enforce' approach continues as its primary means of dealing with street based nuisance, with PSPOs used as a supporting tool.

3.0 Background and Key Issues

- 3.1 In 2018 a report went to full Council via SMT, Cabinet and Overview and Scrutiny with recommendations for the use of PSPOs across the City. The report also

contained several other recommendations which were based on a thorough consultation with residents and partner agencies, as well as consideration of alternative tools, powers and initiatives already available to the City Council and our partners to tackle issues that were raised during the consultation period.

- 3.2 This report is one of the follow ups from the 2018 report; it was recommended that a review be completed after a year of the proposed PSPOs being in place in order to evaluate the effectiveness of the PSPOs and associated work, and monitor progress. This report will focus on the alcohol related terms of the PSPOs. Updates on all of the recommendations from the 2018 report are listed below:
- 3.2.1 Three PSPOs were approved as part of the 2018 report and the orders came in to effect on 30th November 2018. These are:
- A city wide PSPO with restrictions on dogs (dog fouling, dogs on leads and dogs in children's play parks) and alcohol restrictions which allows for consumption of alcohol in public places but gives provision for authorised officers to take action where alcohol related nuisance needs to be stopped or prevented.
 - A city centre focussed PSPO which contains the same dog restrictions as the wider city order, and in addition creates an alcohol-free zone which bans the consumption of alcohol in public places within the BID area.
 - a PSPO to supersede the old Gating Order at Organs Alley, off of Eastgate Street, which was a hotspot of crime and ASB issues in the city centre.
- 3.2.2 Delegation remains with the Head of Communities in consultation with the Cabinet Member for Communities and Neighbourhoods to approve the implementation of future PSPOs
- 3.2.3 Gating Orders that were in place in various locations across the city have all been reviewed as per the original report's recommendation that this be done by the end of 2019. Recommendations have been made for these to be commuted in to PSPOs in order to prevent any future detrimental impact on the community in those areas.
- 3.2.4 Reviews and updates of the Safe & Attractive Streets Policy and PSPO guidance have taken place. The Safe & Attractive Streets Policy has been incorporated in to the new Community Engagement & Enforcement Policy in order to bring greater consistency across teams and numerous pieces of work.
- 3.2.5 A Memorandum of Understanding is being drawn up for the night time economy to provide consistency between partner agencies who work within the City Centre, and a DaySafe meeting, to mirror NightSafe, has been established.
- 3.3 In addition to the above recommendations that were made in the 2018 report, the City Council's partnership Street Aware initiative continues and was broadened to incorporate street drinking and youth anti-social behaviour elements as well as maintaining its original focus on begging issues in the City. Street Aware continues to be led by Solace, the City's anti-social behaviour (ASB) team and works in partnership with both support and enforcement agencies, continuing with it's

“engage, support, enforce” approach to work with people for long term, sustainable change.

- 3.4 The Street Aware work links closely with the use of Public Spaces Protection Orders, particularly in the city centre. Both are in place to address street-based nuisance and the two workstreams are designed to complement each other.
- 3.5 Solace, the Police and City Safe City Protection Officers are key to the investigation element of Street Aware. Being out in the community on a daily basis means they are able to identify people involved in street based nuisance and engage with them to offer support and, if necessary, proceed towards enforcement action. These three agencies have also been at the front line of ensuring that the alcohol free zone PSPO in the city centre is complied with.
- 3.6 A PSPO puts rules of behaviour on a public place and can apply to all people using that place or specific groups. Enforcement of a PSPO follows a prescribed route and can only be carried out by Council or Police officers, or colleagues who have been granted authorisation by the Council under the ASB, Crime and Policing Act 2014. City Protection Officers are in the process of being authorised for this purpose.
- 3.7 A PSPO is a civil order and breaching it is a criminal offence. However, initially a person seen breaching a PSPO must be given the opportunity to comply with the order and it is only when this request to comply is refused or ignored that an offence is committed and enforcement action can be taken. In the case of alcohol related restrictions, initially the person suspected of breaching the order must be reminded of the terms of the PSPO and offered the chance to comply. The authorised officer can request the person to dispose of the alcohol they have open, or compel them to surrender it. If this is refused, a fixed penalty notice (FPN) can be served.
- 3.8 When first introduced, the city centre alcohol free zone was widely publicised and the Council, Solace and partner agencies focussed on education and awareness around the newly introduced alcohol free zone and the implications of breaching the PSPO. Following on from this, Solace, the Police and City Safe have been informally enforcing the alcohol free zone through removal of alcohol when people are witnessed breaching the order.
- 3.9 The use of fixed penalty notices has not yet been introduced as a means of enforcement for the PSPOs. Feedback from colleagues is that largely the removal of alcohol, or moving people on from the area in which they may be drinking, is working well and has had a large impact on the number of groups of street drinkers seen in the city centre and associated issues such as noise, litter and general ASB that used to be associated with these groups and would impact on users of the city centre.
- 3.10 Colleagues from the Police and City Safe have fed back that the removal of alcohol is frequently used as the means of ensuring compliance with the PSPO in the city centre. This power is used both during the day and night time economies, with differing reasons for both. During the day, the power has been used primarily for street drinkers whereas at night it is often people walking between licensed premises carrying drinks from one to another.

- 3.11 Due to multiple partner agencies enforcing the PSPOs and differing IT systems between them, it has been difficult to collect specific data on how many enforcement actions, and of what type, have been used since the PSPOs were introduced. What is clear, though, is that the education and awareness period at the beginning of the PSPOs had a big impact on the number of street drinkers seen in the city centre and led to a big reduction in incidents. Furthermore, once the removal of alcohol element was introduced, a reduction was seen again. As expected, the biggest impact on street based nuisance issues has been through engagement and more informal interventions rather than enforcement through fixed penalty notices (FPNs) or court action. There is, however, a place for enforcement action and the use of FPNs will be introduced in due course. The use of Injunctions or Criminal Behaviour Orders for those who are persistent offenders impacting on the community is still ongoing as a separate entity to PSPOs, through the Street Aware work led by Solace.
- 3.12 Work has been ongoing since the introduction of the PSPOs to work with Together Gloucester on process redesign to create a system for collection of data on interventions and to allow for the issuing of fixed penalty notices and enforcement actions in relation to the PSPOs. This work is ongoing and will enable data collection, ongoing monitoring and analysis of:
- Number of breaches of PSPOs, including type of breach and where it has occurred
 - Mapping of hotspot areas
 - Offender details and monitoring of repeat offenders
 - Options of referrals for support for people breaching PSPOs
 - The issuing of FPNs, monitoring of payment and further enforcement action if needed
 - Automatically generating FPNs and court statements
 - Comparison of types of intervention e.g. how many times alcohol has been removed compared to how many times it has been necessary to serve an FPN
- 3.13 The process for data collection and monitoring is almost complete and scheduled to be rolled out to Council officers and partner agencies before Christmas for user testing of the system. The additional element which allows for the issuing of FPNs, payments of them and further enforcement action will be added at a later date.
- 3.14 Review of the PSPOs, their effectiveness and associated work has been ongoing over the past year since the orders were introduced. Ongoing updates and feedback from partner agencies and through partnership meetings have provided valuable information to ensure that our multi-agency work can be directed accordingly and ensure the best possible success for the community, including perpetrators who are engaged with and offered support.
- 3.15 Through partnerships such as DaySafe, NightSafe, the Stronger Safer Gloucester Partnership and via ongoing conversations with partners such as the Police, City Safe, P3, the BID and the OPCC, we have gained positive feedback on how the PSPO has been introduced and the impact it has had.
- 3.16 A review survey was sent out to partners in October 2019 requesting their feedback on the PSPOs. This asked whether they felt the orders were effective, whether they had seen a reduction in street drinking, if the PSPOs have supported partners work,

and whether the PSPOs needed amending and the reasons why (e.g. to remove or include certain terms).

- 3.17 Anecdotal feedback from the review told us that partners do think the PSPOs and associated work are effective and supported their work, as well as contributing to a reduction in the number of street drinkers or alcohol related nuisance seen. Partners could not report any negative effects from the PSPO and the only improvement they requested was the ability to serve fixed penalty notices. They also told us that the area covered by the alcohol free zone was sufficient and didn't need amending.
- 3.18 Two issues were suggested by partners for inclusion in the PSPOs. These are detailed below with the Council's proposed response:
- 3.18.1 A request from night time economy partners that begging is included in the PSPO. This is due to issues witnessed on evenings, particularly weekends, along Eastgate Street with a handful of perpetrators impacting on those using the night time economy. Looking into this issue further, it is not proposed that begging be included in to the PSPO for a number of reasons;
- Street Aware is available as an initiative to tackle begging and was not being utilised in the night time economy due to not receiving reports.
 - Businesses were not reporting issues through to Solace, which has now been addressed
 - Begging and the Street Aware approach has been incorporated in to the weekend briefings for door staff and Police teams
 - As mentioned in the 2018 report, there are already tools and powers available to tackle begging, and a PSPO would duplicate these
 - Injunctions and Criminal Behaviour Orders are a more appropriate tool to use for dealing with repeat or persistent perpetrators
 - Serving a fixed penalty notice, which is a financial penalty, to someone who is already begging will only perpetuate the problem
- 3.18.2 A request to include street trading and entertainment in the PSPO in order to regulate busking and peddling in the city centre. As mentioned in the 2018 report, there are already powers in place to deal with street trading. Furthermore, the City Council's new enforcement policy looks to incorporate street based issues such as these. It is recommended that these be included in this policy with their own directed work, rather than included in a PSPO which would duplicate existing legislation.
- 3.19 The City Council has a strong record of partnership working and will continue to implement PSPOs and associated work in partnership so as to achieve community safety outcomes for all and to try and ensure we are providing better opportunities for help for those involved in street based nuisance or in need of support.
- 3.20 We will review our PSPO work on a regular basis and suggest that the PSPOs that are in place now are next subject to a full review in 2022. The PSPOs listed in this report are due to expire in November 2022 and so will need a review before deciding whether to extend, amend or rescind them. It should be noted that a PSPO can be amended at any time during this period if there is an evidenced need for this.

3.21 Further PSPOs may be introduced as and when issues arise and it is recommended that if these are gating order-type PSPOs that they are reviewed towards the end of their 3 year period. It is recommended that, if any other PSPOs are brought in to tackle specific nuisance or ASB that they are monitored for the first year and then reviewed fully towards the end of their 3 year period.

4.0 Social Value Considerations

- 4.1 The social value of the Council's use of PSPOs and the work which goes alongside them has been carefully considered from the beginning. The Council introduced its "engage, support, enforce" Street Aware approach in 2016 and took time to implement this properly before considering the use of PSPOs as an additional tool.
- 4.2 The use of this approach focusses on long term, sustainable change to support those who are involved in street based nuisance or are in need of help in to safer, healthier lifestyles.
- 4.3 The City Council recognises a social responsibility to working in this way to support culture change and lead by example amongst partner agencies in order to co-ordinate better outcomes for the community, including perpetrators which will give them a better chance at achieving sustainable lifestyle changes. Street Aware works in partnership with other initiatives to support efforts to tackle other issues such as rough sleeping, drug and alcohol misuse and crime trends.
- 4.4 The Council and our partners also recognise that the use of enforcement through fixed penalty notices has potential to perpetuate problems that we see in the city. For example, it would not be appropriate to serve a FPN for begging, which would likely see the offender begging more in order to pay the fine. It is preferable to work with the individual to address the reasons for their begging or the root causes for their behaviour and support them with making positive changes.

5.0 Environmental Implications

- 5.1 Our continuing moderate use of PSPOs, with complimentary workstreams such as Street Aware alongside them, offers an improved environment in the City centre in particular. Directed resources target those who persistently cause issues in the appropriate way; through tailored approaches specific to the individual and the issues they are involved in. This is preferable to a blanket approach of heavy enforcement which would impact on far more people and not necessarily bring positive outcomes.

6.0 Alternative Options Considered

- 6.1 Alternative options to the Council's current use of PSPOs and associated work are to consider enforcement as an initial course of action. However, this does not fit in line with the Council's ethos and our adopted "engage, support, enforce" approach.

7.0 Reasons for Recommendations

- 7.1 The recommendations in this report have been made in order to continue the positive work the Council have implemented to deal with street based nuisance over the past several years.

8.0 Future Work and Conclusions

- 8.1 Ongoing work is necessary to finish setting up the new IT system on Firmstep for logging of data and to be able to issue fixed penalty notices as mentioned in paragraph 3.12. This includes associated legal implications as mentioned in section 10.
- 8.2 Future work includes periodical reviews of PSPOs in place across the City
- 8.3 Further PSPOs may need to be implemented as issues arise and where a PSPO is deemed the most suitable option of addressing them.

9.0 Financial Implications

- 9.1 Financial implications in relation to PSPOs are largely absorbed through day to day budgets. However, additional funds may need to be agreed to cover:
 - Consultation costs where a large scale consultation takes place
 - Publicity costs, for example signage for public display
 - The cost of purchasing and erecting gates in areas where PSPOs are implemented to gate off areas

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

10.0 Legal Implications

- 10.1 The Council has legal power to carry out the recommended actions contained in this report. Further work is ongoing with regards to the enforcement of PSPOs, specifically:
 - Authorising partner agency colleagues to carry out enforcement
 - Implementing data collection and sharing protocols around enforcement of PSPOs

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

11.0 Risk & Opportunity Management Implications

- 11.1 Continuing with the Council's already established approach continues the opportunities for us to work with people affected by and involved in street based nuisance to embed sustainable change and ensure widespread awareness of root causes of issues which we can tackle together with partner agencies and the community themselves.
- 11.2 Setting up the shared information system on Firmstep gives the City Council and partner agencies further opportunity to bring greater consistency to the ways we work. It also allows the Council to have greater oversight and monitoring of how Street Aware and PSPOs are working, with the data being available to clearly identify trends and allow for responsive services.

12.0 Equality Impact Assessment (PIA) and Safeguarding

- 12.1 An Equality Impact Assessment screening was completed and did not find any potential or actual negative impact, therefore a full EIA is not required.
- 12.3 Safeguarding matters are considered on a case by case basis by case officer working with those involved in ASB or nuisance behaviour. The overarching Street Aware approach which complements the use of PSPOs highlights safeguarding of individuals as a key consideration.

13.0 Community Safety Implications

- 13.1 The review and associated recommendations contained in this report continue to build upon the Council's community safety work and strengthen our partnership working.

14.0 Staffing & Trade Union Implications

- 14.1 Not applicable

Background Documents: None

Gloucester City Council

Meeting:	Cabinet Council	Date: 15 January 2020 30 January 2020
Subject:	Local Council Tax Support Scheme 2020/21	
Report Of:	Cabinet Member for Performance and Resources	
Wards Affected:	All	
Key Decision:	Yes	Budget/Policy Framework: No
Contact Officer:	Alison Bell, Intelligent Client Officer (Revenues & Benefits)	
	Email: Alison.bell@gloucester.gov.uk	Tel: 396014
Appendices:	1. Proposed Changes to Local Council Tax Support Scheme 2. Consultation Response 3. People Impact Assessment	

FOR GENERAL RELEASE

1.0 Purpose of Report

1.1 To seek approval to amend the Local Council Tax Support Scheme for 2020/21

2.0 Recommendations

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

- (1) the changes recommended to the 2019/20 Local Council Tax Support Scheme for 2020/21 be adopted as the approved scheme for Gloucester City Council
- (2) The scheme approved at 2.1 (1) above be updated to align with any legislation changes in January 2020 and to be implemented from 01 April 2020

2 Council is asked to **RESOLVE** that:

- (1) the changes recommended to the 2019/20 Local Council Tax Support Scheme for 2020/21 be adopted as the approved scheme for Gloucester City Council
- (2) The scheme approved at 2.1 (1) above be updated to align with any legislation changes in January 2020 and to be implemented from 01 April 2020

3.0 Background and Key Issues

Members will be aware that the current Local Council Tax Support (LCTS) scheme was approved and adopted at a meeting of full Council on 25th January 2019.

- 3.1 Council Tax charges are the means by which local residents make a contribution towards the cost of local services.
Prior to April 2013 Council Tax Benefit was administered under a national scheme set by Central Government which allowed eligible local residents to claim up to 100% reduction from their Council Tax bill – subject to legislative and means tested income requirements. The Council were able to receive full funding from the Government to cover all of the Council Tax Benefit awards made.
- 3.2 From April 2013 Council Tax Benefit was abolished and replaced with a Local Council Tax Reduction scheme. Any person who is liable to pay Council Tax can apply for a reduction in their Council Tax under the Local Council Tax Reduction scheme. The scheme is not legislated by Central Government, rather each local authority now has its own scheme. Central Government no longer fully funds this locally administered award, as there was an expectation that Local Authorities would amend their local schemes to fund the shortfall
- 3.3 As the rollout of Universal Credit continues, it makes administrative sense to align Local Council Tax Support to Universal Credit. The traditional link between Housing Benefit (which will no longer be available to new working age claimants) and Local Council Tax Support will not exist anymore, and it is essential the scheme is changed to assist those affected.
- 3.4 A public consultation exercise was undertaken between 09 August 2019 and 22 September 2019. This was promoted locally via the Council website, social media and engagement with local stakeholders such as advice agencies, housing associations and the Department for Work and Pensions
- 3.5 **Pension Age Customers** - It is important to note that those customers who are of a pension age are **NOT** affected as Council Tax support for pensioners was never localised and remains under the jurisdiction of a national scheme
- 3.6 For working age claims there is a complex means-tested assessment involving multiple aspects of the household circumstances including income, capital, residents and relationships. Although the 2020/21 scheme will continue to retain a number of these complex areas, some will be removed making the scheme easier to administer and understand. In addition, it sets out a simplified way of managing claims from people receiving Universal Credit, which all working age households receiving welfare benefit support are migrating to over the next 5 years.
- 3.7 The changes are largely operational administrative matters which will encourage collection and reduce the burden on the service and the customer through reduced billing and providing greater certainty over the level of support offered.
- 3.8 A main criticism of the current scheme for people who are working and claiming Universal Credit is that they are subject to an average of 6 to 7 changes per year each generating a council tax bill. Under the changes proposed it is expected that the number of revisions will be limited to the number experienced under legacy benefits. By limiting changes through the introduction of a tolerance limit this will be

controlled, making recovery action easier and reducing the cost of producing multiple bills.

4.0 Social Value Consideration

- 4.1 Gloucester City Council has a Council Tax discretionary hardship scheme for those City residents who may find themselves in exceptional circumstances. For this purpose, exceptional is defined as 'not typical, entirely unusual, and only likely to happen very infrequently'. A resident would have to demonstrate financial hardship or exceptionally difficult personal circumstances and must also have applied for all other exemptions, discounts and benefits before an award can be considered. Any award made would be for the current financial year's Council Tax only.
- 4.2 The longer-term consideration of this policy is to align Gloucester City Council's Local Council Tax Support scheme to Universal Credit which will make the scheme less onerous to administer, and easier for customers to understand and assist with their budgeting. Full migration of the existing legacy benefit caseload to Universal Credit is not expected to be achieved until 2024.

5.0 Environmental Implications

- 5.1 There are no environmental implications associated with this report

6.0 Alternative Options Considered

- 6.1 The introduction of a minimum 10% payment expectation was considered. This was considered because the direct subsidy for Council Tax Support reduced immediately by 10% in April 2013 and has continued to reduce year on year.

7.0 Reasons for Recommendations

- 7.1 Gloucester City Council have managed to maintain the current scheme broadly mirroring the original fully funded scheme for seven years, to date. The Council are facing a range of financial pressures and need to make changes to reduce the cost of the scheme, make it more efficient to administer and easier for recipients to understand.
- 7.2 As government funding continues to decrease, we also need to strike a balance between a revised scheme that is fair and affordable for those who receive support, and also for all our residents who receive council services. However, we do remain committed to providing support to our residents with low incomes.

8.0 Future Work and Conclusions

- 8.1 January 30th 2020 - meeting of the full Council are asked to resolve that the scheme approved at 2.1 above be updated to align with any legislation changes prior to April 2020 and be implemented from 01 April 2020.

9.0 Financial Implications

- 9.1 A review of the scheme is carried out annually to assess the financial cost of the scheme and to ensure it remains operationally and financially viable, taking into account ongoing changes in legislation and financial requirements. Central Government no longer fully funds this locally administered award, as there was an expectation that Local Authorities would amend their local schemes to fund the shortfall. The funding for the local scheme reduced immediately by 10% of direct subsidy in April 2013. Overall funding has continued to reduce, including the level of admin grant.
- 9.2 For 2020/21 it is proposed to make the changes outlined in Appendix 1 to this report. The changes are predominantly administration related changes however, the ones which will potentially slightly reduce the cost of the scheme to the council are:

- the clarification and simplification of the non-dependant deductions
- the removal of Second Adult Rebate

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

10.0 Legal Implications

- 10.1 The Local Government Finance Act 2012 abolished Council Tax Benefit and instead required each authority to design a scheme specifying the reductions which are to apply to amounts of council tax. The prescribed regulations set out the matters that must be included in such a scheme.
- The Local Council Tax Support 'LCTS' scheme is required under Section 9 of the Local Government Finance Act 2012.
- 10.2 Pensioners (those over state pension age) are protected from any changes, but otherwise the Council has discretion to decide how it wishes to design its scheme to cover any shortfall, in accordance with the prescribed requirements.

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

11.0 Risk & Opportunity Management Implications

- 11.1 Implementation of the minimum payment element of the Council Tax Support scheme has been deferred for another year.
- 11.2 The cost of the scheme and administration lies solely with the billing authority, however any uncollected council tax will be reflected in the collection fund. The council only has a minority stake in this of approximately 11.6%, with the majority of the revenue collected being dispersed to the preceptors; 74% to County Council and 14.4% to the Police and Crime Commissioner respectively.

12.0 People Impact Assessment (PIA) and Safeguarding:

- 12.1 An Equality Impact Assessment was undertaken. There are no groups disadvantaged so a full PIA was not necessary. The Equality Impact assessment is appended to this report at Appendix 3

13.0 Community Safety Implications

13.1 None

14.0 Staffing & Trade Union Implications

14.1 None

Background Documents:

Local Government Finance Act 1972 -

<http://www.legislation.gov.uk/ukpga/1972/70/contents>

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Appendix 1 - Schedule of Proposals for Changes to the LCTS Scheme

Proposal	Change to the Existing Scheme	Revision to existing wording of the scheme	Number of Households Affected	Impact of Changes
1.	To revise the scheme to limit the circumstances when a change in household circumstances will cause the level of the LCTS scheme to be changed. Specifically limiting changes to households in receipt of Universal Credit where the amount changes by £60 or less per month LCTS is not altered	<p>To introduce wording into the scheme to define a relevant change of circumstances for Universal Credit claims which will limit the circumstance when a new assessment of LCTS will be revised to the following circumstances;</p> <ul style="list-style-type: none"> • There is a change in the UC award of more than £60 or; • There is a move in or out of employment or; • There is a change to the household membership or; • There is a change to the council tax liability 	All LCTS working age households by the end of full UC roll-out	<ul style="list-style-type: none"> • 30 – 50% reduction in the average number of change in circumstances for people in receipt of UC • Limit the number of council tax bills produced annually • Allow recovery action to follow existing automated process in most circumstances
2.	To allow new awards of LCTS to be made using information provided to the council by the Department for Work and Pensions without the need to complete a further form where no additional information is required	To add clarification that electronic information received from the DWP in relation to an award of Universal Credit may be treated as new claim for the purposes of determining an award for LCTS	All LCTS working age households by the end of full UC roll-out	<ul style="list-style-type: none"> • All households who indicate that they wish to apply for LCTS when they claim UC and have information passed to the authority will become eligible for an assessment of entitlement to be made increasing take-up of the scheme

3.	To set the start date of any LCTS award in line with the award date of Universal Credit	To provide clarification under the commencement of the award section to confirm that following a new claim for LCTS the start of the award of LCTS will be the same as the start date of the award of UC or the date liability commenced, whichever is the latter	All LCTS working age households by the end of full UC roll-out	<ul style="list-style-type: none"> • This will negate the requirement for backdating decisions, reduce administration and ensure awards are granted to households whose financial circumstances identify help is required
4.	To treat anyone with a UC assessment under UC rules for calculating any entitlement to LCTS and not move households between different elements of the working age scheme	To change the wording which defines the calculation of the applicable amount and calculation of income and capital for someone who has an "award of Universal Credit" to read "a current assessment of Universal Credit" which removes the conditionality for UC to be in payment to allowing the authority to use DWP verified information	All LCTS working age households by the end of full UC roll-out	<ul style="list-style-type: none"> • Will treat everyone who has claimed UC under the same rules for calculating entitlement • Will remove circumstances where people move between different elements of the scheme and are required to provide multiple forms of evidence when UC is not awarded
5.	To allow the council to substitute its own information for DWP assessed income and capital where it has evidence the wrong information has been used where doing so would prevent a higher level of LCTS to be awarded than would otherwise be the case	To add conditionality within the section on calculation income and capital for people with an assessment of UC that the council may substitute its own figures where there is information and evidence which shows the figures determined by the DWP are incorrect and would lead to a higher award of LCTS than they would otherwise be entitled to.	All LCTS working age households by the end of full UC roll-out	<ul style="list-style-type: none"> • Prevention of fraud and error

6.	<p>To change the definition of a non-dependant person to include all adults in the property, for households who are claiming LCTS with an assessment of Universal Credit</p>	<p>To remove the condition of a person residing in the property on a commercial basis i.e. as a boarder or lodger for the purposes of identifying a non-dependant, where the household's claim for LCTS is based on them having an assessment of UC</p> <p>This will have the effect of making any adult living in the property who is not liable to pay council tax in their own right part of the LCTS calculation and subject to a contribution to the household liability to pay for local services</p>	<p>Currently fewer than 10 claims</p>	<ul style="list-style-type: none"> • This will negate the impact of poor quality data share from the DWP and the exclusion of boarder income in the assessment of UC • Supporting the principle that all resident adults with a relevant source of income should contribute
7.	<p>To remove the 16 hour condition before a non-dependant change becomes applicable</p>	<p>Exclude the definition of remunerative work for non-dependants within the working age scheme</p>	<p>Less than 50 claims identified</p>	<ul style="list-style-type: none"> • Ensure that deductions are based on affordability • Negate poor quality data share from the DWP which leads to additional customer contact and processing delays
8.	<p>To apply a revised set of non-dependant changes where the non-dependant is working</p>	<p>To replace the existing non-dependant deduction table with a revised schedule for working age claimants reducing the current number of bands from four to two</p> <p>£6 where weekly income is any amount below £360.10 per week</p> <p>£12.20 if income is £360.10 per week or more</p>	<p>Approximately 250 households identified</p>	<ul style="list-style-type: none"> • Reduction in instances where non-dep deductions fluctuate and create a new bill to be calculated • Mixture of households being better / worse off by a maximum of £2.10 per week • Estimated saving from the scheme of c£35k

		<p>These banding figures for income levels and level of deduction are subject to revision when prescribed requirements are provided by the government</p> <p>Insertion of conditionality that the figures will be revised each year in accordance with methodology used by the DWP to change non-dependant deductions used in the Housing Benefit Scheme</p>		
9.	To remove Second Adult Rebate from the Working Age Scheme	To add an exclusion to the eligibility criteria for the Second Adult Rebate scheme where the tax payers are of working age	Approximately 80 claims currently	<ul style="list-style-type: none"> • Reduction in administration costs • Saving to the scheme of c£25k
10.	Withdraw extended payments from the scheme	To remove extended payment periods from the scheme. Payments of Council Tax Support are made for a period of four weeks at a higher rate for households who meet specific qualifying criteria which is complex to identify and administer. It should also be noted that extended payments are not means tested or based on a household's ability to afford their council Tax liability.		<ul style="list-style-type: none"> • Reduction in administration costs

Appendix 2 - Summary of responses from key stakeholders and preceptors

Question	Law Centre	Labour Group	County	GCC Comment
Do you think the council should use information passed to it by the DWP to determine awards of LCTS without the requirement for a separate claim form to be completed where the communication from the DWP contains all of the required information to determine whether an award should be made?	Agree with proposal	Agree with proposal	Agree with proposal	
Do you agree that the same applicable amount should be used in the assessment of LCTS whenever a household has had a determination of a claim for Universal Credit?	Agree with proposal	We think this is probably acceptable	Agree with proposal	

<p>Do you agree the council should not use data provided by the DWP in the assessment of LCTS where evidence is held which indicates that information is incorrect or there is a suspicion of fraudulent activity?</p>	<p>Agree with this proposal</p>	<p>We are not sure about this. Certainly, any decision to follow this procedure should be made as transparent as possible and residents affected have a clear explanation as to what has happened and why, and given the opportunity to respond and query the evidence relied on</p>	<p>Agree with proposal</p>	
<p>Do you agree that all non-dependant adults should be considered as part of the household for purposes of calculating a non-dependant deduction?</p>	<p>Unsure. Fear that households will be disadvantaged by this change</p>	<p>We would need further information on the effect of this proposal as it is unclear to us what the effect might be</p>	<p>Agree with proposal</p>	<p>The level of deduction would equate to approximately one-seventh of the rent charge for a single room in a shared property Households letting rooms in their own homes would continue to be better off from doing so and have incomes above the minimum income</p>

Do you agree that the level of non-dependant deduction applied should be calculated on the level of earnings and not be affected by the number of hours worked for working age LCTS claims?	Agree that level of deductions should be based on the wages received not the hours worked	Agree with proposal	Agree with proposal	
Do you agree that the level of non-dependant deduction should be changed to the amounts in the table above?	No believe they should remain the same. This view is based on the inability of some householders to collect the money from the non-dependant	We have concerns about this and would like further explanation and examples, as it will obviously make some residents worse off than they are now	Agree with proposal to simplify the scheme	This proposal has been amended in line with consultation comments
Do you agree that Second Adult Rebate should be removed from the scheme?	Unsure. Some households do rely on this support	Yes probably – it doesn't seem that this is widely used	Agree with proposal	If the liable tax payer receives a low income they will be eligible for support through the LCTS scheme.
Do you agree that Extended Payment Periods should be removed from the scheme?	Agree with proposal	Agree with proposal	Agree with proposal	

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Appendix 3 ~ Equality Impact Assessment Template

For help in completing this assessment see the guidance notes attached to these forms

DIRECTORATE: Policy & Resources	Service: Finance
ACCOUNTABLE OFFICER: Alison Bell	Telephone & e-mail: 01452 396014 Alison.bell@gloucester.gov.uk
DATE OF ASSESSMENT: 08.11.2019	WHO WAS INVOLVED IN COMPLETING THIS ASSESSMENT? Alison Bell
NAME OF SERVICE/FUNCTION/POLICY/STRATEGY OR PROCESS: Local Council Tax Support Scheme	
IS THIS NEW OR EXISTING? Existing but changes proposed, hence this EQIA	
WHY HAS THIS CHANGE BEEN PROPOSED? Amendments to the scheme are proposed	

Part 1 – Screening

1.1 Please provide an Executive Summary of this service/function/policy/strategy or process, including the reasons behind the proposed change and who will deliver this service. Remember to demonstrate how you have shown due regard to both negative and positive aspects, for example:

Negative

- Discrimination, harassment, victimisation and any other prohibited conduct (state how you will eliminate this)
- Prejudice and lack of understanding (how will you foster good relations between people to tackle prejudice and promote good understanding?)
- Which protected characteristics could be negatively affected by this change? Use the table in question 2 to explain these fully

Positive

- Who is to benefit from this change, and what positive opportunities does this offer to Gloucester (residents, GCC and partner agencies)
- Advance equality of opportunity: (remove or minimise disadvantage; meet people's needs; take account of disabilities; encourage participation in public life). (Does not apply to marriage and civil partnership or pregnancy and maternity)
- How might ABCD approaches be implemented?

Prior to April 2013, Council Tax Benefit was administered under a national scheme set by, and fully funded by, Central Government. From April 2013 each local authority has been responsible for setting its own Local Council Tax Reduction scheme – also known as Council Tax Support (CTS). The scheme is no longer funded from Central Government and year on year the funding has reduced. Data shows that only 37 out of 326 local authorities still provide the same level of support which was available under the national scheme. The most common change to the schemes nationally has been the introduction of a minimum payment – which requires all local residents to pay at least some council tax regardless of their income. In the 2017/18 financial year 264 councils expected a minimum payment to be made. To date, Gloucester City Council has not significantly amended its Council Tax Support scheme, however, the long term financial sustainability of the current scheme is questionable.

It is proposed that Gloucester City Council should amend its scheme from the 2020/21 year, to incorporate administrative changes only and make the scheme simpler for our customers to understand and budget.

Those of pension age remain unaffected by any of the proposed changes as Council Tax Support for pensioners was never localised and remains part of a national scheme.

The current Council Tax scheme is means tested and support is awarded dependant upon an individuals' personal, financial and household circumstances.

1.2 Which groups could be affected by this change, in either a negative or positive way? Please include the evidence (i.e. consultation/research) as to how you reached this decision.
(Positive – it could benefit, Negative – it could disadvantage, Neutral – neither positive nor negative impact or Not sure?)

'Protected Characteristic'	Type of impact (Positive, Negative or Neutral)	Reason	Evidence base for decision
Age	N/A		Government scheme has provided protection to this group
Disability	N/A		
Gender	N/A		
Marriage and Civil Partnerships	N/A		
Pregnancy and Maternity	N/A		
Race (including Gypsy & Traveller)	N/A		
Religion/Belief	N/A		
Sexual Orientation	N/A		
Transgender	N/A		
Community Cohesion	N/A		
Other Socio-economic Groups (e.g. Single Parents)	N/A		
Any Human Rights implications?	Neutral	There are no HR implications / no impact as a result of this report	

1.3 Is any part of this policy/service to be carried out wholly or partly by contractors?

If yes, please consider equalities impact through procurement.

Yes No

1.4 Is a Full People Impact Assessment required? If you have identified any potential or actual negative impact you will need to complete a Full People Impact Assessment (Part 2 below)

Yes No Date it is to be completed:

I AM SATISFIED A FULL PEOPLE IMPACT ASSESSMENT IS NOT REQUIRED

Author of People Impact Assessment to complete:	
Assessment completed by: Role: Intelligent Client Officer (Revs & Bens)	Date: 08/11/2019
Service Manager/ Director to Complete	
Countersigned by: Role:	Date:
Date Reviewed at SMT or other meeting (please state)	
Date:	
Cabinet Member to complete:	
Signature: Post:	Date:

Attach this EIA to the relevant SMT, Cabinet or Council report. Please keep a signed copy with your team for auditing purposes and forward an electronic copy to Emily Bolland, Community Wellbeing, so that it can be archived and published, where required.

Gloucester City Council

Meeting:	Cabinet	Date: 15 January 2020
Subject:	Disposal of Herbert, Kimberley and Phillpotts Warehouses	
Report Of:	Cabinet Member for Regeneration and Economy	
Wards Affected:	Westgate	
Key Decision:	Yes	Budget/Policy Framework: No
Contact Officer:	Mark Foyn, Property Commissioning Manager Tel 396271 Mark.Foyn@gloucester.gov.uk	
Appendices:	None	

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 The purpose of the report is to update Cabinet on the progress of the disposal of this key interest and to authorise continued negotiations.

2.0 Recommendations

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

- (1) the actions taken to date be noted
- (2) the Property Commissioning Manager be authorised to continue negotiations with the interested parties and, in consultation with the Cabinet Member for Regeneration and Economy and the S151 Officer, to accept an offer of an assignment of the existing leases or the grant of a new lease, which in the opinion of external advisers represents best consideration provided that:
 - a. The consideration shall be payable in full upon the assignment or grant of new lease; and
 - b. The transaction shall be an outright assignment or grant of lease at arms' length, without any obligation for a continuing relationship with the Council other than as landlord

3.0 Background

- 3.1 Cabinet will recall that agents were instructed in February 2019 to market the three leasehold interests that the Council holds in Herbert, Kimberley and Phillpotts Warehouses
- 3.2 Following a marketing campaign where initial expressions of interest were received from 50 parties, more detailed offers were invited by 26th September 2019. Five such responses were received from potential purchasers for a variety of uses and on differing terms and subject to different conditions.
- 3.3 Two of the offers were less attractive as they were for uses where it is extremely unlikely that planning consent could be obtained and in consultation with the Cabinet Member for Regeneration and Economy, we have informed these parties that we are unable to take their offer's forward at this time. The remaining three

offers are all from developers looking to create a hotel in all or part of the accommodation.

- 3.4 All three offers were subject to planning approval and would require a variation to the user clause in the Council's leases to allow a hotel use. Officers are in discussion with the Council's Landlord, the Canal and River Trust, over these changes and have reached agreement subject to final contractual details. These negotiations have been based on a quid pro quo arrangement as the outline agreement involves releasing rights the Council has over Canal and River Trust retained land elsewhere in the Docks
- 3.5 We have now considered these three offers in more detail and in consultation with the Cabinet Member for Regeneration and Economy, have identified a preferred bidder. We have informed the other two bidders that we are seeking agreement with another party but have retained the right to return to them if negotiations fail.

4.0 Social Value Considerations

- 4.1 It is not possible to involve the community in this transaction at this stage, but any future development will provide employment opportunities.

5.0 Alternative Options Considered

- 5.1 The site is under used and bringing the buildings into a full use that will contribute to the local economy is seen as important to the regeneration of this area of the city. It will also strengthen the link between the docks and the city centre. Unless we take advantage of the opportunities they may be lost. There is demand for quality hotel beds in Gloucester and this will contribute to the local economy. The site could be converted for residential use, which would be attractive to developers, but it is contrary to planning policy and the change of use would be refused while alternative employment led uses are viable.
- 5.2 We have marketed the site fully without specifying the exact form of disposal, we have considered a JV arrangement, but this was discounted later in the marketing process and our legal advice is that we cannot enter into such an arrangement with the preferred bidder.

6.0 Future Work and Conclusions

- 6.1 Officers will carry out the following work:

- (i) Seek to agree the best terms for the Council.
- (ii) Document agreement with Canal and River Trust for the changes to the lease required for a hotel development
- (iii) Instruct Lawyers to deal with the disposal should agreement be reached

7.0 Financial Implications

- 7.1 The release of Capital formed part of the rational for the move of City Council Staff from the Docks to Shire Hall it is therefore important to achieve the disposal to realise the full benefits from the relocation.

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

8.0 Legal Implications

- 8.1 The Council has a statutory obligation to secure the best consideration reasonably obtainable when disposing of a freehold interest in land, unless the (general or specific) consent of the Secretary of State is obtained to the disposal at an undervalue.

(One Legal have been consulted in the preparation this update)

9.0 Risk & Opportunity Management Implications

- 9.1 This is a complex property transaction which will be subject to further negotiations and dependencies (Landlord's consent, planning etc), it is possible that we will not be able to agree terms with the preferred bidder. However, we have not closed off the possibility of a disposal with the other 2 parties so we do have some potential resilience for the delivery of a disposal of the Council's interest.

10.0 People Impact Assessment (PIA):

- 10.1 At present, there are no adverse impacts identified for any of the Protected Characteristic groups; The applications for planning consent will ensure that due consideration is given to these groups as part of any redevelopment scheme.

11.0 Other Corporate Implications

Community Safety

- 11.1 No real impacts. If sold and building works commence with regards the public realm works, contracts will be let and managed in accordance with the required safety requirements.

Sustainability

- 11.2 No adverse implications.

Staffing & Trade Union

- 11.3 There are no implications.

Background Documents: None

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Agenda Item 15

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of the Local Government Act 1972.

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