



CABINET

MEETING : Wednesday, 7th December 2016

PRESENT : Cllrs. James (Chair), Watkins, Noakes, D. Norman, Organ and Cook

Others in Attendance

Jon McGinty, Managing Director

Jonathan Lund, Corporate Director

Anne Brinkhoff, Corporate Director

Anthony Hodge, Regeneration and Economic Development,

Andrew Cummings, Management Accountant e

Shirin Wotherspoon, Solicitor

Atika Tarajiya, Democratic and Electoral Services Officer

45. DECLARATIONS OF INTEREST

Councillor James, (Leader of the Council and Cabinet Member for Regeneration and Economy) declared an interest in agenda item 11 Bakers Quay as an employee of Naylor Powell, who were potentially one of the selling agents for residential development contained within the site. He explained that his role within the organisation was not linked to this area of the business and that having taken advice from the Council Solicitor; he would take part in the debate and vote on this item.

46. MINUTES

RESOLVED:

The minutes of the meeting held on 9th November 2016 be confirmed as a correct record and signed by the Chair.

47. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

48. PETITIONS AND DEPUTATIONS (15 MINUTES)

There were no petitions or deputations.

49. FINANCIAL MONITORING QUARTER 2 REPORT

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The Chair agreed to revise the order of the agenda so a progress update could be provided ahead of budget proposals for the forthcoming financial year.

Cabinet considered the report Cabinet Member for Performance and Resources (Councillor Norman) which outlined year-end forecasts and progress made against agreed savings targets for the 2nd quarter ended 30th September 2016.

Councillor Norman highlighted key areas of the report noting that the Council was in a better position than at the end of quarter 1, thanking officers within the finance team for their hard work and efforts. He acknowledged that the Culture and Leisure and Environment portfolio continued to present challenges but welcomed the additional projects that were currently underway within the Environment portfolio which were expected to generate income.

Councillor Noakes (Cabinet Member for Culture and Leisure) expressed her frustration over the expected £228k overspend within her portfolio commenting that further action would be required to combat this. She reported that the Museums service, which continued to face significant challenges, had recently undergone a review and that the final report, due in early 2017 would include recommendations on the future of the service.

Referring to the expected overspends within the Guildhall and Tourist Information Centre (TIC) services, Councillor Noakes reported that both service leads had been unable to dedicate as much time to their service areas, having been involved in the Together Gloucester project over the previous three months and this had led to a subsequent impact on performance. She expected an improvement in the financial position of the Guildhall, following the successful implementation of the Top Ticks system.

Councillor Watkins expressed disappointment that the transfer of the Shopmobility service to the voluntary and community sector had failed to materialise and that the service continued to remain in house. She reported that modest savings as a result of efficiencies had been made and that the future of the service would be determined as part of the wider transformation programme of the organisation. She concluded by reporting that the Council were looking into new and innovative ways of partnership working with the voluntary and community sector, with a further detailed report coming forward to Cabinet and Overview and Scrutiny Committee next year.

Councillor James commented that the market service continued to present challenges within his portfolio, though analysis of recent trends had demonstrated an increase in occupancy rates. He reported that the regeneration and economy portfolio continued to be bolstered by income resulting from strong parking enforcement and savings from senior management vacancies.

RESOLVED:

1. The savings achieved in year to date total £366k with a further £363k in progress.

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2. The forecast year end position is currently for a reduction to the Council's General Fund balance of £132k, an improvement of £125k since Quarter 1.
3. The deficit position includes a proposed transfer to the Business Rates Reserve of £100k
4. The actual and expected levels of income for the Council shown at Appendix 3.
5. The details of specific budgetary issues identified by officers and the actions being taken to address those issues
6. The current level of Capital expenditure as shown on Appendix 2.

50. RISK BASED VERIFICATION POLICY REVIEW

Cabinet considered the report of the Cabinet Member for Performance and Resources concerning the review of the Risk Based Verification Policy in determining evidence requirements for the assessment of new Housing Benefit and Council Tax Support claims.

Councillor Norman summarised key areas of the report, noting that the policy complied with recommendations put forward by the Department of Work and Pensions.

RESOLVED

1. The reviewed Risk Based Verification Policy for verifying Housing Benefit and Council Tax Support claims as outlined in Appendix 1 be approved.
2. Implementation of the Risk Based Verification Policy in March 2014 by the Cabinet Member for Performance and Resources under delegated powers be noted.

51. LOCAL COUNCIL TAX SUPPORT

Cabinet considered the report of the Cabinet Member for Performance and Resources which concerned the requirement to review the Local Council Tax Support scheme (LCTS) 3 years after the Act taking effect and its impact locally, following the consultation results.

Councillor Norman outlined key areas of the report drawing members' attention to paragraph 3.6 of the covering report. He advised that in the current challenging financial climate, the Council could not continue to sustain the level of funding as it had previously. He stated that a number of different options had been explored and similar proposals were also being considered by a number of local authorities. He explained that whilst the pensioners were protected from any changes in levels of funding the Council had discretion on the design of the scheme to cover any shortfall.

Cabinet Members welcomed the proposals, noting that the approach was prudent in light of the challenging financial pressures.

RESOLVED TO RECOMMEND TO COUNCIL

1. The current Local Council Tax Support scheme be reviewed and considered to be brought in line with recent welfare reforms and changes to Housing Benefit legislation. **(Appendix 1 and 2).**
2. That the recommendations relating to limiting the support for families to two children for new claims and births after 1st April 2017, (mirroring the changes to Tax Credits) so that any subsequent children born after April 2017 will not be eligible for further support, be adopted into the Local Council Tax Support scheme from 1st April 2017. This is alongside changes to Housing Benefit legislation.

52. TREASURY MANAGEMENT UPDATE QUARTER 1 REPORT 2016/17

Cabinet considered the report of the Cabinet Member for Performance and Resources which outlined treasury management activities for the period 1 (April 2016 to 20 September 2016).

Councillor Norman summarised key areas of the report noting that the City Council had not undertaken any long term borrowing within the period, noting the market instability following the EU referendum in June 2016.

RESOLVED:

That the contents of the report be noted

53. DRAFT BUDGET PROPOSALS (INCLUDING MONEY PLAN AND CAPITAL PROGRAMME)

Cabinet considered the report of the Cabinet Member for Performance and Resources which reviewed the Council's Money Plan 2016-21 and Budget Proposals 2017/18. Councillor James reported that an error in the report title had been realised and that the report related to the budget proposals for 2017-2018 and not 2016/17.

Councillor Norman explained that the Council continued to face a challenging economic environment and continued uncertainties on the level on funding provided by Central Government. He reported that the Council had agreed on 4 year settlement plan, which he hoped would provide some additional certainty noting that the 100% business rates retention proposals and the increase in council tax by £5 a year would help to increase the Council's funds. He advised that the Council aimed to maintain a general fund balance of at least 10% of the overall budget.

Councillor Norman reported that the Together Gloucester team had been tasked with developing a transformation programme for the Council aimed at saving £1 million pound. He explained that the team had come together for three days a week over a three month period to develop the proposals. He thanked the team for their hard and effort, recognising that the process would be painful for some individuals

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but acknowledging that the Council needed to continually evolve and change to remain viable.

Councillor Norman encouraged residents to participate in the budget consultation, noting that consultation would have normally begun earlier but had been delayed to accommodate for the transformation project.

Councillor Noakes highlighted the proposed £100,000 reduction in the Marketing Gloucester grant (MGL), commenting that the Aspire grant would remain the same. She welcomed the Council's continued collaboration with MGL to continue to deliver an exciting programme of events for the City.

Councillor Watkins welcomed the proposals noting that the Council continued to have to make difficult decisions. Referring to her portfolio, she advised that grant funding to the voluntary and community sector groups (VCS) would be reviewed to ensure that the Council spent public money wisely and where most required and would require both parties to work differently. She concluded by reporting that alternative opportunities to support the VCS groups were currently being explored.

Councillor Cook referencing his portfolio, advised that the additional income would be generated through an increase in garden waste charges and a considerable increase in the value of recycle material, which he hoped in future would generate a profit for the Council.

Cabinet Members stressed the importance of these proposals to ensure the Council remained viable. They thanked officers and the Together Gloucester team for all their work in developing the proposals, reporting that the Council would continue to continue to respond to changes from Central Government.

RESOLVED:

1. That the assumptions contained in the Council's draft Money Plan from 2017/18 to 2021/22 and revisions to the draft revenue budget be approved.
2. That 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.

54. BAKERS QUAY

Cabinet considered the Cabinet Member for Regeneration and Economy which sought approval for Gloucester City Council to make available to Rokeby Merchant a regeneration enabling loan to assist with the delivery of the Bakers Quay scheme.

Councillor James explained that the Homes and Community Agency had aided in acquisition of the site, noting that there was a requirement to the developer to report on progress regularly. He stated that supporting the scheme through the regeneration fund would prevent any unnecessary delays and allow work on the site to start as soon as possible. He acknowledged that the site had been derelict for long period of time and welcomed the significant investment that the proposals would generate for the City. He concluded by reporting that the due diligence on the

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proposal had been undertaken, noting that a number of development proposals for the surrounding areas had been granted planning permission.

The Head of Regeneration and Economy reported that the JLL (Jones Lang Lasalle) had been commissioned to undertake due diligence and comment on the security viability against the loan. He reported that they had evaluated the risk and considered the proposals viable but had suggested further due diligence be undertaken before proceeding forward. He stated that the Council had commissioned Trowers and Hamlins to undertake this further due diligence work, noting that an extensive legal agreement with Rokeby Merchant already existed, which required them to provide regular project updates and monitoring reports. He advised that the funds would only be released to the developer on the achievement on key milestones, as outlined in the report. He acknowledged that the proposals contained some risk, as identified by JLL, but stressed the importance of delivering a successful development to aid market confidence and deliver positive outcomes for residents of the City.

In response to Councillor Cook's query regarding timing of payment of the loan, The Head of Regeneration and Economy advised that responding to the query would result in the disclosure of commercially sensitive information and suggested a written response would be provided.

Councillor Norman reported that following the work undertaken on due diligence some of his earlier reservations has been addressed. He welcomed the staggered payments and questioned whether the developer would continue to look for private funding if the Council chose to provide the funding.

The Managing Director advised that as the Council were offering the loan at market rate, the developer was unlikely to get another advantageous loan at this rate and were therefore unlikely to look for further funding.

Cabinet Members welcomed the proposals, accepting that that whilst there was some risk attached to the proposals, a successful development would attract further investment to the City and contribute to tourism and retail offer.

RESOLVED:

1. A regeneration enabling loan facility, as detailed in the confidential appendix, that is compliant with Market Economy Investor Principles, be made available through the Regeneration Reserve to Rokeby Merchant for the purposes of contributing towards the delivery of Phase 1 of the Bakers Quay scheme, repayable no later than 24 months after the final payment.
2. Payments to the developer be made on a staged basis to reflect private sector investment and activity on the ground.
3. The Head of Finance, in consultation with the Head of Regeneration and Economy and the Cabinet Member for Regeneration & Economy, be delegated authority to agree final loan terms with Rokeby Merchant, along the lines set out

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in the confidential appendix, and subject to his satisfaction that all necessary due diligence to minimise risk to the Council's investment has been completed.

**Time of commencement: 6.00 pm
Time of conclusion: 6.45 pm**

Chair