

Cheltenham Borough Council Cabinet

Meeting date: Tuesday, 5 December 2023

Meeting time: 6.00 pm

Meeting venue: Council Chamber - Municipal Offices

Membership:

Councillors Rowena Hay, Peter Jeffries, Victoria Atherstone, Flo Clucas, Mike Collins, Iain Dobie, Martin Horwood, Alisha Lewis and Max Wilkinson

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SECTION 1 : PROCEDURAL MATTERS

1 Apologies

2 Declarations of interest

3 Minutes of the last meeting (Pages 5 - 14)

To approve the draft minutes of the meeting held on 07 November 2023.

4 Public and Member Questions and Petitions

Questions must be received no later than 12 noon on the seventh working day before the date of the meeting

SECTION 2 :THE COUNCIL

There are no matters referred to the Cabinet by the Council on this occasion

SECTION 3 : OVERVIEW AND SCRUTINY COMMITTEE

There are no matters referred to the Cabinet by the Overview and Scrutiny Committee on this occasion

SECTION 4 : OTHER COMMITTEES

There are no matters referred to the Cabinet by other Committees on this occasion

SECTION 5 : REPORTS FROM CABINET MEMBERS AND/OR OFFICERS

5 Treasury Mid-term Report, 2023-24 (Pages 15 - 28)

Report of Cabinet Member for Finance and Assets, Councillor Peter Jeffries

6 Garden Waste Charges - ITEM WITHDRAWN

Report of Cabinet Member for Waste, Recycling and Street Services, Councillor Iain Dobie

7 Corporate Risk Register (Pages 29 - 64)

Report of the Leader, Councillor Rowena Hay

8 Award of rent support grant to voluntary sector organisations (Pages 65 - 84)

Report of Cabinet Member for Finance and Assets, Councillor Peter Jeffries

9 Budget Monitoring Report, Q2 2023-24 (Pages 85 - 100)

Report of Cabinet Member for Finance and Assets, Councillor Peter Jeffries

SECTION 6 : BRIEFING SESSION

- Leader and Cabinet Members

10 Briefing from Cabinet Members

SECTION 7 : DECISIONS OF CABINET MEMBERS

Member decisions taken since the last Cabinet meeting

**SECTION 8 : ANY OTHER ITEM(S) THAT THE LEADER
DETERMINES TO BE URGENT AND REQUIRES A DECISION**

Section 10: BRIEFING NOTES

Briefing notes are circulated for information with the Cabinet papers but are not on the agenda

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Cheltenham Borough Council

Cabinet

Minutes

Meeting date: 7 November 2023

Meeting time: 6.00 pm - 6.40 pm

In attendance:

Councillors:

Rowena Hay, Peter Jeffries, Victoria Atherstone, Flo Clucas, Mike Collins, Iain Dobie, Martin Horwood and Alisha Lewis

Also in attendance:

Claire Hughes (Corporate Director and Monitoring Officer), Paul Jones (Executive Director of Finance, Assets and Regeneration), Ann Wolstencroft (Head of Performance, Projects & Risk), Emma Cathcart (Head of Service, Counter Fraud and Enforcement Unit) and Sanjay Mistry (Head of Commercial and Income Generation)

1 Apologies

Apologies were received from Councillor Wilkinson.

2 Declarations of interest

There were none.

3 Minutes of last meeting

The minutes of the meetings held on:

- 28 September 2023
- 17 October 2023

were approved as true records and signed accordingly.

4 Public and Member Questions and Petitions

There were no Member questions or petitions. Two public questions had been received, as follows. The questions and written responses were taken as read.

i. Question from Mr Steven Thomas to Cabinet Member for Climate Emergency, Councillor Alisha Lewis

As a Cheltenham resident I am very concerned about the effects of geo-engineering on the wildlife, soils, water and air pollution levels in Cheltenham.

It seems that this has not been considered in any of your documents about mitigating climate change.

It is my opinion that geo-engineering is the single biggest cause of man-made climate change and far exceeds any other contributory factors.

I have provided scientific evidence of this, alongside hundreds of weather modification patents.

<https://climateviewer.com/2014/03/24/geoengineering-weather-modification-patents/>

<https://www.geoengineeringwatch.org/>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/883115/geoengineering-position-statement.pdf

Can you please advise if any steps are being taken by the council to mitigate the effects of geo-engineering in Cheltenham and whether it will be properly taken into account in your climate policies?

Cabinet Member response

Cheltenham Borough Council has a stated aspiration to mitigate the effects of climate change, regardless of cause, to reach net zero emissions by 2030 at a local level, supported by the climate Emergency Action Plan. Wider causal global macro environmental factors fall beyond our realistic scope.

Geo-engineering describes a set of technologies which encompass both Greenhouse Gas Removal and Solar Radiation Management which are designed to remove rather than increase greenhouse gas emissions, as per the government document you provided as an attachment above.

Our pathway does not specifically refer to either greenhouse gas removal technologies or solar radiation management. Our priority is to address greenhouse gas emissions at a local level, with particular focus on the council's carbon emissions. Solar radiation management would not be considered, given these technologies require very large-scale intervention. The only greenhouse gas removal

technologies we would likely implement, at our level, would be tree planting or other localised nature-based solutions.

Supplementary question

Governments around the world are facilitating deliberate stratospheric aerosol injections that are destroying lifestyles and eco-systems. Carbon dioxide is essential for life and does not cause climate change. Why not come clean about the real cause of man-made climate change instead of blaming it on peoples' cars?

Cabinet Member response:

If you provide evidence for the claims you are making, I will respond in writing.

ii. Question from Mr Steven Thomas to Cabinet Member for Cyber, Regeneration and Commercial Income, Councillor Mike Collins

I am very concerned about the transparency and openness of the Golden Valley development. Of particular note is the lack of consultation with the public. Supposedly a consultation was carried out at the Gloscol Campus and a visit to the centre on a wet winter's day. Assuming that you are not a resident at the Gloscol Campus or were not in the town centre in January, then you would not have known about eh Golden Valley Development or had an opportunity to give you opinion.

I only know about the development because I have started taking an interest in the council's business but I would say that the large majority of Cheltenham residents have absolutely no idea about what is going on there.

Alongside NetZero and 5G, this yet another example of where the general public are being given no say in areas of huge significance, and is simply not acceptable.

Can you please advise why all Cheltenham Residents were not advised and consulted for their feedback on the Golden Valley development ~~before~~ the decision was taken.

Cabinet Member response

I would like to thank Mr Thomas for his question.

Since submission of your question, we have now responded to your freedom of Information request that highlights the extensive consultation exercise the council has undertaken on our development proposals for Golden Valley. Ahead of our public consultation days, we targeted 7,500 local homes with a leaflet drop and made all of the information available on our website. Additionally, a number of stakeholder engagement sessions were undertaken with key organisations and over 350 people were reached through the town centre 'pod'.

There were multiple opportunities for residents of the town to stay involved in the project and comment on the proposals develops, not least through the formal planning process.

It is not clear from your questions which 'decision' you are concerned about, but you may wish to consult the Council's website for information on decisions that have been made.

Supplementary question

Golden Valley Development is a major change for Cheltenham residents and will affect everyone. The leaflets say 350 new homes are to be built, whereas the website says 1000 homes – this is contradictory. Not everyone might want a smart district cyber hub which facilitates the government's agenda in Cheltenham. All residents should have been consulted. Why weren't all households notified and given the opportunity to make representations before the green light was given?

Cabinet Member response:

The 350 new homes referred to on the leaflet only represent part of the site, not the whole development.

I am happy with the consultation undertaken so far. As part of the response to your FOI request, you have received a comprehensive statement of community involvement, compiled by CBC's consultant HGH. This highlights four social value stakeholder engagements sessions, based on community, culture, economy and environment, where interested groups were invited to take part and ask questions.

7,500 homes received two leaflets, highlighting two public consultation events at GlosCol, which were attended by 130 people, many leaving feedback. A further 29 left feedback online, and 350 people attended two sessions at the pod on the Strand, also leaving feedback. There have also been 2,300 visits to the project website, with feedback left. The Golden Valley Development website provides a huge amount of information; there is information on the CBC website, and there have been articles in the press, including Gloucestershire Live, Punchline, and the BBC. In addition all CBC's and our development partner's social media platforms include articles and information about the project so far. I am more than happy with the level of public engagement so far.

Going forward, as stated in my written response, there will be multiple opportunities for residents to provide feedback and comments.

The statement of community involvement makes it clear that CBC has fulfilled its requirement to engage appropriately with local communities at the pre-app state and been fully compliant with its responsibilities.

5a Corporate Advertising and Sponsorship Policy

The Cabinet Member for Cyber, Regeneration and Commercial Income introduced the report, saying the corporate advertising and sponsorship policy had been introduced in 2015 and not updated since. In view of the many changes over that time, it was important to bring it up to date, in line with the corporate plan and priorities. It would be reviewed again in 2027.

He said the policy must meet current best practice, core values and principles. It was short and reasonably easy to understand and digest, with clear and helpful definitions, and links and guidelines to national best practice. He highlighted the following:

- the policy doesn't contain an exhaustive 'allow list', but follows a 'deny list' where the basic assumption is that advertising is permitted unless it falls into a prohibited category or is deemed to have an adverse impact;
- the potential impacts used when assessing whether or not to approve an application for advertising or sponsorship are set out at Paragraph 6.5 of the policy;
- the Head of Commercial Income and Regeneration is responsible for implementing the policy, with additional expertise provided by the council's communications team.

He hoped that Members would be happy to endorse the revised policy.

The Cabinet Member for Climate Emergency commended the Cabinet Member for Cyber, Regeneration and Commercial Income on this long-overdue update of the policy. She was happy with the overall quality of the document, permissive yet with clear guidance being the right approach to make us more robust and clear about what we stand for as an authority.

The Leader also thanked the Cabinet Member for Cyber, Regeneration and Commercial Income, saying that before Covid, the authority was doing well on its advertising policy and generating income to help the revenue budget. She welcomed this update.

The Cabinet Member for Cyber, Regeneration and Commercial Income said he spent time with the officer team, and considered the policy to be short and succinct, easy to follow and doing what it needed to do.

RESOLVED THAT:

- **the updated Corporate Advertising & Sponsorship Policy, as at Appendix 4, is adopted, to come into immediate effect.**

5b Cheltenham Peer Challenge Report

The Leader introduced the report, telling Members that the council invited the Local Government Association to carry out a peer challenge exercise – this is not compulsory, but is beneficial to learning and development. The LGA team of Members and officers had prescribed areas to examine and investigate, and also looked at additional areas as the visit progressed. They came in summer and have now published their full report, which includes the requirement for the authority to publish an action plan and invite the peer group back within a year to check on progress. The action plan has been developed and some significant actions have

already been taken, arising from the recommendations for improvement. It is hoped that the LGA team will return in February 2024 to review what has been addressed at that stage.

The Cabinet Member for Finance and Assets said he had experienced a number of peer reviews over the years, and they are hugely beneficial – it is too easy for a council to get set in its ways and not look outside itself. They bring an external view, and an extensive list of experience and knowledge. The reviewers acknowledged the high standards that CBC sets and works to, but with the many changes local government is currently undergoing, the report and self-examination is hugely beneficial, and working through the action plan will pay huge dividends.

The Cabinet Member for Safety and Communities welcomed the peer group's inclusion of the council's No Child Left Behind (NCLB) campaign to tackle deprivation. She pointed out that not only does the council work with schools, but also with NHS partners, businesses, the Chamber of Commerce, and a whole host of organisations to help young people in difficulty. She said it is a privilege to be part of this, and thanked the council, Members and officers for the work done over the past three years. We will all learn from the report, and continue to grow and attract more organisations.

The Leader agreed that it is good to look outside what we do – as an LG peer reviewer herself, she takes ideas away from other local authorities. It is a two-way street for learning and benefits, looking at good practice and good ideas from elsewhere.

RESOLVED THAT:

- i. the LGA Peer Challenge Report in Appendix 2 is noted;**
- ii. the Peer Challenge Action Plan in response to the recommendations within the Peer Challenge Report, as set out in Appendix 3, is approved;**
- iii. a further visit by the LGA Peer Team, expected in early 2024, to review the progress in delivering the action plan, is welcomed.**

5c Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy

The Cabinet Member for Finance and Assets introduced the report, saying that CBC is a member of the counter-fraud partnership, and within the partnership the Counter-Fraud and Enforcement Unit is tasked with reviewing policies on the council's behalf and providing the necessary framework to deal with fraud and error in this area. Dealing with and handling public money comes with level of trust, with the risk of fraud ever present, and it is incumbent on the council to take actions to mitigate against the risks, something CBC takes extremely seriously. A number of minor changes have been made to the previous policy to align with current

legislation, a number of amendments included to reflect the duties and responsibilities of the Department of Work and Pensions and to provide continuity across the counter-fraud partnership to undertake investigations in this area.

The report and policy has been considered and endorsed by the Audit, Compliance and Governance Committee, and several relevant council departments and OneLegal have been consulted. He thanked Emma Cathcart and her team, and commended the report to Members.

The Cabinet Member for Housing said it is important to have this policy in place - ultimately, it is protecting public money and ensuring it can be used to support those people who really need it.

RESOLVED THAT:

- i. the Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy is adopted;**
- ii. authority is delegated to the Executive Director Finance, Assets and Regeneration to approve future minor amendments to the Policy in consultation with the Head of Revenues and Benefits and the Head of Service Counter Fraud and Enforcement Unit.**

5d Council Tax Support Scheme 2024-25

Introducing his report, the Cabinet Member for Finance and Assets told Members that each year since 2013, the council has been required to set the level for council tax support for working-age residents. Funding for the scheme was introduced rolled into the revenue support grant and subject to annual cuts, and now that the council no longer received revenue support grants, it must fund its share of the cost of the scheme.

He said that in 2019-20, the council approved a new scheme to ensure the most vulnerable residents, on the lowest incomes, continue to receive 100% support. From April 2024, the proposed council tax support scheme for working age people will continue to be based on five income bands, with the highest providing 100% council tax liability support. With many residents still grappling with the cost of living crisis and high food inflation, those on the lowest income spend a disproportionately high percentage of their income on food, and this scheme provides support for the most financially vulnerable residents. Continuing to provide support across five bands will result in 4,483 will be eligible, with a budget of £4.3m set at October 2023.

He hoped Members would support the recommendation, pointing out that Recommendation 4 is required because the increase in welfare benefits isn't announced until late December/early January, and we must be in a position to adjust.

He thanked officers for the extraordinary amount of work they do, supporting residents of the town.

The Leader commented that this is one of the things that the council does which largely goes below the radar. She is proud of the council's original decision and the commitment it makes every year – we don't have to provide this support, but each year fewer councils give 100% relief to the very needy minority.

RESOLVED THAT:

- i. the outcome of the consultation on the Local Council Tax Support Scheme in Appendix 3 is noted;**
- ii. the Local Council Tax Support Scheme for working age customers in Appendix 4 and summarised in Appendix 5 is approved as the preferred option for 2024/25;**
- iii. Council is recommended to approve the proposed Local Council Tax Support Scheme for working age customers for 2024/25;**
- iv. Council is recommended to give authority to the Executive Director for Finance, Assets and Regeneration in consultation with the Cabinet Member for Finance and Assets to uprate any premiums, allowances and determine the income levels in line with any increase in Welfare Benefits by 23 February 2024**

6 Briefing from Cabinet Members

The Leader invited Members to share any updates and briefings.

The Cabinet Member for Climate Emergency was pleased to confirm a new interim manager has started in the climate change department, and also that the data collected from smart systems in core buildings was going to be used to develop a new system for carbon reduction in all CBC buildings. She looked forward to seeing the results.

The Cabinet Member for Safety and Communities said that next week is interfaith week, where everyone in the town, whether part of a faith community or not, is invited to take part, meet and chat at the various events taking place. In particular, the Indian community is inviting people to share vegetarian curry [pre-booking required]. She hoped everyone would enjoy the week and the community would benefit from it.

The Cabinet Member for Customer and Regulatory Services was very pleased to welcome Chris Gomm as new Head of Development Management, a role the council has struggled to recruit on a permanent basis. Joining from Bath, he promises to be an able new head of service, and one of his first priorities will be to tackle enforcement issues and develop an action plan to tackle the backlog of cases.

The Cabinet Member for Housing also welcomed interfaith week (12-19 November) and said she was delighted to accept an invitation from the YMCA, who in partnership with Cheltenham Interfaith and CBC, would be hosting a faith in housing event on 15 November. Welcoming leaders from all faith groups, the event will focus on how communities in Cheltenham can together tackle housing and homelessness. More [information](#) is available on line.

The Leader reported that she has attended a housing and homelessness summit organised by Eastbourne Council, an event which pulled together 160 councils and was attended by 300 people. All local councils have a statutory responsibility to tackle homelessness, but are struggling to cope when the government closes hotels, sending people to their local authority for help. She said a number of councils are facing potential 114 notices, not because of their revenue budgets per se but because of the increase in homelessness. It was a challenging event, with many horror stories, and she has signed a letter to lobby government about the problem, which she will bring to Council next month. This is an important issue for a great many residents, and potentially for many people in Cheltenham who will fall into the trap and be made homeless through no fault of their own.

7 Cabinet Member Decisions since the last meeting.

The Cabinet Member for Waste, Recycling and Street Services reported on his decision [To award a contract Dennis Eagle for supply of refuse vehicles](#). He said three refuse vehicles have been purchased, as pre-approved by Cabinet as part of the strategic vehicle fleet replacement programme. In line with the Cabinet decision of December 2021, these vehicles progress the council's move away from mineral diesel for its fleet, and towards certified palm oil and hydro-treated vegetable oil, and using smaller electric vehicles where possible. Use of these vehicles will reduce pollution and help combat climate change.

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Cheltenham Borough Council

Cabinet 5th December / Council 11th December

Treasury Mid-term Report 2023-24 – position at 30th

September 2023

Accountable member:

Cllr Peter Jeffries – Cabinet Member for Finance and Assets

Accountable officer:

Gemma Bell - Director of Finance and Assets (Deputy Section 151 Officer)

Accountable scrutiny committee:

Treasury Management Panel

Ward(s) affected:

All

Key/Significant Decision:

No

Executive summary:

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities for the first six months of this financial year and highlights compliance with the Council's policies previously approved by members in March 2023. The Treasury Management Strategy for 2023/24 has been determined by the adoption of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the council to approve treasury management semi-annual and annual

reports.

Recommendation: That Cabinet:

- **considers and notes the contents of this summary report of the treasury management activity during the first six months of 2023/24 and will recommend it onto Council.**
-

1. Main Points

- 1.1. On 20 March 2023, Council approved the Authority's treasury management strategy for 2023/24. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.
- 1.2. General Fund borrowing costs in the first 6 months to 30th September 2023 are higher than forecast in 2023/24 budget, showing an expected overspend for the year £516,809 due to the Bank Rate being 1% higher than predicted in November 2022.
- 1.3. Investment interest is expected to be slightly down by £38,000 against the estimated budget for 2023/24. The capital value of pooled funds continues to be affected by prevailing economic conditions in the world markets. Overall pooled funds have an unrealised capital loss of £959,669 or 13.71%. A breakdown of the fund's performance is shown in section 5.7 table 5.
- 1.4. The Council complied with all the Prudential Indicators for 2023/24 as set in the budget by Council in March 2023.

2. Economic Background

- 2.1. The UK inflation remained stubbornly high over much the period compared to the US and euro zone, keeping expectations elevated of how much further the Bank of England (BoE) would hike rates compared to the regions. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.
- 2.2. Inflation continued to fall from its peak as annual headline CPI declined to 6.7% in August 2023, remaining the same in the previous month against expectations for a tick back up to 7.0%. The largest downward contribution came from food prices. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.
- 2.3. The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.

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- 2.4. Following the September MPC meeting, Arlingclose, the authority's treasury adviser, modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected.
- 2.5. Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.2%. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.
- 2.6. July data showed the unemployment rate increased to 4.3% (3mth/year). Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate. Adjusting for inflation, pay growth in real terms were positive at 1.2% and 0.6% for total pay and regular pay respectively.

3. Credit review

- 3.1. Having completed a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley Bank purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March 2023, Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance continued to be maintained at the end of the period being reported on.
- 3.2. Following the issue of a Section 114 notice, in September Arlingclose advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on Warrington Borough Council to a maximum of 100 days.
- 3.3. Arlingclose continued to monitor and assess credit default swap levels for signs of credit stress but made no changes to the counterparty list or recommended durations. Nevertheless, heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

4. Treasury Management Summary position as of 31st March 2023

- 4.1. On 31st March 2023, the Authority had net borrowing of £166.328m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.23 Actual £m
General Fund CFR	125.425
HRA CFR	66.715
Total CFR	192.140
External borrowing	179.111
Less : Internal borrowing	(12.000)
Less: Usable reserves	(13.003)
Less: Working capital	(0.680)
Add: Treasury Investments	12.900
Net borrowing	166.328

Borrowing

- 4.2. CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority.
- 4.3. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield and this Authority intends to avoid this activity in order to retain its access to PWLB loans.
- 4.4. As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 4.5. UK gilt yields were volatile, mainly facing upward pressure since early April following signs that UK growth had been more resilient, inflation stickier than expected, and that the Bank of England saw persistently higher rates through 2023/24 as key to dampening domestic demand.
- 4.6. There was a substantial rise in the cost of both short- and long-term borrowing over the last 18 months. Bank Rate rose by 1% from 4.25% at the beginning of April to 5.25% at the end of September.
- 4.7. PWLB borrowing rates, rose and broadly remained at elevated levels. On 30th September 2023, the PWLB certainty rates for 50-year loans were at 5.43%. Their equivalents on 31st March 2023 were 4.41% respectively.

Table 2: Treasury Management Summary

			31.3.23 Balance £m	Movement £m	30.9.23 Balance £m	30.9.23 Rate %
Long-term borrowing			116.111	(0.779)	115.332	3.15
Short-term borrowing			63.000	3.100	66.100	5.20
Total borrowing			179.111	2.321	181.432	3.90
Long-term investments			7.878	6.868	14.746	5.28
Short-term investments			0.000	0.000	0.000	-
Cash and cash equivalents			4.905	0.335	5.240	5.24
Total investments			12.783	7.203	19.986	5.02
Net borrowing			166.328	(4.882)	161.446	

4.7. The balance as can be seen in Table 2 shows a reduced figure of £161.446m as of 30th September 2023 compared with the balance held on 1st April 2023 due to further investment loans to the airport, during 2023. Short-term borrowing costs have risen significantly due to the higher interest rates than what was expected back in November 2022, and are now expected to be £843k higher than budgeted. The Housing Revenue Account (HRA) will re-imburse the General Fund £326,879 for their share of the debt costs, which will see a re-alignment to the revised budget for 2023/24.

4.8. Current temporary borrowing of £66.1m has been used over several years to fund capital expenditure as an alternative to taking out longer term borrowing which was much more expensive at the time. Although temporary borrowing is much more expensive now, long-term borrowing is still 60-80 basis points more expensive. In time we believe rates will start to fall next year, and the Council will liaise with Arlingclose first before any changes in strategy are required.

4.9. The outstanding loans on 30th September 2023 are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.23 Balance £m	2023/24 Movement £m	30.9.23 Balance £m	30.9.23 Rate %
Public Works Loan Board	102.211	(0.779)	101.432	3.06
Banks (LOBO)	7.000	(2.000)	5.000	3.95
Banks (fixed-term)	8.900	0	8.900	3.82
Local authorities (short-term)	61.000	5.100	66.100	5.20
Total borrowing	179.111	2.321	181.432	3.90

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4.10. The Authority currently holds £5m of Lender's Option Borrower's Option (LOBO) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. Bayerische Landesbank loan of £2m was repaid in September 2023 when it opted to raise the rate on the loan from 4.99% to 6.99%. The council exercised its rights to repay the loan early without any premiums due.

5. Investments

5.1. The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use during business.

5.2. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the six-month period the council's investment balance ranged between £14m and £25m due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.23 Balance £m	Net Movement £m	30.9.23 Balance £m	30.9.23 Rate of Return %
Money Market Funds/ Call Accounts	4.905	(9.405)	3.704	1.76
Pooled Funds	7.000	-	7.000	4.40
Other investments	8.886	3.225	9.282	5.39
Total Investments	20.791	(6.180)	19.986	5.02

5.3. Both the CIPFA Code and Government Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment.

5.4. As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term investor and treasury investments therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.

5.5. Bank Rate increased by 1%, from 4.25% at the beginning of April to 5.25% by the end of September. Short-dated cash rates rose commensurately, with 3-month rates rising to around 5.25% and 12-month rates to nearly 6%. Investment income was budgeted to be £1.176m in the Council's 2023/24 budget, set in February 2023. The Council has reviewed its expectations for investment income in 2023/24 and has assumed after looking at the returns over the first 6 months that the income could be lower by £16k, so the revised budget will be amended in line with the expected

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fall. This was due to investment balances being lower than expected as the treasury team were using cash balances to reduce day to day borrowing for cashflow purposes.

- 5.6. £7m of the Authority's investments are held in externally managed strategic pooled equity, multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds have generated an average total return of 4.40% for the first 6 months of this financial year which is used to support services in year. Because the Council's externally managed funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rate.

5.7. Table 5: Pooled Funds

FUND NAME	Initial Investment	1 April 2023 Fund Value	30 th Sept 23 Fund Value	Dividends paid out in 2023/24 as at 30 Sept	Gain / (Loss) for 2023/24	Gain / (Loss) to Initial Principal
	£	£	£	£	£	£
CCLA Property Fund	3,000,000	2,704,632	2,673,658	67,650	(30,974)	(326,342)
Schroders Income Maximiser Fund *	2,000,000	1,528,554	1,488,630	68,731	(39,924)	(511,370)
CCLA Diversified Income Fund	2,000,000	1,884,988	1,878,043	36,778	(6,945)	(121,957)
Total	7,000,000	6,118,174	6,040,331	173,159	(77,843)	(959,669)

- * The Schroders Income Maximiser Fund has purchased shares within the oil and gas industry, which accounts 6.01% of the total amount invested in the fund (8.65% Sept 2022). This equates to £120,200 of the original £2m invested into the fund by this council (£173,000 Sept 2022). The Fund Manager is looking to ease out of investing within the oil and gas industries which has reduced from 14% in September 2021. The dividend returns are currently returning over 6.8%. There are no plans at present to sell this investment as the fund is valued below the initial investment, which would need to be funded by revenue. As opportunities to support the climate ambitions of the Council arise, they will be considered. However, the treasury management function is controlled by statute and by professional guidelines and the first priorities of treasury must remain security, liquidity, and yield.

Economic Outlook for the rest of 2022/20235.8. Table 7: Interest rate forecast

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside Risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Arlingclose Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside Risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

Arlingclose now expects Bank Rate to have peaked at 5.25% but near-term rate cuts are unlikely, although downside risks will increase as the UK economy likely slides into recession and inflation falls more quickly.

5.9. The much-repeated message from the MPC is that monetary policy will remain tight as inflation is expected to moderate to target only slowly. In the Bank's forecast, wage and services inflation, in particular, will keep CPI above the 2% target until 2026.

5.10. Inflation is expected to fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. Arlingclose believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.

5.11. Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. This will have an impact on long-term PWLB rates and other lenders going forward, and after consulting with Arlingclose, the council may look to take out long-term borrowing if the time and rates fit within the business plans.

6. Compliance

6.1. The Director of Finance and Assets reports that all treasury management activities undertaken during the first six months of 2023/24 complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy.

Table 8: Debt Limits

	30.9.23 Actual £m	2023/24 Operational Boundary £m	2023/24 Authorised Limit £m	Complied? Yes/No
Total debt	181.432	262.000	274.000	Yes

Council approved in March 2023 the authorised borrowing limit and operational boundary limit are increased to the new levels as shown above in table 8. Since the

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operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	30.9.23 Actual	2022/23 Target	Complied?
Portfolio average credit rating	A+	A-	Yes

Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. This indicator covers the risk of replacement loans being unavailable, not interest rate risk. The upper and lower limits on the maturity structure of all borrowing were:

	30.9.23 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	38.53%	50%	0%	YES
12 months and within 24 months	0.78%	50%	0%	YES
24 months and within 5 years	0.79%	100%	0%	YES
5 years and within 10 years	7.45%	100%	0%	YES
10 years and above	52.45%	100%	0%	YES

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Liability Benchmark - This new indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

	31.3.23 Actual £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m
Loans CFR	192.140	211.700	233.100	257.000
External borrowing	179.111	117.600	116.100	114.700
Internal (over) borrowing	13.029	94.100	117.000	142.300
Less: Balance sheet resources	(25.683)	(25.683)	(25.683)	(25.683)
Investments (new borrowing)	12.900	(68.417)	(91.317)	(116.617)
Net loans requirement	167.328	186.017	207.417	231.317
Plus: Liquidity allowance	10.000	10.000	10.000	10.000
Liability benchmark	177.328	196.017	217.417	241.317
Existing Net Borrowing	161.446			

7. Consultation

7.1. Arlingclose the Council's treasury advisors have supported officers in preparing the treasury activities over the first 6 months of this financial year.

8. Implications

8.1. Financial implications

As detailed throughout this report.

Signed off by: Gemma Bell, Director of Finance and Assets (Deputy s151 Officer), 01242 264124

8.2. Legal implications

None arising from the report recommendations.

Signed off by: One Legal legalservices@onelegal.org.uk

8.3. HR implications

None arising from the report recommendations.

Signed off by:

8.4. Environmental and climate change implications

The Council does have some exposure to investments in a pooled fund which has shares with oil and gas companies. This is detailed in Section 5.7 of the report. As a responsible investor, the Council is committed to considering environmental, social, and governance (ESG) issues, and has a particular interest in taking action against climate change and pursuing activities that have a positive social impact.

Signed off by: Louise Forey, Climate Emergency Programme Officer, 01242 264297

8.5. Property/asset implications

None specific directly arising from the recommendations.

Signed off by: Gemma Bell, Director of Finance and Assets, 01242 264124

8.6. Corporate policy framework implications

Taking action to ensure overspends are reduced as far as possible by the end of the financial year will help ensure that the council can continue to deliver its corporate objectives as set out in the 2019-2023 Corporate Plan.

Signed off by: Richard Gibson, Head of Communities, Wellbeing and Partnerships, 01242 264280

9. Performance management – monitoring and review

9.1. The budget position will continue to be monitored by the Finance team throughout the year and a revised budget will be presented to the December Cabinet with the 2024/25 draft budget proposal.

Report author:

Andrew Sherbourne, Capital and Treasury Management Accountant

Appendices:

- i. Risk Assessment

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	LOBO Loans - If £5m of these loans is recalled by the banks if they choose to exercise their option then we would need to have the resources on the day to repay. Alternative borrowing arrangements at today's current rates would be favourable for the Council	Gemma Bell, Director of Finance and Assets	1	2	2	Accept and Monitor	If the loans are recalled the council could take out temporary borrowing/ new long term borrowing through the PWLB or sale of units held in Pooled Funds. Any capital receipts available could also be used to repay debt.	Gemma Bell, Director of Finance and Assets	Ongoing
	If the assumptions made within the strategies change, then the aspirations within the capital programme may become unaffordable	ED Finance and Assets	3	2	6	Accept and Monitor	The Treasury Management Strategy and Prudential and Treasury Indicators reflect various assumptions of future interest rate movements and Government support for capital expenditure. These will be continually monitored and any necessary amendments will be made in accordance with the Strategy	ED Finance and Assets	Ongoing
	If the assumptions made within the strategies change, then the projected returns and the return of the initial investments may not be	ED Finance and Assets	3	2	6	Accept and Monitor	The Treasury Management Strategy and Prudential and Treasury Indicators reflect various	ED Finance and Assets	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	received.						assumptions of future interest rate movements and Government support for capital expenditure. These will be continually monitored and any necessary amendments will be made in accordance with the Strategy		
	If thorough due diligence is not undertaken when pursuing PRS schemes, the Council may not meet all of the criteria set out within its capital and investment strategies.	ED Finance and Assets	4	2	8	Accept & Monitor	Due diligence is of paramount importance. All of our investments have individual business cases that are subject to thorough risk assessment and stress testing and we also stress test the whole housing to ensure all risks are captured and properly controlled. Where appropriate to the size and scale of the project we also commission independent technical, legal, accounting, risk management, property, taxation advice	ED Finance and Assets	Ongoing

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Cheltenham Borough Council

Cabinet – 5 December 2023

Corporate Risk Register

Accountable member:

Rowena Hay, Leader

Accountable officer:

Gareth Edmundson, Chief Executive

Ward(s) affected:

N/A

Key Decision: No

Executive summary:

- This report provides a copy of the Council's Corporate Risk Register detailing strategic risks.
- The Corporate Risk Register summarises the Council's corporate risk profile as at mid November 2023.
- The register has been prepared in consultation with Risk Managers and the Senior Leadership Team.
- Future reports will detail risk movements since the last formal report enabling Members to track CBC risk profile.

Recommendation: That Cabinet:

- notes the Corporate Risk Register.
-

1. Implications

1.1 Financial, Property and Asset implications

Poor risk management can lead to increased financial costs therefore it is important to have a robust processes in place.

Signed off by: Gemma Bell, Finance [gemma.bell@cheltenham.gov.uk.]

1.2 Legal implications

There are no specific legal implications arising from the report and its recommendations. It is fundamental that the Council has an embedded risk management framework which considers the identification, recording, and management of risks to the Council in the delivery of its priorities and objectives. Failure to identify and manage risk can lead to inappropriate decision making, unnecessary liability and costly legal challenge.

Signed off by: One Legal

1.3 Environmental and climate change implications

Leveraging the requirement to complete Climate Impact Assessment to support decision making, alongside a Risk Management programme specifically for climate and flood risks, an effective risk management framework across projects, programmes and business activities will ensure that climate implications are considered, relevant risks highlighted and mitigations controls put in place.

Signed off by: debbie.baker@cheltenham.gov.uk

1.4 Corporate Plan Priorities

This report contributes to all Corporate Plan Priorities as effective risk management is essential to the achievement of CBC plan.

Signed off by: ann.wolstencroft@cheltenham.gov.uk

1.5 Equality, Diversity and Inclusion Implications

Good risk management across all aspects of our business should ensure Equality, Diversity and Inclusion implications are considered and any risks are highlighted and controls put in place to mitigate.

Signed off by: richard.gibson@cheltenham.gov.uk.

2 Background

- 2.1 Risk management is the culture, process and structures that are directed towards effective management of potential opportunities and threats to the Council achieving its priorities and objectives.
- 2.2 The Council has a Risk Management Policy that was reviewed in April 2023 by the Audit, Compliance and Governance Committee that sets out the approach to risk management including the roles and responsibilities for Officers and elected Members (appendix 2). The policy also details the processes in place to manage risks at corporate, operational and project levels.
- 2.3 The Council's Leadership Team considers and reviews strategic risks monthly and the register has been made available to Cabinet. All reports to Council / Cabinet / Committees contain risk implications. All risk discussions / assessments include the development of risk mitigation actions designed to reduce the likelihood and / or consequences of adverse events occurring. By understanding and managing risks, the council can be more confident about undertaking ventures which produce larger gains.
- 2.4 This is the first formal corporate risk report provided to Cabinet detailing strategic council risks. Future reports to the committee will report strategic risks along with a narrative outlining any changes to risks and scores since the last formal report. This will allow Cabinet to track movements in our risk profile.
- 2.5 The risk register covers:
- The risk narrative.
 - Risk Manager.
 - Current risk score (impact & probability).
 - Details of any controls in place to mitigate the risk.
 - The risk action.
 - The risk review date.
- 2.6 It is important to note that key projects / programmes will each have an individual risk register containing many risks. To keep track of these from a corporate perspective we have for each of these projects and programmes only one risk on the corporate risk register. For example, the Golden Valley development has a full risk register presented to Programme Board but one risk on the corporate risk register. The score of the risk on the corporate register will always reflect the highest score from the GV risk register. This enables us to monitor the highest risks we have across the organisation.
- 2.7 Whilst the register in appendix 1 contains a full list of our corporate risks following our peer review feedback and considering the priorities in our corporate plan for this report, I have highlighted our top 5 risks. These relate to our corporate plan priorities

around financial sustainability, becoming cyber capital of UK (MX), environmentally sustainable management of waste and recycling (carbon neutral), cost of living (financial sustainability), leisure and culture (Cheltenham as a place and resident wellbeing). The top five risks are:

- **Minster Innovation Exchange** - If the developer, Workshop Cheltenham, are unable to deliver the building within the current agreed budget then CBC may not achieve the required return on its investment. In respect of this risk we have in place RPA Quantity surveyors supporting our in house construction team to act as an intelligent client monitoring the quality and progress of the construction.
- **Medium Term Financial Strategy** - If CBC is unable to come up with long term solutions which bridge the gap in the medium-term financial strategy, then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision. In respect of this risk we have a number of actions in place to mitigate including our commercial strategy, close monitoring of budgets and reviews with service managers, engagement with cabinet on budgets and savings and specified targets for some services.
- **Cost of Living Crisis** - If the cost-of-living crisis continues with energy, interest & other costs driving up inflation then it will impact on the council's financial stability & our ability to deliver services & major developments as well as having a negative impact on our customers & staff. In respect of this risk, we are working with partners to ensure they are supporting people who are struggling.
- **Waste & Recycling** - If we have inadequate waste/recycling infrastructure/funding in place for the future then it may impact on the services we can provide to our residents. In respect of this risk we are investigating a number of options with regards to our infrastructure to ensure we can put in place something that will meet future needs.
- **Leisure & Culture Venues** - If the council does not have a long-term vision & investment plan in place for its leisure & culture venues then significant unplanned maintenance, repairs & investment may be required to keep the venues running & it may undermine the ability of the Trust (or any future provider) to run leisure & culture services in a profitable way. In respect of this risk, we have undertaken an options appraisal around leisure and culture and are considering the results and we have commissioned a sports strategy to ensure any future options consider our sporting infrastructure. It is important to note that part of this risk has occurred with the need to close Pittville Pump Room due to the roof. This is therefore now being managed as an issue by the property team. The risk remains on the register as there are

multiple venues.

2.8 It is worth noting that following discussions at leadership team three new risk have been added in November. These are:

- Cheltenham Borough Homes - If the council does not effectively handle the transfer of CBH then we may experience issues from tenants, employees and contractors leading to a drop in service provision and potential legal/regulatory action.
- Public Information Technology (IT) - If the Councils do not effectively manage the changes to Publica then we may lose valuable IT Staff putting the councils IT systems at risk.
- Business Continuity - If CBC does not have adequate business continuity plans in place then this could impact the Council's ability to deliver services leading to resident hardship, financial loss & reputational damage.

3 Reasons for recommendations

3.1 Report to note only.

4 Alternative options considered

4.1 None

5 Consultation and feedback

5.1 Risk Managers and Leadership Team.

6 Key risks

6.1 None.

Report author:

Ann Wolstencroft, Head of Corporate Services

Appendices:

- i. Risk Register
- ii. Risk Management Policy

Background information:

N/A

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Cheltenham Borough Council - Corporate Risk Register - 13 November 2023

Ref	Risk Details	Risk Manager	Current Assessment	Control Details	Risk Action	Review Date
338	Minster Innovation Exchange - If the developer, Workshop Cheltenham, are unable to deliver the building within the current agreed budget then CBC may not achieve the required return on its investment.	Gareth Edmundson	Impact - 5 Probability - 5 Score - 25	<ul style="list-style-type: none"> - Review & ongoing support from RPA - Appointment of internal construction expertise - Restructure of project roles - Scrutiny of full project risk register by exec & members - Scrutiny of programme plan - Close review of costs 	Reduce	30/11/2023
52	Medium Term Financial Strategy - If CBC is unable to come up with long term solutions which bridge the gap in the medium-term financial strategy, then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision.	Gemma Bell	Impact - 5 Probability - 4 Score - 20	<ul style="list-style-type: none"> - Commercial strategy & activities - Quarterly budget monitoring - Cabinet engagement - budget proposals - Increased capacity in the finance team - Cabinet Away Day challenge and decisions - Targets for workstreams/services 	Reduce	31/12/2023
247	If we have inadequate waste and recycling infrastructure and funding in place for the future then it may impact on the services we can provide to our residents.	Karen Watson	Impact - 4 Probability - 5 Score - 20	<ul style="list-style-type: none"> - Mitigate EA issues & resourcing 	Reduce	22/01/2024
360	Cost of Living Crisis - If the cost of living crisis continues with energy, interest & other costs driving up inflation then it will impact on the councils financial stability & our ability to deliver services & major developments as well as having a negative impact on our customers & staff.	Gareth Edmundson	Impact - 4 Probability - 5 Score - 20	<ul style="list-style-type: none"> - Ensure sign posting in place for support. - Availability of community grants for funding. 	Reduce	31/12/2023

385	Leisure & Culture Venues - If the council does not have a long term vision & investment plan in place for its leisure & culture venues then significant unplanned maintenance, repairs & investment may be required to keep the venues running & it may undermine the ability of the Trust (or any future provider) to run leisure & culture services in a profitable way.	Richard Gibson	Impact - 4 Probability - 5 Score - 20	<ul style="list-style-type: none"> - Phase 2 sports strategy - Options appraisal of leisure venues - Engagement with Hartpury College <p>Please note part of this has occurred with regards to the Pittville Pump Room closure.</p>	Reduce	31/12/2023
149	Golden Valley Development - If the development does not achieve the anticipated investment return to CBC then the project objectives will not be met. (The anticipated investment return to CBC is set out in the Financial Model & draft Business Case in the Development Agreement.)	Paul Minnis	Impact - 4 Probability - 4 Score - 16	<ul style="list-style-type: none"> - Ongoing gate reviews at key decision points - Appointment of internal construction expertise - Close scrutiny of full project risk register by exec & members 	Reduce	31/01/2024
342	Impact of lack of 5 Year housing land supply - If, based upon current evidence Cheltenham does not have a 5 year housing land supply then an action plan needs to be put in place to address this.	John Spurling	Impact - 4 Probability - 4 Score - 16	<ul style="list-style-type: none"> - Prepare and deliver a Housing Delivery Action Plan 	Reduce	30/03/2024
296	Cheltenham Trust - If the Trust is unable to deliver on its five year business plan & run leisure & culture services in a profitable way (within context of cost of living crisis) then the council may incur financial costs to ensure the organisation remains solvent.	Richard Gibson	Impact - 4 Probability - 4 Score - 16	<ul style="list-style-type: none"> - Independent Financial Review - Regular governance meetings - Contract management - Management of the collection - Monitoring the impact of the reopening of the Wilson - Leisure @ Options appraisal 	Reduce	31/12/2023

357	High Street Defects - If the defects to the High Street are not resolved by external companies, then CBC may have to rectify at their own cost.	Claire Hughes	Impact - 4 Probability - 4 Score - 16	- Civil Procedure Rules P35 Report - KC Opinion - High Street Defect Action plan - Cost Plan - Mediation being explored	Reduce	31/12/2023
342	Cheltenham, Gloucester & Tewkesbury Strategic & Local Plan - If there is a failure to gain political consensus across the partners to reach key milestones & failure to adequately resource work then this would impact on reaching milestones which would lead to delay, costs, lack of delivering statutory part of development plan & potential special measures.	John Spurling	Impact - 4 Probability - 4 Score - 16	- Joint Advisory Group - SLP Task Group & SLP Steering Group - Planning & Liaison Member Working Group - SLP Programme Management	Reduce	30/03/2024
127	Carbon Neutral - If we fail to make Cheltenham carbon neutral by 2030 then we will not achieve our corporate objectives.	Debbie Baker	Impact - 4 Probability - 4 Score - 16	- Employ a climate emergency programme officer - Climate change funding - Climate change county level co-ordination - Create net zero partnerships - Secure adequate tools & resources to enable the delivery of the CEAP	Reduce	31/11/2023
110	Cyber Security - If CBC have a cyber security breach then this could impact the Council's ability to deliver services leading to resident hardship, financial loss & reputational damage.	Ann Wolstencroft	Impact - 4 Probability - 4 Score - 16	- Cyber security controls (Publica ICT) - Cyber Attack - business continuity planning - Cyber Training for staff & members	Reduce	31/01/2024

53	Budget Deficit Reserve - If the Budget Deficit (Support) Reserve is not suitably resourced, insufficient reserves will be available to cover anticipated future deficits, resulting in the use of General Balances, which will consequently fall below the minimum required level as recommended by the Section 151 Officer in the Council's Medium Term Financial Strategy.	Paul Jones	Impact - 5 Probability - 3 Score - 15	- Ongoing Reviews - Strengthen Reserves	Reduce	31/12/2023
208	Gloucestershire Airport - If the income from the airport does not cover the cost of borrowing then Cheltenham Borough Council may be in a detrimental financial position.	Paul Jones	Impact - 5 Probability - 3 Score - 15	- Ongoing financial monitoring & contract management.	Reduce	31/12/2023
347	Energy Costs (Gas & Electric) - If energy costs keep rising / fluctuating as per the current market then it impacts on our ability to accurately budget/forecast expenditure & may impact on the investments we can make in projects / programmes whilst still being able to achieve our MTFS.	Gemma Bell	Impact - 5 Probability - 3 Score - 15	- Provide awareness training for staff to highlight their role at an individual level - Ensure responsibilities for energy management are clearly defined and allocated within each operational asset - Reduce operational energy demand through investment in renewables and improved insulation, together with heating and lighting controls with external gatekeeping processes	Reduce	31/01/2024
377	Difficulties in recruitment - If we are unable to recruit effective candidates for our vacant roles then we may be unable to deliver corporate plan ambitions & effective operational services leading to increased costs & reputational damage.	Ann Wolstencroft	Impact - 3 Probability - 4 Score - 12	- Ensure wide exposure social media etc - Grow your Own - Apprentices & Graduates - Review of applicant response rates by channel	Reduce	31/01/2024
332	Afghan Resettlement - If hotel accommodation across the UK for Afghan households is closed then this could lead to households becoming homeless across the UK.	Martin Stacy	Impact - 3 Probability - 4 Score - 12	- Examine Local Authority Housing Fund - Round 2 potential funding opportunity	Reduce	31/12/2023

86	Asylum Seekers - If accommodation is sourced for asylum seekers without intelligence being shared from relevant services, then the community cohesion of the area may be adversely affected.	Martin Stacy	Impact - 4 Probability - 3 Score - 12	- Protocol arrangements with partners - Cheltenham & county-wide focused partnerships	Reduce	31/12/2023
325	Homes for Ukraine Scheme - If the relationships between Ukrainian guests & sponsors break down &/or accommodation arrangements are not continued then this may lead to a greater need for temporary accommodation, homelessness therefore increasing costs to the council.	Martin Stacy	Impact - 3 Probability - 4 Score - 12	- Rematching with new sponsors - Local Authority Housing Fund - Collaborative arrangements with CBH & Gloucestershire CC	Reduce	31/12/2023
199	Business Rates Retention - If income streams from the introduction of the business rates retention scheme in April 2013 are impacted by the loss of major business & the constrained ability to grow the business rates in the town then the MTFs budget gap may increase.	Gemma Bell	Impact - 4 Probability - 3 Score - 12	- Part of Gloucestershire Pool - Ongoing monitoring of performance - Monitoring of business rate growth Work with LEP	Reduce	30/06/2024
168	Ability to resource/manage multiple concurrent incidents - If we have multiple concurrent incidents we may not be able to resource them all & this will impact effectiveness of response & impact business continuity.	Gareth Edmundson	Impact - 4 Probability - 3 Score - 12	- LRF Tactical Comm& Group Meetings - Emergency Planning - LRF Strategic Comm& - Cabinet Engagement - Budget proposals - Pandemic risk controls	Reduce	31/12/2023
387	Poor risk management - If the council does not have a robust & effective approach to risk management then then it may result in financial losses, failure to achieve corporate priorities, litigation & reputational damage.	Ann Wolstencroft	Impact - 3 Probability - 3 Score - 9	- Updated Risk Management Policy - Risk Management Training - Leadership Team Risk Discussions - Directorate Risk Discussions - Risk Maturity Audit - Risk Reporting to Audit, Compliance and Governance Committee - Cabinet Reports	Reduce	31/01/2024

386	Leisure & culture services - If the council does not begin to plan the long-term provision of leisure & culture services then it will be unclear about the scope of re procurement of services beginning in 2027.	Richard Gibson	Impact - 3 Probability - 3 Score - 9	- Long term commissioning strategy - Agree extension to TCT contract (up to 5 years)	Reduce	31/12/2023
126	Failure to make the Council Carbon Neutral by 2030 - If we fail to make the Council carbon neutral by 2030 then we will not achieve our corporate objectives.	Debbie Baker	Impact - 3 Probability - 3 Score - 9	- Specialist resource employed - Climate Change Funding - Climate Change County Level Co-ordination - Climate Change Investment Strategy - Climate Emergency Action - Establish a Climate Emergency Programme Board - Secure adequate tools & resources to enable the delivery of the CEAP	Reduce	31/11/2023
216	Rough Sleeping Accommodation - If there is insufficient emergency accommodation for households to access in times of emergency (e.g. extreme cold weather) or overnight emergency, then there could be injury to the household.	Martin Stacy	Impact - 3 Probability - 3 Score - 9	- Improving pathways - Additional emergency accommodation provision	Reduce	31/12/2023
354	Marketing Cheltenham - If Marketing Cheltenham do not generate the right level of commercial income then it may not achieve the financial targets outlined in the business case.	Tara Sanchez	Impact - 3 Probability - 3 Score - 9	- Review Marketing Cheltenham membership package - Review SLAs - Quarterly full budget review	Reduce	31/12/2023

344	Climate: Failure to support nature & biodiversity - If we fail to deliver projects to support nature, then there will be a potentially irreversible impact on local biodiversity due to climate change, with implications for the well-being of our communities.	Debbie Baker	Impact - 3 Probability - 3 Score - 9	<ul style="list-style-type: none"> - Continue to support volunteer activity promoting biodiversity within parks and green spaces - Review CBC contribution to achieving objectives within the Gloucestershire Tree Strategy - Ensure effective implementation of planning requirements in relation to Biodiversity Net Gain (BNG) and Suitable Alternative Natural Greenspace (SANG) - Review the potential for using CBC land to support nature and attract BNG/SANG funding where this is the most cost-effective long-term option 	Reduce	31/12/2023
89	Rough Sleeping Initiative Funding - If DHLUC reduce/end RSI funding (£1m/year county-wide), with the expectation that services will be baselined into council budgets from April 2025 onwards then existing Rough Sleeping prevention services will either cease, or CBC will have to build funding into our own budgets in order for services to continue.	Martin Stacy	Impact - 3 Probability - 3 Score - 9	<ul style="list-style-type: none"> - Use of Homelessness Prevention Grant Lobby Government on potential impact of reduced funding 	Reduce	22/12/2023
376	GARAS support services for asylum seekers & refugees - If there is a change in leadership or staffing at GARAS, then the organisation may be less effective in supporting the needs of asylum seekers and refugees.	Martin Stacy	Impact - 2 Probability - 4 Score - 8	<ul style="list-style-type: none"> - Regular contract monitoring & info sharing by the county 	Reduce	29/12/2023

295	Compliance with Property Legislation & Regulations - If we are not compliant with relevant legislation / regulations in all operational CBC properties then this may result in accidents resulting in reputational damage, fines and potential corporate manslaughter charges.	Gemma Bell	Impact - 4 Probability - 3 Score - 12	<ul style="list-style-type: none"> - Recruitment of Compliance Officer - External Advisors - Increased resource capacity of building surveyors - Planned maintenance work to understand structural risks and plan remedial work - Review of registers & risk assessments 	Reduce	31/12/2023
216	Rough Sleeping - If county-wide commissioning arrangements are incohesive, then funding opportunities may be lost and/or services may end/not be commissioned.	Martin Stacy	Impact - 3 Probability - 2 Score - 6	<ul style="list-style-type: none"> - Programme Management Group - Member Training of Neighbourhood Panel 	Reduce	22/12/2023

New Risks

Ref	Risk Details	Risk Manager	Current Assessment	Control Details	Risk Action	Review Date
395	Cheltenham Borough Homes - If the council does not effectively handle the transfer of CBH then we may experience issues from tenants, employees and contractors leading to a drop in service provision and potential legal/regulatory action/intervention.	Gareth Edmundson	Impact - 5 Probability - 3 Score - 15	- Legal advisors in place. - Consultation with Tenant groups and organisations. - Consultation with appropriate CBH colleagues & teams. - Ongoing financial monitoring of budgets. - Monitor tenant satisfaction levels.	Reduce	30/11/2023
396	Business Continuity - If CBC does not have adequate business continuity plans in place then this could impact the Council's ability to deliver services leading to resident hardship, financial loss & reputational damage.	Claire Hughes	Impact - 4 Probability - 4 Score - 16	- Business Continuity Plans being developed - Corporate Recovery Plan to be prepared	Reduce	23/10/2023
397	Publica Information Technology (IT) - If the Councils do not effectively manage the changes to Publica then we may lose valuable IT Staff putting the councils IT systems at risk.	Gareth Edmundson	Impact - 5 Probability - 5 Score - 25	Ongoing discussions with Shareholders. Discussions with other Publica CEO's.	Reduce	30/11/2023

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CHEL TENHAM
BOROUGH COUNCIL

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Document control

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Reviewed by; Audit Committee and Corporate Governance Group

Version Number	Version Date	Summary of Changes
1.0	14/02/2009	New Policy
1.2	19/04/2011	revised policy
1.3	23/01/2012	Draft Revised policy
1.4	01/04/2012	Confidential risks and new score card
1.5	01/04/2013	Additional requirement re commissioning
1.6	26/03/2014	Audit Committee
107	25/03/2015	Audit Committee
1.08	23/03/2016	Audit Committee
1.09	22/03/2017	Audit Committee
1.10	24/03/2018	Audit Committee
1.11	24/07/2019	Audit Committee
1.12	11/11/2020	Audit Committee
1.13	19/04/2023	Audit Committee

Audit Committee will be distributed to;	12/11/2020
Public website, Audit committee and Cabinet	1.0
Public website, Audit Committee and Cabinet	12 /04/2011
All CBC staff, Public website and Cabinet members	
Audit Committee (agreed) All CBC staff, Public website and Cabinet members	21/03/2012
Audit Committee All CBC staff, Public website and Cabinet members	21/03/ 2013
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Audit Committee All CBC staff, Public website and Cabinet members	01/04/2016
Audit Committee All CBC staff, Public website and Cabinet members	01/04/2017
Audit Committee All CBC staff, Public website and Cabinet members	24/07/2019

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Cheltenham Borough Council - Our Approach to Risk Management

The council believes that risks need to be managed, rather than avoided and that a rigorous approach to all aspects of risk management is an integral part of good management practice.

Through having a sound risk management process we will ensure:

- That the council continues to achieve its objectives and outcomes and sustainable improvement in services;
- That the council is developing and maintaining a safe and healthy environment for the public, and for its employees; and
- That the council reduces the number and cost of insurance claims.
- That by mitigating risk we will make processes safer and more effective which in turn will reduce costs and make us more efficient.

Risk is defined in line with ISO 31000:2009 Risk Management Principles and Guidelines.

There are many definitions of risk and risk management. The contemporary definition set out in ISO 3100 is that risk is the “effect of uncertainty on objectives” where uncertainty can be either positive or negative.

Risk Management is defined as ‘the culture processes and structures directed towards realising opportunities whilst managing adverse effects’. Its purpose is not to eliminate risk, but to understand it so as to take advantage of the upside and minimise the downside.

Everyone has a role to play in our risk management policy. Combining shared leadership with a team approach will help contribute to the success of integrated risk management.

Our Expectations / Commitments

- The Leadership Team will own and maintain the corporate risk register which will be reviewed on a monthly basis and updated as appropriate.
- The corporate risk register will be aligned to the Council’s Corporate Plan and the priorities therein.
- Directors and Managers will ensure that there is an operational risk register for each operational area which will be reviewed on a monthly basis and updated as appropriate.
- All project and programme managers will assess the strategic and operational risks associated with the programme or project, incorporate these on a risk register which will be reviewed on a monthly basis by the Board and updated as appropriate.
- Any operational or project risk that has a score of 16 or greater will be referred to the Leadership Team for consideration and the potential inclusion on the Corporate Risk Register.
- Service Managers will document risks to meeting their team objectives and these will be included on the relevant operational register.
- All committee reports that require a decision should be accompanied by a risk assessment which should reflect risks on the operational or corporate risk registers.
- All risk registers will be in the corporate format as detailed in this policy and be created and managed via Clearview.
- We will ensure that partnership working is part of our risk management approach; partnerships should identify the risks to achieving their objectives and the council will document the risks to working in partnerships.

Part One – Our approach to risk

1. Introduction

- 1.1** The aim of this policy is to set out Cheltenham Borough Council's approach to risk and the management of risk. It is presented in three parts; the first is our approach to risk management; the second outlines the process for risk management and the third part sets out roles and responsibilities.
- 1.2** The council believes that risk needs to be managed, rather than avoided and that a rigorous approach to all aspects of risk management is an integral part of good management practice. Through having a sound risk management process we will ensure:
- That the council continues to achieve its objectives and outcomes and sustainable improvement in services.
 - That the council is developing and maintaining a safe and healthy environment for the public, and for its employees.
 - That the council reduces the number and cost of insurance claims.
 - That by mitigating risk we will make processes safer and more effective which in turn will reduce costs and make us more efficient.
- 1.3** Risk is defined as
- “An uncertain event or set of events which, should it occur, will have an effect upon the achievement of objectives, within the lifetime of the objective.”*
- 1.4** Risk can be both negative and positive, but it tends to be the negative side that we focus on and score. This is because some things can be harmful, such as putting lives at risk or a cost to an individual or the organisation in financial terms.
- 1.5** Negative risk is represented by potential events that could harm what we are trying to achieve. In general, these risks are to be avoided and can be measured in terms of impact and likelihood. Positive risk, on the other hand, refers to risk that we initiate because we see a potential opportunity, along with a potential for failure.
- 1.6** There are two examples of positive risks. The risk could either be a positive experience, or the reason for taking the risk has rewards that are well worth it. For example the risk could make us enhance our performance or reputation, or by taking a different option we could improve/exceed corporate objectives, improve efficiency, reduce costs or improve income by a greater amount than was originally identified. See also section 8 about monitoring and managing risk.
- 1.7** Risk management is
- “The activities required to identify and control exposure (negative risk) to uncertainty which may impact on the achievement of objectives”. Or/and to use Positive risks to help us exceed our objectives.*
- 1.8** From these two definitions, we can see that risk management is focused on the risk to meeting our objectives.
- 1.9** Given the definitions above, the council will assess, monitor and manage risks to the achievement of its objectives, including:
- Our corporate objectives – as set out in our corporate plan.

- Directorate objectives.
- Service team objectives.
- Project and programme objectives.

1.10 This policy sets out how we will identify, assess and manage risks, how we will report risk and how we will support risk management.

1.11 Everyone has a role to play in our risk management policy. Combining shared leadership with a team approach will help contribute to the success of integrated risk management. More information on roles and responsibilities is given in part 3.

2. Identifying, assessing and managing risks

2.1 The council will take a rounded view on what constitutes a risk. The starting point is that a risk could be anything, from an internal or external source, that poses a threat to the achievement of our objectives.

2.2 In terms of external sources, changing circumstances can have a significant impact on our ability to deliver our objectives. The environment we operate in is not stable and is in constant flux. Good risk management is about trying to anticipate these changes and put in place actions to respond to the resulting risks by minimising the likelihood and/or impact. Our view of the source of external risks could include the following:

- Local and national political change
- Local and national economic circumstance
- Social change
- Technological change
- Climate change
- Legislative change
- Environment
- Complying with equality considerations
- Change in the organisational structure for local government
- Changing expectations/needs from customer/citizens/residents
- Change in how we are resourced
- Recommendations from assessments or reviews

2.3 In terms of internal source of risks, the ability of the council to continue to deliver its objectives is dependent on the following:

- Finance - sufficient finances in place to deliver services.
- Human resource - enough appropriately skilled, competent, experienced, motivated staff in the right place at the right time to deliver the service.
- Premises - the most appropriate environment from which to deliver the service.
- Technology – the most appropriate form of technology to support service delivery.
- Procurement – the most appropriate service/resource provider in place to deliver the service objectives (if service out-sourced).
- Legal/Contractual – the most appropriate form of contract to guide service delivery.
- Partners – commitment from appropriate other partners (both internal and external) to deliver the service.

- Changing priorities – a stable environment in terms of organisation priorities, clear objectives and manageable level of complexity.
- Information – an exchange of reliable information (internal and external) that is accurate and timely on which decisions can be fairly and correctly based.
- Safety and security of assets.

- 2.4** It is also worthwhile noting that because we have a number of commissioned services we must ensure that these arrangements are included within our risk management processes and these risks should be included in our registers as appropriate. When it is necessary to the achievement of an objective to procure products and services, the risk/s to the objective if the procurement process fails should also be identified and managed. When these ownership and management mechanisms have been defined risk owners need to ensure that effective monitoring and governance controls are in place to protect council assets.
- 2.5** When we commission the delivery of a service or enter into a shared service/inter authority agreement, providers are expected to have a range of risk management processes in place in accordance with any agreement with the Council, should they identify a significant risk that may have an impact on the Council they must advise the Client officer. The Client officer will then decide on the best course of action e.g. raise with Leadership team and include on either the Corporate or Operational risk registers.
- 2.6** In addition we would expect all programme and project managers to assess the strategic and operational risks associated with the programme or project objectives before the project is selected and approved. This assessment should ensure:
- An appropriate sign off process has been undertaken prior to commencement.
 - The appropriate governance is in place to manage the project/programme.
 - All roles including that of Project/Programme Manager, Senior Responsible Owner and other Project Team members are understood and fulfilled by individuals with the relevant technical skills.
 - Everyone within the team understands the importance of raising/escalating risks as soon as they are identified.
 - Risk are reviewed with the Programme/Project Board on a monthly basis.
 - Key Project/Programme Risks should be added Corporate Risk Register as appropriate and reviewed by the Leadership Team on a monthly basis.
- 2.7** All committee reports that require a decision should contain a description of the options available and a risk assessment for each of them. These risks must relate to the objectives of the report topic.
- 2.8** Risk management should not be seen as a separate management function; it is a core part of good management.
- 2.9** The council acknowledges the importance of Health and Safety and the risks associated with safe working practices. We have a separate Health and Safety policy that provides advice about how these types of risks should be identified and managed and this can be found on the intranet.
- 2.10** Fraud is a key risk to public service organisations with financial and reputational consequences. The Council has a responsibility to manage any risks associated with fraud, bribery and corruption effectively and ensure mitigating controls are in place. The council is supported in this area by the Counter Fraud and Enforcement Unit. The unit have produced a Fraud Risk Strategy which sets out how they work with the council to prevent and deter the risk of fraud and corruption. The Counter Fraud and Enforcement Unit will also develop risk registers for specific services e.g. revenues and benefits which are reviewed regularly with the service area manager.

- 2.11** The council is defined as 'Category 1 Responder' having a statutory duty to prepare for and respond to emergencies, support the emergency services and provide assistance to those affected. Therefore as part of its emergency planning obligations there is also a risk register held by the DEPLO to assess and prepare for emergencies.

Defining and scoring risk

- 2.12** Once risks have been identified they should be defined in a consistent way using the "cause and effect" approach (see Part 2, 5.3 for more information). Risks will be then scored for impact and likelihood using the risk scorecard. (The risk score is the multiplication of impact and likelihood.)
- 2.13** The initial score will be based on current circumstances and referred to as the 'raw' score. After controls have been actioned, the risk will be scored again. This score will be referred to as the 'current' score.

Tolerance and controls

- 2.14** The scored risk can then be assessed against the council's tolerance levels. Currently we have three levels which set out the council's attitude to that particular risk. The three tolerance levels are coloured red, amber and green. Risks that are scored in the red and amber areas will require action.

The council then has eight options on how to control the risk (please see section 7.3 for detailed definitions);

- Reduce the risk
 - Accept the risk
 - Transfer the risk to a third party
 - Avoid the risk
 - Prepare a contingent plan
 - Share the risk
 - Enhance the risk
 - Exploit the risk
- 2.15** The decision on how to control the risk will be made by the risk owner or an appropriate senior officer depending on where the score falls in the tolerance areas and the costs associated with the control.

Monitoring and managing risk

- 2.16** As risk management is an integral part of good management all identified risks should be recorded and managed through either the Operational Risk Register or the Corporate Risk Register. Corporate Risks are monitored monthly and Operational Risk Registers will be monitored quarterly at routine Operational Team meetings. Any operational risk that has a score of 16 or greater will be referred to ELT for consideration for inclusion on the Corporate Risk Register
- 2.17** The Corporate Risk Register is available to all elected Members and employees through the intranet and is collectively monitored and managed by the Executive Leadership Team

Recording risk

- 2.18** Risk registers should be used to inform decision making, resource allocation and to assist in performance management. They should be updated if the risk changes and as required to meet agreed monitoring arrangements.

- 2.19 Operational Risk Registers are the responsibility of Directors with the individual risks being assigned to officers within the division (or across departments where appropriate.)
- 2.20 Any member of staff can add a risk but any high scoring risks should be added and discussed with the relevant Director immediately to ensure relevant controls can be put in place.

3. Reporting risks

The corporate risk register

- 3.1 The Leadership Team will own and maintain the Corporate Risk Register and associated actions which will be considered on a monthly basis and updated by them as appropriate.
- 3.2 A copy of the updated corporate risk register will be provided informally to Cabinet Members following review by the Leadership Team so that they can discuss the risks with the risk owners or managers.
- 3.3 A report on Corporate Risks will go to Audit Committee quarterly.
- 3.4 An annual report followed up by a six monthly risk monitoring report on Risks will go to Cabinet.
- 3.5 Oversight and scrutiny will have access to the Risk Register as required.
- 3.6 Any confidential risks will be recorded on the confidential risk register and reviewed at each meeting of the Governance Group along with the Corporate Risk Register.
- 3.7 People identifying risks need to understand the difference between a 'risk' and an 'issue'. The key difference is that an "issue" has already occurred and a "risk" is a potential issue that may or may not happen and can impact the project positively or negatively. A risk can become an issue, but issue is not risk as it has already happened. See section 3.12 for further information on issues.
- 3.8 The corporate risk register will provide the necessary assurance for the annual governance statement.
- 3.9 Risk management reporting should be co-ordinated with continuous routine performance monitoring.

Operational, programme/project risk, other registers

- 3.10 Each directorate needs to take a proactive approach to risk management making sure that it is embedded as a part of the good management of the area, compiling and maintaining an operational risk register on Clearview that captures the risks to the delivery of its objectives and services. These risk registers should be reviewed monthly by teams but formally reported on quarterly basis to the Chief Executive and a copy sent to the Head of Risk.
- 3.11 Project/programme should also have a risk register, as per 2.6, which capture risks to their respective objectives. These risks should be formally reported to the project/programme board on a monthly basis.

Corporate Issues Register

- 3.12** The purpose of an issue register is to capture and maintain information in a consistent structured manner on all identified issues that are happening now and require action. Although issue resolution is not part of the risk management process the issue register is the link between these two processes as issues may have arisen from risks that have occurred. The key point is that issues need management action to limit the adverse effect. The council will be introducing a Corporate Issues Register from 1st April 2023. This issue register will be reported to the Corporate Governance Group.

4. Supporting risk management

Risk management co-ordination

- 4.1** The risk management policy, including any guidance notes, will be reviewed every three years by the Audit Committee and the responsible Director and when necessary, updated to incorporate further development in risk management processes and/or organisational change.
- 4.2** Where the council has established groups who have responsibility for risk, they should include detail about their role in the terms of reference or constitution for the group.

Training

- 4.3** The requirement for risk management training which will ensure that elected members and officers have the skills required to identify, evaluate, control and monitor the risks associated with the services they provide, or govern should be identified through the appraisal process.
- 4.4** Risk Management training for staff and elected Members will be delivered through an number of tools including modules on the Learning Management System, induction, teams meetings and face to face.
- 4.5** Where required, training in corporate governance, of which risk management is a part, should be identified through the induction process for all new employees and members.

Communication

- 4.6** The risk management culture within the council must support open and frank discussion on risks to the Council. Risk Managers and Risk Control Owners must provide opportunities to employees and members not normally involved with risk management with the opportunity for comment and challenge.
- 4.7** Risk should be considered at least monthly by management team and service team meetings as part of good management practice. When necessary, new and emerging risks, significant change and where control actions are significantly succeeding or failing should be discussed.
- 4.8** It is the responsibility of the risk manager to communicate and discuss risk and control actions with other relevant officers, including those from other departments.
- 4.9** If the cause of a risk or the failure of an objective or activity has the potential to impact on another objective or activity, it is the duty of the responsible officer to communicate that cause or failure to the owner of the effected objective or action.
- 4.10** Information and guidance on risk management will be available to all employees with computer access via the intranet and shared drive. Employees without computer access should speak to their manager for a printed copy.
- 4.11** Employees will be kept up to date on risk management progress and good practice through management meetings, team briefings and the intranet.

Part 2 - Process & Guidance

5. How to identify and define risks

5.1 Identifying risks is about asking:

- What could happen that would impact on the objective?
- When and where could it happen?
- How and why could it happen?
- How can we prevent or minimise the impact or likelihood of this happening?

5.2 What risks are identified and who you involve in the process will depend on whether you are looking at a specific team area or at a more strategic, organisational level. It is best practice to involve others in identifying risk as this gives you different perspectives on the same situation. Those involved must be clear about what objective is being risk assessed. Approaches to identify risks can include:

- Brainstorming on possible risks in a facilitated session;
- Mapping out the processes and procedures; asking staff to identify risks at each stage;
- Drawing up a checklist of risks and asking for feedback.

5.3 Risks should then be defined using the 'if then ...' (or the cause and effect or likelihood and impact) approach. Clearview will automatically allocate each risk a reference number.

5.4 Risks should be specific and worded carefully and concisely and should not consist of a single word.

5.5 Risks should be outcome based and if one cause creates several impacts, each impact should be identified separately. This is because each might result in a different score and control.

6. How to score risk

6.1 The council has produced a scorecard to help risk managers score the risk by assessing impact and likelihood (effect & cause).

Impact

6.2 To help assess the impact (effect), we have identified a scale of impact from 1 to 5;

- 1 - Negligible
- 2 - Minor
- 3 - Moderate
- 4 - Major
- 5 - Critical

6.3 Risk managers are encouraged to decide the scale of the impact by considering what type of impact the risk has on the objective, using the risk types Financial, Employee, Capacity, VFM, H&S and wellbeing, Business continuity, Contractual Governance, Reputation, Customer satisfaction, Governance, Performance forecasting and Corporate Strategy. . A full description of impact type and scoring is detailed in the 'impact scorecard' at the end of this document (or on Clearview) which should be used when assessing risk.

Likelihood

6.4 To help the risk manager assess the likelihood score (cause), we have identified 5 categories of likelihood that the risk will occur during the lifetime of the objective. These are:

Score	Likelihood	Probability	
1	Rare	0-9%	Less than 10% chance of occurrence

2	Unlikely	10-34%	10% to 34% chance of occurrence
3	Possible	35-64%	35% to 64% chance of occurrence
4	Likely	65-89%	65% to 89% chance of occurrence
5	Almost Certain	90-100%	90% or greater chance of occurrence

Risk score

- 6.5 The risk score is a multiplication of impact and likelihood.
- 6.6 On occasion it is possible to have a risk that proposes more than one score of impact, e.g. a single cause that could have minimal cost implications, maximum cost implications or anywhere in between. In this instance, we advise that you score and manage the risk according to the most likely scenario. Using the areas of tolerance may also help.

7. Selecting a risk control and understanding tolerance

7.1 The scored risk can then be assessed against the council’s tolerance levels. Currently we have three levels which set out the council’s attitude to that particular risk. The three tolerance levels are coloured red, amber and green. Risks that are scored in the red and amber areas will require action.

Score	Colour	Action/need to apply control	Responsibility
1-6	Green	Acceptable, subject to monitoring.	Risk manager
7-15	Amber	Needs active management	Risk manager
16-25	Red	Requires close attention	Risk manager / ELT

- 7.2 The decision on how to control the risk will be made by the risk manager or an appropriate senior officer depending on where the score falls in the tolerance areas and the costs associated with the control.
- 7.3 The council has eight options on how to control the risk;

Control	Description
Accept	The Accept option means that CBC 'takes a chance' that the risk will occur, with its full impact if it did.
Avoid	Avoid a threat is about making the uncertain situation certain by removing the risk. This can be achieving by removing the cause of a threat.
Contingent plan	This option involves preparing contingent plans now, but not taking action now. Accept but make a plan for what we will do if situation changes.
Reduce	This option chooses definite action now to change the probability and/or impact of the risk. The term mitigate is relevant when discussing reduction.
Share	Share is different to transfer as it seeks for multiple partners to share the risk on a pain /gain basis.
Transfer	Transfer the risk is an option that aims to pass part of the responsibility to a third party. Insurance is the classic form of transfer.
Enhance	Making the opportunity more likely to occur.
Exploit	Exploit an opportunity to gain positive impacts from the risk.

8. Monitoring and managing risk

8.1 As risk management is a an integral part of good management our view is that risks should be reviewed by the Leadership Team and revised as and when actions prove to be successful or unsuccessful and when new information becomes available.

<i>Progress of action</i>	<i>Further action</i>
High	Current action successful – redirect resources
Medium	Current action not as effective as first hoped make changes or think of new action.
Low	Current action unsuccessful need new action.

- 8.2 The identification of risk may raise the question not to pursue a course of action. If this decision is made, it must be clearly documented.
- 8.3 The identification of risk may raise a success or positive learning point. This should be communicated to those who may benefit.
- 8.4 Actions to mitigate the risk need to be identified early and the monitoring must consider if they are being effective. If they are not then it is imperative to identify new mitigating actions.

9. Risk registers

- 9.1 Most risks will be recorded on the corporate risk register.
- 9.2 A risk register will record:
 - Risks identified - to an objective, including a reference code and specified using “if...& then...”;
 - Original risk assessment and score based on impact and likelihood;
 - Risk manager;
 - Date raised;
 - Controls & actions to control the risk;
 - The officer responsible for the controls and actions;
 - An indication as to whether the mitigating actions are on target
 - The action status including progress notes;
 - Current risk assessment and score once the action has been implemented.
 - The date the risk was last reviewed

Confidential Risks

- 9.3 All corporate confidential risks will handled as per 3.6.
- 9.4 Advice on the wording and inclusion of any confidential risks within the Corporate Risk Register can be sought from the Monitoring Officer.

Part 3 - Roles and Responsibilities

Everyone has a role to play in our risk management policy. Combining shared leadership with a team approach will help contribute to the success of integrated risk management.

10. Elected members

- 10.1 All elected members have risk management responsibility; they should promote the desired culture essential for successful risk management, acknowledging risk management as a strategic and operational tool to further the council’s objectives. All should feel secure that, by identifying risk in their area, they are doing so within a corporate framework that is robust and easily understood.

- 10.2 The risk assessment included in all reports, that require a decision, that are brought to council, cabinet and committees should be used to inform decision making and should be revisited to ensure the risks are being managed.
- 10.3 They will also participate in training workshops to maintain an up-to-date understanding of how CBC manages risk.

Audit Committee

- 10.4 Audit Committee will endorse the council's corporate risk management policy, and at least annually, monitor and review the effectiveness of risk management systems and its contribution to corporate governance arrangements.
- 10.5 Audit Committee will also seek assurance from the internal audit team that risks are being managed in an appropriate manner and by the terms of this policy.

Overview and Scrutiny

- 10.6 The Overview and Scrutiny Committee may request to review the risk register at any time and scrutiny task groups may want to examine any risks relating to a particular project. Any recommendations from scrutiny would be made to Cabinet or Council as appropriate.

Cabinet and Council

- 10.7 Cabinet and Council, as decision-making bodies, will be made aware of risks associated with any decision taken to them. They will have the responsibility to ensure that any risks to a report or project they sign off are managed and should request a revision of previously identified risks as and when necessary.
- 10.8 The Corporate Risk Register is provided informally to Cabinet Members so that they can monitor them and the progress of mitigating action.
- 10.9 The Corporate Cabinet Member has risk management identified as part of their portfolio. They have responsibility to ensure that their cabinet colleagues consider risk when setting policy and making decisions. These risks should be revisited to identify how they are being managed.
- 10.10 Individual cabinet members should seek assurance that the risk management process is being met in reference to their respective portfolios through discussions with Directors.
- 10.11 Cabinet Members can suggest new risks and discuss the management of any risk with the appropriate Director or Risk manager

11. Officer responsibilities

- 11.1 The **Chief Executive** and **Leadership Team** have strategic responsibility for the risk management policy and collectively oversee the council's effective management of risk. In their role as 'coach', they will advise and support Directors, Senior Managers, Programme and Project Managers to ensure that risk is managed consistently and in line with this policy.
- 11.2 The Leadership Team are responsible for setting tolerance levels. The risk manager is empowered by Executive Leadership Team to make decisions about the control of the risk, depending on the risk score and what tolerance area it falls within.
- 11.3 They will consider corporate risk as part of developing and implementing the council business plan and corporate strategies, projects and programmes.
- 11.4 The **Leadership Team** are collectively responsible for the management of risks recorded on the Corporate Risk Register.

- 11.5 Directors are responsible for managing risks to the delivery of the objectives of their own division, jointly with their service managers. These risks will be managed in accordance with this policy, using the risk register template attached.
- 11.6 *The **Chief Executive** is responsible for minimising the overall cost of insurance claims which do arise and supporting the risk management programme by supplying any advice and data to the Board.*
- 11.7 The **Chief Executive** is responsible for monitoring the implementation and effectiveness of this risk management policy and for reviewing compliance with controls introduced by all other directors to collectively manage risks through the Corporate Leadership Team. Any responsibilities delegated to internal audit will be covered in the annual internal audit programme.
- 11.8 The **Audit Partnership Manager** is responsible for ensuring that where corporate risks are identified in the Annual Audit Plan they are cross referenced to the Corporate Risk Register.
- 11.9 The **Client officer** for Shared or Commissioned Service(s) will be responsible for ensuring that any external organisation that provides a service(s) for the Council will have a documented Risks Management Process that is appropriate for the size and complexity of that organisation.
- 11.10 The Client Officer will ensure that any external organisations risk management process covered in 11.9 will include the process for that organisation to inform the Council of any risk that either impacts or could impact on the Council.
- 11.11 The Client Officer will make the appropriate Leadership Team Lead Commissioner aware of any risk that could score 16 or above on the CBC score card or in their mind would have a significant risks to CBCs finances or reputation.'

The Governance Group

- 11.12 The Governance Group is consulted on proposed amendments to the Risk Management Policy and the Corporate Risk Register.
- 11.13 The Leadership Team can request that the Governance Group review and challenge any risk or group of risks to ensure that they are being recorded, scored and monitored correctly. This additional review process which can be found on the intranet relates to confidential risks and is designed to provide additional assurance to Leadership Team and the risk managers that they are being managed correctly.
- 11.14 **Counter Fraud Unit** - The Counter Fraud Unit is responsible for the prevention, detection and deterrence of fraud, bribery and corruption across the Council.

12. Programme and Project Managers

- 12.1 Ensure there is a process for identifying, managing and communicating risks to programme and project objectives and benefits
- 12.2 Ensure that programme and project teams carry out regular risk assessment
- 12.3 Ensure that any risk scoring 16 or above (CBC score card) is escalated to Leadership Team and considered for inclusion on the Corporate Risk Register. Managers have the discretion to bring to the attention of their Director or Risk manager any risk scoring below 16 if they consider that there is a need for ELT to be made aware of it.

13. Service managers

- 13.1 **Service managers** are responsible for identifying and managing risks to the objectives of their service team in line with this policy. The council encourages managers to identify, understand and manage risk, and learn how to accept risk within the applicable tolerance level.

- 13.2** They should ensure that their teams carry out risk assessment, where appropriate, as a routine part of service planning and project management, including reporting to members.
- 13.3** Ensure that any risk scoring 16 or above (CBC score card) is escalated to Leadership Team and considered for inclusion on the Corporate Risk Register. Managers have the discretion to bring to the attention of their Director or Risk manager any risk scoring below 16 if they consider that there is a need for Leadership Team to be made aware of it.

14. All council employees

- 14.1** The identification of risk relies on input from teams and individuals.
- 14.2** A 'Risk manager' is the owner of a risk and will manage that risk accordingly. This will involve maintaining awareness of how control actions are progressing.
- 14.3** All actions identified to control a risk will be assigned to an individual officer who will be called the 'Risk Control Owner'.

Effect	Risk Category	Impacts <i>Please note when drafting a risk description always describe the cause and effect i.e If... then ...</i>	
Negligible	Financial	Risk (<£50K Capital) or (Revenue <£25K p.a.) Define the value and period, in relation to revenue.	
	Employee	Low morale is contained within team and managed.	
	Capacity	Short term capacity issue not affecting service delivery.	
	VFM	Negligible impact on value for money. (Revenue <£25K p.a.)	
	H&S wellbeing	Risk to personal health & safety and general wellbeing.	
	Business continuity	Brief interruption of service provision.	
	Contractual Governance	Minor breakdown of shared services or contracts.	
	Reputation	Negligible media coverage/minor complaints.	
	Customer satisfaction	Minimal impact on delivery customer needs.	
	Governance	Poor governance/Internal/ control but zero impact on outcomes.	
	Performance	Targets are missed with no impact on objectives/outcomes.	
	Risks specific to delivery of Corporate Strategy		
	Environmental outcome	Negligible impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Negligible impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
	Community outcome	Negligible impact on our community economy - People live in strong, safe and healthy communities	
Business transformation outcome	Negligible impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents		
Risk Category			
Impacts			
Minor	Finance	Risk (£50K to £200K Capital) or (Revenue £25K to £50K p.a.) Define the value and period, in relation to revenue.	
	Employee	Some hostility from staff and minor non-cooperation.	
	Capacity	Short term capacity issue affecting service provision (define term with risk description).	
	VFM	Low impact on value for money. (Revenue £25K to £50K p.a.)	
	H&S and wellbeing	Risk to personal health & safety may result in broken bones and short term illnesses.	
	Business Continuity	Slightly reduced service provision with marginal disruption.	
	Contractual Governance	Some breakdown or shared services or contracts with disruption.	
	Reputation	Adverse local media/negative local opinion/formal complaints.	
	Customer satisfaction	Some customer needs or expectations may not be met either in time or quality.	
	Governance	Governance/Internal/ control has been missed/misunderstood/not up to date resulting in poor decision making.	
	Performance	Targets are missed with low impact on objectives/outcomes.	
	Risks specific to delivery of Corporate Strategy		
	Environmental outcome	Low impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Low impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
	Community outcome	Low impact on our community economy - People live in strong, safe and healthy communities	

	Business transformation outcome	Low impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents	
	Risk Category	Impacts	
Moderate	Finance	Risk (£200K to £1M Capital) or (Revenue £50K to £200K p.a.) Define the value and period, in relation to revenue.	
	Employee	Industrial action in the short term/staff leaving.	
	Capacity	Medium term capacity issues affecting service (define term within risk description).	
	VFM	Moderate impact on value for money. (Revenue £50K to £200K p.a.)	
	H&S and wellbeing	Risk to personal health & safety includes sustained or major illness of 1 or more people.	
	Business Continuity	Services suspended in short term with noticeable disruption.	
	Contractual Governance	Collapse of at least one aspect of shared service or contract with moderate disruption or temporary suspended service.	
	Reputation	Adverse local & media/members questioned.	
	Customer satisfaction	Key customer needs or expectations may not be met either in time or quality.	
	Governance	Governance/Internal/ control arrangements failed leading to non-compliance with legislation and policy.	
	Performance	Targets are missed with impact on objectives/outcomes.	
	Risks specific to delivery of Corporate Strategy		
	Environmental outcome	Moderate impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Moderate impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
Community outcome	Moderate impact on our community economy - People live in strong, safe and healthy communities		
Business transformation outcome	Moderate impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents		
	Risk Category	Impacts	
Major	Finance	Risk (>£1M to £2M Capital) or (Revenue £200K to £500K p.a.) Define the value and period, in relation to revenue.	
	Employee	Prolonged industrial action/significant number of staff leaving.	
	Capacity	Long term capacity issue affecting service delivery/reputation.	
	VFM	Major failure to provide value for money with major risk and external investigation. (Revenue £200K to £500K p.a.)	
	H&S and wellbeing	Risk to personal health & safety include loss of life/large scale illness.	
	Business Continuity	Service delivery suspended/Priority 1 and Priority 2 ICT systems suspended for long term with major disruption.	
	Contractual Governance	Shared service or contract delivery fails with major disruption.	
	Reputation	Major media coverage. High level of concern from elected members/officers/public with senior staff position threatened.	
	Customer satisfaction	Customer needs or expectations are not met with significant failing in service delivery.	
	Governance	Governance arrangements have failed with major reputation/legal implication and cost to recover.	
	Performance	Targets missed continuously major impact on objectives/outcomes.	
	Risks specific to delivery of Corporate Strategy		
	Environmental outcome	Major impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Major impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
Community outcome	Major impact on our community economy - People live in strong, safe and healthy communities		
Business transformation outcome	Major impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents		

	Risk Category	Impacts	
Critical	Finance	Risk (>£2M Capital) or (>Revenue £500K p.a.) The value and period, in relation to revenue	
	Employee	Prolonged industrial action/permanent loss of jobs resulting in inability to deliver services.	
	Capacity	Long term capacity putting at risk personnel, assets, reputation and service delivery.	
	VFM	Critical failure to provide value for money with risk of external investigation and intervention. (>Revenue £500K p.a.)	
	H&S and wellbeing	Risk to personal health & safety includes possibility of multiple fatalities or serious injuries and illness.	
	Business Continuity	Total loss of services, ICT systems and other key assets.	
	Contractual Governance	Shared service and contract delivery fails, resulting in total loss of service or the decommissioning of delivery model.	
	Reputation	Significant local/national media coverage with failure to meet regulatory standard resulting in loss/fine.	
	Customer satisfaction	Customer needs or expectations are not met because of complete failure in service delivery.	
	Governance	Governance/Internal/ control arrangements failed with reputation/legal/cost implication.	
	Performance	If there was a critical failure to deliver on delivery of objectives/outcomes or external investigation and intervention	
	Risks specific to delivery of Corporate Strategy		
	Environmental outcome	A Critical impact on our ability to deliver our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	A Critical impact on our ability to deliver our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
Community outcome	A Critical impact on our ability to deliver our community economy - People live in strong, safe and healthy communities		
Business transformation outcome	A Critical impact on our ability to deliver our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents		

Likelihood scorecard

Score	Likelihood	Probability	
1	Rare	0-9%	Less than 10% chance of occurrence
2	Unlikely	10-34%	10% to 34% chance of occurrence
3	Possible	35-64%	35% to 64% chance of occurrence
4	Likely	65-89%	65% to 89% chance of occurrence
5	Almost Certain	90-100%	90% or greater chance of occurrence

The total risk score is the multiplication of impact and likelihood when the risk score has been defined consideration must be given as to the best way to manage it, the following table should be used as a guide.

<i>Code</i>	<i>Risk score</i>	<i>Risk Management view</i>
Red	16 – 25	Must be managed by ELT to reduce risk scores
Amber	7 – 15	Seek to improve the risk score in the short/medium term
Green	1 – 6	Tolerate and monitor within the department

Cheltenham Borough Council

Cabinet – 05 December 2023

Award of rent support grants to voluntary sector organisations

Accountable member:

Cabinet Member Finance and Assets, Cllr Peter Jeffries

Accountable officer:

Executive Director Finance, Assets and Regeneration, Paul Jones

Ward(s) affected:

All

Key/Significant Decision:

No

Executive summary:

As part of Cheltenham Borough Council's wider ambitions to support a thriving voluntary and community sector (VCS), the council enables VCS groups to rent its properties through offering a rent support grant scheme.

The current policy was adopted in December 2016 which permits VCS groups to apply for a rent support grant either at the start of a lease or at the time of a rent review. Applications are scored against four criteria with the amount of subsidy awarded being proportionate to the degree to which the applicant meets the criteria.

An application for a rent support grant has been received from:

- 1st Hatherley Scouts.
- North & West Gloucestershire Citizens Advice

This report sets out the proposed level of rent support grant to be awarded for each.

Recommendations: That Cabinet:

1. Agrees to the following rent support grant:

Applicant:

1st Hatherley Scouts, Scout Headquarters, Penrith Road

Recommended rent support grant:

A rent support grant of 64% of the current market rent

Applicant:

North & West Gloucestershire Citizens Advice, Room B13 and B14, Municipal Offices

Recommended rent support grant:

A rent support grant of 64% of the current market rent

2. Delegates authority to the Participation and Engagement Team Leader, in consultation with the Director: One Legal to agree the terms of a rent support grant agreement with the applicant.

1. Implications

1.1. Financial, Property and Asset implications

The 1st Hatherley Scouts previously paid a nominal rent per annum. The benefit to the general fund from the uplift in rent will be £436 per annum versus previous years.

Citizens Advice North and West Gloucestershire previously paid a nominal rent for their tenancy in St George's Place and have moved to the Municipal Offices where the rent is lower but taken with the vacancy potential at St George's Place this represents a potential increase in rental income overall.

All usual terms and conditions will be contained within the lease in respect of rent reviews, insurance, repairs, compliance, etc, and will be monitored on an ongoing basis to ensure compliance.

Signed off by: Gemma Bell, Director of Finance and Assets (Deputy Section 151 Officer), gemma.bell@cheltenham.gov.uk

1.2. Legal implications

Under S123 Local Government Act 1972, leases for a term greater than 7 years must be for the best consideration reasonably obtainable. The only exception to this is where the letting at less than best consideration contributes to the 'social, economic or environmental well-being' of the council's area or residents. Whilst leases for a term of less than 7 years do not have to be for the best consideration reasonably obtainable, the council must still have regard to its general fiduciary duty.

Granting a lease at market rent, whilst implementing a policy of grant support, means that if the tenant at any time fails to meet the grant criteria, there is no complicated

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legal mechanism for ensuring that the rent is uplifted to market value: the grant is simply suspended. Accordingly, the Policy for Property Lettings and Disposals to the Third Sector, Voluntary and Community Groups was adopted by Cabinet on 13 December 2016.

When considering the giving of financial assistance, the council must ensure that it is not giving an unlawful subsidy under the Subsidy Control Act 2022 (the Act). The subsidy control regime has replaced state aid which applied before the UK's withdrawal from the EU.

One of the requirements for a subsidy to be present is for financial assistance being given to an 'enterprise' which is defined in the Act as a person (including all legal entities) who is engaged in an economic activity that entails offering goods or services on a market. The Scouts and CAB do not carry out such economic activity so there will be no subsidy present when providing the proposed rent support grant.

Signed off by: One Legal: legalservices@onelegal.org.uk

1.3. Environmental and climate change implications

The 1st Hatherley Scouts provide educational and practical experiences to over 100 young people, including learning about the value of recycling; litter picking in local parks; gardening in vegetable patches and planting hedgerows in the community. In terms of their maintenance of the building, the group has taken steps to increase their energy efficiency, including adopting LED lighting; improving insulation and installing a more sustainable source of heating.

North & West Gloucestershire Citizens Advice works to address fuel poverty and advised nearly 850 clients in the last financial year. Advice ranges from making sure clients are on the correct tariff, to helping with priority services, advising on energy efficiency and securing grants to improve the energy efficiency of people's homes. Training is provided to paid members of staff and volunteers on energy efficiency enabling them to support their clients better.

In addition, the organisation is aware of its impact on the environment as an organisation, making purchasing decisions for equipment to be as sustainable as possible and recycling in all offices. As part of its environmental policy, the organisation offers hybrid working to reduce travel miles by staff and mileage for business purposes is reduced where possible.

The climate impact assessment is attached as **appendix 2**.

Signed off by: Maizy McCann, Climate Emergency Officer,
Maizy.mccann@cheltenham.gov.uk

1.4. Corporate Plan Priorities

This report contributes to the following Corporate Plan Priorities:

- Ensuring residents, communities and businesses benefit from Cheltenham's future growth and prosperity
- Being a more modern, efficient and financially sustainable council

1.5. Equality, Diversity and Inclusion Implications

There are no direct equality implications from the recommendations, though both organisations will continue to promote equality and diversity in line with their own equality policies.

1.6. Performance management – monitoring and review

The council will put in place an annual monitoring process whereby recipients of a rent support grant will submit a monitoring form to explain the activities that have been delivered from the premises.

The quality and timeliness of previous monitoring information will be taken into account, if the applicant wishes to re-apply for a rent support grant at the end of the three year (for Citizens Advice) or five year (for 1st Hatherley Scouts) period.

2. Background

- 1.1 As part of Cheltenham Borough Council's wider ambitions to support a thriving voluntary and community sector, the council enables VCS groups to rent its properties through offering a rent support grant scheme.
- 1.2 We know that appropriate rent support to community-based organisations and services can support the viability of such organisations and the services they provide to the benefit of the social and economic well-being of the town. However, the Council will continue to encourage voluntary and community sector organisations to become more self-sufficient and less reliant upon financial support from the Council.
- 1.3 A revised rent support grant process was adopted by the council in December 2016. This is based on assessing an application against the following four outcomes:
 - Cheltenham's environmental quality and heritage is protected, maintained and enhanced
 - Sustain and grow Cheltenham's economic and cultural vitality
 - People live in strong and safe communities
 - We will work to strengthen the emotional and physical wellbeing of all Cheltenham residents
- 1.4 The maximum rent support grant that any organisation will be able to apply for will be 80% of their current market rent and that the assessment process will determine the level

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of grant to be offered up to this maximum and will be staggered incrementally, as follows:

- Meeting one outcome –up to 20% grant
- Meeting two outcomes –up to 40% grant
- Meeting three outcomes –up to 60% grant
- Meeting four outcomes –up to 80% grant

- 1.5** Each outcome is subject to a stepped discount between 0 and 20% depending upon the impact of the defined sub-elements of each outcome.
- 1.6** Cabinet retains the discretion to award a further grant of 10%, bringing the maximum rent support grant that any organisation could receive to 90%. This will only be in exceptional cases and any such decision will only be taken after detailed consideration of the organisation's financial and business case for the rent support.
- 1.7** In addition, the council will scrutinise the applicant's financial standing and make an assessment of the following:
- That the reason for applying for the rent support grant is backed up by the organisation's financial health in that the grant award will support the financial viability of the operation of the building
 - That the organisation has reasonable longer-term plans in place to be able to sustain activities being delivered from the building beyond the term of the grant.
- 1.8** The offer of a grant will be for a maximum of five years that will be reviewed at the end of each 12 month period to ensure that the applicant continues to deliver the activities set out in the original application. The council reserves the right to either review the grant amount awarded or withdraw it completely if there are changes to the activities being delivered. In addition, if the organisation is in debt arrears to the council; the grant will be withdrawn.

3. Reasons for recommendations

- 3.1.** The submissions from 1st Hatherley Scouts and North and West Gloucestershire Citizen Advice have been assessed against the criteria detailed in 1.4.
- 3.2.** The 1st Hatherley Scouts demonstrated good evidence of their contribution to the themes assessed against, particularly in terms of protecting the environment through providing educational and practical experiences for young people and ensuring the building is as energy efficient as possible; and building safe and strong communities through providing a safe place for young people to meet and supporting social networks and volunteering. **Please see appendix 3** for the assessment of their submission.
- 3.3.** Citizens Advice North and West Gloucestershire demonstrated particularly strong evidence of their role in supporting the economy through the significant level of advice and support provided and in supporting physical and emotional wellbeing of residents through working with people to ensure they have adequate benefits and are supported to manage problems with debts, housing and employment. **Please see appendix 4**

for the assessment of their submission.

4. Alternative options considered

4.1. None

5. Consultation and feedback

5.1. None

6. Key risks

- 6.1. If the Council is overly generous in subsidising tenancies with grants, this will result in reduced income from assets and cumulative impacts on the Council's medium term financial strategy.
 - 6.2. If appropriate and transparent grant agreements are not put in place, tenants may be more difficult to remove if they fail to meet the terms of any subsidised letting arrangement, with the potential for associated adverse publicity for the Council.
 - 6.3. If prospective tenants cannot demonstrate a robust business plan when taking on property commitments from the Council, there is an increased risk of failure and associated financial and reputation impacts for the authority.
-

Report author:

Helen Down, Participation and Engagement Team Leader, helen.down@cheltenham.gov.uk

Appendices:

- i. Risk Assessment
- ii. Climate Impact Assessment
- iii. 1st Hatherley Scouts Assessment
- iv. North and West Gloucestershire Citizens Advice Assessment

Background information:

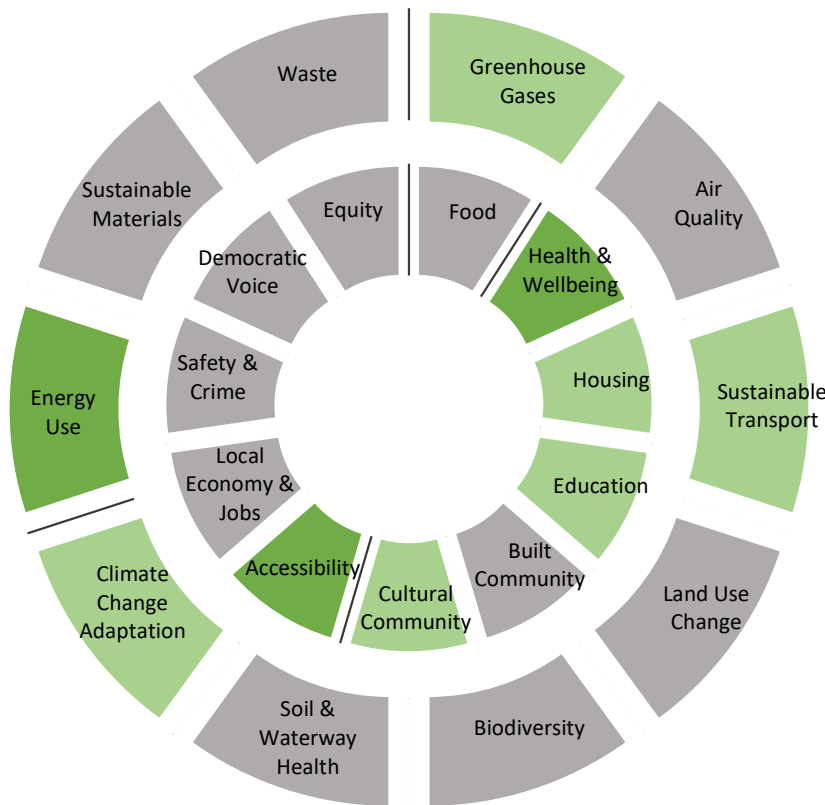
Report to Cabinet 13 December 2016 "Award of rent support grants to Cheltenham's Voluntary and Community Sector Organisations"

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	If appropriate and transparent grant agreements are not put in place, tenants may not understand the consequences if they fail to meet the terms of any subsidised letting arrangement.	Helen Down	2	2	4	Accept	Rent support grant agreement to be put in place, in conjunction with One Legal	Helen Down	January 2024
	If prospective tenants cannot demonstrate a robust business plan when taking on property commitments from the Council, there is an increased risk of failure and associated financial and reputation impacts for the authority.	Gemma Bell	2	3	6	Accept			
	If the grant expires or is terminated, tenants will remain responsible for payment of rent at market value. This may result in an increase in arrears.	Gemma Bell	2	2	4	Accept			

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Report: Award of rent support grants



ENVIRONMENTAL	Scores	Action	Justification
GHGs	1	No action r	1st Hatherley Scouts teaches the benefits of sustainable living to young people, which may have an impact on their future choices and the organisation has taken steps to improve energy efficiency. Citizens Advice is now within the Municipal Offices so uses the same fuels as the council but takes steps to reduce commuting, mileage and to source equipment sustainably.
Air quality	0	No action r 0	
Sustainable Transport	1	No action r	Hatherley Scouts promote the benefits of active and healthy lifestyles with the 100 young people who attend their groups. The submission from Citizens Advice demonstrated that working with people to ensure they have adequate benefits and are supported to manage problems with debts, housing and employment has a positive impact on mental and physical health. Having a town centre base also makes it easier for clients and staff to travel to it sustainably.
Biodiversity	0	No action r 0	
Land use change	0	No action r 0	
Soil and waterway health	0	No action r 0	

Climate Change Adaptation	2	No action r	Hatherley Scouts promote sustainable living and behaviour change. Citizens Advice also provide training to paid members of staff and volunteers on energy efficiency enabling them to support their clients better.
Energy Use	4	No action r	Both applicants have demonstrated that they work to reduce energy use. The Hatherley Scouts have adopted LED lighting, improved insulation and installed a more sustainable source of heating. Citizens Advice Training is provided to paid members of staff and volunteers on energy efficiency enabling them to support their clients better. It recycles and offers hybrid working to reduce travel miles by staff and where possible mileage for business purposes is reduced.
Waste	0	No action r	0
Sustainable Materials	0	No action r	0

SOCIAL	Scores	Action	Justification
Food	1	No action r	0
Health	0	No action r	Citizens Advice works with people to ensure they have adequate benefits and are supported to manage problems with debts, housing and employment has a positive impact on mental and physical health. Both organisations provide significant opportunities to volunteer, which has a positive impact on health and wellbeing.
Housing	0	No action r	Citizens Advice works with people to ensure they have adequate benefits and are supported to manage problems with debts, housing and employment and reduces the risk of homelessness.
Education	0	No action r	Both organisations involve significant input from volunteers to deliver groups and provide advice.
Community	1	No action r	0
Culture	0	No action r	Hatherley Scouts provides a safe place for young people to meet and learn new skills and socialise.
Accessibility	0	No action r	Citizens Advice having a town centre location makes their services accessible by foot and public transport. Hatherley Scouts delivering within that locality enables young people to walk to a local group.
Local Economy and Jobs	1	No action r	0
Safety	1	No action r	0
Democratic Voice	1	No action r	0
Equity	1	No action r	0

Rent Support Assessment Process

Date of rent support assessment:	16.8.23
Carried out by:	Richard Gibson, Andy Taylor, Helen Down (information provided by Simon Hodges)
Name of Applicant:	1 st Hatherley Scouts
Is the applicant a legally constituted, not-for-profit voluntary and community sector organisation?	Yes
Name /address of property	The Scout Headquarters, Penrith Road, Cheltenham, GL51 3QB

Rent Support outcomes	Submission	Proposed score against the sub-elements (up to a maximum of 20% per outcome)
<p>Cheltenham's environmental quality and heritage is protected, maintained and enhanced. This could include</p> <ul style="list-style-type: none"> • Promoting bio-diversity • Responding to climate change • Promoting sustainable living • Protecting and enhancing parks, gardens and open spaces • Protecting and enhancing the built environment 	<p>The Scout group provides educational and practical experiences to over 100 young people, including the value of recycling; litter picking in local parks; gardening in veg patches and planting hedgerows in the community.</p> <p>In the ongoing maintenance programme, the group has adopted LED lighting, improved insulation and installed a more sustainable source of heating.</p>	<p>Promoting bio-diversity – 4% Responding to climate change – 4% Promoting sustainable living – 4% Protecting and enhancing parks, gardens and open spaces – 4% Protecting and enhancing the built environment – 4%</p> <p><u>The recommended rent subsidy for this element is 20%</u></p>
<p>Sustain and grow Cheltenham's economic and cultural vitality. This could include:</p> <ul style="list-style-type: none"> • Helping people into employment • Helping businesses to get established • Supporting cultural activity • Providing advice and information • Supporting tourist activities 	<p>The group has supported and made the hall available at cost to a newly established nursery group that provides care 4 days a week and employs several staff.</p> <p>The group delivers a range of culturally educational sessions, including understanding of different cultures and faiths. Recent examples include visiting the Synagogue and Thai cooking lessons.</p>	<p>Helping people into employment – 4% Helping businesses to get established – 4% Supporting cultural activity – 4% Providing advice and information Supporting tourist activities</p> <p><u>The recommended rent subsidy for this element is 12%</u></p>

Rent Support outcomes	Submission	Proposed score against the sub-elements (up to a maximum of 20% per outcome)
<p>People live in strong and safe communities. This could include</p> <ul style="list-style-type: none"> • Enabling local residents to meet together and socialise • Engaging residents in positive social networks • Enabling local residents to contribute their time and efforts into community activity • Enabling local residents to feel safer in their communities • A place for young people to meet and feel safe 	<p>The group provides a place for over 100 young people to meet and feel safe by providing activities delivered by skilled and safeguarding trained volunteers. In addition to safe practices and education, the group is inclusive to all, and has recently rebuilt the entrance and pathways to be accessible for wheelchair users and people with limited mobility. Many members come from low income families, and the group provides funding to support young people ensuring social and economic barriers are not present.</p>	<p>Enabling local residents to meet together and socialise – 4% Engaging residents in positive social networks – 4% Enabling local residents to contribute their time and efforts into community activity – 4% Enabling local residents to feel safer in their communities A place for young people to meet and feel safe – 8%</p> <p><u>The recommended rent subsidy for this element is 20%, due to the significant opportunities provided for young people to meet and feel safe.</u></p>
<p>We will work to strengthen the emotional and physical wellbeing of all Cheltenham residents This could include:</p> <ul style="list-style-type: none"> • Enabling local people to be active • Helping local people make healthy lifestyle choices • Reducing the harm caused by alcohol • Improving mental health • Improving health & wellbeing into older age 	<p>The group provides a wide range of physical activities young people, and in so doing helps them to understand the value of a healthy lifestyle. This includes practical education in the kitchen designing and cooking healthy foods. The environment created allows young people to express themselves and feel safe in doing so and this is vital outlet for some and key to preserving and promoting good mental health.</p>	<p>Enabling local people to be active - 4% Helping local people make healthy lifestyle choices – 4% Reducing the harm caused by alcohol Improving mental health – 4% Improving health & wellbeing into older age</p> <p><u>The recommended rent subsidy for this element is 12%.</u></p>
<p>Summary and recommended rent support grant</p>	<p>The 1st Hatherley Scouts Group has demonstrated evidence of its role across the themes assessed against, in delivering activities and support to young people.</p>	<p><u>The total recommended rent subsidy is 64%.</u></p>

Financial considerations	Panel assessment
Will the grant award will support the financial viability of the operation of the building?	As a charity youth organisation, every penny raised through fundraising and subscriptions goes into providing safe, adventurous and developmental activities for young people. These limited funds are spread thinly supporting activities and the ongoing maintenance of the premises. The grant award will help to maintain the ability to make a difference to the community.
Has the organisation got reasonable longer-term plans to sustain activities being delivered from the building beyond the term of the grant?	The Hatherley Scout Group has been at this location for 50 years, with a stable and steadily growing membership. There are currently over 100 young people in the group and an addition group is to be established soon.

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Rent Support Assessment Process

Date of rent support assessment:	13.9.23
Carried out by:	Peter Woodley, Richard Gibson, Avril Corbin, Helen Down
Name of Applicant:	North & West Gloucestershire Citizens Advice
Is the applicant a legally constituted, not-for-profit voluntary and community sector organisation?	Registered charity number 104476 and company number 2993822
Name /address of property	Room B13 and B14, Municipal Offices Promenade Cheltenham GL50 9SA

Rent Support outcomes	Submission	Proposed score against the sub-elements (up to a maximum of 20% per outcome)
<p>Cheltenham's environmental quality and heritage is protected, maintained and enhanced.</p> <p>This could include</p> <ul style="list-style-type: none"> • Promoting bio-diversity • Responding to climate change • Promoting sustainable living • Protecting and enhancing parks, gardens and open spaces • Protecting and enhancing the built environment 	<p>The organisation highlighted that their fully trained volunteers provide the advice people need for the problems they face. Some just require information about their rights whilst others need Citizens Advice to look at options and sometimes take action on their behalf. In all cases the impact is to promote sustainable living conditions for our clients whether by assisting in debt problems, benefit issues, employment disputes, housing matters, financial and legal difficulties or relationship conflicts.</p> <p>Citizens Advice works to address fuel poverty and advised nearly 850 in the last financial year. Advice ranges from making sure clients are on the correct tariff, to helping with priority services, advising on energy efficiency and securing grants to improve the energy efficiency of people's homes. Activities include: providing advice on fuel options, tariffs, energy grants, energy efficiency and reducing bills. There are also health related services that provide vulnerable people with support to warm their houses. Training is provided to paid members of staff and volunteers on energy efficiency enabling them to support their clients better.</p>	<p>Promoting bio-diversity</p> <p>Responding to climate change – 4%</p> <p>Promoting sustainable living – 4%</p> <p>Protecting and enhancing parks, gardens and open spaces</p> <p>Protecting and enhancing the built environment – 4%</p> <p><u>The recommended rent subsidy for this element is 12%.</u></p>

Rent Support outcomes	Submission	Proposed score against the sub-elements (up to a maximum of 20% per outcome)
	<p>In addition, the organisation is aware of its impact on the environment as an organisation. It is moving towards a paperless office, making purchasing decisions for equipment to be as sustainable as possible and ensures recycling in all offices. As part of its Environmental policy, the organisation offers hybrid working to reduce travel miles by staff and where possible mileage for business purposes is reduced.</p>	
<p>Sustain and grow Cheltenham’s economic and cultural vitality. This could include:</p> <ul style="list-style-type: none"> • Helping people into employment • Helping businesses to get established • Supporting cultural activity • Providing advice and information • Supporting tourist activities 	<p>Citizens Advice has shown that the Advice Service supports Cheltenham’s economic and cultural vitality in numerous ways. As an organisation it helps with welfare benefits, debt, housing, consumer and employment issues.</p> <ul style="list-style-type: none"> • In 2022/23 Citizens Advice provided advice and information to 3,559 of residents of Cheltenham with over 8,619 enquiries. That advice is face to face, by telephone and in writing. Advice is provided on all issues, ranging from consumer to debt, housing to employment, relationships and welfare benefits. • Financial outcomes for clients of £1.4 million were achieved, including nearly £800,000 in additional income through additional benefit income • National Citizens Advice data shows for every £1 invested, £26.35 of financial outcomes for the people supported is achieved. • The organisation supports people in employment by advising over 401 people regarding their rights at work, pay and conditions, etc. 42% said their employment was now more secure following advice. • The organisation employs 48 staff and has 55 volunteers. Volunteers report that they have gained new skills, increased their confidence, improved their wellbeing and some have gained work as a result. 	<p>Helping people into employment – 4% Helping businesses to get established – 4% Supporting cultural activity Providing advice and information – 8% Supporting tourist activities</p> <p><u>The recommended rent subsidy for this element is 16%, due to the significant level of advice and information provided to residents.</u></p>
<p>People live in strong and safe communities. This could include</p> <ul style="list-style-type: none"> • Enabling local residents to meet 	<p>The organisation currently provides volunteering opportunities to 55 people to volunteer and is continually recruiting volunteers. The volunteer team is vital to service delivery and volunteers undertake a variety of roles. Many volunteers are retired or</p>	<p>Enabling local residents to meet together and socialise Engaging residents in positive social networks – 4%</p>

Rent Support outcomes	Submission	Proposed score against the sub-elements (up to a maximum of 20% per outcome)
<p>together and socialise</p> <ul style="list-style-type: none"> • Engaging residents in positive social networks • Enabling local residents to contribute their time and efforts into community activity • Enabling local residents to feel safer in their communities • A place for young people to meet and feel safe 	<p>gaining experience whilst looking for employment.</p> <p>This volunteering has the following impact:</p> <ul style="list-style-type: none"> ✓ 69% report feeling not engaged with their community before volunteering but after volunteering 90% of people feel engaged with their community ✓ Over 80% of volunteers report feeling more equipped and empowered to get on with their lives since volunteering ✓ Nearly 80% increased confidence since volunteering (Value of CAB volunteering research) ✓ Each week CAB volunteers donate over 300 hours per week, representing an in-kind value of £213,096 annually. <p>The volunteers, all of whom support the advice services are highly skilled. They all receive role-specific training and development from nationally recognised subject-experts including the Money Advise Trust, the Insolvency Service, Wiseradviser, National Homelessness Advice Service and Citizens Advice. All client-facing volunteers have significant experience in the provision of welfare benefits, housing, debt and money advice.</p>	<p>Enabling local residents to contribute their time and efforts into community activity – 8%</p> <p>Enabling local residents to feel safer in their communities – 4%</p> <p>A place for young people to meet and feel safe</p> <p><u>The recommended rent subsidy for this element is 16%, due to the significant involvement of volunteers in the delivery of the service.</u></p>
<p>We will work to strengthen the emotional and physical wellbeing of all Cheltenham residents</p> <p>This could include:</p> <ul style="list-style-type: none"> • Enabling local people to be active • Helping local people make healthy lifestyle choices • Reducing the harm caused by alcohol • Improving mental health • Improving health & wellbeing into older age 	<p>The submission demonstrated that that working with people to ensure they have adequate benefits and are supported to manage problems with debts, housing and employment has a positive impact on mental and physical health. Over 50% of the people Citizens Advice works with have a disability or long term health condition. The organisation knows that nearly 90% of people are satisfied with the service they receive.</p> <p>Additionally, Citizens Advice has projects that work specifically with people with disabilities and long-term health conditions to provide support over a long period of time. The team are regularly preventing homelessness, for example, with 1,116 housing enquiries in 2022-23 including homelessness applications and support with evictions.</p> <p>Citizens Advice is also able to provide grants and vouchers</p>	<p>Enabling local people to be active – 4%</p> <p>Helping local people make healthy lifestyle choices – 4%</p> <p>Reducing the harm caused by alcohol – 4%</p> <p>Improving mental health – 4%</p> <p>Improving health & wellbeing into older age – 4%</p> <p><u>The recommended rent subsidy for this element is 20%.</u></p>

Rent Support outcomes	Submission	Proposed score against the sub-elements (up to a maximum of 20% per outcome)
	(such as food bank, fuel bank and data bank) to support people to have access to food and energy. This work has a tremendously positive impact on health and wellbeing.	
Summary and recommended rent support grant	North and West Gloucestershire Citizens Advice has demonstrated evidence of its important role in all of the themes assessed against, particularly in its provision of crucial advice and information to residents in need of support, which then impacts positively on their health and wellbeing. The involvement of volunteers in the delivery of its services is also significant.	<u>The total recommended rent subsidy is 64%</u>

Financial considerations	Panel assessment
Will the grant award support the financial viability of the operation of the building?	North and West Gloucestershire Citizens Advice is a charity, providing vital support to the community, which is especially important during the cost of living crisis. The grant award supports the organisation to be financially sustainable and allows them to provide their services in a central location in Cheltenham.
Has the organisation got reasonable longer-term plans to sustain activities being delivered from the building beyond the term of the grant?	The organisation has a 3 year agreement with Cheltenham Borough Council to provide Advice Services and continuously fund raises to secure funding to continue service delivery into the future.

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Cheltenham Borough Council

Cabinet Meeting – 5 December 2023

Budget Monitoring Report 2023/24 – position at 30 September 2023

Accountable member:

Cllr Peter Jeffries – Cabinet Member for Finance and Assets

Accountable officer:

Gemma Bell - Director of Finance and Assets (Deputy Section 151 Officer)

Accountable scrutiny committee:

Budget Scrutiny Working Group

Ward(s) affected:

All

Key/Significant Decision:

No

Executive summary:

This report provides the monitoring position statement for the financial year 2023/24 against the budget approved by Council on 20 February 2023. The purpose of this report is to notify members of any known significant variations to the budget for 2023/24 and highlight any key issues.

Regular budget monitoring exercises for services are carried out in liaison with Directors and cost centre managers. The budget is also regularly discussed with the Lead Member for Finance and Assets and the Cabinet. One of the key purposes of this exercise is to identify any major variations from the current approved budget that are anticipated to occur in the financial year. Any variations of more than £50,000 to revenue budgets identified at 30 September 2023 are outlined in this report.

The position for the 2022/23 outturn was that £2.6m was required to balance budget. Moving into 2023/24 it was budgeted that £152,258 would be added to general balances by the 31 March 2024. This monitoring report shows that we are currently reporting estimated overspend of

£702,000.

As detailed within this report there are a number of external factors that are outside of the Councils control: interest rates, inflation, higher than budgeted Payaward. Our focus as a council is on measuring everything and controlling the controllable. The measures agreed with Service Managers to mitigate the forecasted overspends in the budget are detailed in Section 3 of this report.

Recommendation: That Cabinet:

- **notes the contents of this report, including the key projected variances to the general fund and Housing Revenue Account (HRA) 2023/24 revenue and capital budgets approved by Council on 20 February 2023 and the actions to ensure overspends are reduced as far as possible by the end of the financial year.**
-

1. Implications

1.1. Financial implications

As detailed throughout this report.

Signed off by: Gemma Bell, Director of Finance and Assets (Deputy s151 Officer), 01242 264124

1.2. Legal implications

None arising from the report recommendations.

Signed off by: One Legal legalservices@onelegal.org.uk

1.3. HR implications

No direct hr implications arising from the report at this time.

Signed off by: Julie McCarthy, HR Consultant julie.mccarthy@cheltenham.gov.uk

1.4. Environmental and climate change implications

The mitigating actions, in particular in relation to the increasing cost of energy, are in line with our Climate Emergency Action Plan. A reduction in energy consumption spawns a reduction in overall greenhouse gas emissions, and therefore aligns with our Climate Emergency Action Plan. The mitigating actions, in particular, the winter energy usage reduction target of 20-25% and the exploration of a more efficient building management system will expedite our progress towards becoming a net zero Council.

Signed off by: Maizy McCann, Climate Emergency Programme Officer, 01242 264263

1.5. Property/asset implications

None specifically directly arising from the recommendations.

Signed off by: Gemma Bell, Director of Finance and Assets, 01242 264124

1.6. Corporate policy framework implications

Taking action to ensure overspends are reduced as far as possible by the end of the financial year will help ensure that the council can continue to deliver its corporate objectives as set out in the 2023-2027 Corporate Plan.

2. Background

2.1. On 20 February 2023, Council approved the budget for 2023/24, including setting the Council Tax. The 2023/24 approved budget identified ambitious savings target of £1.3m.

2.2. This report draws together the Council's budget forecast for 2023/24 at 30 September 2023 against the budget approved on 20 February 2023. It also summarises the Housing Revenue Account (HRA) revenue and capital budgets.

3. Net Revenue Budget Position

3.1. The current net forecasted overspend for 2023/24 is £702k compared to a figure of £475k at the end of the first quarter of the year. Of this total, £349k relates to a net overspend on the base budgets and £353k relates to slippage in the delivery of savings and efficiencies. The table below details the breakdown of the variances against the approved budget with further explanation provided in Sections 3, 4 and 5.

Significant budget variances	Overspend / (Underspend) £	Para. Ref.
All Directorates		
Staffing Vacancies	(492,000)	4.1
Communities & Place Directorate		
Waste & Recycling	60,000	4.2
Finance, Assets & Regeneration Directorate		
Housing & Communities	(100,000)	4.3
Property – Business Rates	80,000	4.4
Property – Repairs and Maintenance	94,000	4.5
Energy	250,000	4.6
Economic Pressures		
Borrowing & Investment Interest	587,000	5.1 – 5.4
At Risk Savings	353,000	6.1 – 6.5
Net impact of all other budget variances < £50k	(132,000)	
Total projected overspend for the year	702,000	

4. Base Budget Variances

- 4.1. The organisation is still working through phase two of the organisational review. Vacancies are currently being carried across the organisation either due to team changes being implemented more gradually than expected or because services are having difficulty recruiting. The financial impact for 2023/24 is that there will be an estimated underspend of £492k. This variance has been adjusted to reflect the 2023/24 pay award which has now been agreed with NJC Unions.
- 4.2. Waste and Recycling overall is anticipating net overspend of £60,000. This is made up of a number of difference variances:
- 4.2.1. The Ubico contract is expected to be underspent by £309k due to a number of factors including delays in vehicle replacements. (£309k represents around 3% of the contract between CBC & Ubico).
 - 4.2.2. Tonnages of recycling material collected has dropped in the financial year to date. As a result, net income for sales of material and recycling credits has been impacted adversely by £353k against budget. As kerb side recycling has dropped when compared to the amounts collected during the pandemic, the number of rounds delivered through our current contract will be reviewed to reduce the cost base in the final quarter of the year.
 - 4.2.3. At this point in the year there is a £16k shortfall on trade waste income forecast which may be due to the cost of living crisis reducing the customer base combined with less waste being produced. Marketing of the service to businesses in the town has reduced this shortfall from the £45k reported in Q1.
- 4.3. Housing & Communities received a windfall grant of £210k for the 2023/24 financial year, part of the work to meet the conditions of the grant is being covered within existing services and funded by our base budget. As a result, we estimate that £100k of this grant will be available to support general balances at year end.
- 4.4. We have a large portfolio of properties which are subject to business rates, calculated using a rateable value provided by the Valuation Office Agency. The last revaluation of the rateable value was published on 1 April 2023 and this has increased the amount of business rates we are liable to pay. Work is underway to appeal a number of these, in particular for car parks where income has fallen since the last valuation.
- 4.5. Repairs and maintenance budgets across our property portfolio have cost pressures due to the impact of inflation on suppliers along with the age of our properties. There were also a number of incidents of vandalism at Town Centre East car park in the first quarter and work required in order that the Pittville Pump Room can re-open. We estimate that these budgets will be overspent by £94k by 31 March 2024 but will continue to review the work commissioned to determine whether it is providing value for money for the Council.
- 4.6. In the same way that energy costs have increased for households across the borough, the council saw a significant increase in costs throughout 2022/23. As part of the 2023/24 budget setting process, additional budget capacity was built in to withstand continued pressure particularly in some of our large buildings open to the public. However, with consideration to our net zero ambitions there was a stretch target included to reduce our usage year on year.

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- 4.7. In order to achieve this target, energy usage targets have been set for all our major buildings and this is monitored using the recently installed sub meters. The focus is on working with our partners and staff who operate from our buildings to reduce overnight energy usage, facilitated by a building management system.
- 4.8. The overall target is to reduce our winter energy usage by 20% when compared to the same period in 2022/23. The pressure has arisen in buildings occupied by our partners where we can control the unit price but cannot currently directly control the amount of energy used. These buildings are also those that have the highest energy demands where the costs fall on the Council to cover. As well as interventions from the property and climate team, we also made an application to the Government's Swimming Pool Support Fund to offset some of this pressure but were unsuccessful.
- 4.9. Work is currently ongoing with the Interim Director of Climate Change to review all areas of our energy management, from purchasing to bill validation and there is significant scope to reduce this pressure in year.

5. Interest Rate Pressures

- 5.1. While inflation has started to ease over the first few months of the financial year interest rates are still rising. Bank Of England base rate rose to a new high of 5.25% on the 3 August 2023.
- 5.2. This has led to a substantial rise in the cost of both short- and long-term borrowing over the last six months. CBC is a net borrower will see increased cost in interest payable for borrowing. The council's treasury management advisors forecast that rates are forecast to peak around 5.75% and remain at this level for the next 9-12 months before being forecast to reduce. Since the Q1 budget monitoring report, this forecast has held and the Bank of England have maintained the base rate of 5.25%.
- 5.3. The impact of this, given the level of borrowing is £587k against the budget set in February 2023, this is the net impact when including the increased income generated on our investments.
- 5.4. Our finance team along with our treasury advisors are reviewing options to reduce the impact of the high interest rates on our revenue budgets.

6. Delivery of the 2023/24 Savings Strategy

- 6.1 As part of the 2023/24 approved budget, a four-year savings strategy was approved which was weighted towards delivering £1.3m of base budget savings in 2023/24. This is an incredibly ambitious target, particularly in the current economic environment. Below is a table categorising the progress to date.

Description	TARGET 2023/24 £	ACHIEVED* 2023/24 £	FORECAST/ON TARGET £	CURRENT GAP £
Re-alignment of resourcing with Corporate Priorities	125,000		-	85,000
Commercial income generation opportunities	100,000	30,000	20,000	50,000
Reduction in the Cheltenham Trust management fee	100,000	100,000		
Maximise opportunities to strengthen CBC-CBH partnership	100,000		100,000	
Pension tri-annual review	575,000	575,000		
Review of budget allocations against new Corporate Plan	300,000		122,000	218,000
Total	1,300,000	705,000	242,000	353,000

6.2 Action has already been taken by officers and Members on the £947k of savings categorised as green or amber. The decision to wind up Cheltenham Borough Homes and bring the housing service back in house has meant that £222k of the amber rated savings have a greater certainty of delivery than when the Q1 position was reported in September.

6.3 This decision also strengthens the 2024/25 savings position which will be reported to Cabinet in the draft budget on 19 December 2023 and provides a mechanism to cover the forecast £285k of red rated savings which are likely to slip to the next financial year.

6.4 To further build on this work, Senior Officers have been working with the Cabinet to review discretionary budget spend across all service areas against the Corporate Plan to determine whether services can be delivered differently and ensure our resources are aligned with key priorities. Again, proposals and options have been discussed and will also be reported in the draft budget papers later this month.

7 The 2023/24 Capital Programme

7.1 A monitoring exercise has been carried out to ensure that the capital programme, approved by Council on 20 February 2023, are being delivered as planned within allocated capital budgets, some of which are timetabled to straddle two or more financial years. The approved 2023/24 capital programme totals £13.904m. See Appendix 2 attached to this report for a breakdown of the individual capital projects.

7.2 At present, the capital projects are all forecast to be delivered on or under budget with only a small overspend variance based on the activity incurred to date and the planned activity until 31 March 2024.

7.3 During the 2023/24 financial year, other projects and schemes may come to light which require investment by the Council. These proposals will be considered by the Cabinet and approval will be requested through the relevant channels in line with the Council's Budget and Policy Framework Rules.

8 Housing Revenue Account

Revenue Budget

8.1 The forecast revenue position after the first six months of the year shows a negative variance of £117,000 from budget, reducing the operating surplus for 2023/24 to £27,000.

8.2 The following significant variations have been identified:

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- Renewal of insurance premiums show an increase of £62,000 over budget.
- Forecast for interest payable has been increased by £45,000 to reflect higher rates on existing temporary borrowing to fund HRA capital expenditure.

Capital Budget

- 8.3** Following a substantive review of the programme the current forecast shows a reduction in anticipated spend of £10.6m to £24.2m. for the year.
- 8.4** This primarily arises from the new build and acquisition programme which reduces by £10.2m. to £11.8m. .The original budget anticipated works to commence on schemes at the Swindon Road and Monkscroft School sites as well as a contingent sum for new s106 schemes and a higher level of acquisitions.
- 8.5** The revised forecast now includes the completion of 21 LAHF property acquisitions with a further 16 acquisitions funded by retention receipts. It also includes completion of the Shurdington Road s106 scheme (5 homes), Kidnappers Lane s106 scheme (9 homes) and a start on site of the Swindon Farm s106 scheme.

9 Conclusion

- 9.1** The current monitoring position of the 2023/24 budget demonstrates that even with the financial planning decisions taken by Officers and Members over recent years and the focus on the medium term savings programme, we are still facing significant uncertainty and volatility in managing the resources available to the Council to deliver services to our residents and communities.
- 9.2** The actions outlined in this report to reduce the projected overspend by the end of the year will minimise the balances and reserves required to bridge the gap which should be considered a short-term solution only. With pressures such as interest rates and high levels of inflation this is not a sustainable funding mechanism.
- 9.3** Balances and reserves have reached their lowest levels in years. In particular, after using £2.6m of general balances to support the budget in 2022/23 we cannot continue to rely on finite resources to meet the budget gap. To continue providing high-quality services to residents, the financial benefits of decisions taken to change the delivery of services will need to be used to replenish and strengthen our reserves. This will need to be considered as part of the approval of the 2024/25 budget and medium term financial plan.

10 Consultation

- 10.1** Appropriate members and officers were consulted in the process of preparing the monitoring position and associated reports and appendices.

11 Performance management – monitoring and review

- 11.1** The budget position will continue to be monitored by the Finance team throughout the year and a revised budget will be presented to the 19 December Cabinet with the 2024/25 draft budget proposal. The Budget Scrutiny Working Group met in early

November to discuss the position and will meet in January once the 2024/25 budget goes out to consultation.

Report author:

Jon Whitlock, Chief Accountant

Appendices:

- i. Risk Assessment
- ii. Capital Programme Monitor to 30 September 2023

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
347	If energy costs keep rising / fluctuating as per the current market then it impacts on our ability to accurately budget/forecast expenditure and may impact on our the investments we can make in projects / programs whilst still being able to achieve our MTFS	Gemma Bell, Director of Finance and Assets	4	4	16	Reduce	This policy and the associated action plans.	Gemma Bell, Director of Finance and Assets	Ongoing
	If the Council is unable to come up with long term solutions which close the gap in the medium term financial strategy then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision.	Cabinet	5	3	15	Reduce	The budget strategy projection includes 'targets' for work streams to close the funding gap which aligns with the council's corporate priorities.	ED Finance and Assets	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	If the Budget Strategy (Support) Reserve is not suitably resourced insufficient reserves will be available to cover anticipated future deficits resulting in the use of General Balances which will consequently fall below the minimum required level as recommended by the Section 151 Officer in the council's Medium Term Financial Strategy	ED Finance and Assets	5	4	20	Reduce	The MTFs is clear about the need to enhance reserves and identifies a required reserves strategy for managing this issue. In preparing the budget for 2020/21 and in ongoing budget monitoring, consideration will continue to be given to the use of fortuitous windfalls and potential future under spends with a view to strengthening reserves whenever possible.	ED Finance and Assets	Ongoing
	If income streams from the introduction of the business rates retention scheme in April 2013 are impacted by the loss of major business and the constrained	ED Finance and Assets	5	4	20	Accept & Monitor	The Council joined the Gloucestershire pool to share the risk of fluctuations in business rates revenues retained by the Council.	ED Finance and Assets	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	ability to grow the business rates in the town then the MTFS budget gap may increase.						<p>The Gloucestershire S151 Officers continue to monitor business rates income projections and the performance and membership of the pool / pilot.</p> <p>Work with members and Gloucestershire LEP to ensure Cheltenham grows its business rate base.</p>		
	If the robustness of the income proposals is not sound then there is a risk that the income identified within the budget will not materialise during the course of the year.	ED Finance and Assets	4	4	16	Reduce	<p>Robust forecasting is applied in preparing budget targets taking into account previous income targets, collection rates and prevailing economic conditions. Professional judgement is used in the setting / delivery of income targets. Greater focus on cost control and</p>	ED Finance and Assets	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
							income generation will be prioritised to mitigate the risk of income fluctuations.		
	If the assumptions around government support, business rates income, impact of changes to council tax discounts prove to be incorrect, then there is likely to be increased volatility around future funding streams.	ED Finance and Assets	5	3	15	Reduce	Work with Publica and countywide CFO's to monitor changes to local government financing regime including responding to government consultation on changes Business Rates and the Fair Funding review. The assumptions regarding government support have been mitigated to a certain extent by the acceptance of a multi-year settlement agreement.	ED Finance and Assets	Ongoing

Appendix 2 - The Capital Programme

Code	Directorate / Scheme	Scheme Description	Total Scheme Budget £	Budget 2023/24 £	Actual Spend 2023/24 £	Forecast Spend for 2023/24 £
	<u>FINANCE & ASSETS</u>					
CAP516	Gloucestershire Airport Limited	Runway repairs	7,250,000	270,000	133,702	270,000
CAP515	Minster Innovation Exchange	20,000 sq ft purpose-built commercial space adjacent to the Minster	10,074,000	2,262,897	1,499,808	1,981,189
CAP522	Electric Vehicle Charging Points	Infrastructure to support the delivery of EV charging points	75,000	75,000	-	-
CAP524	Green Investment Fund - Upgrade of the Building Management System	Installation of a new building management system to reduce energy usage across the main buildings in our portfolio.	294,513	143,513	116,259	143,513
CAP513	Smart Working project	Municipal Offices ground and first floor refurbishment	200,000	100,000	101,309	101,309
CAP518	Sandford Park toilets	Provide for new public toilet provision at Sandford Park	150,000	150,000	-	-
CAP521	Montpellier Toilets	To improve public toilet provision in the town.	426,950	426,950	16,409	426,950
CAP109	Pittville Steps	The restoration of the Pittville Pump Room steps which is to be funded by external resources and project managed by CBC.	60,125	60,125	54,657	54,657
CAP026	IT Infrastructure	5 year ICT infrastructure strategy	250,000	332,348	24,573	75,000
CAP507	Changing Places	Two changing room accessible toilets in the town centre	42,185	42,185	-	-
CAP227	Housing Delivery	Enabling the delivery of Private Rented Sector (PRS) Housing through Cheltenham Borough Homes	4,500,000	4,500,000	-	-
CAP228	Housing Enabling	Expenditure in support of enabling the provision of new affordable housing in partnership with registered Social Landlords and the Homes and Communities Agency (HCA)	252,746	252,746	-	-

CAP606	Crematorium Scheme - existing chapel	Redevelopment of existing chapel	285,000	275,313	13,520	25,000
CAP517	Imperial Gardens Railing Restoration	The restoration of the Imperial Gardens Railing to be funded by external resources and project managed by CBC. £100k	100,000	-	7,000	7,000
<u>PLACES & COMMUNITIES</u>						
CAP030	Carbon Neutral agenda	Seed funding to deliver the actions needed, as outlined in the report to Full Council in October 2019, to facilitate the Council's ambition to become carbon neutral by 2030.	332,016	145,388	15,783	145,388
CAP032	Public Sector Decarbonisation Scheme	Installation of the sub-meters in line with the SALIX grant application	534,774	-	1,443	1,443
CAP010	Digital Platform	Implementation and roll out of the new digital platform across the Council	180,000	54,000	-	54,000
CAP135	Commercialisation opportunities within the Cheltenham Trust	Invest a sum of £1m to pump prime the commercial opportunities identified by The Cheltenham Trust (including investment which both sustains and grows income at the Town Hall);	1,000,000	400,000	-	50,000
CAP306	In Cab Technology	The introduction of an In-Cab system would reduce the mileage required to be completed by Ubico, because it would guide the crew around their collection route and would largely eliminate mistakes.	150,000	88,046	61	88,046
CAP607	The Burrows Improvement Project	Forward funding for the Leckhampton playing field works.	584,000	41,216	39,458	49,958
CAP201	CCTV	Additional CCTV in order to improve shopping areas and reduce fear of crime	131,500	121,980	-	50,000
CAP205/6/7	Public Realm Improvements - High Street Phase 2	Public Realm in the Strand / Cambray	412,914	358,951	28,941	358,951
CAP221	Disabled Facilities Grants	Mandatory Grant for the provision of building work, equipment or modifying a dwelling to restore or enable independent living, privacy, confidence and dignity for individuals and their families.	513,708	513,708	350,891	513,708
CAP223	H&S, vacant property & renovation grants	Assistance available under the council's Housing Renewal Policy	206,400	201,808	27,522	133,763
				8,891,077	1,967,237	3,084,618

CAP224	Warm & Well	A Gloucestershire-wide project to promote home energy efficiency, particularly targeted at those with health problems	21,800	21,800	-	21,800
CAP101	Clyde Scooter Skate Park	Developer Contributions	17,780	17,780	-	17,780
CAP034	UK Shared Prosperity Funding - Capital Projects	Delivery of the capital projects in line with the UKSPF funding bid	379,494	15,000	15,000	15,000
CAP102	Play Area Enhancement	We are tendering one large playground improvement contract. Both will be committed this year, but paid for in next financial year.	80,000	80,000	-	80,000
CAP609	The Burrows Improvement - phase two	Contribution to the works required to build the storage room for Leckhampton Rovers	25,000	19,960	19,960	19,960
CAP608	Naunton Park Improvements	Contribution to pathways and drainage work	25,000	18,903	18,903	18,903
CAP501	Allotments	Allotment Enhancements - new toilets, path surfacing, fencing, signage, and other improvements to infra-structure.	161,000	157,750	3,142	20,000
CAP133	Replacement Parks & Gardens Vehicles	Replacement vehicles for parks and gardens	40,800	40,800	52,186	52,186
CAP301	Vehicles and recycling equipment and receptacles	Replacement vehicles and recycling equipment	2,435,057	2,435,057	1,296,737	1,325,000
CAP110	Replacement of Lifeline Equipment	To upgrade the existing lifeline equipment as part of the digital switchover	280,370	280,370	-	-
				5,012,517	1,870,027	3,015,886
	TOTAL CAPITAL PROGRAMME			13,903,594	3,837,264	6,100,504

Funded by:			
General Fund Capital Receipts		4,779,536	2,389,783
Capital Reserve		-	-
RCCO (funded from reserves)		480,950	480,950
Prudential Borrowing		7,176,410	2,394,702
Partner Funding		575,855	265,338
Capital Grant or Contribution		337,555	16,443

Better Care Fund		535,508	350,891	535,508
s106 Funding		17,780	-	17,780
Other Revenue Reserves		-	-	-
Total		13,903,594	3,836,207	6,100,504