

**Democratic Services**

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**Your ref:**

**Our ref:** CRS

**Date:** 27 October 2010

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**To: All Members of the Cabinet**

Councillor Francine Haeberling	Leader of the Council
Councillor Malcolm Hanney	Deputy Leader and Cabinet Member for Resources
Councillor Terry Gazzard	Cabinet Member for Development and Major Projects
Councillor Charles Gerrish	Cabinet Member for Service Delivery
Councillor David Hawkins	Cabinet Member for The Council as Corporate Trustee
Councillor Vic Pritchard	Cabinet Member for Adult Social Services and Housing
Councillor Chris Watt	Cabinet Member for Children's Services

Chief Executive and other appropriate officers  
Press and Public

Dear Member

**Cabinet: Wednesday, 3rd November, 2010**

You are invited to attend a meeting of the **Cabinet**, to be held on **Wednesday, 3rd November, 2010** at **5.00 pm** in the **Council Chamber - Guildhall, Bath**.

The agenda is set out overleaf.

Yours sincerely

Col Spring  
for Chief Executive

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The decisions taken at this meeting of the Cabinet are subject to the Council's call-in procedures. Within 5 clear working days of publication of decisions, at least 10 Councillors may signify in writing to the Chief Executive their wish for a decision to be called-in for review. If a decision is not called-in, it will be implemented after the expiry of the 5 clear working day period.

**If you need to access this agenda or any of the supporting reports in an alternative accessible format please contact Democratic Services or the relevant report author whose details are listed at the end of each report.**

This Agenda and all accompanying reports are printed on recycled paper

## NOTES:

- 1. Inspection of Papers:** Any person wishing to inspect minutes, reports, or a list of the background papers relating to any item on this Agenda should contact Col Spring who is available by telephoning Bath 01225 394942 or by calling at the Riverside Offices Keynsham (during normal office hours).
- 2. Public Speaking at Meetings:** The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group. Advance notice is required not less than two full working days before the meeting (this means that for meetings held on Wednesdays, notice must normally be received in Democratic Services by 4.30pm the previous Friday but Bank Holidays will cause this to be brought forward).

The public may also ask a question to which a written answer will be given. Questions must be submitted in writing to Democratic Services at least two full working days in advance of the meeting (this means that for meetings held on Wednesdays, notice must normally be received in Democratic Services by 4.30pm the previous Friday but Bank Holidays will cause this to be brought forward). If an answer cannot be prepared in time for the meeting it will be sent out within five days afterwards. Further details of the scheme can be obtained by contacting Col Spring as above.

- 3. Details of Decisions taken at this meeting** can be found in the minutes which will be published as soon as possible after the meeting, and also circulated with the agenda for the next meeting. In the meantime details can be obtained by contacting Col Spring as above.

Appendices to reports are available for inspection as follows:-

**Public Access points** - Riverside - Keynsham, Guildhall - Bath, Hollies - Midsomer Norton, and Bath Central, Keynsham and Midsomer Norton public libraries.

**For Councillors and Officers** papers may be inspected via Political Group Research Assistants and Group Rooms/Members' Rooms.

- 4. Attendance Register:** Members should sign the Register which will be circulated at the meeting.
- 5. THE APPENDED SUPPORTING DOCUMENTS ARE IDENTIFIED BY AGENDA ITEM NUMBER.**
- 6. Emergency Evacuation Procedure**

When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are sign-posted.

Arrangements are in place for the safe evacuation of disabled people.

- 7. Officer Support to the Cabinet**  
Cabinet meetings will be supported by the Director's Group.
- 8. Recorded votes**  
A recorded vote will be taken on each item.

**Cabinet - Wednesday, 3rd November, 2010**

**in the Council Chamber - Guildhall, Bath**

**A G E N D A**

1. WELCOME AND INTRODUCTIONS

2. EMERGENCY EVACUATION PROCEDURE

*The Chair will draw attention to the emergency evacuation procedure as set out under Note 6*

3. APOLOGIES FOR ABSENCE

4. DECLARATIONS OF INTEREST UNDER THE LOCAL GOVERNMENT ACT 1972

*To receive any declarations from Members/Officers of personal or prejudicial interests in respect of matters for consideration at this meeting. Members who have an interest to declare are asked to:*

- a) State the Item Number in which they have the interest;*
- b) The nature of the interest;*
- c) Whether the interest is personal, or personal and prejudicial.*

*Any Member who is unsure about the above should seek advice from the Monitoring Officer prior to the meeting in order to expedite matters at the meeting itself.*

5. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

6. QUESTIONS FROM PUBLIC AND COUNCILLORS

*At the time of publication, 1 item had been submitted*

7. STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

*At the time of publication, 1 item had been notified*

8. MINUTES OF PREVIOUS CABINET MEETINGS (Pages 1 - 16)

*The Minutes of the meetings held 21-July-10 and 18-August-10 are to be confirmed as a correct record and signed by the Chair*

9. CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET

*This is a standard agenda item, to cover any reports originally placed on the Weekly list for single Member decision making, which have subsequently been the subject of a Cabinet Member requisition to the full Cabinet, under the Council's procedural rules*

10. CONSIDERATION OF MATTERS REFERRED BY OVERVIEW AND SCRUTINY BODIES

*This is a standing agenda item (Constitution rule 21, part 4D - Executive Procedure Rules) for matters referred by Overview and Scrutiny bodies. The Chair(person) of the relevant Overview and Scrutiny body will have the right to attend and at the discretion of the Leader to speak to the item, but not vote*

11. SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING (Pages 17 - 22)

*This report lists the Cabinet member decisions, sorted by Lead decision maker*

12. SMART ECONOMIC GROWTH IN B&NES (INCLUDING REGENERATION DELIVERY PLANS) (Pages 23 - 116)

*This report outlines the ways in which the smart growth agenda will strengthen the local economy, promote high value employment and encourage investment. The Regeneration Delivery Plans respond to the particular characteristics of the sub-economies, and outline actions to deliver commercial premises and achieve sustainable growth.*

13. FUTURE COUNCIL (Pages 117 - 134)

*Development of Strategy in Response to Coalition Government plans and Public Sector Finances*

14. REVENUE AND CAPITAL BUDGET MONITORING, CASH LIMITS AND VIREMENTS - APRIL 2010 TO JULY 2010 (Pages 135 - 160)

*This report presents the monitoring information for the Authority as a whole for the financial year 2010/11 to the end of September 2010.*

15. TREASURY MANAGEMENT MONITORING REPORT TO 30TH SEPTEMBER 2010 (Pages 161 - 170)

*In February 2010 the Council adopted the 2009 edition of the CIPFA Treasury Management in the Public Services: Code of Practice, which requires the Council to approve a Treasury Management Strategy before the start of each financial year, a mid year report, and an annual report after the end of each financial year. This report gives mid year details of performance against the Council's Treasury Management Strategy and Annual Investment Plan 2010/11 for the first six months of 2010/11.*

The Committee Administrator for this meeting is Col Spring who can be contacted on 01225 394942.

**BATH AND NORTH EAST SOMERSET**

**CABINET**

Wednesday, 21st July, 2010

The decisions contained within these minutes may not be implemented until the expiry of the 5 working day call-in period which will run from 23<sup>rd</sup> to 29<sup>th</sup> July. These minutes are draft until confirmed as a correct record at the next meeting.

Present:- **Councillors**

Councillor Francine Haerberling	Leader of the Council
Councillor Terry Gazzard	Cabinet Member for Development and Major Projects
Councillor Charles Gerrish	Cabinet Member for Service Delivery
Councillor Vic Pritchard	Cabinet Member for Adult Social Services and Housing
Councillor Chris Watt	Cabinet Member for Children's Services

**87 WELCOME AND INTRODUCTIONS**

The Chair was taken by Councillor Francine Haerberling, Leader of the Council.

The Chair welcomed everyone to the meeting.

**88 EMERGENCY EVACUATION PROCEDURE**

The Chair drew attention to the emergency evacuation procedure as set out on the Agenda

**89 APOLOGIES FOR ABSENCE**

Apologies had been received from Councillors Malcolm Hanney and David Hawkins.

**90 DECLARATIONS OF INTEREST UNDER THE LOCAL GOVERNMENT ACT 1972**

There were no declarations of interest made.

**91 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

There were no items of urgent business.

The Chair announced the intention to consider item 13 (Keynsham Schools Review) before item 12 (Bath Schools Review) and to hear item 6 (Questions and Answers) at the end of the meeting.

**92 STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS**

Susan Dunn made a statement *[a copy of which is attached to the minutes as Appendix 2]* appealing to the Cabinet not to allow allotments in Pennyquick Park. Susan presented a petition of 622 signatures to Cabinet.

The Chair referred the petition to Councillor Charles Gerrish for his consideration and response.

**93 MINUTES OF PREVIOUS CABINET MEETING WED 3RD MARCH 2010**

On a motion from Councillor Francine Haeberling, seconded by Councillor Vic Pritchard, it was

**RESOLVED** that the minutes of the meeting held on Wednesday 3<sup>rd</sup> March 2010 be confirmed as a correct record and signed by the Chair.

**94 CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET**

There were none

**95 CONSIDERATION OF MATTERS REFERRED BY OVERVIEW AND SCRUTINY BODIES**

There were none

**96 SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING**

The Cabinet agreed to note the report.

**97 REVIEW OF SECONDARY SCHOOLS IN KEYNSHAM**

Brian Davies (Chair of Governors, Broadlands School) made a statement *[a copy of which is attached to the Minutes as Appendix 3]* welcoming the proposals to continue to provide two secondary schools in Keynsham. He looked forward to working with the Governors and staff of Wellsway School to ensure that local young people get the best opportunities.

Andrea Arlidge (Head, Wellsway School) made a statement *[a copy of which is attached to the Minutes as Appendix 4]* supporting the proposal that there should continue to be two schools in Keynsham and committing to work with Broadlands School to serve the needs of the whole community.

Councillor Andrew Wait (Keynsham Town Council) said that the Town Council wished to express its support for the proposal that there should continue to be two schools in Keynsham because it would produce a stronger community. He took the opportunity, while speaking, to say that he was appalled that the Cabinet was considering closing Culverhay, which in his opinion was the best school in Bath.

Councillor Adrian Inker made a statement on behalf of the Labour Group supporting the proposal that there should continue to be two schools in Keynsham.

Councillor Nathan Hartley made a statement supporting the proposal that there should continue to be two schools in Keynsham. He reminded the Cabinet that the public consultation had shown that 92% of respondents had supported the retention of both Keynsham schools. He welcomed the confidence that would be given by the proposed assurance to both schools that no further reviews were envisaged.

Councillor Chris Watt introduced the item by reminding the Cabinet that the reason for the item being considered was the intention to raise educational outcomes for children in Keynsham. He recommended the proposals to the Cabinet for their approval.

Councillor Charles Gerrish seconded the proposal. He was pleased that the proposals would remove the uncertainty which the schools had suffered for some time. He passed on to the Cabinet the comments of Councillor Alan Hale, who as an old boy of Broadlands School was very supportive of the proposals.

Councillor Francine Haerberling observed that the response to the consultation had been extraordinary. She felt that it would be up to the two schools to work together to deliver the best education for local children.

On a motion from Councillor Chris Watt seconded by Councillor Charles Gerrish it was

**RESOLVED** (unanimously)

(1) To NOTE the results of consultation on proposed changes to Keynsham secondary schools;

(2) To AGREE that there are no changes to Keynsham secondary schools;

(3) To INFORM the governing bodies of Broadlands and Wellsway schools that the Council has no plans to undertake further reviews in the foreseeable future.

## **98 REVIEW OF SECONDARY SCHOOLS IN BATH**

Ishbel Tovey made a statement *[a copy of which is attached to the Minutes as Appendix 5]* in which she appealed to the Cabinet to support a coeducational Oldfield School.

Sarah Moore (Culverhay Parent Action Group) made a statement *[a copy of which is attached to the Minutes as Appendix 6]* in which she emphasised the Community School status of Culverhay School. She reminded Cabinet members that the original proposals had been for a coeducational school on the Culverhay site and pointed out that the parent supporters' facebook page had 1224 signatures. She presented a petition of 1900 signatures to Cabinet calling for the retention of Culverhay as a coeducational school.

The Chair referred the petition to Councillor Chris Watt for his consideration and response in due course.

Annette Scoging made a statement in which she drew attention to the option in the report which referred to a possible coeducational school on the Culverhay site. This was the option which parents had been consulted about and at no time was the closure of Culverhay part of the consultation. She appealed to the Cabinet not to close Culverhay School.

James Eynon (Head Boy, Culverhay School) made a statement *[a copy of which is attached to the Minutes as Appendix 7]* in which he explained the benefits he had gained while at the school and appealing to the Cabinet to follow the original plans of one coeducational school in the north of the city and one in the south.

Bradley Weeks (Year 9 student, Culverhay School) made a statement [*a copy of which is attached to the Minutes as Appendix 8*] in which he explained how he had grown in his abilities and confidence through the help given to him at his local school, Culverhay. He listed the activities provided by Culverhay School which he had found so valuable and he appealed to the Cabinet not to make students travel 3 times as far to get to school. .

Cheryl Pope (Head of St Mark's School) made a statement in which she expressed her delight that the Council would be supporting the imaginative solution created by St Mark's and St Gregory's by their federation. She anticipated the two schools benefiting greatly by the provision of new joint 6<sup>th</sup> Form facilities.

Councillor Paul Crossley made a statement reminding the Cabinet that the local community had always asked for a coeducational school on the site of Culverhay; that the Council had for 15 years led the community to believe that it would provide such a school; and that it was not equitable to oblige families with some of the lowest incomes in the area to pay the increased travel costs which would follow from the closure of Culverhay.

Councillor John Bull made a statement in which he appealed to the Cabinet to allow Full Council to debate the issue. He reminded the Cabinet that the consultation had been overwhelmingly in favour of local, coeducational provision across Bath and pointed out that children from less affluent homes performed better in community schools.

Councillor Nathan Hartley made a statement in which he expressed amazement that after 66% of parents had supported the original proposals for one school in the north and one in the south of the city, the Cabinet were now proposing that all the provision would be in the north of the city.

Councillor Dine Romero said that the proposals were basically flawed because they had not been based on any of the options consulted on. She pointed out that the closure of Culverhay would increase car travel across the city. She reminded Cabinet that Culverhay had a good OFSTED report and that it had been recognised as the highest value-added school in the country. Closing Culverhay would deliver nothing positive for the community south of the city.

Councillor Andy Furse made a statement objecting to the proposal to close Culverhay School because it did not acknowledge the increased traffic and transport implications; did not reflect the lower maintenance backlog compared to the other schools being reviewed; and did not recognise the community issues at stake. He appealed to the Cabinet to think again.

Gaynor Williams made a statement supporting the proposals that Oldfield School should become coeducational. She asked the Cabinet to work with the parents of Weston and surrounding areas to encourage the Head of Oldfield to embrace coeducational status.

Martin Powell (CoEd Oldfield Group) made a statement [*a copy of which is attached to the Minutes as Appendix 9*] in which he said that he and other parents had contacted the Head of Culverhay School to try to find ways they could work together. He appealed to the Cabinet to support the provision of coeducational education at Oldfield School.



Andy Lenthall (CoEd Oldfield Group) made a statement *[a copy of which is attached to the Minutes as Appendix 10]* supporting the provision of coeducational education at Oldfield School.

Hilary Fraser expressed her sadness that the Cabinet appeared to be in such a rush to make the decision - she felt that the proposals were shoddy. Her view was that St Marks should close and should merge with Culverhay, which she felt would prove to be a successful collaboration.

Jamie Luck (ex-pupil of Culverhay School) made a statement *[a copy of which is attached to the Minutes as Appendix 11]* in which he emphasised the importance of Culverhay School to its community; the dangers of estranging large numbers of young men by removing the supportive environment from which they currently benefit; and the social and economic cost of making the wrong decision.

Sarah Wall made a statement *[a copy of which is attached to the Minutes as Appendix 12]* in which she said she felt that the community around Culverhay School had been deceived and cheated because the consultation had not mentioned the possibility now being considered by Cabinet. She appealed to the Cabinet not to move towards closure of Culverhay.

Jane Parsons (Manager, Southdown/Whiteway Church & Community Partnership) made a statement *[a copy of which is attached to the Minutes as Appendix 13]* emphasising the needs of the area around Culverhay. She spoke warmly of the trust built up by the school over many years and its pivotal place in the community. She felt it would be a disgrace to close the school and appealed to the Cabinet to allow Culverhay to become a coeducational school, as had been promised for so many years.

Joanne Bond made a statement *[a copy of which is attached to the Minutes as Appendix 14]* in which she referred to the wide spectrum of activities and courses for adults and children which took place at Culverhay School. She felt that to lose Culverhay would be a devastating blow to the community and asked the Cabinet to keep the school open.

Richard Thompson (Head, Culverhay School) made a statement *[a copy of which is attached to the Minutes as Appendix 15]* who had been in post for less than a year but who had already become convinced of the unique ethos and character of the school. He believed the rationale for closure was weak and felt that Culverhay should be retained as part of the schools provision for Bath.

Councillor Gerry Curran (Chair of Governors, Culverhay School) made a statement in which he reminded the Cabinet that the Governors of Culverhay had campaigned for coeducational status for 15 years and had been promised that this was the intention once Oldfield school was persuaded to become coeducational. Now that this was happening, the Cabinet were considering breaking the long-standing promise. He reminded the Cabinet of Culverhay's excellent record at collaboration; its invaluable service to the community; and that it had been acknowledged in 2008 to be the most successful value-added school in the country. He appealed to the Cabinet to reconsider the issues and not to close the school.

Councillor Chris Watt introduced the report by saying that the Council had a responsibility to deliver the best education for all the children of Bath. To ensure this, it was necessary to set aside narrow interests. He reminded the Cabinet that the Council had been at the point of resolving its spare places problem before, and had hesitated at

the critical moment. He referred to the consultation which showed that parents recognised the need to lose school places in Bath and that this involved the loss of one school. He pointed out that only a third of parents of children at Culverhay had chosen that school as their first choice. He recommended that Cabinet members adopt the proposals.

Councillor Terry Gazzard seconded the proposals. He told the meeting that the Cabinet had discussed this issue more than any other issue he had been involved in. There was an opportunity to place every child in an outstanding school – and he felt the Cabinet should take that opportunity.

Councillor Vic Pritchard asked if Councillor Watt had considered alternative uses for the Culverhay site, should the proposals be adopted.

Councillor Watt said that he would instruct officers to consider the options for the site, subject to the results of the statutory consultation process.

Councillor Charles Gerrish referred to the Bath Primary School Review and recalled that there had been discussions about a possible merger between Southdown Infant and Junior Schools. He asked whether Councillor Watt had considered whether any receipt from the closure of Culverhay School might be used to deliver improvements to primary education in Southdown.

Councillor Watt assured the Cabinet that all capital receipts were retained in the schools estate. The funds would be used to secure coeducational education in Oldfield School; provision of 6<sup>th</sup> Form facilities at St Mark's and St Gregory's after federation; and the remaining funds would be reinvested at the two Southdown primary schools.

Councillor Francine Haeberling observed that such decisions were never easy to make but she felt that the Cabinet must take the remaining opportunity to resolve the structural overprovision of secondary places in Bath.

Councillor Watt emphasised to the meeting that the decision being taken was not about saving money; it was about using the available funds wisely to improve education in the city. He pointed out that the proposal before Cabinet was to consult on the closure of Culverhay School, and if agreed that statutory consultation would take place in the autumn. He thanked all those who had attended to make their views known to Cabinet.

On a motion from Councillor Chris Watt, seconded by Councillor Terry Gazzard it was

**RESOLVED** (unanimously)

(1) To SUPPORT the proposed federation of St Mark's C of E school on its current site with St Gregory's Catholic College, with joint Post 16 provision for both schools. Invite the two schools to proceed with this hard federation so that it is in place for 1 September 2011;

(2) To SUPPORT Oldfield school in seeking to become a co-educational academy and obtain written confirmation from the Head and the Governing Body by Friday 17 September 2010 that co-educational status has been included in the school's Application to Convert to an Academy sent to the Secretary of State, with the intention that it will become a co-educational academy by 1 September 2012;

(3) That if written confirmation that co-educational status has been included in Oldfield school's Application to convert to an Academy by Wednesday 1 September 2012 is not received by Friday 17 September 2010 the LA to commence a competition to invite proposers to submit bids for a new 160 place co-educational 11-18 school on the existing Oldfield school site and to propose the closure of Oldfield school and the opening of a new co-educational school on 1 September 2012;

(4) To CONSULT on the proposal to close Culverhay school.

## **99 TREASURY MANAGEMENT OUTTURN REPORT 2009/10**

Councillor Francine Haerberling introduced the report which was the annual outturn report for 2009/10. She proposed that Cabinet adopt the report and its recommendations.

Councillor Vic Pritchard seconded the proposal.

On a motion from Councillor Francine Haerberling, seconded by Councillor Vic Pritchard it was

**RESOLVED** (unanimously)

(1) To note the 2009/10 Treasury Management Annual Report to 31st March 2010, prepared in accordance with the CIPFA Treasury Code of Practice;

(2) To note the 2009/10 actual Treasury Management Indicators;

(3) To refer the Treasury Management Outturn Report and attached appendices to July Council.

## **100 REVENUE AND CAPITAL OUTTURN 2009/10**

Councillor Francine Haerberling introduced the report which was the annual outturn report for 2009/10. She proposed that Cabinet adopt the report and its recommendations.

Councillor Charles Gerrish in seconding the proposals paid tribute to officers for turning round a projected overspend.

On a motion from Councillor Francine Haerberling, seconded by Councillor Charles Gerrish it was

**RESOLVED** (unanimously)

(1) To note the provisional revenue budget outturn for 2009/10;

(2) To approve the revenue carry forward proposals and write-off requests as exceptions to the Budget Management Scheme;

(3) That the Revenue Budget Contingency is increased by £2.290m and that earmarked reserves totalling £214k related to the Carbon Management and Procurement Programmes are created;

- (4) To approve the revenue virements for 2009/10 and 2010/11;
- (5) To note the resulting reserves position and that unearmarked reserves remain at the target level of £10.5m;
- (6) To note the provisional outturn of the 2009/10 capital programme and funding;
- (7) To approve the capital rephasing;
- (8) To approve the capital programme 2010/11 items;
- (9) To note the adjustments to the 2009/10 to 2013/14 capital programme and the final capital programme for 2009/10;
- (10) To note the use of growth points funding in 2009/10, and to agree the proposed approach for 2010/11;
- (11) To note the efficiencies achieved during 2009/10.

## **101 QUESTIONS FROM PUBLIC AND COUNCILLORS**

There were 5 questions from the following people: Councillors John Bull, Eleanor Jackson, Nathan Hartley, Andy Furse (2).

*[Copies of the questions and response, including supplementary questions and responses if any, have been placed on the Minute book as Appendix 1 and are available on the Council's website.]*

There were no supplementary questions.

The meeting ended at 7.45 pm

Chair \_\_\_\_\_

Date Confirmed and Signed \_\_\_\_\_

**Prepared by Democratic Services**

## **BATH AND NORTH EAST SOMERSET**

### **CABINET**

Wednesday, 18th August, 2010

The decisions contained within these minutes are not subject to Call-in and will be implemented immediately. These minutes are draft until confirmed as a correct record at the next meeting.

#### **Present:**

Councillor Francine Haeberling	Leader of the Council
Councillor Malcolm Hanney	Deputy Leader and Cabinet Member for Resources
Councillor Terry Gazzard	Cabinet Member for Development and Major Projects
Councillor Charles Gerrish	Cabinet Member for Service Delivery
Councillor David Hawkins	Cabinet Member for The Council as Corporate Trustee
Councillor Vic Pritchard	Cabinet Member for Adult Social Services and Housing
Councillor Chris Watt	Cabinet Member for Children's Services

#### **102 WELCOME AND INTRODUCTIONS**

The Chair was taken by Councillor Francine Haeberling, Leader of the Council.

The Chair welcomed everyone to the meeting.

#### **103 EMERGENCY EVACUATION PROCEDURE**

The Chair drew attention to the evacuation procedure as set out in the Agenda.

#### **104 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

#### **105 DECLARATIONS OF INTEREST UNDER THE LOCAL GOVERNMENT ACT 1972**

There were none.

#### **106 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

The Chair announced that under item 8 (Consideration of Matters Referred to Cabinet by O&S Bodies), the Cabinet would reconsider its previous decision relating to Bath Secondary Schools Review, which had been Called-in. She also drew attention to Appendix 4 of the Report, which had been tabled as a late paper and copies of which had been made available on the web and in the public gallery before the meeting.

#### **107 QUESTIONS FROM PUBLIC AND COUNCILLORS**

There were no questions.

#### **108 STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS**

There were 20 statements from members of the public and Councillors, all relating to item 8 on the Agenda. *[The list of speakers is attached to these Minutes as Appendix 1.]*

## **109 CONSIDERATION OF MATTERS REFERRED BY OVERVIEW AND SCRUTINY BODIES**

The Chair welcomed Councillor Sally Davis, Chair of the Children and Young People Overview and Scrutiny Panel and invited her to address Cabinet. Councillor Davis explained that the Panel had looked at the relevant documentation laid before them and had decided to refer the Called-in decision to Cabinet for their reconsideration. The Panel was particularly keen to ensure that the local community had every opportunity to be involved in the decision. She asked the Cabinet when considering the issue to take into account all the points raised.

The Chair then invited the registered speakers to make their statements.

Councillor Ian Gilchrist made a statement in which he pointed out that in his view the original decision made by the Cabinet did not fit in with the Council's Corporate Priorities, nor with the Sustainable Community Strategy; and he asked the Cabinet to overturn their original decision to consult on closure of Culverhay School.

Councillor Paul Crossley made a statement in which he asked the Cabinet to overturn their original decision to consult on closure of Culverhay School. He pointed out that the situation had changed with the loss of the Building Schools for the Future funding. He referred to the expected increase in population expected by 2025, which would require extra school places. He felt that since the original consultation had not indicated the closure of Culverhay as one of the options, it would be profoundly wrong to pursue this option now; and reminded the Cabinet of the deprivation in the community which he felt would be made worse by closure of Culverhay School.

Councillor David Speirs made a statement on behalf of the Labour Group in which he recognised the difficult decisions faced by Cabinet following the loss of the Building Schools for the Future funding; but he appealed to Cabinet to reverse its original decision and instead to decide to monitor the intake at Culverhay over a period of years. He emphasised that any future consultation must be genuine and must include as options all those things being considered.

Councillor Nathan Hartley made a statement in which he observed that the situations regarding Academy status for Oldfield School and Federation status for St Mark's and St Gregory's were still very uncertain. He appealed to Cabinet not to make any radical changes until all uncertainties had been removed. He felt that the Cabinet should move towards making both Culverhay and Oldfield Schools coeducational.

Councillor Gabriel Batt expressed his view that the proposed move to Federation by St Mark's and St Gregory's was a bold move. He said that the decision about the closure of a school could not be postponed and appealed to Cabinet to confirm its original decision.

Councillor Malcolm Lees pointed out the large number of submissions from parents in the Weston and Newbridge areas who wanted Oldfield School to become coeducational. He felt that parents and children should not suffer because of the

actions of the school's senior management not to engage in the original consultation. He appealed to the Cabinet to move ahead with the plans laid out in the original decision.

Councillor Colin Barrett made a statement referring to the previous review which had been in 1969. He explained that he had been schooled at Bath technical College, the precursor of Culverhay School, but said that the issue of 800 empty places in Bath must be addressed. He was aware that only 35 boys would be joining Culverhay in the new term which did not suggest that the community was supporting the school. He supported the Cabinet's original decision.

Councillor David Dixon made a statement appealing to Cabinet to restart the whole process because the original consultation document had not included the possibility of the closure of Culverhay. He felt strongly that both Culverhay School and Oldfield School should become coeducational.

Councillor Anthony Clarke made a statement supporting the existing plan because the cost per pupil at Culverhay School was greater than at other schools and the opponents of closure had not come up with any alternative options.

Councillor Bryan Chalker said that St Mark's was valued by its community and the Federation would encourage more parents to choose it. He supported the existing decision.

Councillor Caroline Roberts made a statement supporting a move to coeducational status for both Culverhay and Oldfield Schools. However she acknowledged that the situation regarding the Oldfield application for Academy status was still unclear. She appealed to Cabinet to reconsider its original decision.

Sarah Moore (Friends of Culverhay) observed that Oldfield School had no canteen – so no free school meals could be provided. Her son, who had special needs, would not thrive in a larger school. She appealed to the Cabinet not to close Culverhay.

Sarah Wall (Parent, Culverhay School) made a statement [*attached to these minutes as Appendix 2*] in which she said that she believed the Culverhay community had been misled by the previous decision which had been based on consultation which had not included all the options. She felt that the Cabinet must agree not to close Culverhay.

Ann Harding made a statement referring to the deprivation in the Culverhay catchment area; the innovative nature of the school; the creditable "value added" performance of the school; and the improvement in the school's examination success in the last 4 years. She appealed to Cabinet not to close Culverhay.

Jayne Nix (Parent, Culverhay School) made a statement [*attached to these minutes as Appendix 3*] in which she emphasised that the consultation had not included the closure of Culverhay School as an option. Don Foster, MP for Bath, had expressed his surprise at the original decision. Many parents had said that if Culverhay School were coeducational, they would send their daughters there. She urged the Cabinet to recognise that greater travel distances would disadvantage the poorest families and asked them not to close Culverhay.

Paul Matthews (Parent, Culverhay School and a former pupil) made a statement congratulating Culverhay staff for being so approachable. He was unconvinced that the proposed "hard" Federation between St Mark's and St Gregory's would actually happen. He asked whether the Council would provide free transport for those children displaced from Culverhay.

Annette Scogging (Parent, Culverhay School) said that in her view the Cabinet was making a number of assumptions about matters outside of its control but was determined still to close Culverhay School. She appealed to Cabinet to retain Culverhay and convert it to coeducational. She felt that the original consultation had not been valid because it had not suggested closure of Culverhay as an option being considered.

James Binns (parent of 2 boys) asked Cabinet to do all in its power to oblige Oldfield School to become coeducational. He felt that this would solve the problem of under-use. He asked the Cabinet to stick to its previous decision.

Councillor Gerry Curran (Chair of Governors, Culverhay School) asked Cabinet to delay making the decision until there was clarity about the Oldfield Academy application and the St Mark's/St Gregory's Federation plans. He felt strongly that the original consultation had been flawed because the possibility of closing Culverhay School had not been an option consulted on. He was surprised that Cabinet had made a decision based on the proposed plans of other schools, which might not come to fruition.

Richard Thompson (Head, Culverhay School) reminded Cabinet that Culverhay School offered an outstanding range of extra-curricular activities, including international education; that parents believed the small school was a good thing for their children; that the faith school Federation was likely to be "soft" rather than "hard", which he felt would undermine the basis of the Cabinet's original decision; that the school was addressing issues of literacy and numeracy; and continued to work closely with Bath Spa University to provide facilities and opportunities for trainee teachers. He asked Cabinet to reconsider its earlier decision.

Councillor Chris Watt introduced the debate and responded to the issues raised by the Panel. He agreed that the consultation exercise had not been explicit about the closure of Culverhay School and said that was why the Cabinet had agreed to consult again on closure of the school. He assured the meeting that the consultation would be more robust than simply "consultation to close" – it would be full consultation, open to new proposals being suggested and would lead to a decision some time after November.

Councillor Watt stated that there was not in fact any uncertainty over the Federation of St. Mark's and St Gregory's – the Diocese of Clifton had confirmed its support for a soft Federation with a shared VI Form.

He responded to the Panel's points about the cost of closure by saying that although the redundancy costs might reach £450k (if half the staff were redeployed elsewhere), the cost of not closing would continue at £500k per annum based on the extra subsidy cost of educating children at Culverhay School rather than at another school. So in a single year, the cost of closure would be met.



He emphasised that the decision was not about selling the most valuable site – the values of Oldfield School site and Culverhay School site were about the same. But it was in any case too early to talk about possible uses for the site, since the decision had been to consult on closure – not to close. The council's policy was that every £1 raised must be redistributed to improve schools in the area and the Council would not get any financial benefit from the sale of either site.

Councillor Malcolm Hanney observed that the Council had been paying for empty desks to be maintained in many of its schools and must move to correct that situation so that every penny spent was spent on the education of children, not on empty desks. He had noticed that not one of the 20 speakers had suggested an alternative option to the Cabinet proposals. He was concerned that if the Cabinet did not show resolve, the Minister would consider that the Oldfield application for single-sex Academy status should be allowed. He asked Councillor Watt why the proposal had not been to consult on the closure of both Oldfield School and Culverhay School. He also asked for the figures showing the number of local boys choosing to go to Culverhay.

Councillor Watt responded to Councillor Hanney's question by saying that in the most recent intake, only 33% of those for whom Culverhay was closest had actually chosen it. He also observed that the recent exercise had identified significant demand for coeducational provision north of the river, especially in Newbridge and Weston. The transport implications of closing Oldfield would be greater than those of closing Culverhay.

Councillor Vic Pritchard asked whether this would be the last opportunity for the authority to review secondary places in the city.

Councillor Watt explained that it did seem that all schools except Ralph Allen had now expressed an interest in becoming independent of the authority, so this would indeed be the last opportunity to resolve this problem. If the Cabinet decided not to proceed, events would overtake the Council and it would be left with no future say in the matter. Culverhay would have to stay as a boys' school and would slowly diminish in size; the expressed parental desire for more coeducational places in the city would never be delivered.

Councillor Charles Gerrish asked for an explanation of the remark about the lack of free school meals provision at Oldfield School and the ability of the other schools to absorb the increased number of children with special educational needs.

Councillor Watt assured the Cabinet that although Oldfield School had no production kitchen, it did have hot meals brought in and could cater for special dietary needs and free school meals provision. He also gave an assurance that special educational needs were well catered for in all schools and in this respect Culverhay was not different from other schools. Academies are required to make SEN provision in exactly the same way as other schools.

Councillor Malcolm Hanney asked how the formula for small school support was set.

Councillor Watt said that this was agreed by the Schools Forum – not by the authority – and that there was no guarantee that the forum would continue to agree to any small school weighting, although he did anticipate it continuing to agree to a weighting in favour of disadvantaged children. He believed that the Cabinet must

make a judgement about 3 fundamental issues: the implication of doing nothing; the question of what had changed since the original decision; and the issue of whether the original consultation was flawed. He felt strongly that the implication of doing nothing would be that the Council would lose its last opportunity to review school places in the city; agreed that the original consultation had not been clear enough about the possibility that Culverhay might be selected for closure, and that was why the Cabinet were being asked to agree to a new consultation, and were not moving immediately to close Culverhay School; and he explained that in his view what was new was the Federation of St Mark's and St Gregory's which he believed warranted the Council's support. The application of Oldfield School for Academy status was also new. Those two new situations had changed things enough to mean that the Cabinet should now agree to consult (amongst other things) on the closure of Culverhay. He believed that the Cabinet had considered all the available evidence brought to it by the consultation process and by the subsequent Call-in process. He emphasised his determination to move to closure of Oldfield School if no confirmation had been received by 17<sup>th</sup> September that it had applied for coeducational Academy status. He recommended to Cabinet that they confirm their original decision made on 21<sup>st</sup> July.

Councillor Terry Gazzard seconded the proposal and emphasised that all the submissions had been considered by the Cabinet.

Councillor Francine Haeberling asked what process would ensue if further proposals arose out of the new consultation.

Councillor Watt said that the new consultation process would begin by the end of September, with full documentation, public meetings and ample opportunity for public response. It would be open to alternative proposals.

#### Rationale

Having considered all the submissions, from the Overview and Scrutiny Panel, public, Councillors, school governing bodies and staff, the Cabinet observed that no new or additional information had been received which would lead them to overturn the original decision.

#### Other options considered

The Cabinet could have decided to amend or overturn their original decision. The available options were fully explored in the reports and in the debate at the meeting.

On a proposal from Councillor Chris Watt, seconded by Councillor Terry Gazzard, it was

#### **RESOLVED** (unanimously)

To CONFIRM the original decision, taken by Cabinet on 21-Jul-10, which was:

(1) To SUPPORT the proposed federation of St Mark's C of E school on its current site with St Gregory's Catholic College, with joint Post 16 provision for both schools. Invite the two schools to proceed with this hard federation so that it is in place for 1 September 2011;

(2) To SUPPORT Oldfield school in seeking to become a coeducational academy and obtain written confirmation from the Head and the Governing Body by Friday 17

September 2010 that coeducational status has been included in the school's Application to Convert to an Academy sent to the Secretary of State, with the intention that it will become a coeducational academy by 1 September 2012;

(3) That if written confirmation that co-educational status has been included in Oldfield school's Application to convert to an Academy by Wednesday 1 September 2012 is not received by Friday 17 September 2010 the LA to commence a competition to invite proposers to submit bids for a new 160 place co-educational 11-18 school on the existing Oldfield school site and to propose the closure of Oldfield school and the opening of a new co-educational school on 1 September 2012;

(4) To CONSULT on the proposal to close Culverhay school.

The meeting ended at 7.30 pm

Chair \_\_\_\_\_

Date Confirmed and Signed \_\_\_\_\_

**Prepared by Democratic Services**

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Bath & North East Somerset Council  
**Cabinet Single-Member Decisions**  
 published 16-Jul-10 to 22-Oct-10

Agenda  
 Item  
 Number

**11**

Further details of each decision can be seen on the Council's Single-member Decision Register

Date Reference	Title	Decision Maker/s
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**Cllr Charles Gerrish**

19-Jul-10	Review of Fixed Penalty Notices under Env. Protection Act 1990	CG
E2154		

*The Cabinet Member agreed to raise the charge for a fixed penalty littering notice from £50 to £75; if the charge is paid to the Council within 14 days of the offence then the charge is reduced to £60; if payment is not received within 28 days of the offence then the matter be referred for legal action where there is a maximum fine of £2,500*

06-Oct-10	Local Transport Plan Capital Programme 2010/11 - 2012/13	CG
E2117		

*The Cabinet Member agreed the Transport Capital Programme and the Structural Maintenance Programme*

18-Oct-10	Various Rds Woollard, Hursley Hill, Priston - Width TRO	CG
E1943		

*The Cabinet Member agreed the proposed Traffic Regulation Order, and that barriers of an appropriate design should be installed to ensure that the TRO is self enforcing*

18-Oct-10	A367 Wells Rd/Maple Drive, Westfield - Zebra Crossing TRO	CG
E2167		

*The Cabinet Member agreed that the width of the existing lay-by be increased to incorporate safety concerns expressed by the objector*

12-Jul-10	Price of Primary School Meals	CW
E2149		
<p><i>The Cabinet Member agreed that the price of a school meal for a pupil in the Council's primary schools is set at £2.00 from 1 September 2010</i></p>		

03-Aug-10	Alteration of Lower of Age Limit at Castle Primary, Keynsham	CW
E2146		
<p><i>The Cabinet Member agreed that the lower age limit at Castle Primary school should be altered from age 4 to age 3 by the addition of Early Years provision to commence on 1st September 2010</i></p>		

03-Aug-10	Effectiveness of Local Safeguarding Children Board	CW
E2148		
<p><i>The Cabinet Member approved the report and actions being taken within the Annual Report and Business Plan's work programme for 2010/11, and arrangements being made for the compilation of the first new Annual Report of the LSCB, to be published in April 2011</i></p>		

03-Aug-10	Rspnse to Ofsted unannounced inspectn of Childrens Soc Servs	CW
E2155		
<p><i>The Cabinet Member approved the report and the actions being taken by the Service, and noted arrangements for future such unannounced inspections and announced inspections on safeguarding and looked after children arrangements</i></p>		

**Cllr Francine Haerberling**

04-Aug-10	Appointment of Independent Adviser	FH
E2159		
<p><i>The Cabinet Member agreed that the requirement under Standing Orders for there to be two written quotations be waived, for the reason set out in the report; and that Mike Robinson be appointed</i></p>		

11-Aug-10	Cost recovery policy for remediation of contaminated land	FH/MH/CG
E2156		
<p><i>The Cabinet members agreed the policy with the following amendments: the policy will be reviewed at regular intervals; the Council is not liable for remediation costs except where it was the original polluter</i></p>		

### **Cllr Malcolm Hanney**

17-Aug-10	Southside Regeneration - Childrens Services Capital Project	MH/CW
E2113		
<p><i>The Cabinet Members agreed to Approve the Capital budget allocation of £2,081,000 for the capital redevelopment of Southside Youth Centre as part of the government world class MYPLACE programme and to note the on going good work linked to the MYPLACE funding</i></p>		

23-Aug-10	Treasury Management Monitoring Report to 30th June 2010	MH
E2162		
<p><i>The Cabinet Member accepts the treasury management report to 30th June 2010, prepared in accordance with the CIPFA Treasury Code of Practice and notes the performance</i></p>		

13-Sep-10	Haycombe Cemetery + Mobile Enforcement Cap Proj Approval	MH/CG
E2158		
<p><i>The Cabinet members have agreed capital funding of £200k for the extension of Haycombe Cemetery and £35k for new mobile technology to support environmental enforcement</i></p>		

11-Oct-10	Land Transfers between Somer Housing Trust and the Council	MH/CG
E2150		
<p><i>The Cabinet Member agreed to the transfer of freehold reversions to 16 sites to Somer subject to appropriate terms; acceptance of a surrender of the existing 125 year lease in relation to 3 sites subject to a commuted sum for maintenance; and that 2 sites would remain within the existing lease for the time being</i></p>		

20-Jul-10	Heritage Services Updated Business Plan 2010-2015	TG/MH
E2101		
<p><i>The Cabinet Members approved the Plan</i></p>		

07-Sep-10	Bath Business Improvement District - Final Proposal for Ballot	TG
E2169		
<p><i>The Cabinet Member endorsed the Bath Improvement District proposal and asked Strategic Directors to negotiate the baseline and operating agreements with Future Bath Plus</i></p>		

04-Oct-10	De-accessioning of museum objects	TG
E2179		
<p><i>The Cabinet Member agreed to the reolval of the listed collections from the accession records of the Fashion Museum</i></p>		

**Cllr Vic Pritchard**

15-Sep-10	Local Safeguarding Adults Board Annual Report 2009/10	VP
E2166		
<p><i>The Cabinet Member approved the LSAB Annual Report on behalf of the Council</i></p>		

06-Oct-10	Amended Policy on Placements in Care Homes	VP
E2180		
<p><i>The Cabinet Member agreed to adopt the revised Policy on suspension/Restriction of Placements in Care Homes, including the safeguards specified in the policy</i></p>		



11-Oct-10	Local Lettings Plan - Amberley Cl, Lulworth Rd, Holcombe Grn	VP
E2182		
<i>The Cabinet Member approved two local lettings plans, effective for one year, after which they will be reviewed</i>		

12-Oct-10	Joint Carers Strategy	VP
E2177		
<i>The Cabinet Member approved the Joint Carers Strategy on behalf of the Council</i>		

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<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>Cabinet</b>	
MEETING DATE:	<b>03 November 2010</b>	AGENDA ITEM NUMBER <b>12</b>
TITLE:	<b>The 'story' of B&amp;NES and the actions to deliver 'smart economic growth' in B&amp;NES, including the Regeneration Delivery Plans</b>	EXECUTIVE FORWARD PLAN REFERENCE: <b>E 2195</b>
WARD:	All	
<b>AN OPEN PUBLIC ITEM</b>		
<p><b>List of attachments to this report</b></p> <p>APPENDIX 1 Summary of The Story</p> <p>APPENDIX 2 Local Economic Assessment: This provides the overall baseline economic position of the District</p> <p>APPENDIX 3 Worklessness Assessment: This provides a detailed analysis of people on out of work benefits across the District</p> <p>APPENDIX 4 Summary of Regeneration Delivery Plans for Bath, Keynsham and Midsomer Norton</p> <p>APPENDIX 5 List of Evidence Based Studies informing the RDP's</p> <p>APPENDIX 6 List of potential interventions in the local economy, with examples from other areas.</p>		

**1. THE ISSUE**

- 1.1. This paper sets out the Council's sustainable economic growth agenda for Bath and North East Somerset for the period to 2026.
- 1.2. The Vision/Future work (2007), underpinned by the Ernst and Young business plans, identified the important role of local character and identity (the 'DNA' of place) in attracting investment, shaping growth and delivering long term value. This work recognised the need for local places to be relevant and appealing to the talented and creative workforce needed to drive growth in the higher value 'knowledge' economy.
- 1.3. This is captured in 'The Story' a narrative document that encompasses the journey from Vision to Direction to Action (summary attached as Appendix 1) and is the springboard for the actions set out in this report.
- 1.4. The focus of this paper is the development of successful places, demonstrating the comparative advantage of Bath, Keynsham, Midsomer Norton and Radstock as somewhere for businesses to start and grow, which will lead to a sustainable and

successful economy. This reflects and updates the ambitions of the Economic Strategy for Bath and North East Somerset published in April 2010 as developed by the Sustainable Growth Alliance.

- 1.5. It sets out the proposed direction and the actions that the Council will take over the period as well as setting the agenda for the Local Development Framework which will provide the land usages and planning policy background to help deliver the economic aspirations.
- 1.6. Finally it highlights the Council's related activity in bringing forward and promoting a series of infrastructure projects to unlock development capacity and provide the basis for economic wellbeing.
- 1.7. As a result of the work undertaken to date, this paper recommends a smart growth agenda, i.e. promotion of a higher value economy rather than only volume growth. It will show how we can achieve jobs growth, promote employment in the area and bring forward development to support business creation.

## **2. RECOMMENDATIONS**

### **The Cabinet is asked to:**

- 2.1. Agree that the 'story' (summary attached as Appendix 1) be used as a coherent narrative that records the journey between 2005 and the present and sets aspirations for the future.
- 2.2. Adopt the Local Economic Assessment (Appendices 2 and 3) as required by the 2009 Local Democracy, Economic Development and Construction Act. This also provides an evidence base for our economic interventions and the emerging Core Strategy.
- 2.3. Note the growth aspirations set out in this paper to create 8,500 – 9,000 net new jobs as the Cabinet's Economic Strategy in B&NES to 2026 and our interventions to deliver these, in particular those set out in the Regeneration Delivery Plans (see summaries in Appendix 4) and that these be confirmed and completed together with the 'story' by the Strategic Director for Development and Major Projects in consultation with Cabinet members following confirmation of the Council's agreement to this level of growth when it makes its decision on the Core Strategy at Council in December (for which this paper will provide a background).

## **3. FINANCIAL IMPLICATIONS**

- 3.1. The proposals set out in this report will be prioritised within the budgets and resources agreed by the Council in its annual budget.
- 3.2. Additional capital enabling projects including for example, flood mitigation works, which arise as part of the RDP recommendations will be subject to the Council's established authorisation procedures.
- 3.3. Revenue costs of delivering the RDP's are built into the Medium Term Service and Resource Plan.

## **4. CORPORATE PRIORITIES**

- *Building communities where people feel safe and secure*
- *Promoting the independence of older people*
- *Improving life chances of disadvantaged teenagers and young people*
- *Improving school buildings*
- ***Sustainable growth - a thriving and resilient economy will be a key contributor to achieving the other corporate priorities***
- *Improving the availability of Affordable Housing*
- *Addressing the causes and effects of Climate Change*
- *Improving transport and the public realm*

## 5. THE REPORT

### 5.1. Background – Our economic challenges:

5.1.1 The Local Democracy, Economic Development and Construction Act 2009 required Unitary Authorities and County Councils to carry out an assessment of the economic conditions in their area. The Assessment should provide a comprehensive analysis of the local economy which should help to inform future economic policies and interventions.

5.1.2 The Local Economic Assessment for Bath and North East Somerset identifies the following challenges:

- The need to provide more jobs in the private sector. The area has above national and regional average public sector employment (35% compared with 26.4% in England) making the area vulnerable to future government spending cuts, MOD relocations, and related supply chain impacts.
- The need to improve linkages with business and the area's universities to encourage more growth in knowledge based, high value added jobs
- The lack of available employment land and premises, which could hamper future economic growth and result in more commuting out of the area
- Housing affordability exacerbated by a lack of house building - particularly affordable units
- Reductions in the level and nature of local employment in the Somer Valley, coupled with poor transport linkages to the South of the District.
- The need to re-skill an ageing workforce to maintain employment rates and ensure people can continue to take up job opportunities
- 10 wards in B&NES, spread across Bath, Keynsham and the Somer Valley, which have a worklessness rate above the sub-regional average, but only one, Twerton, which exceeds the national figure.
- Those claiming Incapacity or Income Support benefits form the greatest proportion of the workless population with nearly two-thirds having been in receipt of benefit for over five years.

### 5.2. Planning for future economic growth

5.2.1. Since 2004/5, there has been an increase of 4,400 in the number of B&NES residents employed.

5.2.2. All other sub regions in the West of England have seen higher percentage increases in workplace employment and with more premises available for business expansion in neighbouring areas it is imperative the Council actively intervenes to ensure a continued growth in employment within

Bath, Midsomer Norton, Keynsham, Radstock and smaller rural settlements.

- 5.2.3. Without focused intervention to stimulate “smart” and appropriate levels of economic growth, the quality of life for individuals and families within the District will therefore worsen.
- 5.2.4. As a result we have developed two potential scenarios for jobs and economic growth that have been selected as being indicative of the types of economic return which B&NES can expect for different intervention approaches and to address recent trends.
- 5.2.5. Depending on the mix of interventions and the prevailing macro economic conditions it is possible to deliver between 8,500 and 11,000 net jobs over the period to 2026, adding between £1.5 billion – £1.8 billion of Gross Value Added (GVA) into the economy<sup>1</sup>. Without intervention the figure is more likely to be around 6,000 jobs.
- 5.2.6. The table below shows the two potential scenarios:

	<b>Scenario 1</b>	<b>Scenario 2</b>
Number of jobs created to 2026	8,500 – 9,000	11,000
Annual employment growth	0.4%	0.6%
Overall GVA growth to 2026	£1.5 billion	£1.8 billion

- 5.2.7. Based on current economic conditions, evidence and budget capacity we believe that scenario 1 is deliverable if we act and intervene now as set out below. To achieve this, interventions must be targeted at high value sectors in Bath together with wider employment opportunities in market towns.
- 5.2.8. The higher growth level in scenario 2 may be achievable should macro-economic conditions allow in the future. This would require significant additional economic growth in high value sectors to which Bath in particular can respond.
- 5.2.9. In order to achieve the level of job growth in scenario 1 we will deliver the sort of interventions set out below from 5.3-6.3 as well as set out in Appendix 6.

### **5.3. Delivering future economic growth**

- 5.3.1 In order to deliver what we consider a realistic scenario for growth we are putting forward a programme of intervention that we are calling ‘smart growth’, focusing on several key areas, as put forward by the Sustainable Growth Alliance in the Economic Strategy for Bath and North East Somerset 2010-2026:

#### **Business support and development**

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<sup>1</sup> Value Added is the difference between the value of goods and services produced and the cost of raw materials and other inputs that are used in production. Gross value added therefore is the sum of all the value added by activities that produce goods and services.

- Refocussed business support to encourage productivity-led growth across all sectors, but particularly encouraging further growth in our base of wealth-generating creative and technology-related activities
- Re-focussed business support to start ups, social enterprise and co-ops

### **Employability and skills**

- Identify, with sector skills councils and learning providers, growth sector skills requirements and develop curricula accordingly, ensuring linkages with relevant commissioning bodies
- Use the evidence emerging in the worklessness assessment to develop employability plans to improve the percentage of the population with Level 2 skills
- Support the Coalition’s drive to increase the number of apprenticeships

### **Business premises and infrastructure (see Regeneration Delivery Plan section below).**

- Developing brownfield sites in Bath, Keynsham, and the Somer Valley to make way for place-appropriate housing and employment space.
- Improving the centres of Bath, Keynsham, Midsomer Norton and Radstock

### **Promoting investment**

- Place-appropriate investment and business support strategies to support the development of employment space for existing and new businesses.
- Re-focus our inward investment offer making it locally based rather than sub regional

## **5.4 The Regeneration Delivery Plans (RDP’s)**

- 5.4.1 The RDPs describe the development sites that are available in Bath, Keynsham, and Midsomer Norton (including some outlying sites in the Somer Valley), what these sites have the potential to be used for, what actions are necessary to development them and how this contributes to our overall ambitions.
- 5.4.2 The RDPs also provide a basis for bids to national and sub regional funds (for example the West of England Local Investment Plan) that may become available to support development and enable the Council to maximise the potential of its physical assets.
- 5.4.3 Central to our approach to place is the importance of our market towns. In developing the RDPs we have recognised the different economic base of each sub-area and therefore the different responses required.
- 5.4.4 Officers have been supporting the objectives of the RDPs in their ongoing negotiations with landowners on a number of sites across the district.
- 5.4.5 The Regeneration Delivery Plans are based on a series of district-wide strategies and studies produced by the Council. These provide the justification for “smart” development over the period until 2026. The evidence base also provides a number of regeneration objectives in relation to each site (see Appendix 5).

5.4.6 The RDP's and evidence work undertaken will need to be considered as part of the process of developing the Local Development Framework in order that they can have appropriate planning status.

## **6. THE REGENERATION DELIVERY PLANS**

### **6.1 Central Bath and River Corridor**

6.1.2 The Bath Regeneration Delivery Plan's aim is to enhance Bath's status both as a World Heritage Site and as one of the economic centres of the sub-region, and the city's ability to attract and retain higher value-added businesses, by helping to unlock brownfield sites in the central area.

6.1.3 The main challenges for Bath are a lack of variety and availability of modern office space. Many of the potential development sites are currently restricted by heritage, transport, parking, and flooding constraints.

6.1.4 The Bath RDP addresses how these constraints can be overcome, and sets out the decisions required to deliver economic growth.

6.1.5 To implement the Regeneration Delivery Plan for Bath, the following actions need to be undertaken:

- Implement flood mitigation interventions to maximise river corridor sites
- Complete and implement parking interventions
- Implement proposals for transport interventions to reduce congestion
- Complete the Building Heights Strategy in order to provide greater certainty to developers
- Formalise the spatial proposals through the Local Development Framework

### **6.2 Keynsham**

6.2.1 Keynsham Town Centre Regeneration Delivery Plan aims to position Keynsham as a complementary commercial location to Bristol and Bath, with a strong retail offer focused on the High Street, enabling people to live and work in the town, and significantly reducing out commuting.

6.2.2 The Keynsham RDP identifies the main challenges which face the town such as a high level of commuting, lack of quality large retail space, poor quality public realm and poor pedestrian connections between the High Street, car parks and train station.

6.2.3 It identifies three key development areas which look to create new jobs, improve the shopping experience and improve the park. The former Cadburys site – Somerdale, is key to delivering a significant number of new jobs for Keynsham.

6.2.4 The Council has already kickstarted the regeneration process by choosing the Town Hall site as the location for its new office development, bringing more jobs and economic activity to Keynsham High Street. The new development will also include new retail units and public space.

6.2.5 To implement the Regeneration Delivery Plan, the following actions are required:

- Complete access / movement and parking interventions
- Support Kraft in selecting the right development partner for Somerdale
- Ensure detailed brief for the Town Hall responds to the Regeneration Delivery Plan
- Formalise the spatial proposals through the Local Development Framework



## **6.3 Midsomer Norton**

- 6.3.1 Midsomer Norton Town Centre Regeneration Delivery Plan aims to help the town fulfil its role as the main market town for the Somer Valley, recognising the importance of a strong town centre in attracting and retaining businesses in the area.
- 6.3.2 It identifies the main challenges which face the town centre such as lack of quality retail space, poor quality public realm, High Street dominated by traffic, poor pedestrian environment and sets out a strategy to address these.
- 6.3.3 It identifies four key development areas along the High Street and proposes development principles which look to strengthen the shopping offer, create a mixed use centre and improve local attractions.
- 6.3.4 In addition, it refers to key sites surrounding the town centre where work is underway to develop proposals that can complement and support the town centre as well as creating an employment offer distinct to the Somer Valley
- 6.3.5 The key actions are:
  - Complete access / movement and parking interventions
  - Act as a facilitator for the redevelopment of the high street
  - Develop strategy for delivering a new anchor food store
  - Finalise masterplans and work with developers for key peripheral development sites
  - Formalise the spatial proposals through the Local Development Framework

## **6.4 Radstock**

- 6.4.1 The Council has been working towards a Regeneration Delivery Plan for Radstock. This has included negotiations and discussions with key landowners and the community. Further work on this RDP is required before it is finalised and completed (see recommendation 2.3)

## **7. DELIVERY**

### **7.1 The role of the Community, Partners and the Council**

- 7.1.1 As we develop our plans it will be essential to work with local communities and partners to deliver these ambitions. Working with our partners over recent times, the Council has developed stronger links in particular with the business community through the Sustainable Growth Alliance, B&NES Initiative, Chamber of Commerce, Midsomer Norton Forum, Keynsham Advisory Group, Radstock Task Force, Somer Valley Partnership, Creative Bath, Low Carbon South West and through a range of business events.

## **8. RISK MANAGEMENT**

- 8.1 The report author and Lead Cabinet member have fully reviewed the risk assessment related to the issue and recommendations, in compliance with the Council's decision making risk management guidance

## **9. EQUALITIES**

9.1 An Equalities Impact Assessment for the RDP's has been completed

## 10. RATIONALE

10.1 To safeguard health and wellbeing by ensuring the economy is strengthened in a way that preserves what is best about B&NES.

## 11. OTHER OPTIONS CONSIDERED

11.1 B&NES is in competition with other areas in a difficult economic climate, and if we do not grasp the challenge and adopt the principle of smart economic growth, our residents and businesses will not be able to take advantage of potential economic growth and wealth creation.

## 12. CONSULTATION

12.1 Cabinet members; Overview & Scrutiny Panel; Staff; Other B&NES Services; Community Interest Groups; Business networks; Local Businesses; Stakeholders/Partners; Other Public Sector Bodies; Section 151 Finance Officer; Chief Executive; Monitoring Officer.

12.2 The consultation findings from the Futures Vision, Sustainable Community Strategy and Economic Strategy were fed into the development of the Regeneration Delivery Plans for Bath, Keynsham and Midsomer Norton.

12.3 A series of workshops were held with Community Interest Groups on the development of the Regeneration Delivery Plan for Bath City Centre and Western Corridor.

12.4 A series of public exhibitions were held in Keynsham and Midsomer Norton to promote the consultation on the draft proposals, which were also available on the Council's website.

12.5 Cabinet members, Section 151 Finance Officer, Chief Executive; Monitoring Officer were consulted on this report.

12.6 The agreed growth scenario and the Regeneration Delivery Plans will be subject to formal public consultation as part of the Core Strategy and other Local Development Framework documents.

## 13. ISSUES TO CONSIDER IN REACHING THE DECISION

13.1 Social Inclusion; Sustainability; Property; Young People; Corporate

## 14. ADVICE SOUGHT

14.1 The Council's Monitoring Officer (Council Solicitor) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

<b>Contact person</b>	<i>Jeremy Smalley x7822</i>
<b>Sponsoring Cabinet Member</b>	<i>Councillor Terry Gazzard</i>

**Background papers**

*Delivering Sustainable Growth in Bath & North East Somerset,  
Council 20 November 2008*

**Please contact the report author if you need to access this report in an alternative format**

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## BATH & NORTH EAST SOMERSET “STORY” (INVESTMENT PROSPECTUS)

### Introduction

The story builds upon a range of important policy documents including the B&NES Sustainable Community Strategy, the Future for Bath, Keynsham and Somer Valley visions, the B&NES Core Strategy, the Economic Strategy, and other relevant Council strategies and evidence studies.

The document is both:

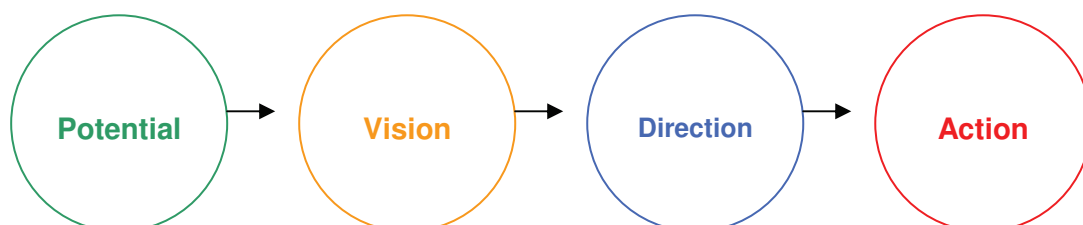
- i) an investment prospectus targeted at Government, investors, developers and business
- ii) a narrative that integrates the future potential, vision and proposed delivery strategy for B&NES to inform and update key internal and external stakeholders.

By presenting the proposition for the evolution and long-term prosperity of the B&NES area, the Investment Prospectus seeks to:

- Tell the story of our places and people
- Articulate their remarkable potential
- Realise that potential by attracting interest and investment
- Encourage our communities to be engaged in and excited about their future

The prospectus is divided into four main chapters that synthesise and summarise:

1. **POTENTIAL:** the context, challenges and opportunities for B&NES;
2. **VISION:** the overarching vision for the district and the place visions for the centres of Bath, Keynsham, Midsomer Norton and Radstock;
3. **DIRECTION:** The strategy for implementing the vision, which has been developed and tested by the Council and our partners through a range of strategic studies and evidence bases;
4. **ACTION:** How we make it happen.



### 1. POTENTIAL

Setting B&NES in the context of the West of England, this chapter focuses on our strengths, the socio-economic and environmental challenges we face and the

opportunity that exists to reposition and revitalise our places for the benefit of the district and sub-region.

### **West of England**

**+**

- Forefront of the 21<sup>st</sup> century economy
- Home to the UK's most qualified workforce outside of London
- International reputation for academic excellence
- World leader in knowledge based sectors including creative industries, science and technological innovation and is home to the biggest cluster of silicon design companies outside of California
- Triangle of dynamic economic activity anchored by London, Bristol and Birmingham

**-**

- Infrastructure deficit preventing some sites being developed and creating transport congestion
- Lack of appropriate work space
- Shortage of skills to support economic growth
- Interaction between universities and business still needs to be improved
- Pockets of significant poor health, educational attainment, worklessness and relative poverty exist
- In-migration for retirement/ageing population

### **Bath & North East Somerset**

**+**

- Diverse place with strong local identities and passionate people
- Outstanding urban and rural character
- Potential to become a model and future exemplar for sustainable urban and rural living
- Strong communities who actively engage in their areas and take part in decisions about their future
- A thriving 'third' sector with high levels of volunteering;

**-**

- Range of economic and social challenges including climate and demographic changes and inequalities
- Transport congestion and for some areas lack of options

### **Bath**

**+**

- Beauty and unmatched heritage – UNESCO WHS and Areas of Outstanding Natural Beauty
- Outstanding education sector at school, FE and HE level

- Strengths in knowledge, ICT, creative and low carbon industries
- UK's only hot springs
- Leading visitor destination
- Excellence in sports and world class arts and culture
- Strong visitor offer
- Thriving Rugby Club and growing sporting reputation
- Seen as a 'safe' place to invest
- Active and engaged communities
- Strong retail offer
- Major riverside development opportunities including Manvers Street, Avon Street, Bath Quays and Bath Western Riverside

-

- High percentage of pre-war living and poor environmental standards
- High house prices and restricted range of housing stock
- Dominant public sector and low wage economy
- Lack of appropriate modern workspace
- Availability and affordability of housing
- Pockets of deprivation, worklessness and low educational attainment
- Decline of public realm in city centre
- Constrained development land
- Transformation of the river
- Image as a 'tourism only' place
- Reputation as a difficult place to develop
- Seen as being inward looking

### **Keynsham, Midsomer Norton, Radstock and the wider District**

+

- Established towns with distinctive characters with strong communities
- Exceptional natural landscape and network of rural communities
- Regeneration and development sites ie Somerdale, Keynsham Town Hall, etc
- Highly skilled entrepreneurs and small businesses including strengths in printing and packaging ie Welton Bibby & Baron
- Range of housing stock and in some areas more affordable

-

- Continued need for investment in town centres
- Elderly demographic
- Low average wage levels and social exclusion
- Poor quality road and transport links limiting attraction of new employment including poor public transport provision
- Pressure on provision of local services to rural centres

## Repositioning Bath & North East Somerset

This element of the chapter outlines the opportunity and the conditions for success: to achieve sustainable economic growth through the development of 'great places', the qualities of which include:

- A dynamic place that encourages businesses to thrive
- A place that is seen to be a place to invest and be part of
- Places for people; active and engaged communities
- Individual and distinctive through local character and good architecture and design
- Successful streets, public spaces, riversides and green infrastructure
- Rich and diverse cultural and creative life
- Great places to eat and drink including mix of shops and good markets
- Accessible with good transport facilities, including walking, cycling and public transport
- Friendly and inclusive
- Ethical and sustainable

## 2. VISION

The Vision chapter includes the overarching vision of the Sustainable Community Strategy and revisits the DNA-led approach to shaping places established in the Futures work. It sets out a model for the *evolution* of places within B&NES, so they can remain true to their inherent character but also change, innovate and grow. It establishes key generic values e.g.

- Living heritage
- Quality not quantity
- Independence and individuality
- Sustainability

The key findings and recommendations of the Ernst & Young studies of 2006 are summarised as the driver and rationale for the subsequent stages of activity outlined under Direction below.

## 3. DIRECTION

Having established i) the key challenges, strengths and opportunities and ii) a vision which has been independently challenged and tested, this chapter sets out the subsequent strategies and evidence studies carried out between 2007 and 2010 (e.g. Public Realm, Retail, Housing, Culture, Destination Management, Economic Development, etc) in order to inform a clear, business plan-led delivery strategy for sustainable growth. This must meet the ambitions of the Council's Vision and Sustainable Community Strategy and be reflected in policy and delivery (Local



Development Framework and Regeneration Delivery Plans). The delivery strategy is outlined as a three stage sequential process to:

- |   |  |
|---|--|
| • Reposition our places to attract investment into our city and town centres      | A Distinctive Place...                             |
| • Bring forward the 'right' sort of development in partnership with the community | Vibrant Sustainable Communities...                 |
| • Become a 21 <sup>st</sup> century model of sustainable urban and rural living   | Communities where everyone fulfils their potential |

#### 4. ACTION

This chapter focuses on the conditions for delivery including understanding the practical barriers to development and how to address them e.g. flood mitigation, traffic works.

It addresses:

- Working in partnership – how statutory and community partners are engaged in helping to shape and deliver development
- Delivery mechanisms – investigating ideas such as Special Purpose Companies, Community Land Trusts, Joint Ventures etc. that will help achieve our objectives with more 'locked in' value and control
- Use of Council assets – looking at how our assets can be geared to generate cash to invest in our priorities and/or be vested in some cases with communities for their use and benefit
- Government investment – push Government and its Agencies to see the benefits of investing in Bath & North East Somerset by them helping us to create better jobs, more affordable housing, invest in infrastructure and tackle inequalities.
- Private investment - creating a 'brand'/'image', backed by tangible plans to convince the investors, businesses and developers we want in Bath & North East Somerset that will create the entrepreneurial conditions we need for growth
- The development projects that have been delivered since the Vision including Milsom Place, SouthGate, Bath Bus Station and the Holburne Museum in Bath, refurbishment of the Hollies and the Somer Valley Adventure Play and Skate Park in Midsomer Norton
- Forthcoming development projects which include Bath Railway Station and Public Square, Bath Western Riverside Phase 1, Public Realm & Movement Programme, EC CIVITAS, and the new Council office, library and 'One Stop Shop' at the Town Hall site, Keynsham.

## CONCLUSION

The document concludes that, with investment in enabling infrastructure, Bath & North East Somerset has the potential to make a significant contribution to the sub-regional economy and through Bristol and the West of England to the recovery of the national economy. This potential is summarised as:

- Use our exceptional urban and rural environment to increase value;
- To become a model and future exemplar of sustainable urban and rural living;
- Use our distinctive places – UNESCO WHS, international visitor and leading retail destination – to add value, income and attraction to key high value businesses;
- Build upon our outstanding quality of life;
- Develop an active and engaged community;
- Capitalise upon our talented and creative workforce;
- Use our excellent educational offer – high performing schools, leading universities and further education colleges and use to increase innovative spin-out businesses;
- Capitalise our strengths in science, technological innovation, creative and low carbon industries;
- Enable significant development sites to deliver new homes, workspaces and jobs;

Thereby enabling the potential to deliver 9,000 jobs by 2026 thus increasing the Bath & North East Somerset GVA by £1.5billion.

## Bath & North East Somerset

### Local Economic Assessment

Overview of economic data

May 2010

[www.sqw.co.uk](http://www.sqw.co.uk)

#### Contents

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Gareth Jones **Approved by:** Date: 06 May 2010

Director

## 1: Introduction

- 1.1 The Local Democracy, Economic Development and Construction Act (2009) places a new duty on upper tier local authorities to carry out an assessment of the economic conditions of their area, known as a Local Economic Assessment (LEA). The LEA should be an analytical document which provides a comprehensive picture of the local economy. It should provide the local authority and their partners with a robust analysis of the local economic conditions, which should in-turn inform future economic policies and interventions. The LEA will also help to inform sub-regional and regional economic strategies. This will help to ensure that:
- i) policy making at all levels is based on a shared understanding of local economic challenges and economic geography, and
  - ii) the economic interventions of different partners are aligned and complementary. The latest guidance sets out a set of core objectives, which are to:
- Provide an understanding of the economic conditions in the area and how they affect the well-being of residents and businesses
  - Identify economic linkages with the wider economy
  - Identify comparative strengths and weaknesses and the nature and form of challenges and opportunities
  - Identify constraints to local economic growth, and the risks to delivering sustainable economic growth.
- 1.2 This document summarises the key messages arising from the LEA for Bath & North East Somerset (B&NES). Where relevant we have provided data for comparator areas – notably the wider sub-region (West of England), as well as regional and national averages. We have also collected some comparator data for three local authority areas of similar size, with a dominant town/city: Cambridge/South Cambs; Cheshire West and Chester; and Harrogate.
- 1.3 The rest of this document is structured as follows:
- **Chapter 2** sets out the key cross-cutting themes emerging from the LEA, and some views on the future potential development of B&NES
  - **Chapter 3** discusses the economic linkages within B&NES and with the wider area
  - **Chapter 4** reviews issues relating to the business and enterprise theme
  - **Chapter 5** reviews issues relating to the people and communities theme
  - **Chapter 6** reviews issues relating to the sustainable economic growth theme
  - **Chapter 7** summarises issues relating to each of the four local areas within B&NES.
- 1.4 Full data appendices are provided for each of three main themes in a separate document.

## 2: Summary of Findings

### Introduction

2.1 This section of the LEA sets out a summary of the cross-cutting themes that have been raised; a summary of the main strengths, weaknesses, opportunities and threats identified; and the implications of these for the future.

#### ***Cross-cutting themes***

2.2 There are a number of cross-cutting issues that have been raised in several sections of the LEA. These are summarised below, and cover four broad themes: Environment, Infrastructure & Sites; Homes & Population; Jobs & Employment; and Skills. It should be noted that as cross-cutting issues, several could fall under more than one of these headings.

#### ***Environment, Infrastructure & Sites***

- There is national and international recognition of Bath as a (small historic) city. Its high quality urban environment and UNESCO world heritage city status are drivers of a strong tourism sector, but a potential constraint to physical development and economic growth.
- Constrained development land results in a conflict between housing and employment uses. The subsequent lack of employment premises and sites in Bath could constrain future economic growth, although there is potential for future development in the river corridor to the south and west of the city.
- Out-commuting could be exacerbated if employment space growth is not aligned with residential growth.
- The proximity of Bristol may always place Bath in an investment shadow for commercial and R&D investment.
- There are good rail links to Bristol and London from Bath, but accessibility difficulties for southern parts of the district and poor linkages with the key national road network for the industrial base. Rural areas and Somer Valley are particularly dependent on the car for accessibility

#### ***Homes & Population***

- Housing affordability is poor, and there are low levels of affordable housing. This could constrain future population growth and therefore economic growth.
- B&NES' ageing population is seen as both a future opportunity (e.g. opportunities for the health / care sectors) and threat (in terms of potential cost to Local Authority).
- The working-age population is declining as a proportion of the total population, which could – over time – lead to an increase in in-commuting to fill local jobs.

#### ***Jobs & Employment***

- Strong employment in the public sector could be vulnerable to future public funding cuts.
- The potential for greater university-business linkages could contribute to future economic growth. In particular, the two Universities have strengths in several of the

government priority (NINJ2) sectors.

- It is important for B&NES to position itself well for the transition to a low carbon, resource efficient and energy constrained economy, and plan for adaptation to unavoidable climate change.

**Skills**

- In order to generate future economic prosperity it is likely that skills interventions for residents would be most effective if they focused on the key growth sectors for the UK and SW economy.
- As the population ages, there may be particular opportunities around ‘reskilling’ the older workforce in order to improve participation rates and hence drive economic performance.

Summary of key issues

2.3 The table below presents an overall SWOT for the key issues facing B&NES.

Table 2-1 Overall SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Well qualified population</li> <li>• Full employment</li> <li>• Strong creative industries sector</li> <li>• UNESCO world heritage site = strong tourism</li> <li>• Part of a prosperous sub-region – relevant to employment and supply chain linkages</li> <li>• Travel time and economic linkages to London (from Bath)</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Poor university – industry linkages</li> <li>• Lack of new build employment space (esp. Grade A, B1)</li> <li>• Low wage linked to out-commute of higher level occupations</li> <li>• Low housing affordability</li> <li>• Poor transport connectivity to rural areas</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Graduate retention</li> <li>• Improved university-industry links</li> <li>• Employment opportunities in low-carbon sectors, including the green technology sector utilising skills developed at our universities, and green construction, including retrofit</li> <li>• Bath Transport Package (RFA2)</li> <li>• Significant growth requirement/plans in RSS (<i>also a threat</i>)</li> </ul>	<ul style="list-style-type: none"> <li>• Reliance on public sector employment (risk of spending cuts)</li> <li>• Ageing population (especially aged 80+)</li> <li>• Adverse impact of future growth on character of B&amp;NES</li> <li>• Constraints to employment growth resulting in economic stagnation and increased out-commuting</li> <li>• The impact of rising energy prices on the cost of commuting and of doing business in the district</li> <li>• Climate change (e.g. increased flooding, extreme weather, water shortages) threatens business continuity, welfare of residents, land use etc.</li> </ul>

## Potential impact of future change

2.4 The table below reviews the key themes summarised above, and considers the potential impact within each if these themes if current drivers continue without change.

Table 2-2: Potential future impact of key themes

Key Theme	Driver of Change	Potential Impact
<b>Environment, Infrastructure &amp; Sites</b>		
Historic and protected urban environment	As identified below, future economic growth requires the development of new employment sites with modern facilities.	Potential constraint to future economic growth, unless steps are taken to bring forward brownfield sites or land outside the city is prioritised for development
Low levels of available housing and employment land and premises	Future growth requires more employment and premises and more homes. With a shortage of sites, there is pressure on those available sites from both of these uses.	Potential constraint to future economic growth, and threat to sustainability and driver of more commuting if future development exacerbates imbalance between jobs and homes.
Limited employment space provision	Out-commuting could be exacerbated if employment space growth is not aligned with residential growth	Bristol becomes an obvious employment destination and B&NES potentially plays increasingly a dormitory role for Bristol.

## APPENDIX 2

Key Theme	Driver of Change	Potential Impact
Proximity of Bristol	Proximity of Bristol may always place Bath in an investment shadow for commercial and R&D investment	B&NES potentially plays increasingly a dormitory role for Bristol
Accessibility difficulties for south and southwest of the district	Poor linkages with key national road network for large parts of the district	Potential constraint to economic growth in these areas, particularly the manufacturing sector or those otherwise reliant on transport logistics. Potential stagnation of Somer Valley and rural areas
<b>Homes &amp; Population</b>		
Housing affordability	Low levels of affordable housing; under-provision of new affordable housing completions, and continuing high housing costs	Could constrain future population growth and therefore economic growth. Could also exaggerate differences in economic wellbeing and deprivation across B&NES
Ageing population	Opportunity for growth in health and wellbeing and social care sectors	Potential economic growth, although care sector tends to generate relatively low-skill, low-wage employment
Increasing proportion of population not of working age	Working-age population declining as proportion of total population	Less working-age population could lead to more in-commuting to fill jobs within B&NES



Jobs & Employment		
Strong employment in the public sector	Potential future spending cuts on public services Risk of MoD re-location out of Bath sites	Spending cuts and relocations could lead to job losses in the public sector and reduced local employment base, with potentially higher levels of out-commuting if jobs move to North Bristol, and structural change in nature of public sector in B&NES
University-business linkages, especially around the NINJ drivers	Linkages are currently not significant, but there is potential to improve them	Without improvements in this area, B&NES is failing to exploit a key potential driver of growth in the local economy
Transition to a low carbon, resource efficient and energy constrained economy, and adapting to unavoidable climate change	Carbon taxes, rising energy prices, need to adapt to climate and resource shortage disruption, growing business opportunities in addressing these problems	Failure to address these drivers will result in economic decline as businesses and organisations move to areas which are more proactive about this transition and are able to provide better support, e.g. London, the North West, Bristol
Skills		
Low employment in NINJ sectors	Up-skilling of resident working population (e.g. in advanced engineering; low carbon economy skills) could provide a greater employment base	Potential constraint to economic growth in a modern economy. Newly skilled workforce could be more adaptable to emerging key sectors
Reskilling older workforce	Participation rates for the over 50s is likely to be a key driver in economic performance and may need intervention	Reskilled 'older' workforce and higher participation rates may help to maintain the productive base of the economy

### 3: Economic Linkages

#### Introduction

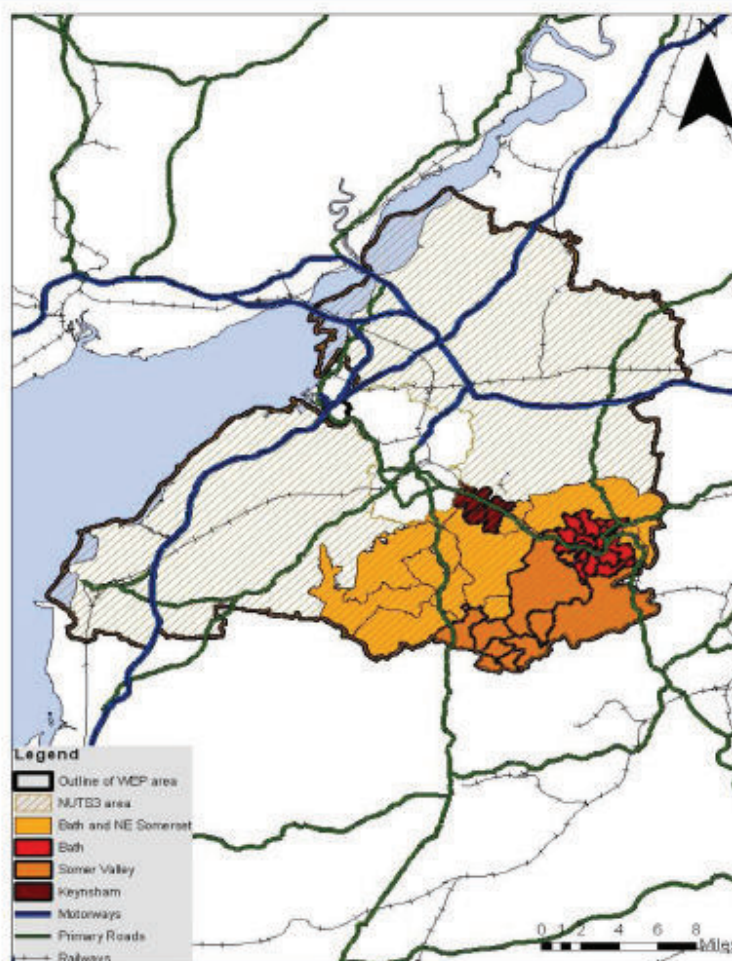
- 3.1 B&NES is a relatively rural local authority, with 45.9% of its population classified as rural (compared to an England average of 26.9%), placing it just outside the top third of most rural authorities in England.
- 3.2 Nonetheless there are some significant urban areas where more the majority of the population lives, notably Bath, Keynsham and Norton Radstock which together account for around 69% of the district's population. These are discussed as separate sub-areas within this assessment (Norton Radstock is combined with its rural hinterland to form Somer Valley) and the remaining population is included in the Rural sub-area for this report.

#### B&NES in the West of England

- 3.3 B&NES is part of the West of England and is one of four local authorities in the West of England Partnership, which provides a co-ordination function to ensure that better planning occurs at a sub-regional level to take advantage of the potential for large-scale investment and planning decisions. The other authorities are Bristol, North Somerset and South Gloucestershire. Overall the West of England is a '*prosperous area with an excellent quality of life and a growing national and international profile*' although there remain pockets of less prosperous areas and the sub-region as a whole faces increasing pressure on its infrastructure. Strong growth is expected in the sub-region, building on the strength of the Bristol city-region.
- 3.4 The four authorities have signed up to a number of priorities in the Multi Area Agreement (August 2009):
- Mitigate the impact of the current economic recession and act to support an early upturn
  - Plan and manage the growth in homes and jobs to build mixed and sustainable communities
  - Improve access and reduce traffic congestion to increase competitiveness and quality of life
  - Attract and grow business investment to increase economic growth and competitiveness
  - Improve skills and reduce worklessness to increase competitiveness, growth and regeneration.
- 3.5 The West of England is a city-region centred on Bristol, with a population of over 420,000 and accounting for 40.4% of employment in the sub-region. Bristol, less than 20 minutes from Bath by train, also provides a significant proportion of the sub-region's services and functions, including the Bristol Royal Infirmary and major comparison retail functions.
- 3.6 Nonetheless, B&NES has distinct strengths within the West of England, with a high quality natural environment and world-renowned architecture and heritage legacy, attracting a significant proportion of the visitors to the sub-region, with 885,000 trips by staying visitors and 3,608,000 day visits in 20085.

- 3.7 Bath is well connected externally through its main line station at Bath Spa, with direct linkages to London (1 hour, 15 minutes) and Bristol (13-20 minutes), as well as regional train line southwards to Weymouth (2 hours), Southampton (1.5 hours) and Portsmouth (2 hours, 20 minutes). London Heathrow airport is just over 2 hours away via London Paddington and the Heathrow express.
- 3.8 The map below shows B&NES in the context of the wider West of England sub-region, as well as key transport routes.

Figure 3-1: B&NES and the wider sub-region



## Commuting

- 3.9 There are strong commuting patterns between B&NES and the rest of the West of England. Overall, in and out-commuting roughly balance each other out. In comparison, Bristol and North Somerset have imbalances of roughly 20%. Within the sub-region, Bristol is dominant as an employment location (with more availability of employment land and premises), and there is therefore a risk of B&NES becoming a dormitory area. Constraints on employment land supply and opportunities for expansion may lead to entrepreneurs and new starts preferring to locate in Bristol.

3.10 Table 3-1 summarises Census data (2001) illustrating the key commuting flows by employed residents & workforce with other West of England sub-region areas.

Table 3-1: Commuting flows with other West of England sub-region areas, 2001

Area	B&NES residents working in:	B&NES wkforce living in:	B&NES residents % working in	B&NES workforce % living in
B&NES	56,390	56,390	70.3%	70.1%
Bristol	9,150	4,010	11.4%	5%
N Somerset	1,130	1,090	1.4%	1.4%
S Gloucestershire	4,050	4,260	5.0%	5.3%
(Total West of England)	(70,720)	(65,750)	(88.2%)	(81.7%)
Other	9,460	14,740	11.8%	18.3%
Total	80,170	80,490	100%	100%

3.11 Just over 70% of B&NES employed residents worked in the same area in 2001; 11% travelled into Bristol and 5% worked in South Gloucestershire. A further 12% worked outside the West of England sub-region. In terms of the workforce there were relatively fewer people commuting from Bristol, 5%, with a higher percentage travelling in from outside the West of England, 18%. Overall just over 70% of the workforce lived in B&NES.

3.12 Net outflow to the South East region was 150, with an inflow of 340 offset by an outflow of 490. The largest flow involving regions outside the South West was an outflow to London, amounting to 580 (including 355 from Bath). The corresponding inflow from London was 160, giving a net outflow of 420.

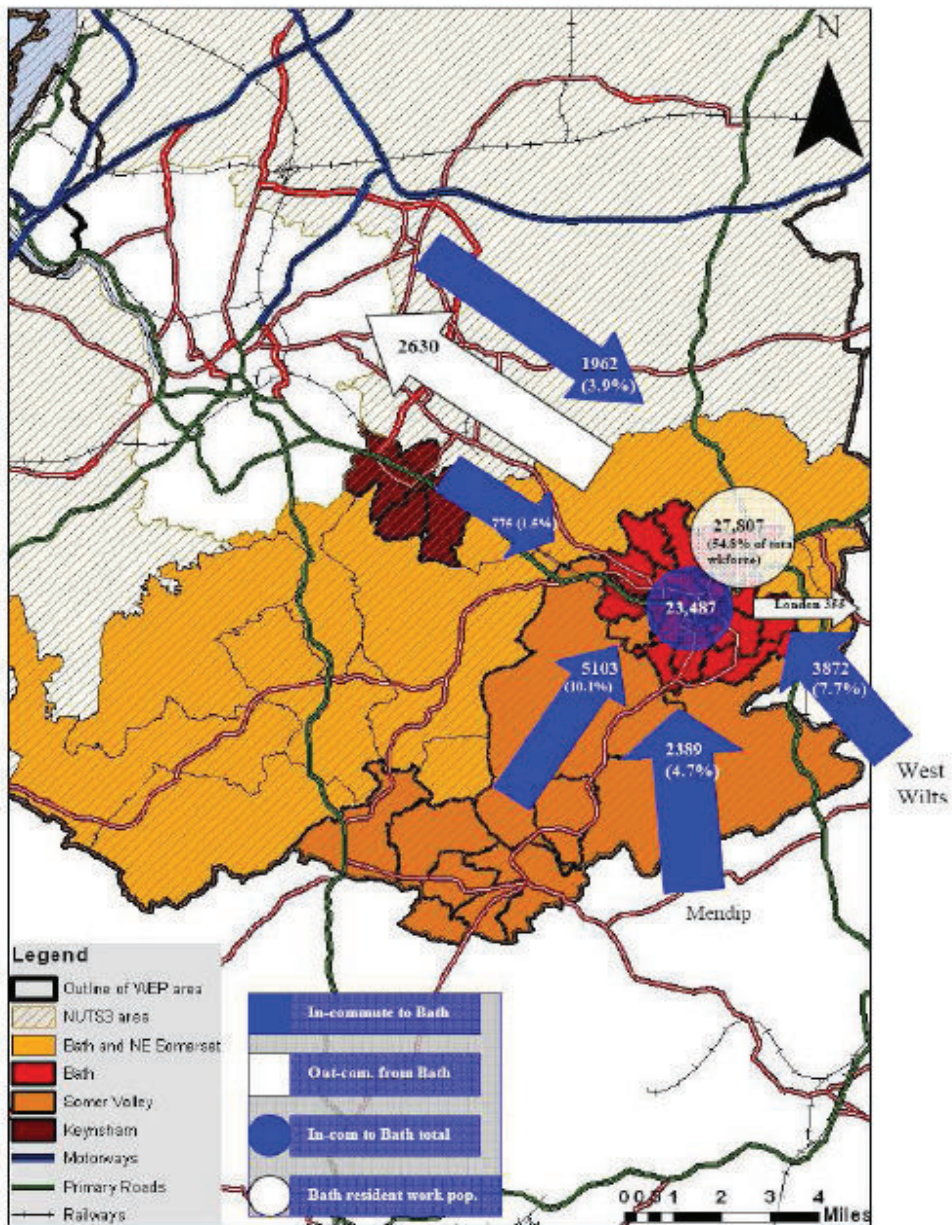
3.13 Using an analysis of the Census data based on housing market areas, Bath's workforce accounts for almost two thirds of the workforce population of the district. It has a net incommute of 12,600. Just over half (54.8%) of Bath's 50,534-strong workforce (in 2001) live in Bath. 3.9% of Bath's workplace population comes from Bristol, whilst 2.8% comes from Keynsham and 8.3% from Norton Radstock (10.1% from the wider Somer Valley). Almost three quarters (73%) of Bath's resident working population works in Bath, whilst approximately 7% of Bath's population commute to Bristol for their main place of work and a further 1% commutes to London. Bath provides a significant centre of employment for residents of surrounding areas, including Mendip to the south (accounting for 4.7% of the total workforce in Bath) and West Wiltshire to the east (accounting for 7.7% of the total workforce in Bath).

3.14 Keynsham is part of the Bristol Travel to Work Area (TTWA) and is in many ways more functionally linked to Bristol than Bath. Of the working population of Keynsham's housing market area, 12.5% work in Bath, with 29.4% working in Bristol, rising to 33.9% including the northern fringe. Residents of the Norton Radstock housing market area on the other hand look more towards Bath for employment, and a relatively higher proportion of its resident working population work within the two settlements themselves.



3.15 The map below shows some of the key commuting patterns for Bath, including key inflows of workers to Bath from within and outside the authority, and key outflows from Bath to Bristol and London

Figure 3-2: Key commuting flows to and from Bath



## 4: Business and Enterprise

### Introduction

- 4.1 This section introduces the key messages from the data and consultations undertaken for the Business and Enterprise theme. In line with the government guidance, it covers: structure of the local economy; enterprise and innovation; and business needs. It finishes with a summary SWOT table for the theme.

### Structure of the local economy

- 4.2 B&NES has nearly full employment levels. Around 78,450 jobs are provided in the district, with around two-thirds (67%) in Bath itself (ABI, 2008). Continued growth is forecast in the most recent employment land study.
- 4.3 Major employers include: Wessex Water, B&NES PCT, the Royal National Hospital for Rheumatic Diseases NHS Foundation Trust, University of Bath, Helphire Group Plc, Future Publishing, the Ministry of Defence. Important employers in the key sectors include Rotork, IPL, Praxis, PicoChip and Amdocs.
- 4.4 Five industry sectors have a considerably higher share of employment than in England as a whole. Three are in manufacturing: paper production, printing & publishing, and the manufacture of electrical machinery; the others are water supply and equipment rental. Other strongly represented sectors in B&NES include: hotels & catering, public administration & defence, education and health & social care.
- 4.5 High proportions of employment in the tourism/hospitality and public sector are therefore particular features of the B&NES economy. Whilst both have been seen as stable sectors in the past, the former is characterised by relatively low wages and low GVA, whilst the latter is vulnerable to future cuts in public sector spending. At the same time, there is no overreliance on any one company, which provides some resilience.
- 4.6 Whilst a healthy knowledge economy was reported in the State of the District Audit (2007), accounting for 22% of employment in 2005, the West of England sub-region out-performs B&NES, with significantly more jobs in the knowledge based economy in Bristol and South Gloucester. The B&NES economy exhibits relatively low levels of business wealth added. In 2007 the GVA/FTE worker in B&NES, estimated to be £42,500, was around 5% above the regional average but 14% below the national average.
- 4.7 Across the authority, the number of firms grew by 12% from 2001 to 2007 (an increase of 935 units). Almost 70% of this increase is accounted for by growth in the financial & business services sector, which experienced an increase of 645 enterprise units over the period (27% growth). Other sectors to experience strong growth in terms of numbers of local units include public administration, education & health, (up by 165 or 29%) and miscellaneous services, up

by 65 units or 10%. Construction enterprises increased by around 100 or 14%. In contrast the number of transport & communications, distribution and manufacturing enterprises all declined.

- 4.8 At a sub-regional level, two sectors outstripped the average rate of output growth over the period 2001 to 2007: business services & finance and construction. Both increased in money terms by over 70%. The sector primarily composed of public sector industries – public administration, education, health etc. – experienced growth just below the sub-regional average (44%). All other sectors experienced much slower growth in money terms.
- 4.9 At the level of the authority as a whole there is a close balance between numbers of employed residents and workplace population, with a net in-commute equivalent to less than 1% of the workforce. Net in-commuting is particularly high for associate professionals (i.e. occupations including nurses, computer software developers, etc.) and secretarial/administrative workers, whilst there is a net out-commute of both managers and professionals.
- 4.10 Workplace earnings are below the national average and below the levels in the other three West of England authorities. Out-commuters earn higher wages - in 2009, median workplace earnings were over £18 below the median residence earnings (almost 4%). However, looking at comparator areas for B&NES, the difference between residence and workplace earnings is relatively small compared to (for example) Harrogate and Bristol, largely because of the close balance across the occupations for people living in the area and working in it.
- 4.11 Overall, the structure of the B&NES economy does not have a particularly strong read-across to the national priority sectors set out by Government, except in (some) professional services. Employment in R&D is very low (although this does not include the universities), particularly when compared to the comparator areas of Cambridge or Harrogate for example. However, the universities have some strengths in the NINJ sectors which could be better exploited through business linkages to benefit the local economy, and which could improve the profile of R&D activity in the district.
- 4.12 The match to regional priority sectors is better in B&NES, as shown in the table below. In particular, ICT and Environmental Technologies are already relatively strong<sup>12</sup> and employment in Creative Industries is particularly high. Taken together, these could provide a useful basis for low carbon economic growth in the future.

Table 4-1: RES Priority Sectors – Percentage of Total Employees (workplace analysis)

	B&NES	WoE	SW	England
Advanced Engineering	0.44	2.35	2.10	1.53
ICT	4.77	4.19	3.03	4.13
Food and Drink	1.59	1.07	1.85	1.62
Environmental Technologies	1.95	1.25	1.11	1.10
Bio-medical and Health	0.14	0.28	0.54	0.60
Marine	0.02	0.08	0.59	0.18
Tourism and Leisure	3.99	2.86	3.79	4.51
Creative Industries	5.96	3.71	3.12	2.64

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4.13 Potential threats to the B&NES economy in the short to medium term include the closure of Cadbury's in Keynsham, continued re-trenchment of the printing & packaging sector in the Somer Valley and the potential for MoD closures and withdrawal from Bath to Bristol. In addition, an ageing population could mean that the working-age population decreases as a proportion of the total economy.

## Enterprise and innovation

4.14 In total, there are around 7,150 VAT registered and PAYE employers in B&NES (NeSS, March 2009). Just over half of all enterprises are recorded in the Bath sub-area with around a quarter in the Rural area, 18% in the Somer Valley and 8% in Keynsham. The 'age structure' of businesses in B&NES is similar to the South West region as a whole but the profile is slightly 'older' than that of the wider West of England sub-region and of England as a whole, with almost 44% operating for at least 10 years.

4.15 Business creation has been relatively high in recent years, and survival rates in B&NES appear to be better than in the rest of the region and the national average, with nearly 60% of companies in B&NES first registered in 2003 still operating after 4 years. The overall stock of VAT registered businesses in B&NES increased by 13% (760), from 2001 to 2007; this was lower than the West of England (15%) but higher than the region (11%). A significant proportion of the increase (37% of the total) was attributed to business services, whilst there were also big increases in construction businesses (17%) as well as hotels & catering businesses (17%). The overall number of businesses in the transport & communications, distribution and manufacturing sectors all declined.

4.16 Whilst business coverage in the NINJ sectors is relatively weak, the district's two universities (and particularly University of Bath) have strengths in these sectors (notably engineering, management and creative sectors), which could be better exploited in the future through increased university-business linkages, and could contribute to business, employment and economic growth. However, currently there are surprisingly few spin-outs for a University with such alignment to growth sectors.

4.17 There are relatively high levels of self-employment in B&NES (approximately 15% in the district, and up to 32% in the rural areas), which may contribute to a more robust employment base. Whilst females account for more than half of all employees, they account for fewer than a third of the self-employed.

4.18 There are potential future opportunities for employment growth in construction and related industries driven by development growth and retrofitting of green technologies to the existing building stock.

4.19 In terms of supporting local enterprise, there is little provision of business incubation space (limited predominantly to Carpenter House, linked to the University of Bath) and insufficient grow-on space to capture businesses post-incubation. University spin-outs have tended to



locate outside of B&NES

## Business needs

- 4.20 Bath is seen as attractive for businesses (particularly 'lifestyle' employers) in terms of quality of life and quality of workforce. However, there is a distinct lack of suitable property for indigenous business growth and larger scale inward investment. There has been little change in the commercial and industrial property stock in Bath in the recent past, with little growth in rental levels. Georgian buildings in Bath are less suitable for modern businesses, and – whilst potential employment land has been identified in the city centre (which fits with business needs and accords with planning policy) – many of the sites are constrained and difficult to develop, particularly in the depressed post-recession real estate economy.
- 4.21 There is potential to create new employment sites with high quality business accommodation in the river corridor to the South and West of the city centre in Bath and despite low levels of recent employment space development in the city, new development could attract new employment to the city.
- 4.22 There have been low levels of new and speculative development of business premises, particularly in Bath, which in-turn means that there has been low levels of market activity, and so little evidence of market strength. There has been very little change in the total number of commercial and industrial properties in recent years, and a decline in total commercial and industrial floorspace (overall decline from 2005 to 2008 was 66,000 sq m, or 5%). The main loss has been in factory space, but losses of retail floorspace seen in the data may be due to the development of the SouthGate retail area in Bath, which opened (Phase 1) at the end of 2009.
- 4.23 Outside Bath there are opportunities to invest in the regeneration of the market town centres to provide local employment opportunities and improve the quality of the offer making the towns more attractive investment locations. The Cadbury site is a significant opportunity.
- 4.24 Telephone area codes can be a barrier to perceptions on local trade, and what 'local' means; for example, Keynsham has a Bristol code, whilst Norton Radstock also has a different telephone code to Bath. This may be an inhibitor for Keynsham securing relocations of growing Bath businesses despite offering greater employment land development potential.
- 4.25 With regard to the soft infrastructure for business, there is potential for greater alignment of training and education to businesses' requirements.

## Summary of issues

- 4.26 The table below sets an analysis of the key strengths, weaknesses, opportunities and threats

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(SWOT) faced by B&NES in this area. These are derived from the full economic analysis undertaken for this LEA, and supported by feedback in the workshops undertaken during the research process.

Table 4-2: Overall SWOT: Business and Enterprise

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Full employment</li> <li>• Strong creative industries cluster, supported by Creative Bath</li> <li>• Several significant software companies in Bath</li> <li>• Public sector and tourism jobs provide a "backbone" to local economy and a steady flow of income; somewhat protected from recession and international competition</li> <li>• No over-reliance on one company</li> <li>• High self employment</li> <li>• Knowledge Transfer Partnership with B&amp;NES PCT</li> <li>• Universities with focus on practical / growth sectors</li> <li>• Access to skilled workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Many jobs in low wage sectors (public sector and tourism)</li> <li>• R&amp;D is well under regional and national levels; as are several key sectors (Financial intermediation etc)</li> <li>• Low GVA/FTE worker</li> <li>• Job losses in manufacturing, printing</li> <li>• Underperformance vs most NINJ sectors, except professional services</li> <li>• Insufficient room in Carpenter House (University of Bath incubator), and lack of 'grow-on' space</li> <li>• Georgian office stock less suitable for modern business. Lack of Grade A offices: no effective rental growth since 1989</li> <li>• Limited offer for business tourism (linked to lack of university and/or commercial purpose-built conference facility)</li> <li>• Limited systematic company engagement or support structure</li> <li>• That the district has the lowest installed renewable energy capacity in the South West region implies that barriers exist to the uptake of these technologies</li> </ul>

Opportunities	Threats
<ul style="list-style-type: none"> <li>Greater graduate retention</li> <li>Research strengths (HE) in NINJ sectors</li> <li>Greater university - business links; and increase in KTPs (and systematic knowledge transfer) locally</li> <li>Employment growth potential in construction due to future housing growth</li> <li>Demand reported from large hotel developers</li> <li>Growth in creative industries, software and engineering consultancy (Draft Economic Strategy)</li> <li>Growth in low carbon sector</li> <li>Retrofit green technology to existing property and new-build: potential employment growth</li> <li>River corridor to the South and West of the city: new employment land and sites</li> <li>Skills planning among all phases of education (schools, FE, HE, Adult Ed) to meet business needs</li> <li>Improved development / promotion of joined-up training support for businesses</li> <li>Exchange rates are currently good for driving inward investment and tourism</li> <li>The SETsquared Partnership (University of Bath, Bristol, Southampton, Surrey) supports new business opportunities and enterprise activity</li> </ul>	<ul style="list-style-type: none"> <li>Reliance on public sector employment (risk of spending cuts)</li> <li>Ageing population (especially aged 80+)</li> <li>Cadburys/Kraft closure; Ministry of Defence relocation from three sites; factory closures in Somer Valley</li> <li>Lack of interest reported from national leisure activity companies</li> <li>Global market changes in business services and over-capacity in sectors such as printing and packaging</li> <li>Sub-regional approach – Bristol-centric funding / policy focus</li> <li>Peak oil raising costs of production, transport, supply chains</li> <li>Bristol drawing high occupation employees and entrepreneurs</li> <li>University spin-out companies locate outside area</li> <li>Lack of development land; city centre is more complicated – key sites are all constrained</li> <li>Phone numbers can be a barrier to perceptions on 'local' trade</li> <li>Bath, Keynsham and Somer Valley increasingly become commuter towns for Bristol</li> </ul>

## 5: People and Communities

### Introduction

5.1 This section introduces the key messages from the data and our consultations undertaken for the People and Communities theme. In line with the government guidance, it covers: demography and geography; labour market; skills; and economic and social exclusion. It finishes with a summary SWOT table for the theme.

### Demography and geography

5.2 B&NES benefits from a high proportion of working-age population, although this is influenced by its relatively large student population (15,275 full-time HE students were registered in 2007/08), which is less economically active.

5.3 Population growth has been steady over the period from 2001 (up 6.6% to 180,300 in 2008) – above the regional level, but below the West of England level; compared with its national comparator areas B&NES has grown faster than West Cheshire & Chester, about the same as Harrogate and slower than Cambridge. Estimated growth in population of working age in B&NES has been slightly faster (8.4%) than overall population growth over the same period. Nonetheless, the highest level of population growth has been in the over-80s cohort, which poses both a threat in terms of future dependency ratio and an opportunity for new types of leisure provision and development of facilities as well as employment growth in health and

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social care. Whilst the broad age profile of B&NES is not dissimilar to that of Harrogate, it is significantly older than that of Cambridge/South Cambridgeshire, with over 20% of residents of state pension age. Up-skilling of the over-50s workforce could be an important driver for maintaining the employment base as the population profile ages.

- 5.4 The majority of the population growth arises from international in-migration; until 2007/08, net international migration accounted for at least 80% of year-on-year population growth in the authority area. The 'white British' population of B&NES fell from 94% of the total in 2001, to 89.3% by mid 2007. However, international in-migration may be a less significant driver of population growth in the future as the UK becomes a less attractive destination and some migrants return home. This could be a risk to the future workforce of B&NES, which could in turn limit the economic growth potential of the authority.
- 5.6 In addition if future population and housing growth (projected to be largely consisting of single-person households) are not aligned with employment growth, which could lead to greater out commuting and the risk of B&NES playing an increasing role as a 'dormitory' for Bristol.

## Labour market

- 5.7 Bath itself sees significant levels of in-commuting on a daily basis, particularly for associate professionals. But at the level of the authority as a whole there is a very close balance between numbers of employed residents and workplace population, with net in-commuting amounting to less than 1% of the workforce. Out-commuters have higher level occupations than in-commuters, leading to an imbalance between workplace and resident earnings, although this also ensures that higher disposable incomes (spending power) are brought into the area.
- 5.8 The sector profiles of employed residents and workplace population were very similar in 2001. However there were some differences; there was net in-commuting of over 1,200 to jobs in the health & social care sector and also relatively high net in-commuting (930) to jobs in public administration & defence. There was significant net out-commuting from B&NES to work outside the authority in manufacturing (680), financial intermediation (760) and transport & communications (850). There are concerns that public sector spending cuts will lead to employment cuts in the public sector, which is a strong local employer.
- 5.9 The overall employment rate (60.4% in 2008/09) was lower than in the West of England sub region, in line with the South West region and slightly higher than the England average. However, the employment rate amongst those aged 20-24 is significantly lower, and 25-34 slightly lower, than neighbouring authorities, probably caused by the size of the student population. In addition to the HE students, almost half of 18-24 year olds living in B&NES were recorded as being in full-time education (2008/09). This is very much higher than the comparable rates estimated for the South West as a whole (23.5%) and the West of England sub-region (29.3%). In contrast, employment rates amongst those aged between 50 and retirement age is higher in B&NES than the rest of the sub-region, region and England average.
- 5.10 Employment in the knowledge economy is higher than the UK average, but lower than the average for the sub-region. The three 'high level' occupation groups, including managers, professionals and associate professionals, account for 46.2% of employed residents in B&NES, similar to the West of England but above the regional and national average.



5.11 Median full-time gross earnings for B&NES residents are £479.80 per week (April 2009), around 97% of the national average; this is higher than Bristol (£474.50) and South Gloucestershire (£479.10), but lower than North Somerset (£511.80). However earnings are generally higher than in the South West region as a whole – and this is true of all four authorities in the West of England sub-region. Incomes are highest of all in the Rural subarea, 19% above the regional average, suggesting that the highest earners are disproportionately resident in this area. The averages for the Bath sub-area are in line with the local authority figures. In the Somer Valley average weekly incomes are below the B&NES figures but higher than in the region. Only in the Keynsham sub-area are average weekly incomes below the regional level (2% lower).

## Skills

5.12 The resident population of B&NES is relatively well qualified when compared with England, and indeed most comparator areas except for Cambridge/South Cambridgeshire (Table 5-1). Around 35% have qualifications at Level 4 or above, whilst just 7.2% have no qualifications. There are low skill levels in particular areas within the district, including Keynsham, Somer Valley and wards in the southwest of Bath.

Area	Level 4+	Level 3	Level 2	Level 1	Other	None
B&NES	34%	18.1%	18.3%	15.7%	7.4%	6.7%
West of England	31.9%	17.3%	17.7%	16.6%	8%	8.6%
South West	28.3%	17.9%	19.4%	18.1%	7.3%	9%
Cambridge / South Cambs	48.9%	9.6%	13.8%	10.4%	11.6%	5.7%
Cheshire West & Chester	32.5%	13.8%	18.7%	15.9%	6.4%	12.8%
Harrogate	34.1%	16.5%	18.5%	16.7%	5%	9.2%

5.13 Overall, the district has demonstrated relatively good performance at GCSE level (over 76% pass at least 5 at grades A\* to C), although A level performance is less strong - below the West of England and national levels.

5.14 The district has two higher education institutions (University of Bath and Bath Spa University) with almost 20,500 students (32% postgraduates) and more than 1000 teaching/research staff. Anecdotally there is a relatively low rate of graduate retention which, if addressed, would raise skill levels. ( Figures for graduate retention are difficult to source. However indicatively there were 9,460 new graduates working in the South West in 1999/2000, of whom just 300 came from University of Bath and 360 from Bath Spa (7% of total new graduates in the region) (Source: IES/HESA First Destination Survey, 1999/2000)) As previously mentioned, there is also the potential for greater university-business linkages, which could include drawing on the skills and talents of the educated student body (e.g. through student projects).

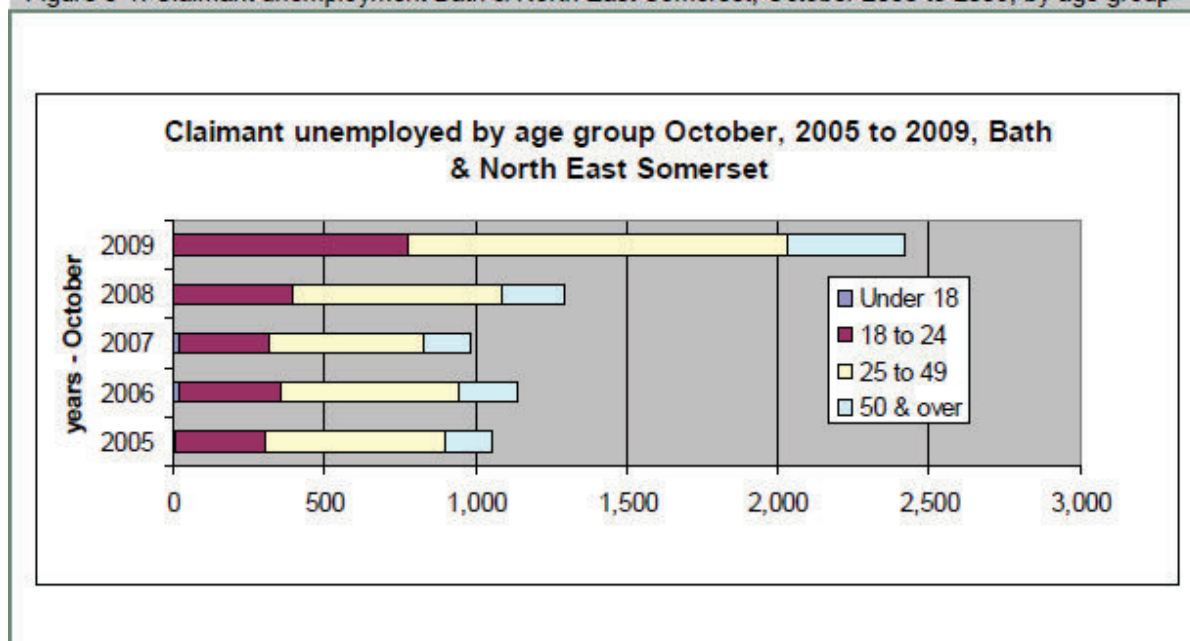
5.15 Around 11% of B&NES' employed residents have received job-related training in the previous four weeks. Whilst the percentage of B&NES employed residents receiving jobrelated training appears to have remained at similar levels in recent years – both overall and for types of occupation and industry – there is insufficient provision of vocational training,

and poor take-up of apprenticeships locally. There is the potential for greater alignment between education/training and employers' requirements, particularly looking forward to future growth sectors where there are research and teaching strengths at the universities (assuming that job opportunities are created in these growth sectors within B&NES).

## Economic and social exclusion

- 5.16 Across the B&NES district levels of education, income, employment and particularly health deprivation are low. Housing deprivation is more pronounced, reflecting the unique housing market in B&NES. That deprivation which exists is focused in small pockets, with worklessness for example concentrated in the district's most deprived wards, although none of the 11 target wards for worklessness identified in the West of England MAA fall within B&NES.
- 5.17 The 25,000 economically inactive residents of B&NES constitute 22.5% of the population of usual working age, which is higher than in the West of England sub-region and the South West region as a whole (under 19%), although lower than Cambridge (used as a comparator as has a significant student population). However, of these an estimated 6,000 people would like a job<sup>16</sup>, equivalent to 5.4% of the total population of working age. The male inactivity rate is around 2.5% higher than the regional average, but the female rate is a significant 8% higher than the regional average.
- 5.18 Across the district as a whole, there is a generally low and stable level of unemployment, and the level of long-term unemployment is lower than the West of England or South West England. ( 26.9% of claimant unemployed have been claiming benefits for six months or more, compared with 32.9% in Bristol and 34.3% in England as a whole (ONS, NOMIS, November 2009), although this hides pockets of concentrations of long-term unemployed e.g. 46.2% in Bathwick ward, Bath; 37.0% in Farmborough ward, Rural ) However, unemployment counts have increased as a consequence of the recession, and young people aged 18-24 have increased as a proportion of the unemployed (accounting for 32% of all claimants in October 2009), higher than the West of England and the South West region as a whole. Overall though, the proportion of those 'not in education, employment or training' (NEET) in B&NES is lower (3.9% of 16-18 year olds) than in the rest of the sub-region, and the national average (6.7%). Figure 5-1 shows the levels of unemployment over time and by age group.

Figure 5-1: Claimant unemployment Bath & North East Somerset, October 2005 to 2009, by age group



5.19 Claimants of Incapacity Benefit Allowance and Severe Disability Allowance (IBA/SDA) have fallen since March 2008, but this follows a national trend with the increased frequency and rigour of reviews of circumstances. The percentages of each sub-area’s resident population of working age claiming IBA or SDA in 2009 range from 4.9% in Keynsham and 4.7% in Bath down to 4% in the Somer Valley and 2.9% in the Rural area.

5.20 Monthly notifications of job vacancies have not followed the same trajectory as other indicators, with no clear pattern through the credit crunch and ensuing recession (including a rise in advertised vacancies in Job Centres between November 2008 and November 2009). However it may be that more employers are advertising jobs through Job Centres as unemployment rises, knowing that there is a pool of experienced workers seeking a job.

5.21 Levels of deprivation, average health, life expectancy and crime across the district all compare favourably to national averages. However, there is the risk of increasing exclusion in the south of B&NES due to a combination of employment losses, relatively low skills and poor transport links.

## Summary of issues

5.22 The table below sets an analysis of the key strengths, weaknesses, opportunities and threats faced by B&NES in this area. These are derived from the full economic analysis undertaken for this LEA, and supported by feedback in the workshops undertaken during the research process.

Table 5-2: Overall SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• High proportion working age population</li> <li>• Above average employment rates</li> <li>• Knowledge economy employment higher than UK (but less</li> </ul>	<ul style="list-style-type: none"> <li>• High proportion retired / low proportion young people</li> <li>• Weekly wages less than UK &amp; WoE sub-region</li> <li>• Managers and professionals out-commute; secretarial and</li> </ul>

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<p>than WoE sub-region)</p> <ul style="list-style-type: none"> <li>Well qualified population</li> <li>High participation rate in post-16 education</li> <li>Low and stable levels of unemployment</li> <li>Low levels of recorded crime</li> <li>Levels of deprivation, average health, life expectancy and crime compare favourably to national averages (LAA) (although all are weaknesses in specific geographic areas)</li> <li>High level of satisfaction with the local area</li> </ul>	<p>administrative staff in-commute</p> <ul style="list-style-type: none"> <li>Poor read-across from knowledge economy to rest of economy; doesn't 'trickle down'</li> <li>Housing affordability for local employment opportunities</li> <li>Geographic pockets of worklessness, and generally high levels of economic inactivity</li> <li>Relatively poor A-Level results</li> <li>Poor engagement of HEIs with local businesses</li> <li>Reliance on 'academic' route without investment in vocational routes for young people. Aspirational employment is outside the district</li> <li>Low take-up of apprenticeships</li> <li>32% of Job Seekers Allowance claimants aged 1824 (although not significantly different to comparators)</li> </ul>
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Opportunities	Threats
<ul style="list-style-type: none"> <li>Low carbon skills from GCSE → HE → CPD: whole career skills provision, including potential for entry-level apprenticeships and jobs</li> <li>Ageing population = health / care sector growth</li> <li>Potential for up-skilling of local population to increase employability (with a focus on key geographical areas and groups such as the over50s)</li> <li>Better graduate retention</li> <li>Developing systematic knowledge transfer opportunities between university and public services</li> <li>Developing stronger links with student resource (e.g. channelling local intelligence to university undergraduates for analysis, and to FE students, &amp; schools)</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Unpredictable growth patterns (relative weakness of ONS projections)</li> <li>Difficulty of matching employment growth to housing growth</li> <li>High proportion growth from international migrants: risk of going home</li> <li>Highest population increase projected in over 80s; and increasing numbers of older people encouraged to live at home (pressure on housing stock)</li> <li>Reductions in public spending, combined with delayed effects of the recession, could have an impact on jobs, and potentially increase pressure on welfare services</li> <li>Changes to government policy / funding of skills</li> <li>(e.g. overall reductions in HE and FE funding)</li> <li>Inability to join up skills routes to enable local people to benefit</li> <li>Increasing exclusion in South area due to employment losses / low skills / poor transport links</li> </ul>

## 6: Sustainable Economic Growth

### Introduction

6.1 This section introduces the key messages from the data and our consultations undertaken for the Sustainable Economic Growth theme. In line with the government guidance, it covers: natural and historic environment; low carbon economy; transport and other infrastructure; and housing. It finishes with a summary SWOT table for the theme.

6.2 The first sub-section – natural and historic environment – incorporates a discussion on the



tourism sector, perhaps the most obvious economic beneficiary of the district's environmental assets.

## Natural and historic environment

- 6.3 There is a strong combination of high quality urban and rural areas within B&NES19. However, the Local Area Agreement (LAA) refers to low levels of public investment in the district's outdoor spaces and urban environment, and there are also concerns about development pressures as a threat to greenfield/Green Belt land.
- 6.4 Bath itself exhibits a high quality urban environment. Its UNESCO World Heritage status is a strong driver of the tourism sector, but is also seen as a restriction on the development of employment sites in Bath city centre and hence business and economic growth. There are also concerns that the traffic level, congestion and poor air quality in Bath are exacerbated by its surrounding topography.
- 6.5 With regard to tourism, visitor numbers have declined in recent months but are recovering (with exchange rates driving domestic and international tourism); visitor spend meanwhile has remained strong. Whilst overnight stays are best for the economy; a relatively high proportion of visits to Bath are short-stay visits (i.e. 2-hour coach journeys 'stop-offs' en route to Salisbury, Stonehenge or Stratford). In 2007, 885,000 trips were made by staying visitors (staying 3,042,000 visitor nights and spending £181,732,000) whilst 3,608,000 day visits were made (with day visitors spending £175,641,000).
- 6.6 Despite national recognition, reasonable rail links and the potential for conferences driven by a University, Bath's built environment only has a limited offer for business tourism, which in turn limits its economic potential.

## Low carbon economy

- 6.7 Per capita CO2 emissions in B&NES are slightly higher than in Bristol but below the levels recorded in North Somerset and South Gloucestershire. There is good policy support for the low carbon economy, with the district having signed up to 80% carbon reduction by 2050, and 34% by 2020; "Addressing conservation and effects of climate change" is one of three LAA priority themes.
- 6.8 The main contributor to the authority's carbon emissions is domestic emissions (41%), ahead of industrial and commercial emissions (34%) and road transport (25%). Compared with the other three authorities in the West of England, the proportions of both domestic and road transport emissions are highest, reflecting a lower proportion of industrial and commercial emissions.
- 6.9 Bath city centre is compact so is largely 'walk-able'; however, the rural areas are dependent on private/car transport. The employment prospects of residents in the south of the district are dependent on car transport, yet further residential development is planned here.

- 6.10 B&NES exhibits a relatively high proportion of employees in the Environmental Technologies sector, one of the region's priority sectors, accounting for almost 2% of total employees (see Table 4-1). The South West region as a whole demonstrates particular employment strengths in energy and water industries, which – if tapped – could leave B&NES well placed to benefit from future moves to a Low Carbon Economy. Economic opportunities for the future in B&NES include employment generated by the retro-fit of green technologies to building stock, although with large amounts of listed buildings in the district it will be more difficult to retro-fit green technologies. There are also notable research strengths at the University of Bath in Sustainable Energy and the environment.
- 6.11 Whilst installed renewables capacity is low, there is awareness of the potential for renewable energy in B&NES and the local population could be relatively receptive to plans for increasing local renewable generation capacity.

## Transport and other infrastructure

- 6.12 Bath benefits from good rail (time) connections to Bristol and London, although peak time rail services are running at capacity and there is still only an hourly rail link between Keynsham and Bristol. At the same time, there is relatively poor public transport provision in rural areas – bus timetables are designed to support shopping trips rather than commuting. Peak time bus provision from Somer Valley offers little, if any, advantage over the car – cost, limited availability of bus lanes etc.
- 6.13 The Bath Transport Package ( 2,500 P&R spaces; new P&R with 1400 spaces; additional bus priority; BRT (New Bridge to Eastern Bath); realtime bus information; car parking information system; and public realm improvements ) could bring improved public transport provision to Bath, and there is the potential to make better use of the underused rail freight terminal and run an additional Bath-Bristol rail shuttle, with an extra hourly service via Keynsham (net cost in the order of £250,000 per year).
- 6.14 Additionally, a relatively high percentage (almost 30%) of B&NES residents travel 10km or more to work. Subsequently, the Bath sub-area has a significantly higher share of its workplace population travelling by car, 59% of all (as compared with 49% of employed residents). The share of workers travelling to work on foot is lower (17%), as is the share travelling by train (under 3%). It is notable that one-quarter of the Rural sub-area's workplace population works at home
- 6.15 Whilst the car is the dominant mode of transport in all areas, it is slightly lower in B&NES at just under 60%, compared with the sub-region and region. A relatively high percentage of B&NES residents either walk or cycle to work (17.5%), especially in Bath. Although fewer B&NES residents use public transport to get to work than in England as a whole, the percentage (just over 10%) is higher than in the rest of the West of England sub-region or the wider region. In addition, a relatively high share of residents also works at home (15%).
- 6.16 The profile of transport to work varies across the sub-areas, and there is a significantly higher

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VERSION 2

dependence on car travel to work in Somer Valley and rural area. Here, just 6% of employed residents walk to work, compared with 23% in Bath. Almost three quarters of the employed residents of the Somer Valley travel to work by car (74%) as compared with under one-half of Bath's employed residents (49%). Bath is served by three Park & Ride sites, and – whilst congestion is cited as a problem in Bath city centre – the rush hour is relatively short.

- 6.17 The new bus station in Southgate (for national bus links) provides an attractive waiting environment, but is still relatively cramped. There are poor links to Bristol airport, and no strong air links for the entire sub-region, which disrupts the ability for businesses to make quick short-haul flights. Poor access to the motorway network (and poor quality road links to the Somer Valley in general) limits economic growth and the ability to attract new and modern commercial investment in the manufacturing sector.
- 6.18 Coach parking in Bath is relatively poor; whilst the coach park is close to the town centre, it has poor amenities for coach operators. The coach park itself is situated within the zone of the City most appropriate for any future commercial development.
- 6.19 In terms of commercial and industrial property, B&NES has a relatively higher proportion of its commercial and industrial floorspace in retail and office premises than the regional and national averages, with a relatively lower proportion in factories and warehouses. The rateable value per m<sup>2</sup> for retail premises is higher than the regional and the national average, and is higher for offices too (except commercial office space which is valued lower than the national average). Both factory and warehouse premises are cheaper per m<sup>2</sup> in B&NES than the regional and national averages

## Housing

- 6.20 The estimate of total dwellings in Bath & North East Somerset at 1st April 2008 was 73,940 of which 15% were social rented and 85% were private sector – both owned and rented.
- 6.21 House prices in B&NES are a third higher than the national average and significantly higher than in the rest of the West of England sub-region; prices in Bath are on average £43,000 higher than in the rest of B&NES. Prices have fallen by 10% since the onset of the recession, but this is less than the national average of 12%. Within the local authority area, housing affordability is relatively poor and getting worse, and is particularly bad for the lower quartile house prices and earnings with house prices almost 10 times higher than full-time employee earnings. This could limit economic growth if workers cannot afford to live in B&NES, or could lead to an exacerbation of the trend of in-commuting into B&NES, for lower occupation employment, as lower paid workers cannot afford homes within the local authority area.

- 6.22 Nationally and regionally the total number of households registered on affordable housing waiting lists fell slightly between 2008 and 2009 but it increased in B&NES and in the wider West of England sub-region. The needs' register is particularly high in B&NES; almost 7,000 households were registered in 2009, equivalent to 9.4% of all households living in the area (compared with 6.2% in the West of England and 7.2% for the region as a whole). A shortage of affordable and key worker housing is noted as one of three key “unsustainable” factors for

the future, and is also seen as a potential constraint on future economic growth.

6.23 CLG data on housing starts show a total of 1,940 starts of new permanent dwellings from 2001 to 2009 of which 11% were by RSLs for social rent. Although the recession has not particularly affected house-building rates in B&NES (2007/08), targets for new home numbers are significantly higher than historic completion rates. The LDF Monitoring Report states that a shortfall of around 1,000 dwellings against the LDF target is expected by the final year of the Local Plan (i.e. 2011), largely because two of the largest sites allocated for development, 'Western Riverside' (450 - 600 units) and 'South West Keynsham' (500 units) have not come forward as anticipated.

6.25 Increased levels of new housing provision will be needed to accommodate forecast population growth and insufficient housing growth could constrain population growth which in turn could constrain economic growth. Without a proportionate increase in employment land alongside population growth, more limited economic growth would be gained for the district.

## Summary of issues

6.26 The table below sets an analysis of the key strengths, weaknesses, opportunities and threats faced by B&NES in this area. These are derived from the full economic analysis undertaken for this LEA, and supported by feedback in the workshops undertaken during the research process.

**Table 6-1 Overall SWOT**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>UNESCO world heritage site = strong tourism in Bath (national and international)</li> </ul>	<ul style="list-style-type: none"> <li>Planning restrictions in Bath city centre limit economic opportunity</li> </ul>

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- Predominantly rural district – high quality rural environment
- Theatre and cinema are cultural attractors
- Bath rugby attracting visitors
- Spa – driving longer stays
- Relatively high employment in 'Environmental Technologies' sector, as well as ICT and Creative Industries
- Compact walkable city centre in Bath; high proportion of residents walk to work
- Good rail connections (especially London and Bristol) – frequency and journey time (1.5hrs)
- Relatively short rush-hour
- 3 Park & Ride sites at Bath – cheap extra parking spaces
- High/continued demand for existing housing stock
- University's base for Low Carbon Southwest network (Bath Ventures; SETsquared Partnership)
- Limited visitor accommodation offer. Visitor numbers declining (but spend remains strong)
- Air quality poor in areas: related to traffic volumes, HGV levels and topography
- Limited offer for business tourism (linked to lack of university and/or commercial conference facility)
- Traffic and waste levels spoiling amenity value
- Low levels of installed renewables capacity
- Large stock of listed buildings: difficult to 'retro' fit
- Poor public transport in rural areas. Over reliance on car travel affecting Bath urban area
- Poor access to major roads (especially M4), and poor quality road links to Somer Valley
- Rail services (at peak times) and road networks at capacity
- Insufficient coach parking in Bath which could be better located
- Near monopoly of transport by one company (First)
- Poor housing affordability

Opportunities	Threats
<ul style="list-style-type: none"> <li>• B&amp;NES as a 'green' tourism venue : focus on walking and cycling, bike hire schemes and cycle routes; two tunnels re-opening (part of Sustrans); link Spa and health tourism</li> <li>• Develop exemplar approach to reconciling tension between protecting landscape / heritage and shift to low carbon economy</li> <li>• Retrofit of green technology to existing buildings (industrial and residential) driven by CRC etc.</li> <li>• Diversify / build on existing industries' strengths.... (e.g.: window manufacturers making energy-efficient windows; local insulation resources)</li> <li>• Leadership in low carbon public sector (e.g. schools, health – both strong sectors; set up Council as an ESCo, with money from Feed-In-Tariff and use it to deliver sustainable homes)</li> <li>• Bath as base for clean tech business incubator; drawing on University of Bath's Institute for Sustainable Energy and the Environment (I-SEE)</li> <li>• Bath Transport Package (RFA2)</li> <li>• Under-used rail freight terminal</li> <li>• Pioneer 'community transport' schemes</li> <li>• More intensive use of MoD sites</li> <li>• District heating and power to provide more price resilient energy supply for houses and business</li> </ul>	<ul style="list-style-type: none"> <li>• Uncertainty over future population change levels</li> <li>• Development pressures impacting on green field land</li> <li>• Climate change will threaten historic buildings and biodiversity; potential disruption of supply chains and services. Local food / agricultural disruption</li> <li>• Peak Oil – links to rising energy prices and fuel poverty; threat to overall economic growth (e.g. food production; transport-based tourism, etc.)</li> <li>• Relocation of Bath rugby</li> <li>• Potential government budget cut for Bath Package</li> <li>• Weight restriction on A36 Cleveland Bridge (for businesses in Somer Valley)</li> <li>• Difficulty in satisfying competing demands (housing / employment / leisure) for use of limited land supply, could affect sustainability</li> <li>• Bath could become increasingly a dormitory town for Bristol</li> <li>• Insufficient provision for older people (inefficient use of existing housing stock)</li> <li>• Increase in housing but not in supporting infrastructure e.g. community facilities</li> </ul>

## 7: Area Summaries

## Introduction

- 7.1 This section provides brief summaries of the key issues drawn from the data for each of the four sub-areas: Bath, Keynsham, Somer Valley and the Rural area.
- 7.2 An overview of the relative sizes of the sub-areas in terms of employed residents, and workforce population, is provided in Table 7-1.

**Table 7-1: Employed residents & workforce population by sub-areas, Bath & North East Somerset, 2001**

Sub-area	Employed residents	Workforce population	% of employed residents	% of workforce population
Bath	39,050	51,850	48.7%	64.4%
Keynsham	7,200	6,450	9.0%	8.0%
Somer Valley	21,800	14,950	27.2%	18.6%
Rural	12,250	7,300	15.3%	9.1%
<b>B&amp;NES</b>	<b>80,250</b>	<b>80,500</b>	<b>100%</b>	<b>100%</b>

## Bath

### ***Business and Enterprise***

- 7.3 Just over one-half of enterprises in the district are recorded in the Bath sub-area. Two broad sectors account for almost half of jobs in Bath: 'Distribution, hotels and catering' (24%) and 'Financial & business services' (22%); a further 18% of jobs are in 'Health & social care'. Around 12% of those working in Bath are self-employed. Bath has particular sector strengths in computing and business services (including the presence of several significant software companies), and in creative industries, although is to some extent over-dependent on low wage jobs in tourism, retail and the public sector. With large-scale public sector cuts looming as a delayed effect of the recession, these jobs in particular may be at risk. Organisations such as Business Link and the Universities will play an important role in preparing Bath's economy for the future.
- 7.4 Bath is well served for local amenities and facilities and is the service centre for much of the surrounding district. In terms of business needs, Bath suffers from a lack of employment floorspace and a low level of availability of modern office floorspace. This situation is matched by a relatively low 'demand' for floorspace, although it is difficult to tell if one of these is driving the other.
- 7.5 A package of development sites are presented in the Regeneration Delivery Plan for Bath, including the Strategic Investment Location at 'Bath City Riverside'. The latter "includes a range of development sites totalling 33ha along the river corridor forming part of the proposed River Corridor Strategic Site". There is further potential to the south of the city centre if site issues are resolved.



**People and Communities**

- 7.6 Today the city, the administrative centre for Bath & North East Somerset, has a population of just over 90,000 and is home to almost half (48.7%) of the district's employed residents (Census, 2001). However, with a workforce of 52,900 (ABI, September 2008), Bath accounts for over two thirds (67.4%) of the workforce population of the district and has a significant net in-commute, equivalent to around 25% of the workforce. Net in-commuting is usual for administrative centres such as Bath, indeed it is a defining feature of Principle Urban Areas, of which Bath is one. Net in-commuting was particularly high for managers, associate professionals (i.e. occupations including nurses, computer software developers etc), secretarial and administrative workers, and customer service staff.
- 7.7 Just over half (54.8%) of Bath's 50,534-strong workforce (in 2001) lived in Bath. 3.9% of Bath's workplace population comes from Bristol, whilst 2.8% come from Keynsham and 8.3% come from Norton Radstock (10.1% from the wider Somer Valley). Bath provides a significant centre of employment for residents of surrounding areas, including Mendip to the south (accounting for 4.7% of the total workforce in Bath) and West Wiltshire to the east (accounting for 7.7% of the total workforce in Bath).
- 7.8 Almost three quarters (73.0%) of Bath's resident working population works in Bath, whilst approximately 6.9% of Bath's population commute to Bristol ( 9.6% including the North Fringe in South Gloucestershire ) for their main place of work (Census 2001) and a further 1% commutes to London.
- 7.9 Experimental statistics on household income show that average weekly household incomes in Bath are the same as for B&NES as a whole (£560 per week net, 2007/08), higher than Keynsham and Somer Valley, but lower than the rural sub-area.
- 7.10 The claimant count unemployment rate is higher in Bath (2.3%) than in the other sub-areas, and Bath has exhibited the highest rate since 2005. The proportion of working age claiming IBA or SDA in 2009 was just lower than in Keynsham at 4.7%, and the highest proportion (92%) claimed IB compared with the other sub-areas.
- 7.11 Four wards in Bath fall within the most deprived 20% in the country; with one ward in the most deprived 5% for education and skills. Pockets of deprivation include: Abbey and Kingsmeade (Bath city centre) and Twerton, Southdown, Fox Hill, Upper Weston and Oldfield (elsewhere in Bath). Twerton and Southdown are also highlighted as crime hotspots.

**Sustainable Economic Growth**

- 7.12 The Roman town of Bath has been a destination city for centuries, owing to its stunning location and hot springs. Bath's status as one of the UK's main tourist destinations was further enhanced by its designation with World Heritage Site status in 1987. Overall the city has a very high quality built environment, although the public realm in the city centre is perceived as needing improvement. It has over one million staying visitors and 3.8m day visitors each year, based largely on its high quality built environment and heritage and hot springs supported by its retail offer, museums and other cultural and sporting venues (e.g. Bath rugby; Theatre Royal). Its stock of small, Georgian shop frontages leads to somewhat limited retail floorspace, although the SouthGate development has enabled that to expand significantly; nonetheless this has allowed small independent retailers to maintain a significant presence in the town.

- 7.13 Bath will continue to be the primary focus for housing and employment growth in the district, to enable it to fulfil its role as: a regional shopping centre, an international tourism destination, and a focus for high value added knowledge based sectors. Due to the age of the existing stock, business premises in Bath tend to be relatively energy inefficient.
- 7.14 Bath is characterised as having a severe shortage of affordable housing. Housing data from the Census 2001 show that the Bath sub-area is significantly different from other areas in terms of its tenure profile, with relatively more privately-rented dwellings (19% of the total) and fewer owned homes (64%). A large number of students live in Bathwick and Oldfield wards, adding to the 'private rented' sector. A further 18% were social rented. In total, there were 36,770 dwellings recorded in Bath.
- 7.15 In terms of Transport, there is a perception of poor transport links although the City benefits from a high-speed rail service to London in an hour and a half, and to Bristol in as little as minutes.
- 7.16 Just under half (49%) of Bath residents take the car to work, with almost a further quarter (23%) walking and 3% cycling. 9% take the bus or coach, and 4% the train. 10% work at home – more than in Keynsham and Somer Valley, but fewer than in the rural sub-area.
- 7.17 At the same time as a decline in traffic in the city centre due to traffic management measures, there has been strong growth in city centre cycling. The Bath transport package (RFA2) could improve public transport provision.

## Keynsham

### ***Business and Enterprise***

- 7.18 Keynsham is home to around 8% of enterprises in the district. More than a quarter of all jobs (26%) are in 'Distribution, hotels & catering', and there remains a heavy emphasis on manufacturing (13%), roughly equivalent to the proportion in Somer Valley. Around 14% of those working in Keynsham are self-employed (fewer than a third of whom are female).
- 7.19 One of the largest employers locally is Cadburys/Kraft, and the closure of this factory will lead to the loss of around 500 jobs. There are several potential future employment sites, including the Cadburys site and with good transport infrastructure, linkages and accessibility, these could help to rebuild the town's employment base as well as providing a short-term solution for the shortfall of quality accommodation in Bath.

### ***People and Communities***

- 7.20 Keynsham has 7,200 employed residents (Census 2001) and a workforce population of 5,700 (7% of the district total; ABI, September 2008); whilst there are a significant number of incommuters, Keynsham therefore has an overall net out-commute of workers.
- 7.21 Keynsham looks to Bristol, rather than Bath: just 12.5% of Keynsham's resident working population work in Bath, whilst 29.4% work in Bristol (33.9% including the North Fringe). Comparatively, 36.9% of Keynsham's resident working population work in Keynsham – a lower level of self-containment than both Bath and Norton Radstock. At an occupation level there was net in-commuting for people working as machinery operatives or drivers (+150), but either a balance between employed residents and workforce or net out-commuting for all



other groups. Net out-commuting was highest in absolute terms amongst secretarial & administrative workers (- 250), associate professionals (also - 250) and amongst managers & senior officials (- 200).

- 7.22 Experimental statistics on household income show that average weekly household incomes in Keynsham (£510 per week net, 2007/08) were the lowest of all the sub-regions within B&NES (£560 per week net average across the district, 2007/08), and the only sub-area where average weekly incomes are below the regional level (2% lower).
- 7.23 In terms of local skills provision Norton Radstock College has a presence in the town and could expand delivery; a bus already runs between the two settlements. The College's Secretarial and Business School is located in Keynsham and, from September 2009, has increased opportunities for specialist business training, with courses focusing on administration (as a secretary or personal assistant), business, accountancy and IT.
- 7.24 The claimant count unemployment rate has since October 2005 been higher than the other sub-areas, except for Bath, and the most recent count (2.3%) makes it the joint highest rate. The proportion of working age claiming IBA or SDA in 2009 was the highest in Keynsham at 4.9%. Central West and Wellsway wards are noted as being particular pockets of deprivation.

### ***Sustainable Economic Growth***

- 7.25 Whilst a range of social indicators are strong in Keynsham (e.g. relatively low deprivation figures), Keynsham is seen as having a poor quality of town centre architecture and there are particular concerns about loss of identity and loss of distinctiveness from Bristol.
- 7.26 The housing data from the Census 2001 show that of the 6,550 dwellings in the Keynsham sub-area 78% are owned, and it has the lowest proportion amongst the sub-areas of privately rented dwellings (6% of the total). A further 15% were social rented.
- 7.27 The redevelopment of Keynsham Town Hall could provide the anchor load for a district heating system to serve a redeveloped high street in the future with a more resilient energy source. Other low carbon energy ideas include a potential energy-from-waste plant at Keynsham sewage works.
- 7.28 There is poor public transport provision within the town and to Bath; despite the proximity to Bristol there is limited rail service with just one train per hour. The main method of transport to work is car, used by 62% of employed residents. 12% walk to work and 11% take the bus; despite being on the line from Bath to Bristol, just 2% of employed residents use the train to get to work, perhaps because the service to Bristol is only hourly. There is potential in the future to increase this frequency to half-hourly at peak times. In total, 9% of employed residents work from home – the same as in Somer Valley and slightly fewer than in Bath.

## **Somer Valley**

- 7.29 The Somer Valley refers to the two market towns of Midsomer Norton (population approx. 11,000) and Radstock (population approx. 6,000) in the south of the district, and their rural hinterland, which includes Paulton and Peasedown St. John. In total the population of Somer Valley is around 45,655.

### ***Business and Enterprise***

- 7.30 Around 18% of enterprises in the district are recorded in the Somer Valley. The area has a low proportion of jobs in the knowledge sectors, whilst there is a high dependence on

manufacturing and low dependence on service sector. A quarter of all jobs (25%) are in 'Distribution, hotels & catering', and the proportion in manufacturing (14%) is the highest of all the sub-areas. Restructuring in the printing/packaging sectors presents a significant threat to settlements in the Somer Valley.

- 7.31 The Somer Valley also has the highest proportion of employees (20%) working in 'Education' of all the sub-areas, significantly higher than the district average of 13%. This may be partly explained by the presence of Norton Radstock College, with around 1,000 fulltime students and 5,000 part-time students, whose main campus is in Radstock.
- 7.32 Around 17% of those working in Somer Valley are self-employed.

### ***People and Communities***

- 7.33 With a combined resident workforce of 21,800 (27.2% of the district's total; Census 2001) but only providing employment for 12,900 people (ABI, September 2008), the Somer Valley has a significant net out-commute of workers, equivalent to more than a third of all employed residents. All occupation groups had net out-commuting with the highest net out-flows from secretarial & administrative staff and associate professionals. Net out-flows amongst managers and senior officials were also high.
- 7.34 45.7% of Norton Radstock's resident working population work within the two settlements and a further 22.0% work in Bath, whilst 7.3% work in Bristol (9.0% including the North Fringe). A further 3.5% work in Frome (and rural) and 3.5% in Shepton Mallet (and rural).
- 7.35 Experimental statistics on household income show that average weekly household incomes in Somer Valley (£540 per week net, 2007/08) are marginally less than for B&NES as a whole, higher than Keynsham, but lower than Bath and the rural sub-area.
- 7.36 The most recent claimant count unemployment rate in the Somer Valley was 2.0%, just below the district average. The proportion of working age claiming IBA or SDA in 2009 was 4% in the Somer Valley. Particular pockets of deprivation identified include: Writhlington and Clandown (in Radstock), and Peasdown St.John.

### ***Sustainable Economic Growth***

- 7.37 The housing data from the Census 2001 show that of the 17,230 dwellings in the Somer Valley sub-area 81% are owned, 9% were privately-rented and a further 10% were social rented.
- 7.38 The Somer Valley is typified by poor quality town centres, and a poor quality road infrastructure limits the extent of inward investment. It is difficult to envisage significant employment creators for the area in the near future, although Norton Radstock College has started to provide courses to deliver skills for sectors in a future low carbon economy.
- 7.39 Brownfield land development opportunities include regeneration of vacant railway land, and there is also an opportunity to develop a tourism facility adjacent to Midsomer Norton Sports Centre.
- 7.40 Approximately 74% of all employed residents travel to work by car, significantly higher than the district average of 60%. A further 8% walk to work and 5% take the bus. In total, 9% of employed residents work from home – the same as in Keynsham and slightly fewer than in Bath.

## Rural

7.41 The Rural sub-area in this Local Economic Assessment is defined as the 'remaining' parts of the District (excluding Bath, Keynsham and the Somer Valley).

### ***Business and Enterprise***

7.42 Around one-quarter of enterprises in the district are recorded in the Rural area. Whilst there appears to have been a modest increase in numbers of enterprises between 2007 and 2008 in B&NES as a whole, the Rural sub-area recorded a small drop. Fewer than a quarter of employee jobs were in 'Distribution, hotels & catering' (23%), the smallest proportion of all the sub-areas, whilst the proportion of jobs in Construction (14%) was the highest, significantly higher than the district average of 4%. A further 22% of jobs were in 'Financial & business services', the same proportion as in Bath.

7.43 Around a third (32%) of those working in the rural sub-area are self-employed. Just over half of all employees (51%) are female, whilst less than a third (29%) of the 2,300 self-employed are female.

7.44 The land-based economy is a strength in the rural area, and – for 'lifestyle' businesses and home-workers in particular – it presents an attractive place to work.

### ***People and Communities***

7.45 The rural area is home to around 12,250 employed residents (Census 2001) and has a workforce population of 6,650 (ABI, September 2008) implying a significant net outcommute, equivalent to around half of all employed residents. All occupation groups were affected with the highest net out-commuting recorded amongst managers & senior officials, professionals and associate professionals, followed by secretarial & administrative staff.

7.46 Experimental statistics on household income show that average weekly household incomes in the rural sub-area (£620 per week net, 2007/08) are higher than all of the other sub-areas in B&NES, as well as the region as a whole. This could be linked to the high proportion of out commuters in high level occupations.

7.47 The most recent claimant count unemployment rate in the Rural sub-area was 1.6%, the lowest rate of all the sub-areas. The proportion of working age claiming IBA or SDA in 2009 was also lowest in the Rural area at 2.9%. A significantly higher percentage of claimants living in the Rural sub-area are aged over 50 (53%) compared with other sub-areas and the district average (41%). The rural area also has the lowest share of long-term benefits claimants receiving either IBA or SDA for at least two years (79%).

### ***Sustainable Economic Growth***

7.48 Much of the rural area is either within the green belt or part of a designated Area of Natural Beauty (AONB), restricting development opportunities and preserving the amenity value

which the rural area provides for the whole of the district. Moderate development opportunities exist at a cluster of rural villages outside the AONB, which include High Littelton, Clutton, Temple Cloud and Timsbury.

7.49 The housing data from the Census 2001 show that of the 10,430 dwellings in the rural sub area - 82% are owned, 9% were privately-rented and a further 9% were social rented.

7.50 The rural area does however suffer from relatively poor transport connectivity. Figures from the 2001 Census show that around 68% of employed residents in the rural sub-area take the car to work, and a further 6% use the bus. In total, 15% of employed residents work from home, the highest in the district as a whole and significantly higher than the district average of 10%.

7.51 In terms of Low Carbon Economy, there is the potential for growth in renewable energy production (e.g. wind, biomass (woodland management), hydro, energy from farm waste) and local food production is potentially a growth sector (e.g. fruit and veg; aquaculture).

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# Bath & North East Somerset Council

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**Bath and NE Somerset  
Worklessness Assessment - August 2010**

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# 1. Introduction

## 1.1 Why a Worklessness Assessment?

Earlier this year, as part of a wider partnership bid of the four West of England authorities Bath and NE Somerset was successful in securing funding for placing 45 jobs through the former government's Future Jobs Fund, intended as a counter-recessionary measure to fund new jobs for 18-24 year olds who were long-term unemployed.

With a view to understanding the local causes and consequences of worklessness a national review was undertaken by Stephen Houghton, Leader of Barnsley Metropolitan Borough Council into the role of English local authorities in tackling worklessness, published in March 2009. <sup>(1)</sup> This recommended (among other proposals) that local authorities should carry out assessments of the scale and scope of worklessness in their areas.

In its response to the Houghton Review, the former government agreed with the proposal for worklessness assessments and the production of local Work and Skills Plans (in this case The West of England Partnership led). Through The Local Democracy, Economic Development and Construction Act 2009 Local Authorities had a duty to carry out Local Economic Assessments of their areas, which included the production of a Worklessness Assessment.

## 1.2 The contents of the Preliminary Worklessness Assessment

This report sets out:

- The current structure of the workless population in Bath and NE Somerset, compared with The West of England and Britain as a whole;
- Changes in the structure of the workless population over time;
- Areas of concentration within the County;
- Bath and NE Somerset's current occupational structure;
- Identified barriers to work;
- Areas of likely future employment growth, taking into account the County's sectoral and occupational structure

## 1.3. What are we assessing? Defining worklessness

What do we mean by worklessness? Essentially, the workless population can be seen as consisting of four groups.

Firstly, those in receipt of Jobseekers' Allowance (JSA) (i.e. people who are out of work, looking for and available for work and claiming benefit).

(1) Tackling Worklessness: A review of the contribution of English local authorities and partnerships: Final Report (the Houghton Review); Department for Communities and Local Government (CLG) (March 2009)

Secondly, those who are in receipt of Incapacity Benefits. This category encompasses people receiving a range of benefits, including:

- Incapacity Benefits (IB);
- Income Support (where they are eligible for IB, but have made insufficient National Insurance contributions);
- The new Employment and Support Allowance, which is currently being phased in and will replace IB entirely by 2011; and
- Severe Disablement Allowance

Obviously, many in receipt of Incapacity Benefits would be unable to work in any circumstances. However, qualification for Incapacity Benefits does not necessarily mean an inability to work, just evidence of sufficient ill health not to be required to look for work. Consequently, it is generally thought that a large number of those on Incapacity Benefits are 'hidden unemployed' (2), and would be able to work if there were job opportunities present and/ or the appropriate support available to enable benefit recipients to access them. The Government recognises this in the Department for Work and Pension's (DWP) target to reduce the number of Incapacity Benefits recipients by a million by 2016. (3)

Thirdly, those claiming Income Support for Lone Parents IS(LP).

A fourth workless group consists of those who are available for work, but who are not claiming unemployment-related or Incapacity Benefits. This group includes people for whom it is not worthwhile signing on (for example because JSA is means tested after six months and partners' earnings or former employer pension receipts may disqualify them). It will also include some young people not in education, employment or training (NEET), who may be living with parents and not claiming any benefit. The International Labour Organisation (ILO) definition of unemployment captures people in this category as unemployed (in addition to those claiming JSA). However, because ILO data is based on a survey sample, the figures are not quoted at County level (although they are at county level) (4). There are of course others who are voluntarily workless (i.e. they have decided not to work, are not looking for work, are not claiming any state benefit and are generally affluent). Those in full-time education are also voluntarily without paid work. However, these groups are not considered within the scope of this report.

In addition to these groups, it is important to bear in mind that there will be people who, while not workless, will be working to a lower capacity than they might otherwise choose or be capable of. This category would include people who are working part-time but may be looking for full-time employment, or self employed people experiencing low demand. As this report focuses on worklessness, rather than under-capacity working, we have not considered these groups in detail here.

(2) *The Diversion from "Unemployment" to "Sickness" across British Regions and Districts*, CRESR, C Beatty and S Fothergill; Sheffield Hallam University (2004)

(3) DLA claimants – a new assessment: The characteristics and aspirations of the Incapacity Benefit claimants who receive Disability Living Allowance; Christina Beatty, Steve Fothergill and Deborah Platts-Fowler; <http://research.dwp.gov.uk/asd/asd5/rports2009-2010/rrep585.pdf>

(4) *Key Indicators of the Labour Market*, 6th Edition (Geneva, ILO, 2009).



## **Sources of data sets used in this assessment**

Within this report, we have generally used the 'out-of-work benefits' figures defined by the DWP. These include JSA claimants, claimants of the various forms of Incapacity Benefits, out-of-work lone parents (mainly claiming IS(LP)), and a small number of people claiming other income-related out-of-work benefits.

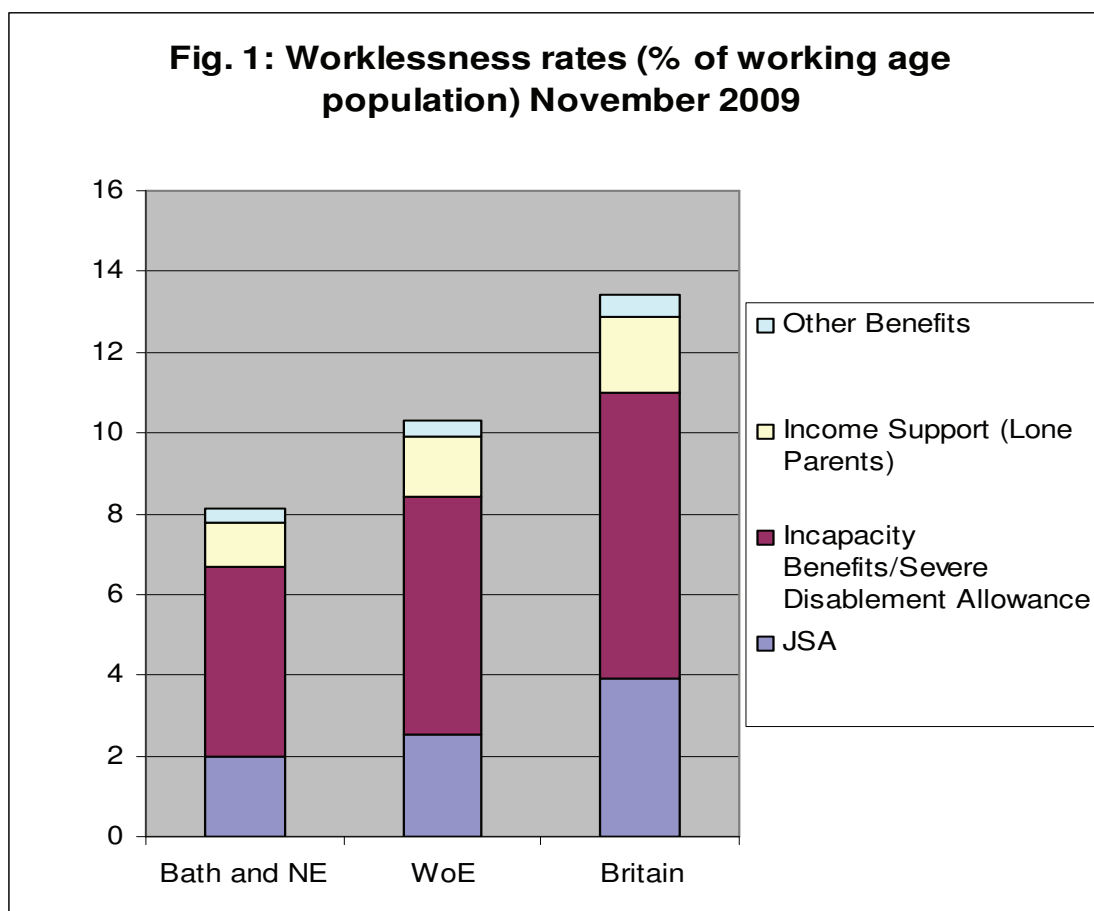
Overall, we have used data available to June 2010 in this document. Some data sets are more up to date than others. For example, JSA claimant count numbers are released every month for the preceding month, but Incapacity Benefit claimant numbers have a longer delay before publication. So that the information is comparable, total worklessness figures are presented for November 2009, which was the most recent month for which data for all types of worklessness were available at the point of completion of this report. Where we refer to the 'working age population', we mean males aged 16-64 and females aged 16-59, based on ONS mid-year population estimates for 2009 this was 60,600 Males and 53,300 or 113,900 in Bath and NE Somerset. The West of England (WoE) figure is an average of all four authorities of Bath and NE Somerset, Bristol, North Somerset, South Gloucestershire.

The next chapter provides an overview of the extent of worklessness in Bath and NE Somerset compared with the situation elsewhere in The West of England, and Britain as a whole. Chapters 3 and 4 consider in more detail the characteristics of individual benefit claimant groups and their spatial distribution throughout the County. Chapter 5 considers barriers to employment. Finally Chapter 6 looks at Future Employment forecasts and likely demand for labour in Bath and NE Somerset.

## 2. The scale of worklessness in Bath and NE Somerset

### 2.1. Overall worklessness

In November 2009, 2379 people in Bath and NE Somerset were claiming Job Seekers Allowance. Whilst also in November 2009, 9260 people in Bath and NE Somerset were either unemployed and claiming JSA or were on some form of incapacity or other out-of-work benefit which meant that they were not accessing employment. (5) 9260 equates to 8.1% of the working age population. This is 2 % lower than the West of England as a whole, over 5% lower than nationally.



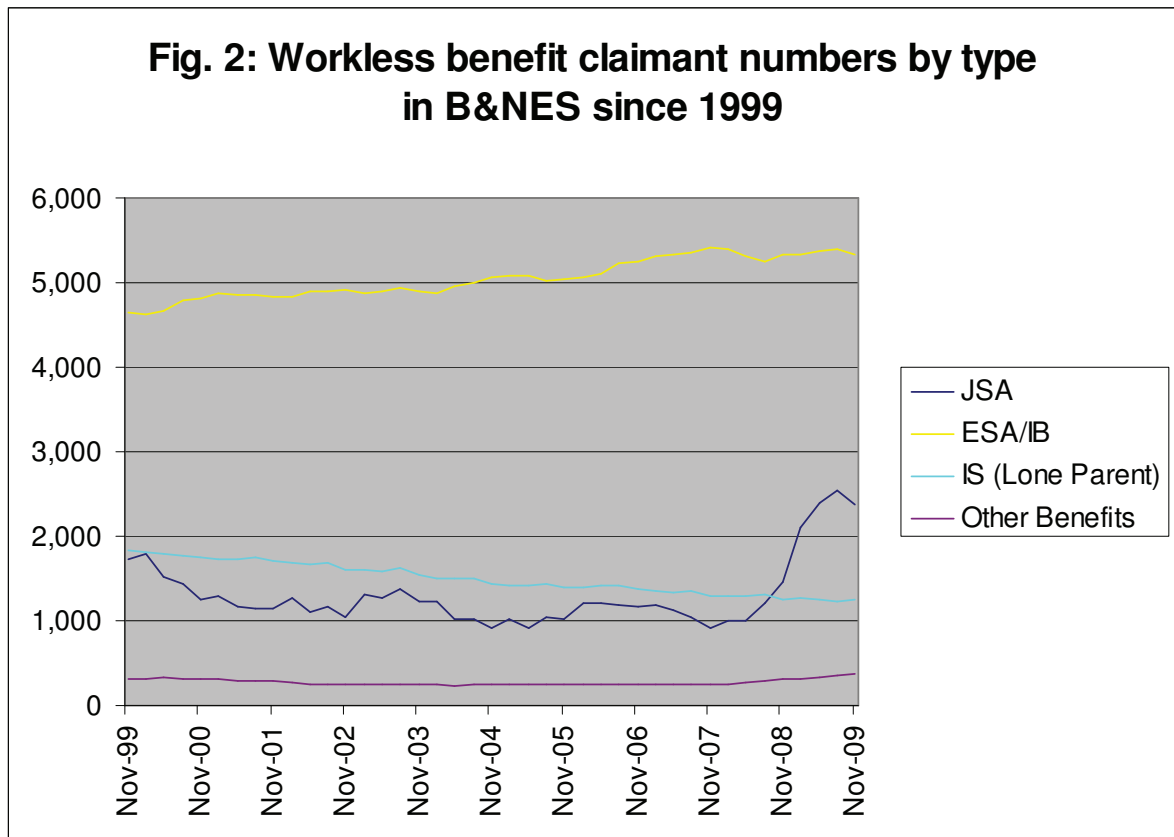
	<b>Bath and NE %</b>	<b>WoE %</b>	<b>Britain %</b>
JSA	2.1	2.55	3.9
Incapacity Benefits/Severe Disablement Allowance	4.7	5.85	7.1
Income Support (Lone Parents)	1.1	1.5	1.9
Other Benefits	0.3	0.4	0.5
<b>Total Out of Work Benefits</b>	<b>8.1</b>	<b>10.3</b>	<b>13.4</b>

Source: DWP benefit claimants - working age client group ONS Crown Copyright Reserved (www.nomisweb.co.uk)

(5) Benefit claimants – working age clients for small area ONS Crown Copyright Reserved (www.nomisweb.co.uk)

Whilst the extent and distribution of worklessness in Bath in NE Somerset in general is below average there are specific concentrations of worklessness in ten Bath and NE Somerset wards, in which more than 10% of the working age population in those wards are claiming out-of-work benefits (the worklessness rate). In Twerton ward alone in November 2009 22% of the working age population were claiming an out-of-work benefit. One can assume based on the longevity of claims for these benefits in these ten wards its clear this is likely an ongoing issue. (6)

## 2.2. Changes in worklessness in B&NES over time



Source: DWP benefit claimants - working age client group ONS Crown Copyright Reserved (www.nomisweb.co.uk)

In common with the rest of the country, the composition by benefit type of the workless population has changed significantly since the 1980s. From a peak in the early 1990s recession, JSA/ unemployment benefit claimant numbers fell fairly consistently, despite a rise over the past two years in response to the recently finished recession. However, numbers claiming Incapacity Benefits grew substantially throughout the 1980s and 1990s as a result of industrial restructuring and benefits policy, and have largely plateaued (with a gradual increase) over the past decade (see Fig. 2 above). This has led to the current position, where Incapacity Benefit claimants account for around twice the number of JSA claimants.

(6) Table 1 and 2 in Annex 2 of this report illustrate this in more detail.

The fact that Employment Support Allowance/Incapacity Benefit/Severe Disablement Allowance levels have not fallen despite falling unemployment initially seems surprising, since it might be expected that levels might reduce either as a result of a tightening labour market or as those that moved onto Incapacity Benefit following industrial restructuring in the 1980s and 1990s in certain areas of Bath and NE Somerset were now entering retirement age. Greater analysis of the characteristics of claimants in Chapter 3 provides further explanation for this.

Numbers of lone parents receiving income support have fallen steadily over the past decade as government policies have increasingly required lone parents to look for work. Although it's also important to point out that transference to other benefits (such as through a doctor's note and claimancy of Incapacity Benefits) by previous lone parent income support claimants may mask this apparent reduction as well.

### **2.3. Overall scale of worklessness in B&NES: Some conclusions**

The overall worklessness rate is lower in B&NES than The West of England or the country as a whole.

Numbers of people claiming every type of out-of-work benefit are lower in Bath and NE Somerset than in the West of England or nationally.

However, the proportions of the workless population claiming each type of benefit are similar to the national average.

Numbers claiming Employment Support Allowance (ESA) Incapacity Benefit and Severe Disablement Allowance account for the largest claimant group in the workless population in Bath and NE Somerset.

While Employment Support Allowance (ESA) Incapacity Benefit and Severe Disablement Allowance claimants appear to be remaining steady and in contrast Income Support Lone Parent claimants are consistently decreasing they both have remained an unresolved feature over the past decade rather than being decisively tackled.

## 3 Characteristics of worklessness

### 3.1 Who makes up the workless population?

This chapter looks more closely at the make-up of the different groups of benefit claimants that comprise the workless population, amongst other variables comparing the age, gender and length of time out of work for workless people in Bath and NE Somerset, The West of England and Britain.

### 3.2 Jobseekers' Allowance claimants

In June 2010, there were 2148 people in Bath and NE Somerset claiming JSA, 1.9% of the working age population. This unemployment rate was lower than the West of England at 2.4% and the national rate of 3.8%.

**Table 1: JSA claimant count for Bath and NE Somerset , June 2009 - July 2010**

Date	Number	%
June 2009	2,379	2.1
July 2009	2,437	2.1
August 2009	2,541	2.2
September 2009	2,488	2.2
October 2009	2,415	2.1
November 2009	2,379	2.1
December 2009	2,324	2.0
January 2010	2,508	2.2
February 2010	2,544	2.3
March 2010	2,495	2.2
April 2010	2,369	2.1
May 2010	2,238	2.0
June 2010	2,148	1.9
July 2010	2,122	1.9

Source: Claimant Count. ONS Crown Copyright Reserved ([www.nomisweb.co.uk](http://www.nomisweb.co.uk))

#### ***Claimant characteristics***

Table 2 sets out a snapshot of the composition of the JSA claimant population in Bath and NE Somerset compared with the West of England, and Britain as a whole:

**Table 2: Characteristics of JSA claimants, June 2010**

	<b>Bath and NE Somerset (number)</b>	<b>Bath and NE Somerset (%)</b>	<b>The West of England (number)</b>	<b>The West of England (%)</b>	<b>Great Britain (number)</b>	<b>Great Britain (%)</b>
<b>Age</b>						
<b>18-24</b>	<b>565</b>	<b>25</b>	<b>1168</b>	<b>26</b>	<b>424500</b>	<b>27</b>
Under 19	170	8	384	8	122,500	9
20-29	665	31	1,458	32	456,555	33
30-39	450	21	1,005	22	292,265	21
40-49	515	24	1,004	22	296,360	21
50-59	305	14	634	14	200,545	15
Over 60	40	2	60	1	15,725	1
<b>Gender</b>						
Male	1,515	71	3,235	71	989,380	71
Female	630	29	1,310	29	394,570	29
<b>Total</b>	<b>2145</b>		<b>4542</b>		<b>1383950</b>	
<b>Duration</b>						
Up to 6 weeks	515	24	1,024	23	289,675	21
6-13 weeks	400	19	867	19	243,520	18
13-26 weeks	505	24	1056	23	300,980	22
6 months - 1 year	440	21	960	21	299,055	22
1-2 years	245	11	588	13	206,775	15
Over 2 years	40	2	50	1	43,945	3
<b>Ethnicity</b>						
White	1,925	90	3,715	82	982000	71
Ethnic minority	105	5	550	12	190000	14
Mixed	35	2	110	2	27000	2
Asian or Asian British	15	0.5	90	2	69000	5
Black or Black British	40	2	310	7	82000	6
Chinese or Other Ethnic Group	15	0.5	40	1	27000	2
Unknown	115	5	280	6	13000	1

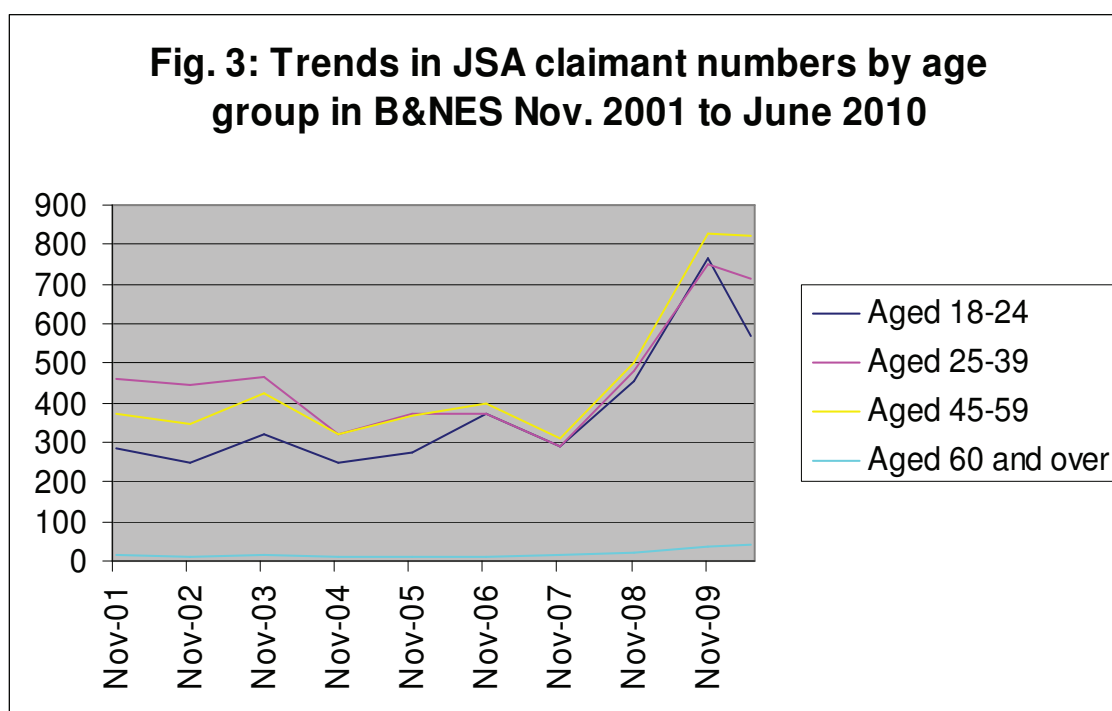
Source: Claimant Count. ONS Crown Copyright Reserved ([www.nomisweb.co.uk](http://www.nomisweb.co.uk))

The age and gender composition of JSA claimants in Bath and NE Somerset is broadly the same as that in the rest of the West of England and Britain as a whole. Turning to length of time claiming JSA, a total of 725 people had been claiming (in June) for more than six months, 34% of the total number of claimants. This is a lower rate than nationally (40%) or in the West of England (35%), and has gently decreased as a proportion of the total unemployed population in recent months. As with the West of England and Nationally, numbers unemployed for more than two years are at present minimal.

## Impacts of recession

How has recession impacted on JSA claimant numbers? Overall numbers have risen in Bath and NE Somerset, as they have elsewhere, although claimant numbers have plateaued over the past few months on a downward trend.

While the largest number of JSA claimants is the 18-24 age group and with the economic downturn, unemployment rates among this group have increased, however, the recession has not affected some groups more than others in Bath and NE Somerset.

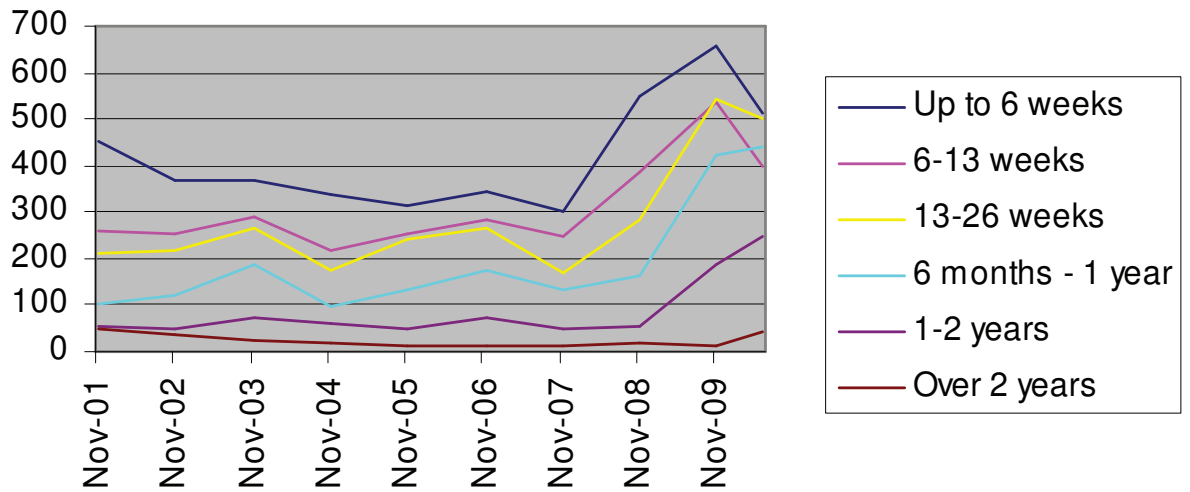


	Aged 18-24	Aged 25-39	Aged 45-59	Aged 60 and over
November 2001	285	460	370	15
November 2002	250	445	345	10
November 2003	320	465	425	15
November 2004	250	320	320	10
November 2005	275	370	365	10
November 2006	370	375	400	10
November 2007	290	290	310	15
November 2008	455	480	500	20
November 2009	765	750	830	35
June 2010	570	715	820	40

Source: Claimant Count – Occupation. ONS Crown Copyright Reserved ([www.nomisweb.co.uk](http://www.nomisweb.co.uk))

Over the past two years both short-term and longer term unemployment has increased (apart from the small number of very long term unemployed (two years or more). However, numbers of those unemployed for less than six months increased sharply at the start of the recession, but have since fallen back as a proportion of the workless population, while longer term unemployment appears to be steady, this will depend on economic circumstances in the wider national economy.

**Fig. 4: Trends in JSA claimant numbers by duration in B&NES between Nov. 2001 and June 2010**



	Up to 6 weeks	6-13 weeks	13-26 weeks	6 months - 1 year	1-2 years	Over 2 years
November 2001	455	260	210	100	55	50
November 2002	370	255	215	120	50	35
November 2003	370	290	265	185	75	25
November 2004	340	215	175	95	60	20
November 2005	315	255	240	135	50	15
November 2006	345	285	265	175	70	15
November 2007	300	245	170	130	50	15
November 2008	550	385	285	160	55	20
November 2009	655	535	545	425	185	15
June 2010	515	400	500	440	245	40

Source: Claimant Count – Occupation. ONS Crown Copyright Reserved ([www.nomisweb.co.uk](http://www.nomisweb.co.uk))



## Usual occupation

JSA claimants are disproportionately represented among elementary occupations (occupations with simple and routine tasks which mainly require the use of hand-held tools and often some physical effort). While elementary occupations represent 13% of all employment in Bath and NE Somerset, 25% of all those claiming JSA considered these as their 'usual occupations'.

The preponderance of people normally working in elementary occupations (generally lower skilled and lower paid) among the unemployed is replicated across the West of England, and Britain as a whole.

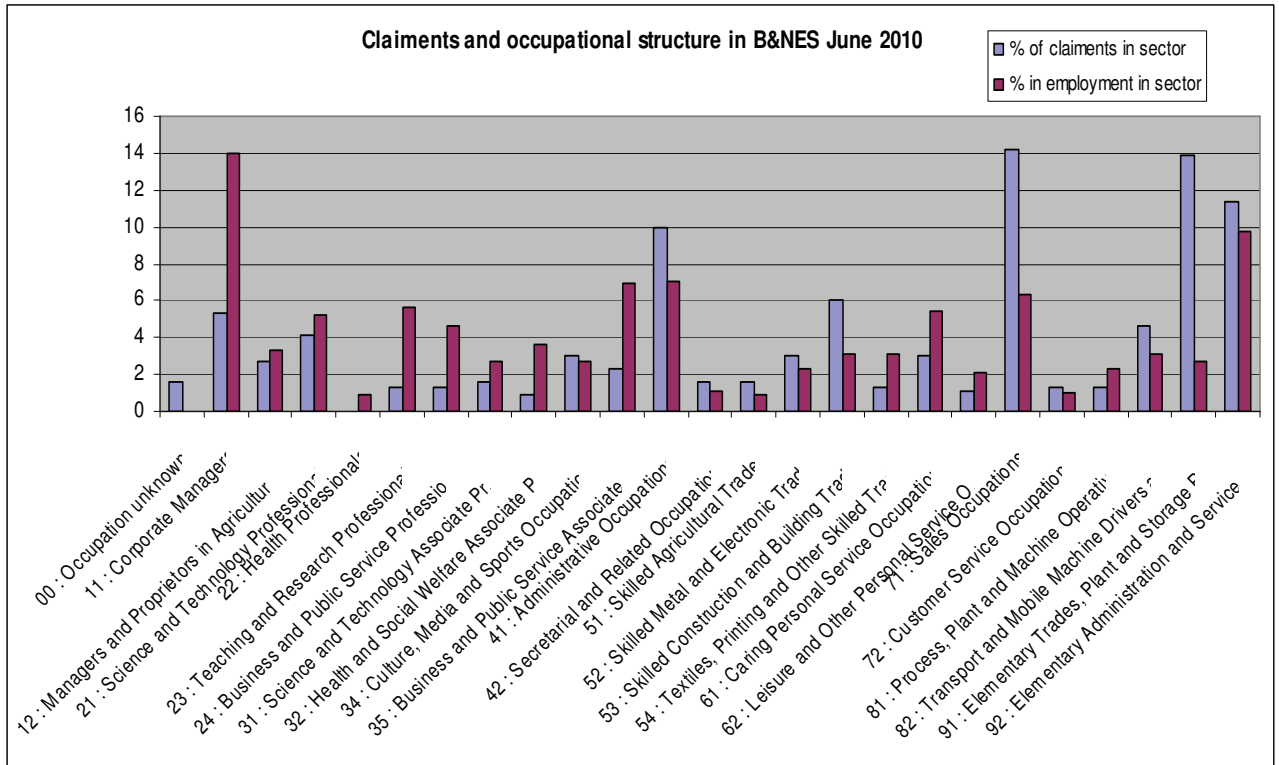
Table 3 sets out unemployment by usual occupation, while Fig. 6 compares JSA claimants with the broad occupational composition of the local economy.

**Table 3: JSA claimants by usual occupation, June 2010**

Occupational Group	Bath and NE Somerset (Number)	Bath and NE Somerset (%)	WoE (%)	Britain (%)
0 : Occupation unknown	35	2	1	0.1
1 : Managers and Senior Officials	175	8	6	4
2 : Professional Occupations	145	7	5	3
3 : Associate Professional and Technical Occupations	175	8	7	6
4 : Administrative and Secretarial Occupations	250	12	11	11
5 : Skilled Trades Occupations	265	13	12	13
6 : Personal Service Occupations	90	4	5.5	6
7 : Sales and Customer Service occupations	335	15	16	18
8 : Process, Plant and Machine Operatives	130	6	8	10
9 : Elementary Occupations	545	25	28	29

Source: Claimant Count – Occupation. ONS Crown Copyright Reserved ([www.nomisweb.co.uk](http://www.nomisweb.co.uk))

**Fig. 5 Claimants and Occupational Structure in B&NES June 2010**



Occupational Groups in more detail	% of claimants in sector	% in employment in sector
00 : Occupation unknown	1.6	x
11 : Corporate Managers	5.3	14.0
12 : Managers and Proprietors in Agriculture and Services	2.7	3.3
21 : Science and Technology Professionals	4.1	5.2
22 : Health Professionals	0	0.9
23 : Teaching and Research Professionals	1.3	5.6
24 : Business and Public Service Professionals	1.3	4.6
31 : Science and Technology Associate Professionals	1.6	2.7
32 : Health and Social Welfare Associate Professionals	0.9	3.6
34 : Culture, Media and Sports Occupations	3	2.7
35 : Business and Public Service Associate Professionals	2.3	6.9
41 : Administrative Occupations	10	7.0
42 : Secretarial and Related Occupations	1.6	1.1
51 : Skilled Agricultural Trades	1.6	0.9
52 : Skilled Metal and Electronic Trades	3	2.3
53 : Skilled Construction and Building Trades	6	3.1
54 : Textiles, Printing and Other Skilled Trades	1.3	3.1
61 : Caring Personal Service Occupations	3	5.4
62 : Leisure and Other Personal Service Occupations	1.1	2.1
71 : Sales Occupations	14.2	6.3
72 : Customer Service Occupations	1.3	3
81 : Process, Plant and Machine Operatives	1.3	2.3
82 : Transport and Mobile Machine Drivers and Operatives	4.6	3.1
91 : Elementary Trades, Plant and Storage Related Occupations	13.9	2.7
92 : Elementary Administration and Service Occupations	11.4	9.8

Source: Claimant Count – Occupation. ONS Crown Copyright Reserved (www.nomisweb.co.uk)

### 3.3 Incapacity Benefits

**Incapacity Benefit (IB)** was introduced in April 1995 and is paid to people who are incapable of work and who meet certain contribution conditions.

**Severe Disablement Allowance (SDA)** was paid to those unable to work for 28 weeks in a row or more because of illness or disability. Since April 2001 it has not been possible to make a new claim for Severe Disablement Allowance.

**Employment and Support Allowance (ESA)** was introduced on 27 October 2008, and replaced Incapacity Benefit and Income Support, paid because of an illness or disability, for new customers only.

As previously highlighted, people on Incapacity Benefits comprise the largest single group in the workless population. In June 2010, 5330 Bath and NE Somerset residents were in receipt of Employment and Support Allowance (ESA), Severe Disablement Allowance (SDA) and other forms of Incapacity Benefits, representing approximately 4.7% of the working age population, fairly similar to WoE and nationally as a whole.

#### Claimant characteristics

Table 4 sets out a snapshot of Incapacity Benefits and Severe Disability Allowance claimants in Bath and NE Somerset in November 2009. It should however be noted that this does not include claimants of the new ESA.

**Table 4: Characteristics of IB/ SDA claimants, November 2009**

	Bath and NE Somerset (number)	Bath and NE Somerset (%)	The West of England (number)	The West of England (%)	Great Britain (number)	Great Britain (%)
<b>Benefit</b>						
Incapacity Benefit (all types)	4,080	89.5	32425	90	1984840	89
Severe Disablement Allowance	480	10.5	3675	10	238,410	11
	<b>4,560</b>		<b>36100</b>		<b>2223250</b>	
<b>Gender</b>						
Male	2,650	58	21145	59	1,269,340	57
Female	1,910	42	14955	41	953,910	43
<b>Age</b>						
16-24	250	5	1840	5	100,810	5
25-49	2410	53	19210	53	1052100	47
50-59	1340	30	10730	30	761660	34
60 and over	560	12	4320	12	308610	14
<b>Duration</b>						
Up to 6 months	40	0.8	270	1	17830	0.1
6 months – 1 year	10	0.2	220	1	19460	0.1
1-2 years	490	11	3930	11	224,090	10
2-5 years	1100	24	8790	24	490,840	22
5 years and over	2920	64	22890	63	1,471,020	66

Condition						
Mental/ behavioural disorders	2,260	50	17630	49	961,550	43
Digestive/Respiratory/ Circulatory	260	5.5	2420	7	185300	8
Musculoskeletal	540	11.5	5190	14	377,850	17
Injury/ poisoning	270	6	1930	5	104870	5
Other	1,230	27	8930	25	593,680	27

Source: DWP benefit claimants – Work and Pensions Longitudinal Study ONS Crown Copyright Reserved (www.nomisweb.co.uk)

Incapacity Benefit claimants tend to be older and disproportionately male, and most claimants have been on Incapacity Benefits for lengthy periods: over three quarters of IB and SDA claimants have been in receipt of these benefits for over two years. There is relatively little difference between the composition of the IB/SDA population in Bath and NE Somerset and that elsewhere in the country.

What are the medical reasons for incapacity? The most common reason is mental and behavioural disorders (around 50% of claimants in Bath and NE Somerset, which is almost exactly the same as the proportion for the West of England and the country as a whole). This category includes stress and depression, more severe mental health conditions and disorders related to drug and alcohol dependency. (7) The remaining medical reasons for entitlement broadly track the national picture, with musculoskeletal disorders accounting for the second most common cause of incapacity (11.5% of claimants in Bath and NE Somerset). As the data does not include new claimants (who would be receiving ESA instead of IB), shorter durations are not captured. Even so, November 2009 data still shows that 88% of claimants had been claiming for two years or more.

### **Incapacity Benefits – reassessing claims**

It has been announced by the Department for Work and Pensions that from October 2010 Jobcentre Plus will start reassessing the claims of people who are receiving Incapacity Benefit, Income Support paid on the grounds of disability and Severe Disablement Allowance to see if they are fit for work. They state that people who are capable of work will move onto Jobseeker's Allowance where they satisfy the conditions of entitlement for that benefit. People who need more support while they prepare for work will get that help on Employment and Support Allowance (ESA). Those people who are most disabled or terminally ill will not be expected to look for work and will be eligible to claim ESA. (8)

There are questions that would be raised surrounding the employability of people with mental health concerns, and equally the way they would be received by employers who have vacancies available. Substantial employability training and skills support will be required to help the long term unemployed to gain sustained employment. With long periods out of work, low qualification levels and limited reported desire to work, the challenge of bringing Incapacity Benefits claimants back into the labour market is high. Whilst levels of suitable work will exist for a proportion of people currently on Incapacity Benefits, however, doubt surrounds the volume and accessibility of this employment.

(7) Understanding and Tackling Worklessness Volume 1; CLG (October 2009); p50

(8): Incapacity Benefit Reassessment Process: <http://www.dwp.gov.uk/adviser/updates/ib-reassessing-claims/>

### 3.4 Lone parents

**Table 5: Characteristics of Income Support (Lone Parent) claimants, Nov. 2009**

	Bath and NE Somerset (number)	Bath and NE Somerset (%)	The West of England (number)	The West of England (%)	Great Britain (number)	Great Britain (%)
<b>Gender</b>						
Male	50	4	100	4	25,650	4
Female	1,200	96	2,662	96	670,030	96
<b>Age</b>						
16-24	300	24	687	25	174,860	25
25-34	465	37	1,102	40	280,790	40
35-44	395	32	775	28	191,020	28
45-49	70	6	145	5	35,850	5
50-54	20	2	40	1	10,400	1
55-59	0	0	10	0.3	2,740	0.4
60-64	0	0	0	0	0	0
<b>Duration</b>						
Up to 6 months	200	16	375	14	98,370	14
6 months – 1 year	150	12	310	11	81,930	12
1-2 years	225	18	445	16	119,010	17
2-5 years	315	25	732	27	179,850	26
5 years and over	360	29	900	32	216,520	31
<b>Number of Children</b>						
1 child	550	44	1,220	44	309,980	45
2 children	430	34	902	32	223,690	32
3 children	190	15	402	15	106,010	15
4 children	50	4	162	6	39,000	6
5 or more children	20	2	78	3	16,990	2

Source: DWP benefit claimants – Work and Pensions Longitudinal Study ONS Crown Copyright Reserved ([www.nomisweb.co.uk](http://www.nomisweb.co.uk))

In November 2009, 1250 people in Bath and NE Somerset were in receipt of Income Support for Lone Parents IS (LP), 1.1% of the working age population. This compares with 1.5% in The West of England and 1.9% nationally. The figure in November 1999 was 1840 people or 1.8% of the Bath and NE Somerset working population. In November 2009, 96% of claimants were female and young (with over 61% aged under 34). Over 54% of claimants had been doing so for over two years (29% for over 5 years). Which is all similarly mirrored in the West of England and nationally.

As highlighted previously, recipients of IS(LP) have fallen steadily in response to government policy over the past decade and continue to do so. This has included financial incentives in the tax system through tax credits such as Working Tax Credit, and Family Tax Credit; investment in Early Years and Extended Services provision as well as work of Teenage Pregnancy support in Children's Services, all of which have played their part in reducing numbers. Currently, lone parents who are seen as capable of work can claim Income Support until their youngest child reaches age 10, at which point normally they will be required to claim Jobseeker's Allowance. From

October 2010 this will be reduced to when their youngest child reaches age 7. In the present government's Emergency Budget Statement of June 22<sup>nd</sup> 2010, it was announced that since children are in full-time education from age 5, lone parents with a youngest child over five will be required to claim Jobseeker's Allowance if they are seen to be capable of work rather than Income Support. The latter change is expected to be implemented in early 2012. (9) This will go some way to increase an otherwise only gentle decline in Lone Parent Income Support claimancy rates in Bath and NE Somerset, yet it's likely to only lead to transference of the underlying issues to another benefit. Whilst new Single Work Programme arrangements are likely to see long-term claimants of Job Seekers Allowance (over 6 months on an unbroken claim) receiving Department for Work and Pensions sponsored interventions of more concerted individualised support, the nature and depth of this support has yet to be made clear and will vary according to those contracted to provide it. (10) Economic downturn and only a limited labour market demand in Bath and NE Somerset for individuals with below-Level 2 qualifications (the latter being a predominant feature amongst lone parent claimants) will mean an intermittent on-off claimancy of Job Seekers Allowance rather than progression into sustained employment. Ideally, family-friendly quality training and employment opportunities for lone parents would be the goal.

### 3.5 Young people not in employment, education or training

In Bath and NE Somerset in May 2010, there were 171 young people aged 16-18 not in education, employment or training, representing around 3.9% of people in that age group and 1590 or 5.9% in the West of England.

The percentage of young people in learning continues to increase in Bath and NE Somerset. The NEET rate has decreased by 0.5% over the year. Young People in jobs without training (JWT) (this does not include temporary or part time employment) has decreased by 2.5% since May 2009 last year. The EET rates for Teenage Parents, Care Leavers and BME young people is also strong for Bath and NE Somerset. (11)

16-18 cohort number		
	May 2010	May 2009
<b>B&amp;NES</b>	4452	4841
<b>West of England</b>	26316	27110

	May 2010		May 2009	
	16-18 yr olds in learning		16-18 yr olds in learning	
	Number	%	Number	%
<b>B&amp;NES</b>	3917	88.00%	4166	86.10%
<b>WOE</b>	22618	85.90%	22297	82.20%
	May 2010		May 2009	
	Adjusted NEET number	Adjusted NEET %age	Adjusted NEET number	Adjusted NEET %age
<b>B&amp;NES</b>	171	3.90%	210	4.40%
<b>WOE</b>	1525	5.90%	1792	6.70%

(9) <http://www.dwp.gov.uk/policy/welfare-reform/lone-parents/>

(10) More background on the Single Work Programme is available here:

<http://www.dwp.gov.uk/supplying-dwp/what-we-buy/welfare-to-work-services/work-programme/>

(11) Connexions West, July 2010

	May 2010		May 2009	
	16-18 yr olds in JWT		16-18 yr olds in JWT	
	Number	%	Number	%
<b>B&amp;NES</b>	152	3.40%	287	5.90%
<b>WOE</b>	1192	4.50%	1846	6.80%

	May 2010		May 2009	
	NEET+JWT		NEET+JWT	
	Number	%	Number	%
<b>B&amp;NES</b>	323	7.30%	497	10.30%
<b>WOE</b>	2717	10.30%	3638	13.40%

Teenage mothers in EET				
	May 2010		May 2009	
	Number	%	Number	%
<b>B&amp;NES</b>	27	51.90%	19	33.30%
<b>WOE</b>	277	41.70%	260	40.60%

% 16-19 with LDD in EET				
	May 2010		May 2009	
	Number	%	Number	%
<b>B&amp;NES</b>	250	82.00%	281	82.90%
<b>WOE</b>	1169	82.80%	1302	81.70%

% 16-19 year olds in EET		
	May 2010	May 2009
<b>B&amp;NES</b>	89.50%	90.30%
<b>WOE</b>	88.10%	23.70%

19 year old care leavers in EET				
	May 2010		May 2009	
	Number	%	Number	%
<b>B&amp;NES</b>	19	73.10%	6	75.00%
<b>WOE</b>	68	60.20%	73	70.90%

	Unadjusted NEET - May 2010				Unadjusted NEET - May 2009			
	White British		BME and other groups		White British		BME and other groups	
	Number	%	Number	%	Number	%	Number	%
<b>B&amp;NES</b>	147	3.90%	11	1.60%	181	4.7%	21	2.20%
<b>WOE</b>	1291	5.70%	171	4.60%	1465	6.50%	233	5.20%

**NEET – Not in Education Employment or Training**  
**JWT – Jobs Without Training**  
**LDD – Learning Difficulties and Disabilities**  
**EET – Education Employment or Training**  
**BME – Black Minority Ethnic**



### **3.6 The characteristics of worklessness in Bath and NE Somerset: Some conclusions**

The age and gender composition of JSA claimants is broadly the same in Bath and NE Somerset as in the West of England and the rest of the country, with nearly three quarters of claimants male, and some 39% aged under 30.

During the recession, the number of people unemployed for less than six months had increased sharply, reflecting the speed of the downturn.

Though unemployment is highest among the young it rose during recession amongst all age groups in a similar way.

Around half of JSA claimants are normally in elementary or customer service occupations. The recession seems to have reinforced this, with sharp rises in these occupational groups (as well as skilled trades), but fairly shallow rises in unemployment among managerial and professional groups.

Incapacity Benefit claimants tend to be older and disproportionately male (in line with the West of England the rest of the country).

Of all Incapacity Benefit/ severe disablement allowance claimants, 50% are accounted for by mental and behavioural disorders and nearly two thirds (64%) have been in receipt of benefits for over five years.

Barriers to access to the labour market by Incapacity Benefit claimants appear formidable, given the low level of qualifications of claimants and long term detachment from the labour market.

Lone parents (IS(LP) claimants) have fallen consistently but only steadily over the past decade and are overwhelmingly female and young.

Rates of young people not in employment, education or training continue to fall, and remain low relative to the rest of The West of England yet frequently encapsulate multiple forms of disadvantage.



## 4. The geography of worklessness in Bath and NE Somerset

### 4.1 Worklessness at local level

The previous chapters have provided a picture of the workless population in Bath and NE Somerset at county-wide level, comparing it with the sub-regional and national position. This chapter maps out worklessness by ward and highlights areas of concentration.

Where there is a genuine reduction in B&NES' unemployment rate from the height of the recent recession, this can not be said for 10 key wards, where their JSA as well as out-of-work benefit claimancy in general remains relatively constant at a relatively high level.

For reference, **Annex 1** of this Assessment contains a map showing the wards in Bath and NE Somerset on which the data in this chapter is based. A full breakdown of the worklessness figures for each ward is contained in Annex 2.

### 4.2 Total worklessness at local level

The Bath and NE Somerset worklessness rate in November 2009 was 8.1%. Locally, worklessness is highly concentrated in groups of neighbouring wards.

#### **Bath:**

Twerton ward has a total worklessness rate of 22%, Southdown – 12%,

Combe Down with a worklessness rate of 11%

Abbey ward has a total worklessness rate of 12%, Walcot and Kingsmead both with 10%.

#### **Somer Valley:**

Radstock ward has a total worklessness rate of 12%, with neighbouring Paulton with 10%.

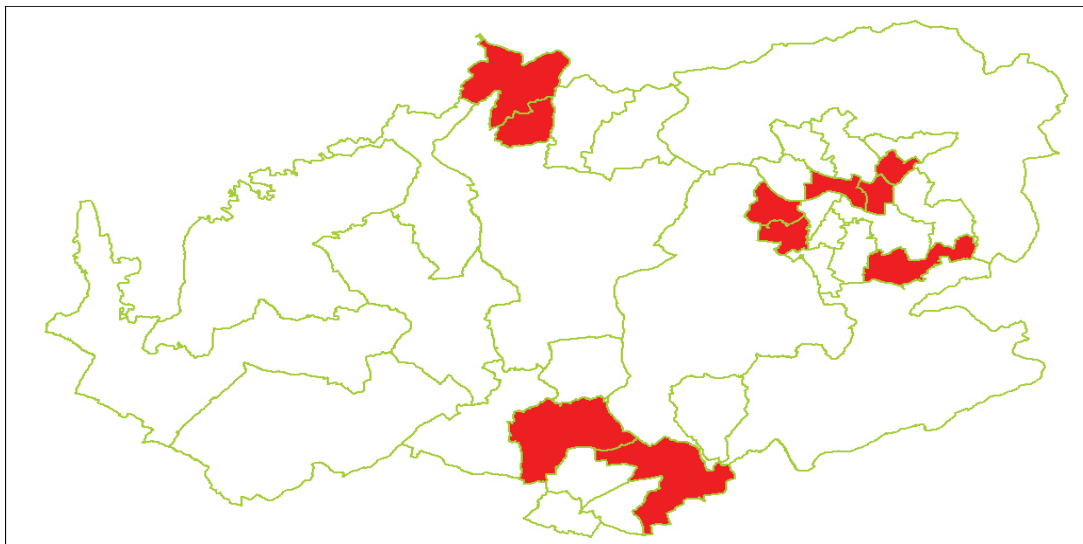
#### **Keynsham:**

Keynsham North and South both have a worklessness rate of 11%.

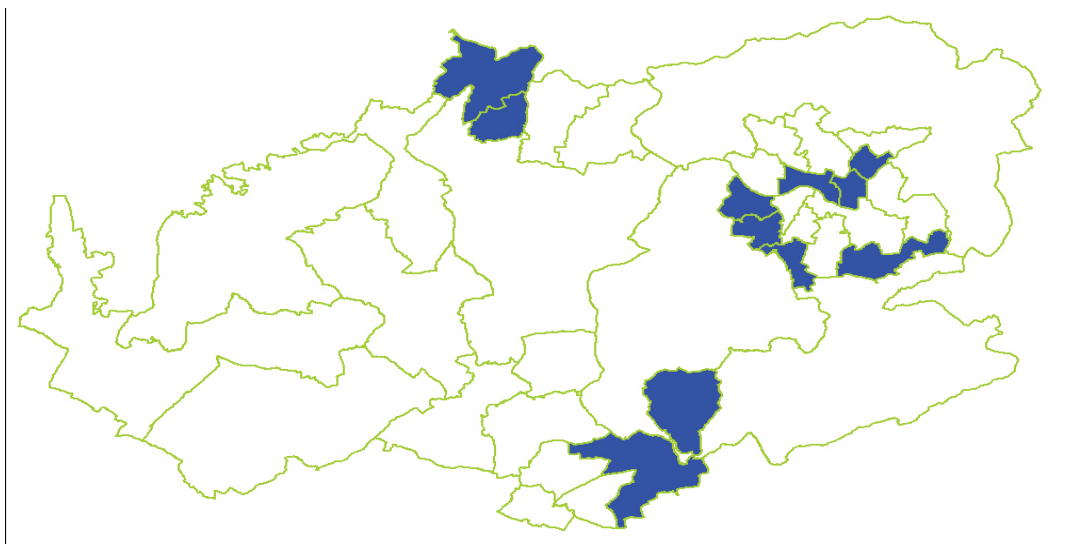
These 10 wards with worklessness rates of over 10% account for 47% of Bath and NE Somerset's 37 ward's total worklessness.

**Fig. 6/7/8/9: Concentrations of worklessness in Bath and NE Somerset in November 2009**

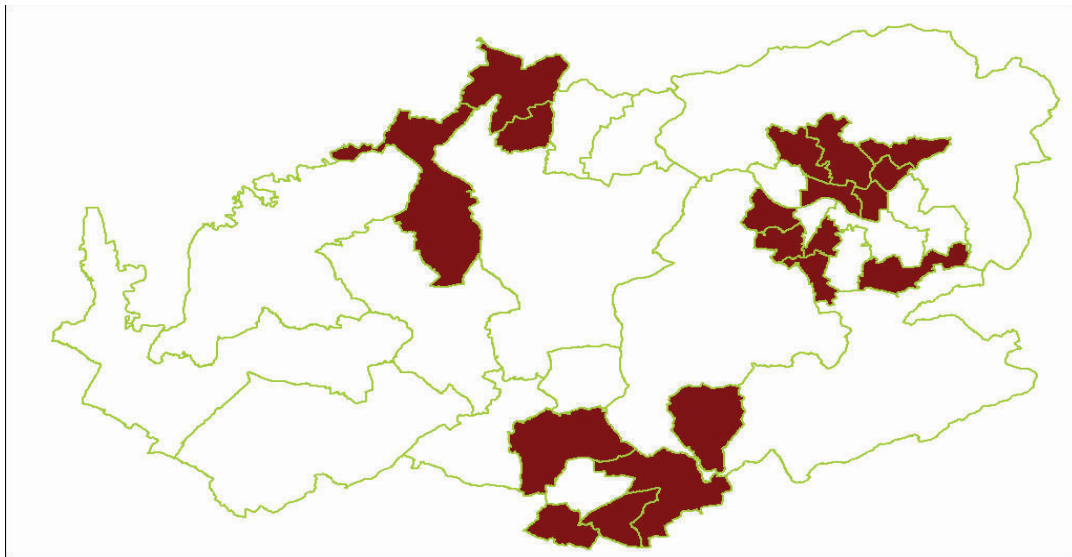
**The 10 B&NES wards with a worklessness rate of 10% and above in November 2009. (B&NES average - 8.1%)**



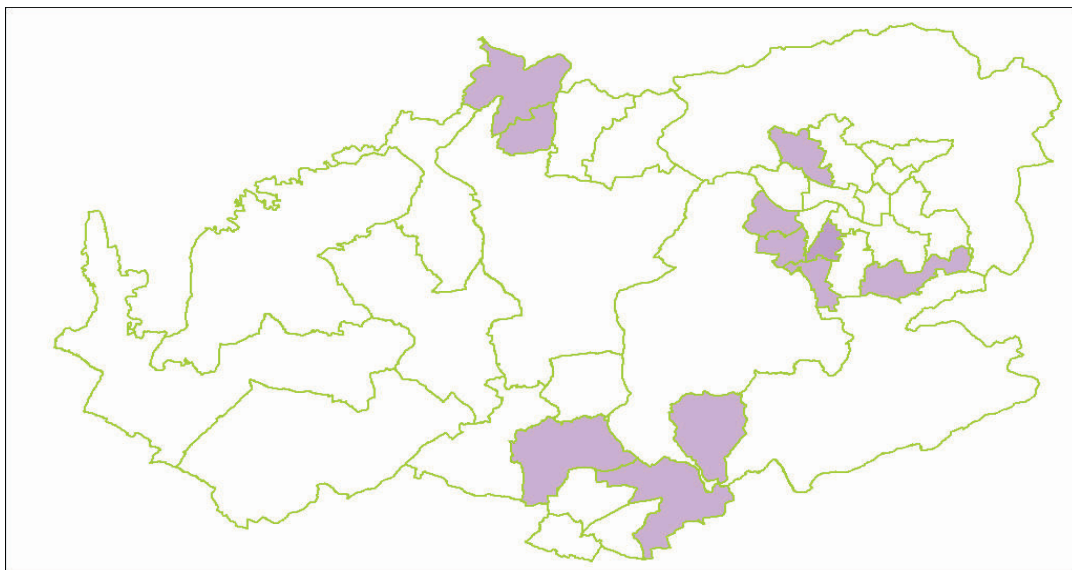
**Wards with an unemployment rate (JSA) of over 2.0% for over a year (B&NES Average - 2.1%)**



**Wards with an ESA/ Incapacity Benefits/SDA rate the same and above the B&NES average in November 2009 (4.7%)**



**Wards with an Income Support Lone Parent rate the same and above the B&NES average in November 2009 (1.1%)**



The composition of worklessness follows the same pattern throughout Bath and NE Somerset, with those areas with the highest JSA claimant counts also having the highest proportions of the population in receipt of Incapacity Benefit/Severe Disablement Allowance and Income Support for Lone Parents. Tables 1 and 2 in Annex 2 are based on figures for November 2009, as this is the latest period for which data for all types of out-of-work benefit is available.

Looking at JSA claimant numbers (which are released more frequently), it appears that while there have been steady reductions in unemployment in Bath and NE Somerset as a whole, a high rate is particularly marked in the most deprived wards. Recession appears to be reinforcing existing patterns of spatial concentration. (12)

### **4.3 The geography of worklessness in Bath and NE Somerset: Some conclusions**

Worklessness of all types is particularly concentrated in a number of wards, with four sets of neighbouring wards exhibiting the most intense concentrations of all out-of-work benefits.

While JSA claimancy appears to be steadily decreasing across-county, increases by volume are the greatest in those localities with the highest existing incidence.

Where overall worklessness rates are highest, Incapacity Benefit claimants constitute a higher proportion of the total.

(12) Annex 3 of this report illustrates this in more detail.

## 5 Barriers to work

### 5.1. Understanding the barriers

Some of the barriers to work have been highlighted in the previous chapters. This chapter seeks to develop the analysis further. Recent evidence from worklessness reduction programmes and other research identifies three main sets of barriers to work, (13) which provide the structure for this chapter:

**Supply-side** factors (the skills, qualifications and attitudes of workless people)

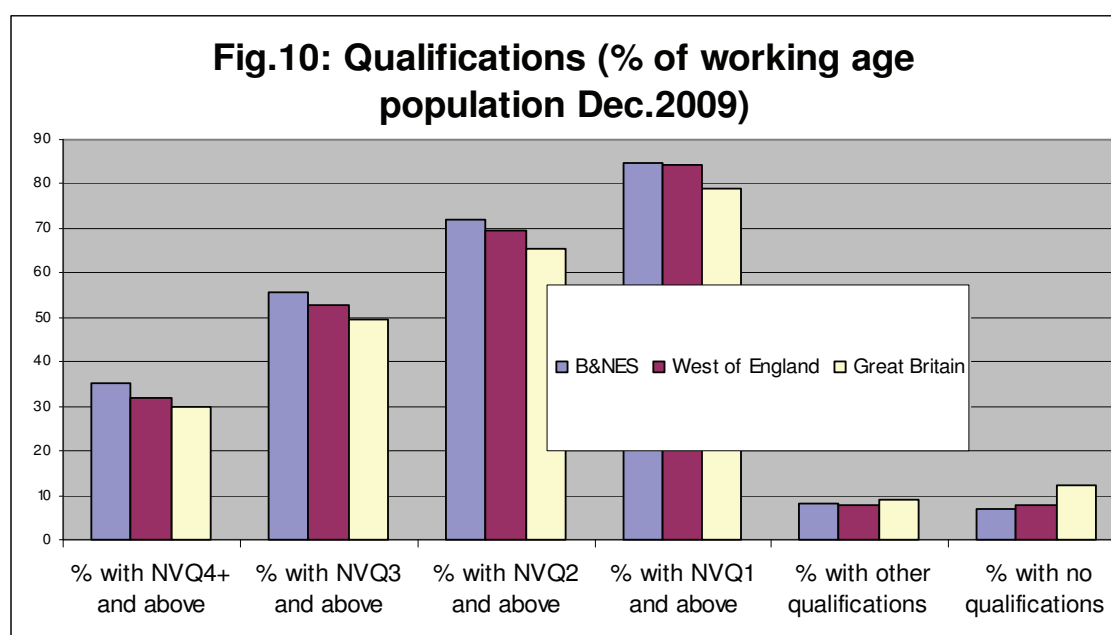
**Demand-side** factors (the number, type and location of jobs and local recruitment practices)

**Institutional** factors (the way in which housing markets, transport systems, childcare availability, etc. work to support or hinder access to work)

### 5.2 Supply side barriers

#### Skills

The most obvious supply-side barrier is a lack of skills in relation to those demanded by employers. Bath and NE Somerset's general skills profile (or at least, its qualifications profile) is more developed compared with that of the country as a whole and for the rest of The West of England.



	B&NES	West of England	Great Britain
% with NVQ4+ and above	35.3	31.9	29.9
% with NVQ3 and above	55.6	53	49.3
% with NVQ2 and above	72	69.7	65.4
% with NVQ1 and above	84.7	84.3	78.9
% with other qualifications	8.3	7.8	8.8
% with no qualifications	7.1	7.9	12.3

Source: Annual Population Survey; ONS Crown Copyright Reserved ([www.nomisweb.co.uk](http://www.nomisweb.co.uk))

(13) Understanding and Tackling Worklessness Volume 1; CLG (October 2009); p26

As indicated previously however, qualification levels are significantly lower among the workless population.

Formal qualifications and skills aren't always the same thing, but demand is increasing for formalised knowledge in areas of activity (for example in parts of the construction industry) that might previously not have required such qualifications. <sup>(14)</sup> Those with low formal skills do not match with a lot of work in Bath and NE Somerset and the skills demanded by its employers. This mismatch is especially the case for Incapacity Benefit Claimants who are generally older and a large proportion of whose prior experience is generally unskilled, while Lone Parents who have generally below Level 2-qualifications with only minimal skilled work experience, if at all. Linked with this are the barriers presented by a lack of job-search experience, ability to complete standardised application forms, interview skills and overall ability to maintain work when gained.

### **Physical and mental health**

Physical and mental health as a barrier to work was discussed in Chapter 3, particularly in relation to Incapacity Benefits. However, Chapter 3 also noted the limited active desire on the part of many Incapacity Benefit claimants to seek work, reflecting frequent long-term detachment from the labour market. It is likely that in some cases, employer discrimination (or perceptions that employers may be discriminatory) towards those with physical or mental disabilities also hampers the ability of some to find employment.

### **Attitudinal and aspirational barriers**

Inter-generational unemployment in households reinforces attitudes and maintains low aspirations for work. Such a culture may be reinforced by the low attainment at school and the apparent lack of skills in wider family members and the low expectation to gain better-paid and sustained employment. This is especially the case if the short-term economic gain from work is (or is perceived to be) only marginal (or even negative, once child-care and transport costs are taken into account). Linked with this, length of time out of work/informal work is likely to reduce self-confidence and aspiration. It is also suggested that low-wage, low-skilled and insecure jobs are often unattractive, particularly for Incapacity Benefit claimants who could potentially access work but who would give up the security of long-term benefits to do so. <sup>(15)</sup>

## **5.3 Demand side barriers**

### **Lack of jobs, and appropriate jobs**

The most obvious demand side barrier is an aggregate lack of employment opportunities. A lack of jobs appropriate to the skills of the workless population is also relevant. Chapter 3 set out the over-representation of people looking for work in elementary occupations compared with the representation of such jobs in the economy. This is borne out by lower levels of manual-work agencies in Bath and NE Somerset.

(14) Understanding and Tackling Worklessness Volume 2; CLG (October 2009); p27

(15) Understanding and Tackling Worklessness Volume 2; CLG (October 2009); p32

The impact of the informal economy on the willingness of workless people to access employment is debatable, with some studies suggesting that informal economic activity is often supplementary to formal work and provides security where that formal work is low-paid and insecure. (16)

## 5.4 Institutional barriers

### **Research into barriers to work in worklessness programmes elsewhere in Britain identified five main institutional barriers (17):**

Firstly, the dynamics of the housing market in local areas. This particularly relates to the tendency of people in work to leave the areas in which they previously lived, while those who remain on benefits stay. As is the case in Bath and NE Somerset, the existence of social-housing provision is often mirrored by the concentration of worklessness. The impact of the quality and availability of this housing on worklessness has not been explored in Bath and NE Somerset.

Secondly, the 'benefits trap', many are discouraged from taking up short-term or insecure posts because of the complications and potential financial cost of reapplying for benefits when the post comes to an end. Local support providers have identified this as a significant limitation, preventing benefit recipients from taking work that may potentially prove longer term or enhance their future employment prospects, but cannot be guaranteed. This is potentially reinforced by the focus benefits system on securing permanent work, sometimes making it impractical for potential workers, who in turn may require a step-by-step approach to realising sustained employment which they themselves can maintain.

Thirdly, access to childcare. This overlaps with the wider benefits trap, given the cost of childcare, and the fact that many parents are trapped in needing childcare to access work, but being unable to afford it until they are in work. Childcare may also act as a barrier to sustainable work (given the difficulties of managing work on limited childcare). With changes in Income Support for Lone parents, this is likely to affect an increasing number of workless people. In Bath and NE Somerset with a relatively developed Early Years and Extended Services provision this is not necessarily a significant barrier, however, it's not clear the take-up of this resource amongst Lone Parent Income Support claimants.

Fourthly, spatial mobility and physical access to work. This relates to the ability to actually get to places of work, which for Bath and NE Somerset is not a particularly major barrier, albeit the cost of transport and willingness of people to travel beyond their neighbourhoods.

Finally, the amount and cost of appropriate educational and training provision available. This relates closely to the skills barrier presented earlier and the relevance of skills provision to the demands of local employers.

(16) Understanding and Tackling Worklessness Volume 2; CLG (October 2009); p33

(17) Understanding and Tackling Worklessness Volume 2; CLG (October 2009); pp 38-40

## 6. Employment demand

### 6.1. Current and future opportunities

Where will future employment opportunities come from? This chapter attempts to summarise:

- Recent trends in sectoral and occupational employment change;
- Likely areas of future growth

### 6.2. Recent trends

Over the past decade, Bath and NE Somerset's economy has, like The West of England, seen a rise in employment in the service sector and a contraction in manufacturing and traditional engineering sectors in the Radstock and Midsomer Norton area. In this area 24% of jobs are in manufacturing, well over double that of the county, the West of England and nationally. <sup>(18)</sup> Whilst wholesale and retail accounts for 16% of employment in Bath and NE Somerset as is similar to the West of England, there are however, higher proportions of public admin, health and education jobs than the West of England and nationally. <sup>(19)</sup>

Considering occupation type, the composition of Bath and NE Somerset's employment profile has changed along the lines of that of the rest of the country, with increases in professional and associate professional jobs and a gradual decline in elementary and (especially) administrative jobs). This reflects the mismatch identified earlier in this report between the normal occupational profile of the unemployed and that required by available vacancies.

Like the rest of The West of England, Bath and NE Somerset's business stock is dominated by small and medium sized enterprises, with over 80% of all firms in the county employing less than ten people. <sup>(20)</sup>

### 6.3. Areas of future growth

Sectoral forecasting should be accompanied by a note of caution, especially given the past recession. Over the medium term if not long term for example, it is likely that job growth in the public sector, which has been substantial in recent years will be much less in light of public expenditure cuts.

<sup>(18)</sup> B&NES – Business Growth and Employment Land Study; Roger Tym and Partners; March 2009; p20

<sup>(19)</sup> Employee numbers: Annual Business Inquiry Employee Analysis 2008; ONS Crown Copyright Reserved ([www.nomisweb.co.uk](http://www.nomisweb.co.uk))

<sup>(20)</sup> Employee numbers: Annual Business Inquiry Employee Analysis 2008; ONS Crown Copyright Reserved ([www.nomisweb.co.uk](http://www.nomisweb.co.uk))



However, looking at Bath and NE Somerset over the period to 2030, research carried out in the sectoral composition by the South West Observatory's Autumn 2009 projections (using Roger Tym and Partners calculations) <sup>(21)</sup> forecast employment growth in:

- Business and Financial services
- Transport and Communication
- Public sector activities (although forecasts may now be much weaker, rising long term demand for health and social care and for educational services is likely to mean increasing employment demand eventually)

**Table 6 Sectoral Pattern of FTE Employment in Bath and NE Somerset in 2010 and 2030**

	Share of total FTE employment in 2010	Share of total FTE employment in 2030	Change in share of total FTE employment 2010 to 2030
Agriculture etc.	1.1%	0.8%	-0.3%
Extraction	0.0%	0.0%	0.0%
Manufacturing	8.3%	4.7%	-3.6%
Utilities	0.5%	0.2%	-0.3%
Construction	6.3%	4.7%	-1.6%
Distribution	13.4%	13.0%	-0.4%
Hotels & Catering	6.3%	6.2%	-0.1%
Transport & Communication	4.6%	5.2%	0.7%
Financial Services	3.0%	4.1%	1.1%
Business Services	18.7%	28.2%	9.5%
Public Admin & Defence	7.7%	6.4%	-1.3%
Education	9.3%	6.0%	-3.3%
Health & Social	15.4%	15.9%	0.5%
Other Services	5.4%	4.5%	-0.9%

(21) B&NES – Business Growth and Employment Land Study; Roger Tym and Partners; Revised June 2010; p22

**Table 7 Bath and NE Somerset Employment Scenarios by sector 2006 - 2026**

Jobs	Base Year	Scenario 1 (Observatory)			Scenario 2 ( RTP output based)		
	2006	2026	Change 06-26	% Change	2026	Change 06-26	% Change
Agriculture etc.	2,384	751	-1,634	-69%	788	-1,597	-67%
Extraction	0	0	0		0	0	
Manufacturing	7,724	4,613	-3,110	-40%	4,841	-2,882	-37%
Utilities	984	224	-759	-77%	236	-748	-76%
Construction	5,544	4,279	-1,266	-23%	4,490	-1,054	-19%
Distribution	13,642	14,036	394	3%	14,731	1,088	8%
Hotels & Catering	7,133	7,250	117	2%	7,609	476	7%
Transport & Communicati	3,220	4,611	1,391	43%	4,839	1,619	50%
Financial Services	2,574	3,568	994	39%	3,745	1,171	45%
Business Services	14,981	24,288	9,307	62%	25,490	10,509	70%
Public Admin & Defence	4,960	5,796	836	17%	6,083	1,123	23%
Education	11,345	7,919	-3,426	-30%	8,310	-3,034	-27%
Health & Social	14,469	16,755	2,286	16%	17,584	3,115	22%
Other Services	4,701	4,685	-16	0%	4,917	215	5%
<b>Total</b>	<b>93,662</b>	<b>98,776</b>	<b>5,114</b>	<b>5%</b>	<b>103,662</b>	<b>10,000</b>	<b>11%</b>

Source: SW Observatory, RTP

Regardless of the numerical forecasts or the medium-term impact of public spending cuts, to a large extent growth will be highest in those occupations requiring higher level skills, namely Business and Financial Services. Whilst one could assume the larger proportion of employment demand in Health and Social Care will be of lower-skilled care roles, as well as a reasonable proportion of the jobs in Transport and Communications, this highlights the need to support the skills development of Bath and NE Somerset's workless population, so as to overcome the apparent mismatch of employment demand with such groups apparent skills-capacity to warrant their applying for jobs.

#### 6.4. Future demand: some conclusions

- Demand for jobs requiring skills at Level 2 or below are declining and will continue to do so. This presents a major mismatch between the skills of most workless people and those that will be demanded by industry.
- Demand for intermediate skills is expected to be fairly constant, with demand for higher level skills continuing to increase strongly.

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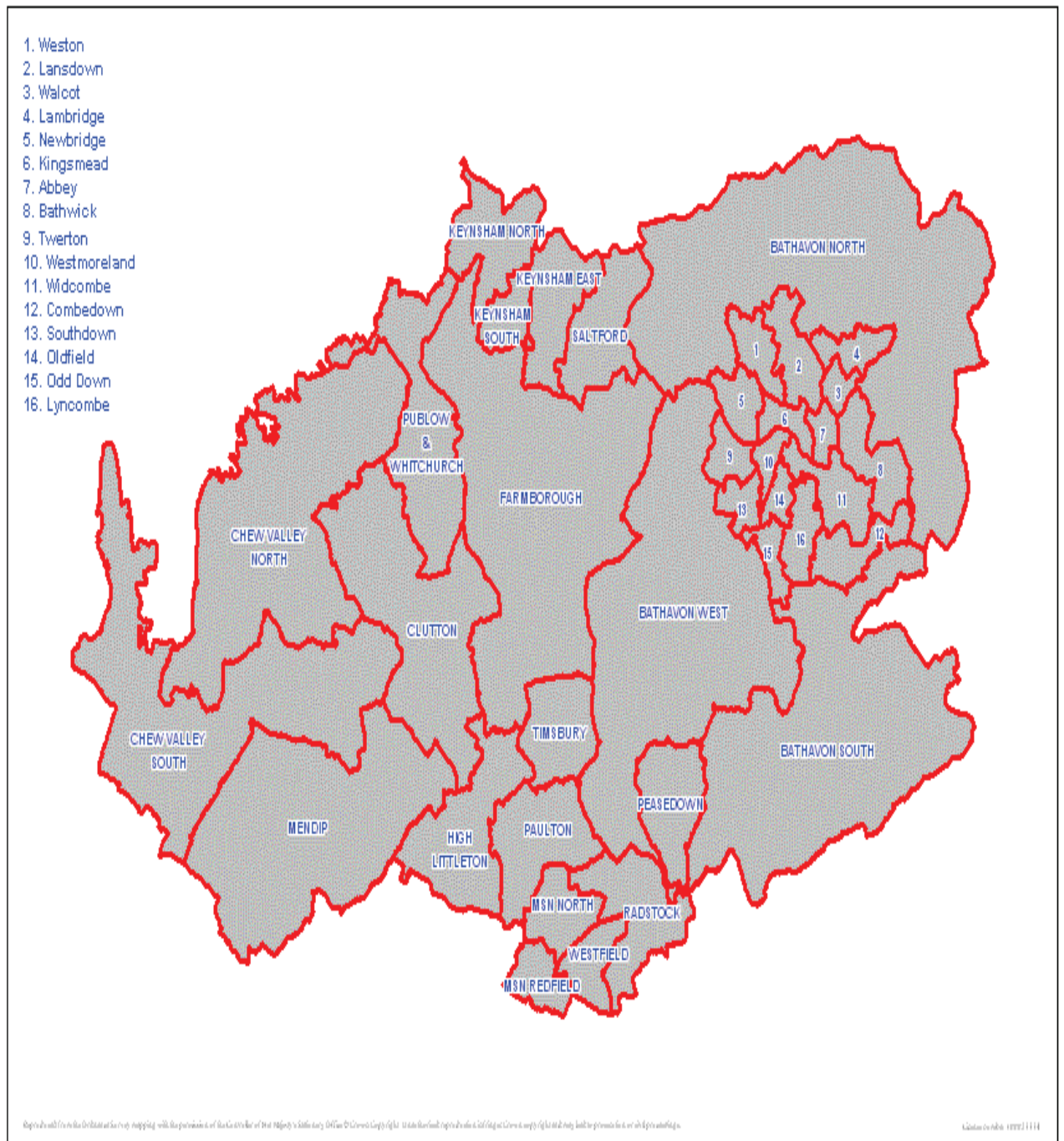
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# Annex 1

## Ward Map of Bath and NE Somerset



<http://www.bathnes.gov.uk/councilanddemocracy/electedrepresentatives/parishandtowncouncils/Pages/wardmap.aspx>

## Annex 2

Table 1 – Worklessness by ward (% of ward's working age population):

Ward	JSA June 2009	JSA June 2010	JSA July 2010	JSA Nov 2009	ESA/ Incapacity Benefits/ SDA	Income Support (LP)	Other	Total (inc. JSA November 2009 only)
<b>Abbey</b>	4.4	2.1	2.2	2.3	8.7	0.7	0.5	12
Bathavon North	3.0	1.5	1.1	1.9	3	0.9	0.2	6
Bathavon South	0.7	0.7	0.6	0.9	2.6	0.6	0	4
Bathavon West	1.1	1.4	1.3	1.7	3.1	0.9	0.6	6
Bathwick	0.6	0.3	0.2	0.3	1	0	0	1
Chew Valley North	0.7	1.5	0.9	2	2.4	0	0	4
Chew Valley South	0.6	1	0.7	2.4	0.3	0	0.3	3
Clutton	1.3	1.1	0.9	1.7	3	0.7	0.7	6
<b>Combe Down (Fox Hill)</b>	3.8	2.6	2.6	2.4	5.8	2.4	0.6	11
Farmborough	1.3	1.3	1.4	1.7	3	0.3	0.3	5
High Littleton	1.7	1.6	1.6	1.3	2.9	0.5	0.3	5
Keynsham East	2.6	1.7	1.7	1.9	3.7	0.6	0.3	7
<b>Keynsham North</b>	3.6	2.6	2.4	2.1	6.4	2	0.5	11
<b>Keynsham South</b>	3.3	2.3	2.3	2.3	5.9	2	0.5	11
<b>Kingsmead</b>	4.0	1.9	2.0	1.9	6.5	1	0.5	10
Lambridge	2.6	1.9	1.8	1.7	4.7	0.9	0.5	8
Landsdown	3.1	1.7	1.5	2.1	4.7	0.6	0.3	8
Lyncombe	1.7	1.4	1.3	1.5	3.1	0.3	0.1	5
Mendip	0.6	1	1.2	1.5	3.3	0.9	0.3	6
Midsomer Norton North	3.6	1.7	1.7	1.7	3.7	0.8	0.1	6
Midsomer Norton Redfield	2.8	1.7	1.6	1.6	4.9	1	0.5	8
Newbridge	2.7	1.7	1.5	1.6	2.7	0.8	0.4	6
Odd Down	3.9	2.2	2.0	2.3	5.1	1.7	0.3	9
Oldfield	3.6	1.6	1.7	1.7	5	1.1	0.3	8
<b>Paulton</b>	2.7	1.9	1.7	1.8	6	1.7	0.3	10
Peasdown St John	3.2	2.3	2.3	2	4.7	1.1	0.2	8
Publow and Whitchurch	1.2	1.8	1.5	1.7	5.4	0.7	0.3	8
<b>Radstock</b>	4.8	3.3	2.8	3.2	6.3	2.2	0.6	12
Saltford	1.1	1	0.9	1.3	2.9	0.2	0	4
<b>Southdown</b>	4.4	2.8	2.6	3	6.7	2.3	0.4	12
Timsbury	1.2	1.7	1.9	2	5.3	1	0	8
<b>Twerton</b>	6.7	4.7	4.2	4.7	12.1	4.5	0.9	22
<b>Walcot</b>	5.0	2.9	2.9	3.5	4.7	1	0.5	10
Westfield	3.7	1.5	1.5	1.9	5	0.8	0.3	8
Westmoreland	3.4	1.4	1.1	1.7	3.7	0.2	0.2	6
Weston	2.5	1.9	1.6	2	4.9	1.4	0.3	9
Widcombe	3.3	1.4	1.6	1.6	2.3	0.3	0.4	5
<b>B&amp;NES Total</b>	<b>2.1</b>	<b>1.9</b>	<b>1.8</b>	<b>2</b>	<b>4.7</b>	<b>1.1</b>	<b>0.3</b>	<b>8.1</b>



**Table 2 - Worklessness by ward (numbers):**

Ward	JSA June 2009	JSA June 2010	JSA July 2010	JSA Nov 2009	ESA/ Incapacity Benefits/ SDA	Income Support (LP)	Other	Total (inc. JSA November 2009 only)
<b>Abbey</b>	<b>103</b>	<b>93</b>	<b>100</b>	<b>100</b>	<b>385</b>	<b>30</b>	<b>20</b>	<b>535</b>
Bathavon North	71	59	49	75	120	35	10	240
Bathavon South	16	12	11	15	45	10	0	70
Bathavon West	26	25	24	30	55	15	10	110
Bathwick	13	8	6	10	30	0	0	40
Chew Valley North	16	19	13	25	30	0	0	55
Chew Valley South	15	15	11	15	35	5	5	60
Clutton	30	16	15	25	45	10	10	90
<b>Combe Down (Fox Hill)</b>	<b>89</b>	<b>85</b>	<b>90</b>	<b>80</b>	<b>190</b>	<b>80</b>	<b>20</b>	<b>370</b>
Farmborough	31	20	22	25	45	5	5	80
High Littleton	40	30	32	25	55	10	5	95
Keynsham East	61	52	56	60	115	20	5	200
<b>Keynsham North</b>	<b>84</b>	<b>79</b>	<b>77</b>	<b>65</b>	<b>195</b>	<b>60</b>	<b>15</b>	<b>335</b>
<b>Keynsham South</b>	<b>77</b>	<b>65</b>	<b>68</b>	<b>65</b>	<b>165</b>	<b>55</b>	<b>15</b>	<b>300</b>
<b>Kingsmead</b>	<b>95</b>	<b>79</b>	<b>86</b>	<b>80</b>	<b>265</b>	<b>40</b>	<b>20</b>	<b>405</b>
Lambridge	61	63	61	55	155	30	15	255
Landsdown	72	52	47	65	145	20	10	240
Lyncombe	40	46	47	50	105	10	5	170
Mendip	13	16	21	25	55	15	5	100
Midsomer Norton North	84	62	63	60	130	30	5	225
Midsomer Norton Redfield	67	52	53	50	150	30	15	245
Newbridge	64	63	57	60	100	30	15	205
<b>Odd Down</b>	<b>92</b>	<b>81</b>	<b>76</b>	<b>85</b>	<b>185</b>	<b>60</b>	<b>10</b>	<b>340</b>
<b>Oldfield</b>	<b>84</b>	<b>74</b>	<b>79</b>	<b>80</b>	<b>235</b>	<b>50</b>	<b>10</b>	<b>375</b>
Paulton	64	56	55	55	180	50	10	295
Peasdown St John	75	97	98	85	195	45	10	335
Publow and Whitchurch	28	26	23	25	80	10	5	120
<b>Radstock</b>	<b>112</b>	<b>119</b>	<b>105</b>	<b>115</b>	<b>225</b>	<b>80</b>	<b>20</b>	<b>440</b>
Saltford	26	23	21	30	65	5	0	100
<b>Southdown</b>	<b>103</b>	<b>103</b>	<b>99</b>	<b>110</b>	<b>245</b>	<b>85</b>	<b>15</b>	<b>455</b>
Timsbury	28	25	31	30	80	15	0	125
<b>Twerton</b>	<b>158</b>	<b>164</b>	<b>155</b>	<b>165</b>	<b>425</b>	<b>160</b>	<b>30</b>	<b>780</b>
<b>Walcot</b>	<b>118</b>	<b>129</b>	<b>134</b>	<b>155</b>	<b>210</b>	<b>45</b>	<b>20</b>	<b>430</b>
Westfield	87	55	58	70	180	30	10	290
Westmoreland	79	64	53	80	175	10	10	275
Weston	58	55	50	60	145	40	10	255
Widcombe	77	66	76	75	110	15	20	220
<b>B&amp;NES Total</b>	<b>2357</b>	<b>2148</b>	<b>2122</b>	<b>2280</b>	<b>5350</b>	<b>1240</b>	<b>390</b>	<b>9260</b>

## Annex 3

### (JSA)/Unemployment Rate trend over time for those wards presently above the B&NES average of around 1.9% of working age population

Source: claimant count with rates and proportions; ONS Crown Copyright Reserved [Nomisweb.co.uk]

Date	Abbey		Combe Down (Foxhill)		Keynsham North		Keynsham South		Kingsmead	
	no.	rate	no.	rate	no.	rate	no.	rate	no.	rate
Feb-04	92	2.1	42	1.3	26	0.9	25	0.9	92	2.3
Nov-04	60	1.4	53	1.6	20	0.7	28	1	47	1.2
Feb-05	65	1.5	48	1.5	18	0.6	25	0.9	58	1.4
Nov-05	71	1.6	43	1.3	28	0.9	26	0.9	60	1.5
Feb-06	74	1.6	44	1.3	36	1.1	26	0.9	70	1.7
Nov-06	71	1.5	48	1.4	26	0.8	29	1	66	1.6
Feb-07	81	1.8	38	1.1	48	1.5	29	1	66	1.6
Nov-07	57	1.2	49	1.4	31	1	24	0.8	43	1
Dec-07	55	1.2	45	1.3	31	1	23	0.8	46	1.1
Jan-08	61	1.3	51	1.5	29	0.9	25	0.8	53	1.3
Feb-08	66	1.4	44	1.3	21	0.6	32	1.1	55	1.3
Nov-08	77	1.7	56	1.6	44	1.4	41	1.4	61	1.4
Dec-08	83	1.8	65	1.9	46	1.4	46	1.6	55	1.3
Jan-09	93	2	57	1.6	48	1.5	54	1.8	69	1.6
Feb-09	126	2.8	75	2.2	67	2.1	60	2	84	2
Mar-09	112	2.5	83	2.4	78	2.4	64	2.2	88	2.1
Apr-09	111	2.4	84	2.4	86	2.7	65	2.2	93	2.2
May-09	116	2.5	78	2.2	81	2.5	76	2.6	94	2.2
Jun-09	103	2.3	89	2.6	84	2.6	77	2.6	95	2.2
Jul-09	109	2.4	91	2.6	88	2.7	76	2.6	93	2.2
Aug-09	118	2.6	90	2.6	78	2.4	78	2.6	95	2.2
Sep-09	113	2.5	92	2.7	73	2.3	70	2.4	92	2.2
Oct-09	115	2.5	81	2.3	79	2.4	73	2.5	96	2.3
Nov-09	105	2.3	85	2.4	77	2.4	72	2.4	88	2.1
Dec-09	93	2	92	2.7	77	2.4	71	2.4	92	2.2
Jan-10	112	2.5	100	2.9	100	3.1	83	2.8	92	2.2
Feb-10	122	2.7	104	3	103	3.2	85	2.9	101	2.4
Mar-10	111	2.4	107	3.1	101	3.1	81	2.7	102	2.4
Apr-10	102	2.2	99	2.9	98	3	73	2.5	96	2.3
May-10	98	2.1	85	2.4	88	2.7	71	2.4	91	2.2
Jun-10	93	2	85	2.4	79	2.4	65	2.2	79	1.9
Jul-10	100	2.2	90	2.6	77	2.4	68	2.3	86	2

Date	Odd Down		Peasedown		Radstock		Southdown		Twerton		Walcot	
	no.	rate	no.	rate	no.	rate	no.	rate	no.	rate	no.	rate
Feb-04	51	1.5	27	0.6	27	0.8	61	1.7	84	2.5	97	2.2
Nov-04	31	0.9	21	0.5	22	0.6	39	1.1	61	1.8	69	1.6
Feb-05	28	0.8	31	0.7	38	1.1	36	1	63	1.8	79	1.8
Nov-05	31	0.9	29	0.7	19	0.5	54	1.5	95	2.8	76	1.7
Feb-06	39	1.1	31	0.7	48	1.3	67	1.8	87	2.4	91	2
Nov-06	45	1.2	37	0.9	40	1.1	52	1.4	82	2.3	88	1.9
Feb-07	39	1	41	0.9	50	1.3	49	1.3	85	2.3	75	1.6
Nov-07	42	1.1	20	0.5	45	1.2	42	1.1	80	2.2	56	1.2
Dec-07	38	1	24	0.6	52	1.4	34	0.9	81	2.2	63	1.4
Jan-08	34	0.9	26	0.6	55	1.5	41	1.1	82	2.2	70	1.5
Feb-08	42	1.1	31	0.7	53	1.4	40	1	88	2.4	70	1.5
Nov-08	64	1.7	50	1.2	75	2	42	1.1	94	2.6	71	1.6
Dec-08	64	1.7	56	1.3	84	2.3	58	1.5	102	2.8	91	2
Jan-09	72	1.9	65	1.5	83	2.2	64	1.7	115	3.1	103	2.3
Feb-09	80	2.1	95	2.2	91	2.4	91	2.4	142	3.9	109	2.4
Mar-09	93	2.5	92	2.1	106	2.8	99	2.6	151	4.1	132	2.9
Apr-09	106	2.8	92	2.1	110	3	101	2.6	155	4.2	133	2.9
May-09	96	2.5	92	2.1	111	3	92	2.4	159	4.4	116	2.5
Jun-09	92	2.4	97	2.2	112	3	103	2.7	158	4.3	118	2.6
Jul-09	88	2.3	97	2.2	113	3	108	2.8	164	4.5	136	3
Aug-09	94	2.5	96	2.2	113	3	116	3	169	4.6	154	3.4
Sep-09	96	2.5	100	2.3	115	3.1	116	3	171	4.7	151	3.3
Oct-09	102	2.7	81	1.9	107	2.9	114	3	178	4.9	162	3.5
Nov-09	101	2.7	88	2	118	3.2	123	3.2	166	4.5	166	3.6
Dec-09	84	2.2	90	2.1	115	3.1	117	3.1	164	4.5	151	3.3
Jan-10	99	2.6	95	2.2	131	3.5	110	2.9	186	5.1	152	3.3
Feb-10	93	2.5	104	2.4	136	3.6	115	3	186	5.1	144	3.1
Mar-10	88	2.3	100	2.3	141	3.8	112	2.9	178	4.9	153	3.3
Apr-10	91	2.4	94	2.2	126	3.4	99	2.6	164	4.5	139	3
May-10	76	2	91	2.1	122	3.3	106	2.8	173	4.7	137	3
Jun-10	81	2.1	97	2.2	119	3.2	103	2.7	164	4.5	129	2.8
Jul-10	76	2	98	2.3	105	2.8	99	2.6	155	4.2	134	2.9



## Appendix 4: Summary of RDPs

### **Bath RDP**

The Bath Regeneration Delivery Plan sets out how the Council can deliver smarter, sustainable economic growth – attracting investment to generate above average Gross Value Added growth while using reduced resources. Bath is a regional hub, able to attract Higher Value Added jobs. Bath city centre and Western Corridor attracts financial services, creative industries, ICT, advanced engineering, retail and environmental technologies. An initial attractor to these High Value Added businesses is Bath’s environment (heritage and surrounding countryside) but in order to sustain its regional economic strengths the city must provide an appropriate range and quality of workspace, a highly skilled workforce, maintain an exceptional environment and have a proactive attitude to innovation and enterprise. The Regeneration Delivery Plan highlights that targeting deliverable development sites, delivering key infrastructure and having clear policy objectives while meeting the social, economic and environmental well being needs, will create smarter, sustainable economic growth throughout the plan period up until 2026.

*Summary of actions for the Bath RDP*

Bath	<ol style="list-style-type: none"> <li>1. Implement the flood mitigation strategy to maximise river corridor sites</li> <li>2. Complete and implement the parking strategy</li> <li>3. Implement proposals for transport interventions</li> <li>4. Complete and adopt the Building Heights Strategy</li> </ol>
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### **Keynsham RDP**

Keynsham Town Centre Regeneration Delivery Plan aims to position Keynsham as a complementary commercial location to Bristol and Bath, with a strong retail offer focused on the High Street, enabling people to live and work in the town, and significantly reducing out commuting. It identifies the main challenges which face the town such as a high level of commuting, lack of quality large retail space, poor quality public realm and poor pedestrian connections between the park, High Street, car parks and train station. It identifies three key development areas which look to create new jobs, improve the shopping experience and improve the park. The former Cadburys site - Somerdale is key to delivering a significant number of new jobs for Keynsham.

*Summary of actions for the Keynsham RDP*

Keynsham	<ol style="list-style-type: none"> <li>1. Complete access and movement interventions</li> <li>2. Complete parking strategy</li> <li>3. Prepare a response to the consultation</li> <li>4. Support Kraft in selecting the right development partner for Somerdale</li> <li>5. Ensure detail brief for the Town Hall responds to</li> </ol>
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	the Regeneration Delivery Plan.
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### **Midsomer Norton RDP**

Midsomer Norton Town Centre Regeneration Delivery Plan aims to tackle issues currently facing the town supporting it to fulfil its role as the main market town for the Somer Valley, recognising the importance of a strong town centre in attracting and retaining businesses in the area. It identifies the main challenges which face the town centre such as lack of quality retail space, poor quality public realm, High Street dominated by traffic, poor pedestrian environment and sets out a strategy to address these. It identifies four key development areas along the High Street and proposes development principles which look to strengthen the shopping offer, create a mixed use centre and improve local attractions.

#### *Summary of actions for Midsomer Norton RDP*

Midsomer Norton	<ol style="list-style-type: none"> <li>1. Complete access and movement strategy</li> <li>2. Complete parking strategy</li> <li>3. Act as a facilitator of the redevelopment of the High Street core, initially arranging a landowners forum to discuss the potential of the development site.</li> <li>4. Develop strategy of delivering a new anchor food store in Midsomer Norton, using the council's land ownership at South Road and negotiating with Manchester Pension Fund over the existing supermarket site.</li> <li>5. Finalise masterplans for the delivery of key peripheral development sites such as the employment site at Old Mills.</li> </ol>
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Regeneration Delivery Plan 2010  
Evidence Base.

<b>Name</b>	<b>Date</b>	<b>Produced by</b>	<b>Web / Contact</b>
Proposal for B&NES Retail Strategy	December 2008	Urban Practitioners, DTZ, The Retail Group	<a href="#">LDF / RDP Evidence Base</a> <a href="http://www.bathnes.gov.uk/environmentandplanning/planning/localdevelopmentscheme/Pages/retailstrategy.aspx">http://www.bathnes.gov.uk/environmentandplanning/planning/localdevelopmentscheme/Pages/retailstrategy.aspx</a>
Visitor Accommodation Study	December 2009	The Tourism Company	<a href="#">LDF / RDP Evidence Base</a> <a href="http://www.bathnes.gov.uk/SiteCollectionDocuments/Environment%20and%20Planning/Visitor%20Accommodation%20Study%20Final%20Report.pdf">http://www.bathnes.gov.uk/SiteCollectionDocuments/Environment%20and%20Planning/Visitor%20Accommodation%20Study%20Final%20Report.pdf</a>
Business Growth & Employment Land Study	March 2009	Royer Tym & Partners, Cluttons	<a href="#">LDF / RDP Evidence Base</a> <a href="http://www.bathnes.gov.uk/SiteCollectionDocuments/Environment%20and%20Planning/BANES%20Business%20Growth%20Employment%20Land%20Study-%20web.pdf">http://www.bathnes.gov.uk/SiteCollectionDocuments/Environment%20and%20Planning/BANES%20Business%20Growth%20Employment%20Land%20Study-%20web.pdf</a>
Strategic Flood Risk Assessment	April 2008	Capita Symonds	<a href="#">LDF / RDP Evidence Base</a> <a href="http://www.bathnes.gov.uk/environmentandplanning/planning/localdevelopmentscheme/Pages/strategicfloodriskassessment.aspx">http://www.bathnes.gov.uk/environmentandplanning/planning/localdevelopmentscheme/Pages/strategicfloodriskassessment.aspx</a>
Flood Risk Management Strategy – Scoping Study	May 2009	Bath & North East Somerset Council	<a href="#">LDF / RDP Evidence Base</a> <a href="http://www.bathnes.gov.uk/environmentandplanning/planning/localdevelopmentscheme/Pages/floodriskmanagementstrategy.aspx">http://www.bathnes.gov.uk/environmentandplanning/planning/localdevelopmentscheme/Pages/floodriskmanagementstrategy.aspx</a>
Public Realm & Movement Strategy	May 2009	Bath & North East Somerset Council	<a href="http://www.bathnes.gov.uk/publicrealm">www.bathnes.gov.uk/publicrealm</a>

Local Economic Assessment	May 2010	SQW Consulting	Development & Regeneration 01225 477748 <a href="mailto:development_regeneration@bathnes.gov.uk">development_regeneration@bathnes.gov.uk</a>
Creative Industries Hotsheet SWERDA	2009	South West Regional Development Agency	<a href="http://www.southwestrda.org.uk">www.southwestrda.org.uk</a> South West Regional Development Agency 0117 933 0249 enquiries@southwestrda.org.uk
Creative Industries in B&NES	July 2009	GWE Business West	GWE Business West Jim Plunkett-Cole <a href="mailto:jim.pc@gwebusinesswest.co.uk">jim.pc@gwebusinesswest.co.uk</a>
Worklessness Assessment	August 2010	Bath & North East Somerset	Development & Regeneration 01225 477748 <a href="mailto:development_regeneration@bathnes.gov.uk">development_regeneration@bathnes.gov.uk</a>
Smart Growth Report	Nov 2010 Due date	GWE Business West	GWE Business West Jim Plunkett-Cole <a href="mailto:jim.pc@gwebusinesswest.co.uk">jim.pc@gwebusinesswest.co.uk</a>
Destination Management Plan	Oct 2007	The Tourism Company	<a href="#">LDF / RDP Evidence Base</a> <a href="http://www.bathnes.gov.uk/SiteCollectionDocuments/Environment%20and%20Planning/Bath%20and%20North%20East%20Somerset%20Destination%20Management%20Plan.pdf">http://www.bathnes.gov.uk/SiteCollectionDocuments/Environment%20and%20Planning/Bath%20and%20North%20East%20Somerset%20Destination%20Management%20Plan.pdf</a>
Cultural Study	October 2007	ABL Cultural Consulting	<a href="#">LDF / RDP Evidence Base</a> <a href="http://www.bathnes.gov.uk/leisureandculture/artsandentertainment/artsdevelopment/Pages/Cultural%20Facility%20Feasibility%20Study.aspx">http://www.bathnes.gov.uk/leisureandculture/artsandentertainment/artsdevelopment/Pages/Cultural%20Facility%20Feasibility%20Study.aspx</a>
Green Spaces Strategy	Nov/Dec 2006	Bath & North East Somerset	<a href="#">LDF / RDP Evidence Base</a> <a href="http://www.bathnes.gov.uk/environmentandplanning/parksandopenspaces/Pages/consult.aspx">http://www.bathnes.gov.uk/environmentandplanning/parksandopenspaces/Pages/consult.aspx</a>
West of England Strategic Housing Market Assessment (SHIMA)	June 2009	The West of England Partnership	<a href="http://www.westofengland.org/planning--housing/housing-market-partnership/strategic-">http://www.westofengland.org/planning--housing/housing-market-partnership/strategic-</a>

APPENDIX 5

				<a href="#">housing-market-assessment</a>
Urban Design Led Review: Bath City Centre Sites	May 2009	Vaughan Thompson Joe Edgard Finlay McNab		<a href="#">LDF / RDP Evidence Base</a> <a href="http://www.bathnes.gov.uk/SiteCollectionDocuments/Environment%20and%20Planning/City%20centre%20sites%20draft%20reportv5%20web.pdf">http://www.bathnes.gov.uk/SiteCollectionDocuments/Environment%20and%20Planning/City%20centre%20sites%20draft%20reportv5%20web.pdf</a>
Urban Design Led Review: BWR / Green Park Station	April 2009	Vaughan Thompson Joe Edgard Finlay McNab		<a href="#">LDF / RDP Evidence Base</a> <a href="http://www.bathnes.gov.uk/SiteCollectionDocuments/Environment%20and%20Planning/BWR%20Report%20Final%20Draftv3%20web.pdf">http://www.bathnes.gov.uk/SiteCollectionDocuments/Environment%20and%20Planning/BWR%20Report%20Final%20Draftv3%20web.pdf</a>
CABE Urban Extensions Workshop	July 2008	Bath & North East Somerset CABE		<a href="#">LDF / RDP Evidence Base</a> <a href="http://www.bathnes.gov.uk/SiteCollectionDocuments/Environment%20and%20Planning/CABE%20workshop%20rpt%20feb09%20FINAL.pdf">http://www.bathnes.gov.uk/SiteCollectionDocuments/Environment%20and%20Planning/CABE%20workshop%20rpt%20feb09%20FINAL.pdf</a>

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## LIST OF POTENTIAL INTERVENTIONS IN THE LOCAL ECONOMY

To support the Economic Growth Scenarios set out in the report the following are a list of potential economic interventions which could be considered to support and encourage business and employment growth

Each potential intervention will be appraised by researching successful examples and associated case studies, identifying outputs and impacts and assessing their relevance and application to economic conditions in B&NES

A report will be produced setting out how individual interventions could be applied to facilitate the delivery of specific Growth Scenarios

- ❖ **Support for Design**
  - Including product development
- ❖ **Support for Branding**
  - Building on “place” and “unique selling points”
- ❖ **Support for Quality & Standards**
  - And how this can be used to promote supply chains
- ❖ **Land & premises infrastructure**
  - Successful interventions to address market failure
- ❖ **Transport**
  - supporting business needs & encouraging business engagement
- ❖ **Tax Credits and Grants**
  - Taking advantage of emerging Govt. initiatives & EU programmes
- ❖ **Support for Sector Networks & Partnerships**
  - I Nets & key sector strengths in B&NES
- ❖ **Skills Development**
  - Links to Sector Skills Councils
- ❖ **R&D and innovation**
  - Using University & business specialisms
- ❖ **Effective pathways to university collaboration**
  - Purpose / mechanisms / outputs
- ❖ **Leadership & management**
  - Effective Partnerships for the promotion of economic development

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## Agenda Item for Cabinet – 3 November 2010

### Report of the Deputy Leader and (in respect of Section 5) the Leader of Council

#### Development of Strategy in response to Coalition Government plans and Public Sector Finances

##### 1. Background

The Coalition Government has inherited a public sector finance crisis with a net deficit in 2009/10 of £157bn. Immediate steps were taken in the June 2010 budget to reduce the deficit by some £6bn with approximately 21% falling on local government. For B&NES this meant a cut of £1.8m pa in revenue funding (equivalent to 2.5% on Council Tax) and a £1.8m reduction in capital funding alongside notice that Coalition Government funding of other critical B&NES capital schemes was to be reviewed. It is noted that the savings in 2010/11 have been taken by the Coalition Government but that the costs (£867k) of implementing the savings (including redundancies and meeting contractual commitments) have fallen to B&NES and have required additional efficiencies and / or cuts beyond the headline figures quoted. The Council has taken appropriate action to implement the Coalition Government required cuts and, despite the scale thereof, still expects to deliver a 2010/11 revenue expenditure outturn within the original budget and direct contingency.

The direct impact of the Comprehensive Spending Review (CSR) - and its £81bn of public spending and tax raising measures - on B&NES Council will not be known until December 2010 when final grant details are announced. However, with regard to government revenue grant funding, the assumption for Council medium term service and resource plans has been for a 30% reduction over four years in general and specific grants (excluding schools which are ringfenced in the Direct Schools Budget). The local government settlement announced in the CSR was for a 28% reduction over four years and was therefore broadly in line with our projections. The Direct Schools Budget was protected and included provision for a pupil premium for children from disadvantaged backgrounds.

The CSR provides for the removal of ring fencing of a number of grants and for transfer to the general formula grant distribution arrangements to all authorities. This is of some concern as under the formula arrangements the Council has historically received some £2.5m per annum less than its Government calculated needs entitlement due to 'damping' or, in layman's language, the protection by Government of other authorities who should be getting less on a needs basis than they currently are. The December final settlement details are therefore crucial to see the extent to which damping is maintained and how it is applied. We will be making appropriate representations for fair treatment via our MPs, the Local Government Association and otherwise.

The scale of the projected reduction in local government revenue funding is such that it cannot be met by efficiencies alone. The Council is already one of the lowest funded unitary authorities. There will need to be even greater prioritisation of services to reflect community demands and the Coalition Government's policies / diktat. This will lead to cuts in certain services which are lower priorities together with related staffing reductions. There will need

to be an emphasis on service redesign. In this connection it is noted that the Coalition Government Plans in key areas (e.g. education, health and social services etc) will also have a major impact on the Council's medium term planning both directly and with key partners (including the NHS, the Police and the voluntary / community sector).

Capital funding is expected to reduce by an average of 45% over four years across local authority responsibilities including education and transport.

The purpose of this paper is to consider / confirm a strategic steer by the Cabinet in key areas of the Council's business to reflect the expected impact of the Coalition Government's plans including the CSR. It also provides the background to requests that have been made to the Chief Executive to put forward proposals to Council on certain immediate issues (such as the Joint Health & Social Care Provider and the Commercial Estate) and with a view to developing a revised management structure appropriate for the B&NES Council of the future.

The management structure should take into account the Council's prospective funding and related service reduction, the implications of Coalition Government policy more generally (particularly as related to Education and Health / Social Services) and reflect the increasing emphasis on commissioning / 'core' / empowerment of communities. The Chief Executive has been asked to ensure that there are significant and ongoing management cost savings while ensuring transition can be effectively managed.

## 2. Council Priorities

The Council has established eight priorities and the strategic steer given should continue to reflect these priorities:-

- \* Improving Transport and the Public Realm
- \* Building Communities where people feel safe and secure
- \* Sustainable Growth
- \* Promoting the independence of older people
- \* Improving the availability of affordable housing
- \* Better lives for children and young people
- \* Improved school buildings
- \* Tackling the causes and effects of climate change

It is inevitable given the scale of reduction in local government funding envisaged that there will need to be a degree of prioritisation as between the priorities listed and indeed further prioritisation within each priority. The organisational approach we adopt should be to maximise efficiencies but there will be a limit; to consider whether a service is actually necessary or being delivered at the right level or in the right way (is a bronze standard rather than a gold standard appropriate?); can things be done differently? (working with statutory partners, the voluntary sector, the private sector, local communities); and lastly and

regrettably is a cut in service necessary and unavoidable as we prioritise resources?

It is critical that the Council should continue to prioritise the vulnerable. Similarly (as funds become even more precious) it is very important that there is an appropriate emphasis on disadvantaged communities. These issues in particular will help inform the increased targeting of relevant services both directly and in partnership with others. It should also be recognised that service redesign can lead to increased quality and customer responsiveness as well as reducing cost. The recent work undertaken in Revenues and Benefits is a very good example with reducing costs, claims periods reducing from 30 to 3 days and improved customer satisfaction. Other elements of the Council's Change Programme can point to similar improvements in service performance while delivering substantial cost savings.

It should also be recognised that there needs to be a balance in overall spending to achieve the long term goal of truly sustainable communities both of place and people. We need to continue to invest for the future and not just concentrate on short term financial pressures.

The strategic steer that the Cabinet gives should ensure that the current priorities are re-affirmed and that key principles as regards the vulnerable and disadvantaged communities are re-enforced. We need to assure our community and our staff that while the scale of the financial challenge is massive, we have the capacity to manage the impact of the changes while remaining consistent with the key priorities and principles that have already been established. There will need to be changes but we are better prepared than most Councils to deal with the financial shock to the system which is now with us. This is reflected in the current position and approach of our key services and partnerships (see below) and in the Council's financial standing.

### 3. Council's Financial Position

The Council's budget and financial plan for 2011 and beyond will be prepared against the background and benefit of sound financial management.

\* The Council has set and delivered revenue budgets over many years without any call on one-off reserves. This has been due to strong Member and Officer discipline in terms of living within our means and collective responsibility and awareness. In the current financial year the Administration resisted pressure from various quarters to spend reserves to cover recurring revenue budget pressures.

\* The Council has a Council Tax below national average notwithstanding it is one of the lowest funded unitary authorities and has some £2.5m per annum of its grant 'damped' / lost.

\* It has consistently delivered Value for Money in key services and exceeded the efficiency savings targets set by Government - generating a cumulative £17.8 million per annum of cash efficiency savings over the four year period.

\* The Council has the required level of risk-based reserves (approx. £10.5m) to cover the range of current corporate and other risks. In addition to these reserves (and having anticipated the impact of the public sector finance crisis) it has also set aside reserves for Restructuring (£2m) and for Medium Term Financial Challenge (£2m). Together with the £2.3m underspend for 2009/10 reported to Cabinet in July 2010 and the possible release of £3m set aside in 2009/10 and 2010/11 for prospective additional employer pension contributions, it has a sound / strong reserves position. (The pension reserve may not now be required due to changes in the inflation assumption being established by the Coalition Government, the recent performance of the Fund, and the CSR proposals for increased employee contributions). While the Council's reserves position is strong particularly when compared to many other local authorities, the reserves can only be spent once and cannot cover recurring budget pressures for any significant period - in this connection the reserves need to be seen against the background of an annual revenue and capital spend of over £400m. If reserves need to be spent then they should be to restructure or 'invest to save' such that there is a longer term sustainable service and financial position.

The Council's financial position gives it the flexibility to plan effectively for the troubles ahead and without panic. However, the prospective changes in key services mean that the reserves (beyond the risk-based reserves) will be needed to fund the restructuring and other costs to deal with the reductions in Government grant funding and the management of the transition to less service provision over the next few years as we have to live within less means. The Council will also need to consider its approach to Council Tax increases - the Coalition Government has signalled funding for no increase in 2011/12 and this will be included in Cabinet's budget proposals. Consideration will also need to be given to fee levels and areas of activity where significant income is generated - in particular the Commercial Estate (as to which see below); the Roman Baths; and Parking (albeit in the case of the last such income must be used only for specific purposes).

The remainder of this paper will concentrate on headline changes in certain key services as a result of Coalition Government Plans (including the CSR) and the expected impact on the Council's activities and plans. More detail will be provided in individual service and resource plans that will be going through O&S panels and staff and community consultative processes and this paper is not in any way intended to be a substitute for formal processes or indeed informal processes and discussions that are appropriate during a time of great uncertainty and as firm plans are developed.

#### 4. Children's Services

##### i) Schools / Education

The Coalition Government's Academy arrangements will change both the nature of the Council's role as a Local Education Authority (LEA) and indeed the range of activities which it is engaged in and has a capacity so to do at an appropriate level of critical mass.

Over recent years the Council has conducted a series of area and sector school reviews that have led to improved standards, a much improved environment for education in our schools and the related elimination of surplus places in primary and special schools. The Council is currently in the process of finalising a review of secondary schools including the proposed consultation as to the closure of Culverhay, the conversion of Oldfield to a co-ed (and as an Academy), and the proposed faith federation of St. Gregory's and St. Mark's. Many of the decisions have not been easy but they were necessary. As a result of the decisions that have been made there is now a sound basis for those schools who wish to pursue Academy status to do so with the Council's support. It is probable that most of our secondary schools over the next few years will pursue Academy status; that will mean that they will take with them not just the relevant portion of the central Education spending but also a proportion of the corporate (support services) spending. Similarly, a number of our primary schools may also decide (as has Trinity) to pursue Academy status with a similar impact on the Council / LEA.

Against the background of Academies and the related transfer of funding, the Council will need to consider its LEA role. It is suggested that the primary emphasis for the Council in the future will be Community Leadership and the direct and indirect influence of Admissions to ensure that our children and communities are treated equitably. The Council will continue to commission / provide school transport but there will be questions over whether certain other services should be transferred to schools directly in some form, provided in partnership with other local authorities or (in the absence of funding to the Council) discontinued entirely.

The Council has generally excellent relationships with its schools and it will need to continue to work closely with them to consider the potential impact of Academies and to manage accordingly. Aside from direct LEA responsibilities there is obviously a potentially significant impact on the demand for central support services and related funding that will need to be considered. It will also be necessary to discuss and agree with our schools the approach to the funding of school buildings in a post Academy world. Who provides what in future in terms of property maintenance? What happens to capital receipts (which have historically been ring-fenced by the Council for schools and, where appropriate and by agreement, used beyond the individual school to which they may relate)? These issues will need to be addressed as Academy funding arrangements and the implications for the Council and all schools are clarified.

## ii) Youth Service

At the time of the 2010/11 budget, the Administration made clear that it expected the model for Youth Services to change with an increasing emphasis on targeting particular groups / communities (rather than universal provision) and, where appropriate, the support and enablement of local communities to develop local arrangements without the degree of dependence on Council employed staff to run, for example, local youth clubs / activities. Consultation is currently ongoing as regards changes in the structure of Youth Services. However, the increased targeting of reducing resources can probably be viewed as a

precursor for certain other Council services.

iii) Children's Social Services and Health

The Council and PCT enjoy close working relationships across Children's Social Services and Health and Children's Services are already included within the Council / PCT partnership and under the Health & Wellbeing Partnership Board - see also comments under Section 5 below.

With the demise of Children's Trusts (under the Coalition Government plans), it would seem the model of cooperative working that we have locally can be viewed as an exemplar for future arrangements envisaged nationally. Both the Council and the PCT have recognised the importance of close working in Children's Services, Adult Services and Public Health and they are a joint responsibility under the Health & Wellbeing Partnership Board and subject to contractual arrangements. There is already strong evidence of successes achieved which need to be built on for the future and these must not be lost as Academies are established on the Education side or as GP Commissioning Consortia are established on the Health side.

Safeguarding and Patient / Client Safety will continue to be the highest priorities for the Partnership. There will need to be close attention as to how this is managed in any new arrangements.

5. Adult Social Care, Health & Housing - **Responsible Cabinet Member for purpose of this report - Cllr. Haeberling, Leader. As Chairman of the Primary Care Trust, Cllr. Hanney has a personal interest in this section of the report.**

The recent Health White Paper makes clear the Coalition Government's objectives as regards the NHS. Key features include:-

\* the establishment of GP Commissioning Consortia (and the demise of PCTs by April 2013);

\* the transfer of Public Health to local authorities;

\*the role of Health & Wellbeing Boards – 'to take on the function of joining up the commissioning of local NHS services, social care and health improvement. These Health and Wellbeing boards will allow local authorities to take a strategic approach and promote integration across health and adult social care, children's services, including safeguarding, and the wider local authority agenda.'

\* the required transfer of the provider elements of PCTs to other organisations by April 2012 with substantive progress required by April 2011.

The impact of each of these on the Council and the current extensive partnership with NHS Bath & North East Somerset will be considered in turn:-

i) The establishment of GP Commissioning Consortia

NHS B&NES and the current Health & Wellbeing Partnership Board (Council / PCT) have always been clear that their objective is for clinical and professional leadership supported by management within an overall strategy determined by the Health & Wellbeing Partnership Board and its partners. The Coalition Government's decision to establish GP Commissioning Consortia gives even greater emphasis to clinical leadership. Existing relationships as between the Council and GPs (and other clinicians) will need to be strengthened during the transition. No final decisions have yet been made as to the possible configuration or approach of GP Commissioning Consortia within B&NES. This is a matter for GPs and the NHS Commissioning Board but representations are being made nationally by local government that the views of local authorities and communities must be taken into account particularly given the overall objectives of the White Paper. The initial indication in B&NES is that there will be one GP Consortium which would be very helpful for joint planning and working.

The Council will be concerned to ensure that the existing joint planning and joint commissioning arrangements across health, social care and housing and with the broader links to public health are valued, coordinated, integrated (where appropriate) and developed. It would be a retrograde step if GP Commissioning Consortia focused only on NHS Commissioning rather than working closely with the Council and other partners in terms of the full care pathways across Health and Social Care and on the public health agenda. The risks (including patient / client outcomes and financial impact) of undue separation to both the Council and the NHS are significant and not least to the shared population served which has benefited from the existing joint arrangements in place. The Coalition Government has signalled the importance of the close links as between Health and Social Care in the CSR. Funding increasing to £1bn over 4 years has been provided to local authorities to support the pressures of the Social Care budget with a similar amount allocated to the NHS to support social care and to 'break down the barriers between the NHS and social care.' The total of £2 billion pa by 2014/5 for additional funding for social care needs to be seen in the context of pressures estimated at £6 billion nationally. Similarly, while the NHS funding is protected in real terms, similar demographic pressures and estimated drug / treatment cost pressures will mean that some 15-20% of current NHS spend will need to be eliminated by efficiencies and otherwise - the QIPP agenda (Quality, Innovation, Productivity and Prevention) is relevant in this respect.

The Council will want to work with GPs to ensure that arrangements are in place across B&NES that are sustainable and consistent. (A single GP commissioning consortium would minimise the risk of different approaches to working with social care unless justified by very particular local circumstances.)

The Council would wish to work with GPs and with current Joint Commissioning Staff to ascertain whether an 'offer' can be put to GPs to support effectively and on a financially viable basis a GP Commissioning Consortia arrangement within B&NES. If a satisfactory



arrangement can be mutually developed there will be overall cost efficiency savings, the avoidance of unnecessary TUPE transfers, and the possible minimisation of inappropriate redundancies and related costs.

#### ii) The transfer of Public Health to local authorities

There is already a Joint Director of Public Health in B&NES and public health falls within the current responsibilities of the Health & Wellbeing Partnership Board. The transfer of public health is not inconsistent with the Council's responsibilities for many services which have an impact on the determinants of health - education, housing, planning / regeneration, transportation, environmental health etc.

It will be important for the Council to manage the transfer of the service and related staffing effectively and not to lose key people or the links with NHS organisations. Similarly it will be important for the Council to work closely with GP Commissioning Consortia in progressing the public health agenda.

It is expected that public health budgets will be ring-fenced. Such a ring-fencing will be of little value if the Council does not continue to prioritise vulnerable people and disadvantaged communities. Similarly the transfer will be sub-optimal unless the Director of Public Health is seeking to (and is allowed to) influence strategy at the highest levels to achieve public health goals.

#### iii) Health & Wellbeing (HWB) Board

B&NES is believed to be unique in terms of having a Health & Wellbeing Partnership Board that includes responsibility for Children's Services, Adult Services (Health, Social Care and Housing) and Public Health. Although B&NES has had a Children's Trust it has also seen the importance of having Children's Services within the HWB Partnership Board. With the demise of Children's Trusts our current HWB Partnership Board may be said to have 'anticipated' the requirements of the Coalition Government's White Paper.

Similarly the composition of the current HWB Board has many similarities with the requirements of the White Paper in terms of composition. We currently have the Leader, Cabinet Members for Children and Adults, Council Chief Executive, Strategic Director of Children's Services, Joint Director of Public Health, Acting Chief Executive of PCT / Strategic Director of Adult Social Care & Housing, the Chair and 2 Non-executive directors of the PCT, and the GP Chair of the Professional Executive Committee. The composition will need to change but predominantly to reflect NHS changes with a greater clinical representation and to take account of the future demise of the PCT.

Along with the establishment of the new HWB Board, the Council's health scrutiny function, which has been a very valuable contributor to improved partnership working and patient / public accountability, will disappear / be incorporated within the new arrangements. There will also be a growing emphasis on patient and public involvement and a transition of the



current LINKs (Local and Involvement Networks) to 'Healthwatch'.

iv) The Joint Provider

The Council and PCT has established within its existing organisational structure a Joint Provider for Social Services and Health which has some 1,700 staff. The current Managing Director of the Joint Provider is a Council employee and senior management comprises both Council and NHS staff. Increasing autonomy (from the PCT Board in particular) has been given in the light of both the previous Government's and the Coalition Government's avowed intentions to transfer Provider Services from PCTs.

A paper will be going to Council in November with detailed options on proposals for a vehicle to deliver the Joint Provider services. Overview & Scrutiny will also have considered the issue at its meeting on 28 October 2010. Whilst the NHS has still not fully developed its requirements in this respect and further review is required by the Council and Partnership, it does appear at the time of writing this paper that a Social Enterprise vehicle under the auspices of the Local Strategic Partnership is likely to be the favoured option.

For the purpose of this paper, it is probably appropriate only to indicate that it is believed that a viable proposal can be developed and that such a vehicle (given the Coalition Government's requirements) is likely to be in the best interests of patients / clients, the community and staff. There will be a lot of work required to progress such a proposal in the required timeframe.

Over time it is expected that any Joint Provider will expect a degree of autonomy (after a period of transition) in terms of the purchase of relevant support services. The Coalition Government as well as the Council and PCT / GP Commissioning Consortia will expect the Joint Provider to be providing value for money and improving services. As the Joint Provider is expected to compete on service quality and other factors (including price) with other providers (both statutory and otherwise) it will need to know its support service costs are optimal. The Council and the NHS individually and jointly will need to ensure support service arrangements offered are cost efficient as compared to other alternatives.

The alternative to maintaining a joint provider from the Council's perspective would most probably be 'divorce' of the Health and Social Care elements with the latter returning to the Council. The loss of 'join-up' would not only be contrary to the objectives of the Coalition Government but also a loss of existing joint teams and services that have been effective and valued by B&NES patients and clients. It is also believed that neither the Council's Social Services Provider nor the PCT's Provider would be of sufficient critical mass to operate independently on a cost or indeed service efficient basis. The opportunity for efficiencies by working together would also be lost. To the extent that either the Council and / or PCT operate other than at critical mass (and together) there is a greater risk of predatory providers on some elements of key services with consequential impact on overall service provision and related staffing.

The decision on the Joint Provider is a matter for Council (unless it can be established within the budget set by Council in which case it would be a Cabinet decision) and the PCT Board (in the latter case taking into account views of GPs) and having regard to resident considerations.

There are major changes planned in this area and there remains a significant amount of continuing uncertainty (e.g. with regard to GP Commissioning Consortia). The Council and NHS have a strong and effective partnership and it is very important that this is maintained and developed. The scale of change is potentially a cause for concern for all relevant staff and as much clarity and certainty as regards future arrangements needs to be given as soon as reasonably practicable.

## 6. Customer Services / Service Delivery

The scale of future organisational change for this area may initially appear to be somewhat less than for Children's Services and 'Adult Services' as detailed in paragraphs 4 and 5 above. Such a view may be somewhat misleading particularly given the change that is already in process.

Successive B&NES Councils have prioritised Education and Social Services consistent with successive national government requirements. However B&NES Councils' approach (and related funding priority) has also reflected the importance given locally to education (fully justified by outcomes including but not limited to the national ranking performance of our schools) and to the support of those most vulnerable in our communities.

For Customer Services this has often meant that resources have been very tight. The last budget recognised a particular issue (i.e. Highway Maintenance) and injected an additional £3m of funding to deal with a combination of a harsh winter and a need to invest more to avoid an escalating problem. Ongoing commitments of such a level will be challenging; continuing investment will though be necessary - if a problem is not sorted today it will cost up to 10 times more tomorrow.

The Planning Service has been changing its delivery and process arrangements particularly for Development Control as it has had to meet challenging targets and the need to prioritise. There has been both an elimination of posts and some redundancies. There is a pressure by many residents and communities for more to be spent on certain functions including enforcement. However, future funding will continue to be challenging as the Council deals with the public sector finance pressures detailed in 1 above and as otherwise described in this paper. In essence we will not be able to spend more on a particular service until we have identified the means to deliver overall financial balance. If a service or indeed the community wants to spend more it will first have to say where it will spend less.

At a Strategic Planning level the Council will be one of the first Councils, if not the first

Council, to publish its Core Strategy following the demise of Regional Spatial Strategies and top down prescription - that is if Council approves in early December. A significant amount of work has been done to ensure the Core Strategy is evidence based, appropriately considers the responses from earlier consultations, and links the planning of housing, jobs and infrastructure cohesively. This is very important for the future of Bath and North East Somerset.

Some further observations:-

i) The number of minor highways schemes will need to reduce reflecting the expected cut in capital funding and indeed the pressure on revenue funding including 'damping' which for the Council effectively means that it does not get the full amount of Local Transport Plan funding. Expectations of Communities will need to be realistic and managed and there may be disappointments as we will be unable to deliver the range and nature of schemes that we have hitherto or that communities would like to have.

ii) The successful partnerships with the business community (Bath Tourism Plus, Future Bath Plus etc) have enabled the area to come through the recession somewhat better than many other areas in the UK. Tourism has held up remarkably well (including the Roman Baths which is an important source of income for the Council) and this is one of the benefits of the partnership with the business sector. Future Bath Plus has brought together public and private financing which has led to the appointment of a City Centre Manager and the current consideration of a Business Improvement District proposal that will increase the funds available to be spent on matters important to the business community. There has been collective support for events and festivals that encourage footfall; cooperation and joint funding of a retail marketing campaign; the establishment of a Landlords' Forum etc.

It is important that the Council continues to work closely with the business community to promote the area. The Council's commercial income (Commercial Estate, Roman Baths, Parking) is aligned with the interests of business. If the BID proposal is successful the Council will be one of the largest contributors - that is how it should be.

iii) Despite financial pressures the Council has continued to promote recycling and Food Waste collections begin in October. The public will expect the continuation of an effective and efficient waste and recycling collection service. The Council has successfully implemented same day collections and not eliminated (as so many Councils have) a weekly collection of waste. There will be challenges to build on current performance but this is an area (as with street cleaning) where public expectations are high and that we will need to meet but within reducing resources.

iv) Libraries and Leisure facilities remain important to residents. As with other services we will need to continue to deliver innovatively within reasonable expectations but possibly with much reduced resource allocation.

v) There has been much pressure from certain quarters in recent years to increase free or subsidised bus provision (including but not limited to free school bus travel for children and a subsidised Youth Travel card). The sources of additional funding in this area are not immediately obvious given the scale of local government finance pressure nationally, locally and within the relevant service / directorate. In order to fund such aspirations proponents will need to identify where services will otherwise be cut within the service or across the Council.

vi) Customer Connect (and more broadly the provision of portals for Council / Public Sector Services) will have an important role to play in future as there is a greater plurality of provision in public services. It will need to move from a concentration on Council Services to working out how it provides Customer Services functions and services to a wide range of providers including Academies, providers of Council Services (including for example existing third party providers e.g. domiciliary care) and indeed providers across the statutory, private and third sectors. There will need to be a balance as between contractual requirements and persuasion of providers to pay for what they get because of the quality and utility of the offer. This area will need much review as matters progress.

## 7. Support Services

The Council has been innovative in support services including the Partnership with Mouchel on IT, Human Resources / People Services and otherwise. It has also developed the partnership with the PCT with a view to delivering support services efficiencies over time.

The Coalition Government's decisions on Academies and Health as above have profound implications for both the Council's and PCT's support services functions (Finance, HR, IT and Facilities Management). The impact of Academies and loss of funding will need to be considered as will the future of the Joint Provider. There will need to be transitional arrangements but the bottom line impact is that there will be less direct Council services. This means that the Support Services functions cannot just charge out current costs or even modestly reducing costs to a much smaller group of Council providers. Historically the Council has transferred certain services to third party providers without always achieving an appropriate reduction in service and central support costs - e.g. Housing (to Somer), Leisure (to Aquaterra), Tourism (to Bath Tourism Plus), and Domiciliary Care (to various third parties). That won't work in the future.

There will have to be a step change in arrangements most probably with an emphasis on the 'Core' services remaining (including but not limited to Commissioning responsibilities). Other support services will have to reduce costs to levels that are viable as compared to other providers of support services whether public or private sector. This may involve partnerships with other Councils or public sector bodies, partnerships such as that currently with Mouchel, or transfer of such services e.g. to schools.

## 8. Other Services

The services referenced in this paper are not intended to be comprehensive. All services will need to be reviewed and there may be a number of services that we should stop because they are not critical mass and / or they are not cost effective and / or the returns are unjustified as compared to related risks and / or because they are not priorities but require significant management oversight. It will be for Divisional Directors to be robust in relevant reviews.

Clearly a number of our priorities require support from other partners such as the Police, Fire and Rescue and other partners who are also facing funding issues (with the Police, for example, having a 20% cut over 4 years) and we will need to work with these organisations to ensure the issues that are important to Bath & North East Somerset are protected where possible. The plans in place to deliver these will need to be reviewed and aspects of those plans reprioritised

## 9. Management

The Changes as indicated above are major. We need sufficient and high quality management to manage the Council's activities both through transition and for the B&NES Council of the future. However, if we experience cuts in government funding of the order of 28% over the next four years it is not an unreasonable expectation that our management costs should reduce by a similar or larger amount.

The Chief Executive is therefore requested to bring forward for consideration by Council an appropriate senior management structure to produce significant management costs savings as aforesaid while ensuring the effective management of transition. Management Cost savings of at least £2m pa by 2013/14 are sought with comparable reductions in the senior management structure.

## 10. Future Investment / Regeneration

The emphasis of the paper as above has largely been on the service changes envisaged as a result of the Coalition Government's Policies, the Council's preparedness, and the Cabinet's approach. It is going to be a very difficult time.

However, it is also important that the Council ensures appropriate investment for the future and supports the regeneration of the area including promoting and enabling the growth of the private sector as the public sector contracts. In this connection the very positive working we have had with the private sector including but not limited to Future Bath Plus, Bath Tourism Plus, Bath City Centre Management, Creative Bath (which we helped to set up) etc will stand us in good stead. At a time of great uncertainty it is perhaps also a time to celebrate the success we have had locally and to have some confidence for the future. Bath and B&NES is very well positioned - we have suffered less than many other areas of the UK.

Tourism continues to thrive and the Council's own Roman Baths continues to be a great success story benefiting from the £5.5 million refurbishment programme over the last 5 years. Retail in Bath (including the opening of SouthGate and Milsom Place) has done remarkably well and the Council has very low vacancies in the Commercial Estate which suggests / confirms that the new developments are enhancing the retail 'offer' rather than just competing. B&NES can be proud of the success of its Universities, the range and contributions of its creative sector and indeed other businesses who contribute so much to the local economy in terms of employment but also more broadly to our communities. We need to build on these successes and recognise that we have moved forward and are well placed to continue to move forward and we must not go into reverse.

#### i) Local Enterprise Partnership

Some of the regeneration work will be in conjunction with other Councils and business through the West of England Partnership and the proposed Local Enterprise Partnership (LEP). The Bristol, Bath and West of England area is a major generator of Gross Value Added (GVA) ranking, I believe, second in national terms after London. If the Coalition Government is to avoid even greater cuts to public spending and services than currently envisaged, then it needs growth. The West of England needs to plan for and provide an element of that growth and, as part of the compact with Government, get support for necessary infrastructure to deliver same from the £1.4 billion Regional Growth Fund and otherwise. B&NES will provide an important element of the sub-regional growth in terms of the smart economy, value added tourism, creative industries etc. We will need to work with our partners in the West of England to raise skills across the sub-region. Some of this work will be done locally and some in partnership.

Within the context of what is agreed in the Core Strategy in December and our local Economic Strategy (the latter being on the Cabinet's November Agenda with this paper), we will need to 'embrace' Coalition Government measures for a New Homes Bonus, Tax Incremental Finance, the Community Infrastructure Levy and bidding for Regional Growth Funds without which the sustainable level of growth sought locally may not be achieved.

The LEP arrangements will need to encourage cooperative working and empowerment particularly on delivery while ensuring that those matters that are appropriate for local decision-making as regards Strategy are decided locally and not unnecessarily at LEP level. There is no reason to believe satisfactory arrangements cannot be developed given past experience on Housing Strategy, Waste Strategy, and on Transport. It should also be recognised that if cooperation is not in place across the LEP then we will lose out to other areas / regions.

#### ii) Vision for B&NES and Commercial Estate

The Council has been successful alongside partners in developing Visions for B&NES urban settings (Bath, Keynsham and Somer Valley) and with a clear understanding as to the importance of having robust business plans to support. It is now clear that the level of

support previously expected from government is not guaranteed whether related to affordable housing finance and / or infrastructure. The Council was in a position to allocate £3m in the 2010/11 budget to affordable housing but for the future it will be increasingly difficult to fund affordable housing requirements directly from the Council - there will be a reliance on residential developments generating the prescribed 35% level of affordable housing. If affordable housing is prioritised as would be indicated from the Council's Priorities - see 2 above - then it may be more difficult to generate the level of planning gain necessary to support the required infrastructure improvement including public realm. In this connection the level of Coalition Government support for Housing as indicated at a national level in the CSR is of some concern in terms of delivering affordable housing objectives and particularly until the basis of allocation is somewhat clearer.

We are at a crossroads. Bath and indeed the B&NES area is attractive to potential businesses and investors. As indicated above the delivery of SouthGate in Bath is a major success which has been accompanied by other notable successes e.g. Milsom Place. The Roman Baths has been substantially upgraded; other key local 'attractions' have been upgraded e.g. The Theatre Royal and the Holburne each supported by a modest level of Council capital funding. All of this is important in terms of maintaining and improving Bath's retail and tourism destination offer. The Council's commitment to Keynsham Town Centre is critical to the future of that town and attracting other employers and businesses. Efforts have been made in Radstock but so far without the same level of success not least because of the difficulties in bringing large landowners such as NRR, Radco and the Council together with local leaders. In Midsomer Norton, the Council's continuing commitment to the Hollies has been important as will be its enabling role with regard to future improvements in the town.

However, we can't wait for the recession to end and public finances to recover before we progress regeneration further. We need to be well positioned and be clear that Bath and B&NES are going to outperform regional and national competitors. We also need to protect our Heritage while ensuring that there are new offices for employment and new houses built to meet unquestionable demand.

The Council which has an interest in many of the key development sites in Bath, Keynsham and the Somer Valley needs to develop a partnership or partnerships with appropriate investment and development partners to ensure the long term sustainable development of the area.

The Chief Executive is therefore asked to develop proposals with the Chief Property Officer and the Cabinet Member for Resources to achieve the following objectives for the Commercial Estate:-

\* Continuing to maximise the total long term return (income plus capital appreciation) of the Council's Commercial Estate

\* Protection of revenue income to Council particularly over next five years



\* Generation of significant Capital Receipts of up to £100m over the next 5 years to invest in and implement the Public Realm & Movement Strategy and other necessary infrastructure for the future sustainable development of Bath and Bath & NE Somerset (alongside Government funding and developer contributions). The capital receipts will also be used to implement the objectives of the World Heritage Site Plan and support the capital investment necessary for the development of cultural and leisure facilities that will enhance Bath / B&NES in terms of attracting and retaining businesses and residents. Any proposals regarding use of capital receipts for cultural or leisure facilities will need to be supported by robust business plans that do not require substantial revenue support from the Council other than within existing budgets as tempered by the future outlook for local government financing.

The generation of Capital Receipts is expected to come from working with partners with regard to the Commercial Estate and / or development opportunities within the Council's Corporate / Operational Estate. The overriding principle is that the Council's Commercial Estate will be enhanced by the proposed investment in public realm and infrastructure, World Heritage Site Management and cultural and leisure facilities and will be worth significantly more (adjusted for any partnership interests that will not include freehold interests) than the 'do nothing' alternative.

\*The Council wishes to identify partners who share the Council's long term vision for Bath and Bath & North East Somerset and who will be able to contribute capital, experience and value added to the Council's objectives as stated. In particular we want to identify a partner or partners who will take a long term view of the Estate while establishing and meeting appropriate short and medium term targets.

## 11. Conclusion

This paper has considered the impact of the Coalition Government's policy objectives in key areas and the likely reduction in local government funding. It has identified how the Council has responded to date and provided a steer for the future on services, partnerships, finance, priorities, management costs, and regeneration / the Commercial Estate.

Cabinet needs to consider / confirm the strategic steer given and provide further comments as may be appropriate. There are also some additional overriding criteria that may be helpful in developing future plans:-

i) The Council must retain democratic responsibility for outcomes and for all the services it funds to achieve those outcomes.

ii) The democratic accountability of Councillors places a responsibility on the Council to establish the needs of the community and provide community leadership.

iii) The future Council should be strategic rather than operational, focussed on convening



and working with partners and the community to prioritise and commission public services that provide value for money. The emphasis will be less on direct delivery than at present and there will be an increasing emphasis on individuals and our community(ies) taking on greater direct responsibility. In this respect the 'Big Society' is critical. There will be an increasing plurality of providers - public sector, community / voluntary sector, private sector and combinations of partnerships thereof.

iv) The Council will remain responsible for making policy, setting priorities and the annual budget and Council Tax, and working with its partners to commission and ensure delivery of outcomes for individuals and communities.

The paper confirms informal requests made to the Chief Executive to develop proposals for the next Council Meeting on the Health & Social Care Joint Provider and Management Costs. It will also be appropriate to advise Council as to the proposed development of partnership options for the Commercial Estate.

The Council is well placed to move forward while maintaining a high standard of service and services to its residents. There will be difficult decisions to be made and some will inevitably not be welcome by some residents or indeed by those staff whose jobs may be affected. We will need to engage effectively with Stakeholders (Service users, Residents, Staff and Unions, and Partners) as plans are progressed and implemented. How we manage the change will impact on the success of the Council and the area as a whole.

## 12. Note to Cabinet

This report has been seen by the Council's Head of Paid Service, Monitoring Officer and Section 151 Officer and where appropriate their comments have been incorporated. In accordance with the requirement that such Officers must be satisfied that the report contains all the information necessary to enable a decision or decisions to be made. The Officers are so satisfied.

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<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>Cabinet</b>	
MEETING DATE:	<b>3<sup>rd</sup> November 2010</b>	AGENDA ITEM NUMBER <b>14</b>
TITLE:	<b>Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2010 to September 2010</b>	EXECUTIVE FORWARD PLAN REFERENCE: <b>E 2129</b>
WARD:	All	
<b>AN OPEN PUBLIC ITEM</b>		
<p><b>List of attachments to this report</b></p> <p><b>Appendix 1:</b> Revenue &amp; Capital Monitoring Commentary  <b>Appendix 2:</b> Revenue Monitoring Statement: All Council Spending  <b>Appendix 3:</b> Capital Monitoring Statement: All Council Spending  <b>Appendices 4(i) &amp; 4(ii):</b> Proposed Revenue Virements &amp; Revised Revenue Cash Limits 2009/10  <b>Appendices 5(i), 5(ii):</b> Capital Programme Movements &amp; Revised Capital Cash Limits 2009/10  <b>Appendix 6:</b> Additions to the 2010/11 Capital Programme</p>		

**1 THE ISSUE**

1.1 This report presents the financial monitoring information for the Authority as a whole for the financial year 2010/11 to the end of September 2010.

**2 RECOMMENDATION**

The Cabinet agrees that:

2.1 Strategic Directors should continue to work towards managing within budget in the current year for their respective service areas, and to manage below budget where possible by not committing unnecessary expenditure, through tight budgetary control.

2.2 This year’s revenue budget position as shown in Appendix 2 is noted.

2.3 The capital expenditure position for the Council in the financial year to the end of September and the year end projections detailed in Appendix 3 of this report are noted.

2.4 The revenue virements listed for approval in Appendix 4(i) are agreed.

2.5 The changes in the capital programme listed in Appendix 5(i) are noted.

2.6 The additions to the 2010/11 Capital Programme as detailed in Appendix 6 are approved.

2.7 The efficiencies forecast for 2010/11, as described in 5.12 below, are noted.

### **3 FINANCIAL IMPLICATIONS**

3.1 The financial implications are contained within the body of the report.

### **4 CORPORATE PRIORITIES**

4.1 The annual service and resource planning process allocates scarce resources across services with alignment of these resources towards our corporate improvement priorities as set out in the Corporate Plan. This report monitors how the Council is performing against the financial targets set in February 2010 through the Budget setting process.

### **5 THE REPORT**

5.1 The Budget Management Scheme requires that the Cabinet consider the revenue and capital monitoring position four times per year.

5.2 For revenue, where overspent, services are expected to seek compensating savings to try and bring budgets back to balance.

5.3 Appendix 1 highlights significant areas of forecast over and under spends in revenue budgets. Appendix 2 outlines the Council's current revenue financial position for the 2010/11 financial year to the end of September 2010 by Cabinet Portfolio. The current forecast outturn position is for an under spend of £995,000 which equates to 0.4% of gross budgeted spend (excluding Schools). This forecast takes account of the impact of the governments in year cuts and the position will be closely monitored during the remainder of the financial year.

5.4 Appendix 3 outlines the current position for the 2010/11 Capital budget of £70.2m (excluding contingency), with a current forecast spend of £58.8m which is £11.4m less than the budget.

5.5 The total programme forecast to 2014/15 is expenditure of £299.1m (excluding contingency), which is £4.5m or 1.5% less than the total budget of £303.6m. The total programme is likely to increase over time as more certainty is established over funding and approval of projects.

5.6 The Council's financial position, along with its financial management arrangements and controls, are fundamental to continuing to plan and provide services in a managed way, particularly in light of the medium term financial challenge. Close monitoring of the financial situation provides information on new risks and pressures in service areas, and appropriate management actions are then identified and agreed to manage and mitigate those risks.

5.7 Revenue budget virements which require cabinet approval are listed in Appendix 4(i). Technical budget adjustments are also shown in Appendix 4(i) for information purposes as required by the Budget Management Scheme.

5.8 As part of its public sector deficit recovery plan, the government announced in June 2010 in year savings of £6 billion, with approximately 21% of this falling on local government. For the Council this meant a cut of £1.8m per annum in revenue funding (equivalent to 2.5% on Council Tax) and a £1.8m reduction in capital funding. The majority of these cuts have fallen in Children's Services.

- 5.9 The Council has had to fund £474,000 of one-off costs, including redundancy, to implement these cuts as well as having to fund £393,000 of the required cuts from other budgets as some of the savings from withdrawing services funded by the grant cannot be achieved until 1<sup>st</sup> April 2011. These costs have been funded through a one-off transfer from the forecast underspend in capital financing.
- 5.10 The Council has taken appropriate action to implement the Coalition Government required cuts and, despite the scale thereof, still expects to deliver a 2010/11 revenue expenditure outturn within its overall revenue budget.
- 5.11 Previously approved changes to the capital programme are listed in Appendix 5(i), while Appendix 5(ii) provides the updated capital programme allocated by Portfolio. Appendix 6 lists additions and adjustments to the 2010/11 capital programme, some of which were presented in the February budget report as italic items for information. Approval by Cabinet is requested for these items.
- 5.12 The Council is required to report its ongoing cashable efficiencies forecast and achieved each year for National Indication 179: Value for Money. Cashable Efficiency savings of £2.390m were achieved in 2007/08. The cumulative target for 2008/09 to 2010/11 is £15.062m (or 9.4% of the revenue & capital baseline). The actual efficiencies achieved as at the end of 2009/10 was £10.452m (6.5%), and additional efficiencies forecast for 2010/11 are currently £4.976m. If achieved, this would give total efficiencies for the three year block of £15.428m, which is £0.366m above the target. Looking at a full four year period from 2007/08 the total cashable efficiency savings would equate to £17.818m.

## **6 RISK MANAGEMENT**

- 6.1 The substance of this report is part of the Council's risk management process. The key risks in the Council's budget are assessed annually by each Strategic Director, with these risks re-assessed on a monthly basis as part of the budget monitoring process.

## **7 EQUALITIES**

- 7.1 This report provides information about the financial performance of the Council and therefore no specific equalities impact assessment has been carried out on the report.

## **8 RATIONALE**

- 8.1 The report is presented as part of the reporting of financial management and budgetary control required by the Council.

## **9 OTHER OPTIONS CONSIDERED**

- 9.1 None

## 10 CONSULTATION

10.1 Consultation has been carried out with the Deputy Leader of The Council & Cabinet Member for Resources, Strategic Directors, Section 151 Finance Officer, Chief Executive and Monitoring Officer.

## 11 ISSUES TO CONSIDER IN REACHING THE DECISION

11.1 This report deals with issues of a corporate nature.

## 12 ADVICE SOUGHT

12.1 The Council's Monitoring Officer (Council Solicitor) and Section 151 Officer have had the opportunity to input to this report and have cleared it for publication.

<b>Contact person</b>	<i>Tim Richens - 01225 477468 ; Jamie Whittard - 01225 477213</i> <a href="mailto:Tim_Richens@bathnes.gov.uk">Tim_Richens@bathnes.gov.uk</a> <a href="mailto:Jamie_Whittard@bathnes.gov.uk">Jamie_Whittard@bathnes.gov.uk</a>
<b>Sponsoring Cabinet Member</b>	<i>Cllr Malcolm Hanney</i>
<b>Background papers</b>	<i>Budget Management Scheme</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

## REVENUE BUDGET MONITORING APRIL 2010 TO SEPTEMBER 2010

1.1 Appendix 2 outlines the Council's current financial position for the 2009/10 financial year to the end of September 2010 by Cabinet Portfolio. The Appendix shows the current forecast outturn position is an underspend of £995,000, or 0.4% of the gross expenditure budget (excluding Schools).

1.2 Within the current £995,000 forecast underspend figure, there are areas of over and under spending which are detailed below along with planned management actions being taken to reduce any overspends.

### 1.3 Service Delivery – forecast £655,000 underspend

The forecast overspend on this portfolio is mainly made up of the following variances:

**Planning & Transportation** £608,000 overspend. Transport Design and Projects are forecasting an overspend of £615,000 due to capital income declining from capital programme reductions not fully reflected in staff Resourcing. Decreased patronage and delayed price increase have resulted in a forecast shortfall of Park & Ride income of £245,000. These overspends are partly offset by offset by increased income from Geographical Information System (GIS) recharges of £93,000 and savings in Planning of £200,000 related to reduced Regional Spatial Strategy (RSS) scope and lower contributions to the West of England partnership.

**Environmental Services** £1,179,000 underspend. The two main elements of this underspend are £237,000 due to the one off 2010/11 funding allocation for food waste collection needing to be aligned to costs which will be split over 2010/11 & 2011/12, and a £448,000 favourable car parking income forecast, due to improved Bus Gate and Penalty Charge Notice performances. There are further savings related to the re-tendering of the Street Lighting Energy Contract (£113,000) and improved Garden Waste income (£97,000).

### 1.4 Children's Services portfolio – forecast £277,000 overspend

The cause of this overspend is costs associated with children in care, based on spend to date and an estimation of costs for the rest of the year. This estimate is based on the number of children in care rising to 145 (currently 143), 45 of these children remaining placed in Independent Fostering Provider placements at average unit costs from 2009/10, and the pooled budget coming in on budget.

1.5 **Adult Social Services & Housing – forecast £13,000 overspend** after mitigating actions have been achieved, although there are some overspends and underspends within the Portfolio. The main variances are overspends of £364,000 in Mental Health and £221,000 in Older People's Services due to purchasing of care, offset by underspends in Advice Services following a contract review of the Supporting People budget (£250,000) staff costs in Housing

(£55,000) and an underspend of £193,000 in Community Resource Centres, as a result of staff savings and additional income from service user contributions.

## 1.6 Resources & Support Services Portfolio – forecast £630,000 underspend

The forecast underspend on this portfolio is made up of the following variances:

**Support Services:** marginal overall £16,000 underspend, consisting an overspend of £168k caused by a shortfall in commercial estate rents offset by underspends in other Property and Risk and Assurance budgets.

**Corporate costs:** £614,000 underspend mainly made up of £100,000 additional investment interest from higher than expected cash balances and £133,000 underspend in borrowing costs, all due to re-phased capital spend. In addition, a provision of £255,000 for inflation on gas and insurance costs is no longer required following re-tendering which secured a reduction in gas prices together with a lower than anticipated annual increase in insurance premiums. The arrangements for capital financing costs in 2010/11 and future years are currently being reviewed.

## CAPITAL BUDGET MONITORING – APRIL 2010 TO SEPTEMBER 2010

1.7 The 2010/11 Capital Programme approved by Council in February 2010 was £46.5m (excluding contingency). Since then, £15.5m of spend on existing capital projects has been approved by Cabinet, along with rephasing as recommended in the 2009/10 Outturn Report on 15<sup>th</sup> July 2010.

1.8 The approved Capital Programme for 2010/11 is currently £70.2m (excluding contingency), which is detailed in Appendix 5(ii). Changes to the Capital Programme since Council approval in February are shown in Appendix 5(i).

1.9 The capital programme has been reviewed in detail in light of the current financial position, with some projects being put on hold. These have been subject to Strategic Director and Cabinet Member review and approval to progress.

### 1.10 Key Capital Issues

- Bath Transportation Package: The project is on hold pending grant approval from DfT. Property negotiations and purchases are progressing.
- The Children's Services Capital Programme has been scaled back to reflect reductions in grant funding. The future programme is uncertain due to Secondary School Reorganisation, the impact of Academies and funding uncertainty.
- The play pathfinder project has completed on time and on budget.
- The Primary Capital Programme Projects at Batheaston, Midsomer Norton, Weston All Saints and Bathford are progressing, and contracts are now in place for all projects.



- Writhlington (BSF) – is expected to come in on budget. The Applied Learning Centre is progressing well.
- The Government cancellation of Building Schools for the Future projects has not directly affected the Council, as no projects were at an advanced enough stage. However, the 14-19 Grant for Diplomas has been cut by approximately £660k.
- The Workplaces and Lewis House projects are progressing to plan.
- Bath Western Riverside – The project is progressing towards s106, Planning Conditions, Corporate Agreement, Funding Agreements between the Council, Crest Nicholson and Somer Housing. Further work is being undertaken to secure funding streams.
- Combe Down Stone Mines - Negotiations are ongoing with HCA as to how to progress the closing elements of the project.
- Public Realm – The City Information System, Preparatory Projects and Union Street projects are progressing to plan.

#### **1.11 Capital Funding Sources**

- Following the review of the capital programme, projects are only progressing as capital funding is secured.

#### **1.12 Approval of Capital Projects**

- A number of projects have now progressed to the stage where they require approval, and are included in Appendix 6.

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Portfolio Summary Monitor	CURRENT YEAR 2010/11 FORECAST OUTTURN					ADV/FAV
	REVENUE SPENDING For the Period APRIL 2010 to SEPTEMBER 2010	Forecast Gross Expenditure	Forecast Gross Income	Net Forecast Actual	Annual Current Budget	
	£'000	£'000	£'000	£'000	£'000	£'000
Service Delivery	77,431	(46,901)	30,530	31,185	(655)	FAV
Children's Services	165,521	(139,081)	26,441	26,164	277	ADV
Adult & Social Services & Housing	90,844	(35,939)	54,905	54,892	13	ADV
Resources & Support Services	66,661	(48,736)	17,925	18,555	(630)	FAV
Development & Major Projects	1,935		1,935	1,935		
<b>TOTAL COUNCIL</b>	<b>402,391</b>	<b>(270,656)</b>	<b>131,735</b>	<b>132,730</b>	<b>(995)</b>	<b>FAV</b>

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Appendix 3

CAPITAL MONITOR COVERING PERIOD APRIL TO SEPTEMBER FINANCIAL YEAR 2010-2011 Summary	Current Year		Prior Years		Budget			Forecast			Variance			
	Actuals £' 000's	Commitments £' 000's	Actual Spend to Date £' 000's	Total Spend £' 000's	Budget 2010/2011 £' 000's	Budget 2011/2012 £' 000's	Budget 2012/2013 £' 000's	Total Scheme Budget £' 000's	Forecast 2010/2011 £' 000's	Forecast 2011/2012 £' 000's	Forecast 2012/2013 £' 000's	Total Scheme Forecast £' 000's	Current Year £' 000's	Scheme £' 000's
Total Service Delivery	4,901	1,914	6,815	14,070	16,786	807	249	31,912	17,044	991	249	32,354	258	442
Total Children Services	6,568	737	7,305	36,870	23,790	4,125	1,040	65,825	23,596	5,640	1,085	67,191	(194)	1,366
Total Adult Social Services & Housing	607	0	607	0	3,151	935	0	4,086	2,941	935		3,876	(210)	(210)
Total Resources & Support Services	1,917	765	2,682	1,374	8,289	398	0	10,061	6,066	2,647	0	10,087	(2,223)	26
Total Development & Major Projects	1,268	0	1,268	164,153	18,104	4,753	1,336	191,745	9,128	10,490	1,385	185,556	(8,976)	(6,190)
<b>Total</b>	15,261	3,416	18,677	216,467	70,119	11,018	2,625	303,630	58,775	20,703	2,719	299,064	(11,344)	(4,565)
Capital Contingency	0	0	0	0	6,565	500	500	7,565	6,565	500	500	7,565	0	0
<b>GRAND TOTAL</b>	15,261	3,416	18,677	216,467	76,684	11,518	3,125	311,195	65,340	21,203	3,219	306,629	(11,344)	(4,565)

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**2010/2011 Revenue Virements for Approval**

Appendix 4(i)

REF NO	REASON/ EXPLANATION	CABINET MEMBER	TRANSFER FROM	Income	Expenditure	CABINET MEMBER	TRANSFER TO	Income	Expenditure	DESCRIPTION	ONGOING EFFECTS
			CASHLIM	(£'s)	(£'s)		CASHLIM	(£'s)	(£'s)		

The following virements are reported for approval under the Budget Management Scheme rules.

<b>OVERALL TOTALS</b>				0	0			0	0		
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**2010/2011 Revenue Virements for Information**

REF NO	REASON/ EXPLANATION	CABINET MEMBER	TRANSFER FROM	Income	Expenditure	CABINET MEMBER	TRANSFER TO	Income	Expenditure	DESCRIPTION	ONGOING EFFECTS
			CASHLIM	(£'s)	(£'s)		CASHLIM	(£'s)	(£'s)		

The following virements have either been previously approved, are technical in nature or are below limits within BMS that require approval, and therefore are reported for information only.

INFO 10#20	Capital Financing offset of Children's Services ABG reduction.		Capital Financing / Interest		867,000	Children's Services [CW]	Health, Commissioning & Planning		867,000	Transfer of capital financing budget currently forecast to overspend to offset forecast overspend in Children's Services caused by the reduction in Area Based Grant finding.	Budget virement is one off	
INFO 10#21	2009/10 Carry Forwards		Balances	1,274,380		Children's Services [CW]	Learning & Inclusion		107,000	Carry Forward of underspends from 2009/10 budget, as approved by 21st July 2010 Cabinet in the 2009/10 Outturn Report.	Budget virement is one off	
							Schools' Budgets		958,380			
							Adult Social Services & Housing [VP]		109,000			
							Resources [MH]		100,000			
INFO 10#22	Area Based Grant Reduction		Policy & Partnerships	18,051		Resources [MH]	Area Based Grant	1,015,587		Allocation of reduction in Area Based Grant.	Budget virement ongoing although adjustments to future years' cash limits will be required to reflect changes in grants.	
							Service Delivery [CG]	Transportation Planning (incl Public Transport)	68,000			
												Adult Social Services & Housing [VP]
							Children's Services [CW]	Children, Young People & Families	Learning & Inclusion			
												Health, Commissioning & Planning

REF NO	REASON/ EXPLANATION	CABINET MEMBER		TRANSFER FROM		CABINET MEMBER		TRANSFER TO		INCOME		EXPENDITURE		DESCRIPTION	ONGOING EFFECTS	
		MEMBER	MEMBER	CASHLIM	MEMBER	MEMBER	CASHLIM	(£'s)	(£'s)	CASHLIM	(£'s)	(£'s)				
INFO 10#23	Area Based Grant	Resources [MH]	Area Based Grant	Adult Social Services & Housing [VP]	Housing	1,380	1,380						1,380	Allocation of additional Area Based Grant.	Budget virement ongoing although adjustments to future years' cash limits will be required to reflect changes in grants.	
INFO 10#24	Insurance Recharge Budget	Service Delivery [CG]	Various				466,205							Recall & redistribution of budgets and matching costs for insurance recharges - in conjunction with INFO 10#25 below.	Budget virement ongoing.	
		Children's Services [CW]	Various				54,437									
		Adult Social Services & Housing [VP]	Various				51,880									
		Resources [MH]	Various				406,179									
		Development & Major Projects [TG]	Various				31,587									
INFO 10#25	Insurance Recharge Budget	Resources [MH]	Other Miscellaneous Budgets	Service Delivery [CG]	Various								526,176	Recall & redistribution of budgets and matching costs for insurance recharges, including allocation from corporately held inflation provision - in conjunction with INFO 10#24 above.	Budget virement ongoing.	
				Children's Services [CW]	Various				1,010,288							63,476
				Adult Social Services & Housing [VP]	Various											83,713
				Resources [MH]	Various											364,015
		Development & Major Projects [TG]	Inflation				31,356									
INFO 10#26	Commissioning & Service Delivery Realignment	Adult Social Services & Housing [VP]	Housing	Adult Social Services & Housing [VP]	Adult Care - Commissioning		44,086						44,086	Realignment of admin / overhead budget between Commissioning & Service Delivery.	Budget virement ongoing.	
INFO 10#27	Children's Services Management Transfer	Children's Services [CW]	Health, Commissioning & Planning	Children's Services [CW]	Children, Young People & Families		14,333						14,333	Realignment of budgets following transfer of responsibility between Divisional Directors.	Budget virement ongoing.	



REF NO	REASON/ EXPLANATION	CABINET MEMBER		TRANSFER FROM		TRANSFER TO		Income (£'s)	Expenditure (£'s)	DESCRIPTION	ONGOING EFFECTS
		MEMBER	MEMBER	CASHLIM	CASHLIM	CASHLIM	CASHLIM				
INFO 10#28	Workplaces & Office Rationalisation	Resources [MH]		Corporate Estate (incl. R&M)		Risk & Assurance Services		79,515	79,515	Transfer between Divisional Directors of part of Office Rationalisation budget for off-site storage.	Budget virement is one-off.
INFO 10#29	China Cultural Partnership	Resources [MH]		Other Miscellaneous Budgets		Development & Regeneration		50,000	50,000	Drawdown from corporately held budget for Cultural Partnership with China.	Budget virement is one-off
INFO 10#30	Theatre Royal	Resources [MH]		Other Miscellaneous Budgets		Arts		100,000	100,000	Drawdown from corporately held budget for Theatre Royal.	Budget virement is one-off
INFO 10#31	Grants to Voluntary Bodies	Adult Social Services & Housing [VP]		Housing		Advice Services		151,256	151,256	Transfer of management of Grants to Voluntary Organisations to Advice Services.	Budget virement ongoing.
INFO 10#32	Leadership Options Review	Resources [MH]		Other Miscellaneous Budgets		Council Solicitor & Democratic Services		40,000	40,000	Allocation from inflation provision to cover options review for Council Leadership.	Budget virement is one-off
INFO 10#33	Care Matters Funding	Children's Services [CW]		Health, Commissioning & Planning		Children, Young People & Families		49,000	49,000	Delegation of Care Matters Funding to Divisional Director - as approved by Strategic Director - Children's Services	£29,000 is ongoing, and £20,000 is one-off.
INFO 10#34	Free School Meal Administration	Children's Services [CW]		Health, Commissioning & Planning		Finance		23,155	23,155	Transfer of responsibility for administration of free school meals.	Budget virement ongoing.

<u>REF NO</u>	<u>REASON/ EXPLANATION</u>	<u>CABINET MEMBER</u>	<u>TRANSFER FROM CASHLIM</u>	<u>Income (£'s)</u>	<u>Expenditure (£'s)</u>	<u>CABINET MEMBER</u>	<u>TRANSFER TO CASHLIM</u>	<u>Income (£'s)</u>	<u>Expenditure (£'s)</u>	<u>DESCRIPTION</u>	<u>ONGOING EFFECTS</u>
INFO 10#35	Supporting People	Adult Social Services & Housing [VP]	Housing		3,646,994	Adult Social Services & Housing [VP]	Adult Services		3,646,994	Change of management of Supporting People budget - now to be dealt with by Community Funding team.	Budget virement ongoing.
INFO 10#36	Land Charges IT System	Service Delivery [CG]	Planning Services		7,157	Service Delivery [CG]	Building Control & Land Charges		7,157	Realignment of recharge budget for Land Charges IT System.	Budget virement ongoing.
INFO 10#37	Room Hire Budget	Service Delivery [TG]	Heritage including Archives	25,000		Service Delivery [TG]	Tourism & Destination Management		25,000	Creation of notional room hire income budget for Heritage, as approved by Divisional Director of Tourism, Leisure & Culture.	Budget virement ongoing.
INFO 10#38	Property Services Corporate Estate Support	Resources [MH]	Corporate Estate Including R&M		51,961	Resources [MH]	Property Services		51,961	Adjustment to recharge budgets between Property Services & Corporate Estate in relation to Client Services support.	Budget virement ongoing.
<b>OVERALL TOTALS</b>				<b>26,380</b>	<b>9,466,356</b>			<b>1,015,587</b>	<b>8,477,149</b>		<b>9,492,736</b>

Portfolio Cash Limits 2010/11 - Revenue Budgets

Appendix 4 (ii)

CABINET PORTFOLIO	Service	2010/11 Revised Cashlimit - Jul'10	Technical Adjustments, below BMS limits or already agreed - shown for information	Total Virements For Approval	2010/11 Revised Cashlimit - Sep'10
		£'000	£'000	£'000	£'000
Service Delivery	Transport Design & Projects	72	(2)		70
	Transportation Planning (including Public Transport)	5,326	(66)		5,260
	Park & Ride	(1,037)			(1,036)
	Planning Services	3,006	(5)		3,001
	Building Control & Land Charges	(5)	8		2
	Highways - Network Maintenance	7,203	(61)		7,143
	Highways - Transport & Fleet Management	(119)	()		(120)
	Customer Services - Overheads	2,173	1		2,173
	Car Parking (excluding Park & Ride)	(6,352)	3		(6,348)
	Waste	10,742	8		10,750
	Public Protection	1,176	1		1,177
	Neighbourhood Services	5,153	(14)		5,139
	Customer Access	1,903	1		1,904
	Libraries & Information	2,512	11		2,523
	Arts	611	100		711
	Tourism & Destination Management	1,178	20		1,198
	Heritage including Archives	(3,374)	68		(3,305)
	Leisure - Sports & Active Leisure	924	18		942
<b>PORTFOLIO SUB TOTAL</b>	<b>31,093</b>	<b>92</b>		<b>31,185</b>	
	Children, Young People & Families	12,579	36		12,615
	Learning & Inclusion	2,915	(75)		2,841
	Health, Commissioning & Planning	(104,733)	204		(104,529)
	Schools Budgets	114,279	958		115,237
<b>PORTFOLIO SUB TOTAL</b>	<b>25,040</b>	<b>1,123</b>		<b>26,164</b>	
Adult Social Services and Housing	Adult Services	47,538	3,981		51,520
	Housing	6,388	(3,974)		2,413
	Community Learning	127			127
	Adults Substance Misuse (DAT)	598			598
	Employment Development Service	234			235
<b>PORTFOLIO SUB TOTAL</b>	<b>54,885</b>	<b>8</b>		<b>54,892</b>	
Resources	Finance	1,382	19		1,401
	Support Services Change Programme	252			252
	Revenues & Benefits	1,107	3		1,110
	Transformation Service	766			767
	Council's Retained ICT Budgets	(1,069)			(1,069)
	Risk & Assurance Services	1,144	81		1,225
	Property Services	959	47		1,006
	Corporate Estate Including R&M	7,123	(105)		7,017
	Commercial Estate	(12,666)	(65)		(12,731)
	Traded Services	61	(7)		54
	Policy & Partnerships	2,305	(16)		2,289
	Performance Development	866	1		867
	Human Resources	966	1		967
	Chief Executive	444			444
	Communications & Marketing	551			551
	Council Solicitor & Democratic Services	2,408	43		2,451
	Hsg / Council Tax Benefits Subsidy	355			355
	Capital Financing / Interest	6,084	(867)		5,217
	Unfunded Pensions	1,709			1,709
	Other Miscellaneous Budgets	1,752	(90)		1,662
	Magistrates	22			22
	Coroners	351			351
	Environment Agency	205			205
	Pensions Provision	2,082			2,082
	One-off Headroom	53			53
	Inflation	331	(31)		299
	<b>PORTFOLIO SUB TOTAL</b>	<b>19,540</b>	<b>(985)</b>		<b>18,555</b>

**Portfolio Cash Limits 2010/11 - Revenue Budgets**
**Appendix 4 (ii)**

CABINET PORTFOLIO	Service	2010/11 Revised Cashlimit - Jul'10	Technical Adjustments, below BMS limits or already agreed - shown for information	Total Virements For Approval	2010/11 Revised Cashlimit - Sep'10
		£'000	£'000	£'000	£'000
	Major Projects Support	552	(27)		525
	Development & Regeneration	1,360	50		1,410
	<b>PORTFOLIO SUB TOTAL</b>	<b>1,912</b>	<b>23</b>		<b>1,935</b>
	<b>NET BUDGET (EXCLUDES DSG)</b>	<b>132,470</b>	<b>260</b>		<b>132,730</b>
	Schools - Dedicated Schools Grant (DSG)	98,898			98,898
	<b>TOTAL BUDGET INCLUDING DSG</b>	<b>231,368</b>	<b>260</b>		<b>231,628</b>

**Sources of Funding (£'000)**

Council Tax	76,777		76,777
Dedicated Schools Grant (DSG)	98,898		98,898
Revenue Support Grant	5,270		5,270
Redistributed Business Rates (NNDR)	36,289		36,289
Collection Fund Deficit (-) or Surplus (+)	846		846
Balances / Exceptional Risk Reserve	2,013	1,274	3,287
Area Based Grant	11,276	(1,014)	10,261
<b>Total</b>	<b>231,368</b>	<b>260</b>	<b>231,628</b>

**Capital Virements - Additions & Reductions 2010/11**

**Appendix 5 (i)**

REF NO	REASON / EXPLANATION	TRANSFER/FUNDING FROM		TRANSFER TO		Income (£'s)	Expenditure (£'s)	Income (£'s)	Expenditure (£'s)	Notes
		Income (£'s)	Expenditure (£'s)	Income (£'s)	Expenditure (£'s)					
CAP10#39 - 2010	Southside Youth Centre	Government Grant & 3rd Party Contribution	2,081,000	Children's Services - Southside	2,081,000					Approved by Technical Adjustment in September
CAP10#40 - 2010	Haycombe Cemetary Extension	Service Supported Borrowing	200,000	Service Delivery - Haycombe Cemetary extension					200,000	Approved by Technical Adjustment in September
CAP10#41 - 2010	New Mobile Technology - Environmental Enforcement	Service Supported Borrowing	35,000	Service Delivery - New Mobile Technology					35,000	Approved by Technical Adjustment in September
CAP10#42 - 2010	Writhlington ALC	Government Grant		Children's Services - Writhlington ALC	50,000			50,000		Approved by Technical Adjustment in September
CAP10#43 - 2010	Spend at School Level (rephasing)	Government Grant	767,890	Children's Services - Spend at School Level					767,890	Approved by Technical Adjustment in September
CAP10#44 - 2010	Waste Efficieincy Initiatives	Government Grant	31,000	Service Delivery - Waste Initiatives					31,000	Approved by Technical Adjustment in September
CAP10#45 - 2010	BTP - Pre Contract Costs	Service Supported Borrowing		Service Delivery - BTP Pre Contract Costs	766,000			766,000		Approved by Technical Adjustment in September
CAP10#46 - 2010	BTP - Main Scheme/ Construction	Service Supported Borrowing		Service Delivery - BTP Main Scheme / Construction	300,000			300,000		Approved by Technical Adjustment in September
CAP10#47 - 2010	GBBN	Government Grant		Service Delivery - GBBN	804,000			804,000		Approved by Technical Adjustment in September
CAP10#48 - 2010	Allotments	Service Supported Borrowing		Service Delivery - Allotments	202,311			202,311		Approved by Technical Adjustment in September
CAP10#49 - 2010	Play Equipment (Rephasing from 09/10)	Service Supported Borrowing	65,609	Service Delivery - Play Equipment					65,609	Approved by Technical Adjustment in September
CAP10#50 - 2010	Central Bath Toilet Facilities	Unsupported Borrowing	10,000	Service Delivery - Central Bath Toilet Facilities					10,000	Approved by Technical Adjustment in September

REF NO	REASON / EXPLANATION	TRANSFER/FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP10#51 - 2010	Youth Capital	Government Grant	16,127		Children's Services - Youth Capital		16,127	Approved by Technical Adjustment in September
CAP10#52 - 2010	Writhlington (BSF)	Government Grant	1,426,399		Children's Services - Writhlington (BSF)		1,426,399	Approved by Technical Adjustment in September
CAP10#53 - 2010	Wellsway Sports Hall	Various Funding Sources		1,599,031	Children's Services - Wellsway Sports Hall	1,599,031		Approved by Technical Adjustment in September
<b>OVERALL TOTALS</b>			<b>33,905,902</b>	<b>4,760,965</b>		<b>4,760,965</b>	<b>33,905,902</b>	
				<b>29,144,937</b>			<b>-29,144,937</b>	

### Capital Virements - Additions & Reductions 2011/12 - 2014/15

REF NO	REASON / EXPLANATION	TRANSFER/FUNDING FROM	Income	Expenditure	TRANSFER TO	Income	Expenditure	Notes
FUT10#10 - 2011	Writhlington (BSF)	Government Grant		877,390	Children's Services - Writhlington	877,390		Approved by Technical Adjustment in September
FUT10#11 - 2011	Wellsway Sports Hall	Government Grant	1,533,683		Children's Services - Wellsway Sports Hall		1,533,683	Approved by Technical Adjustment in September
FUT10#12 - 2012	Wellsway Sports Hall	Government Grant	40,348		Children's Services - Wellsway Sports Hall		40,348	Approved by Technical Adjustment in September
<b>OVERALL TOTALS</b>			<b>10,557,031</b>	<b>1,627,390</b>		<b>1,627,390</b>	<b>10,557,031</b>	
				<b>8,929,641</b>			<b>-8,929,641</b>	

## Capital Programme by Portfolio - 2010/11

CAPITAL SCHEME	2010/11				
	Budget at 15th July Cabinet	2009/10 Rephasing (agreed at July Cabinet)	Additions to Programme (agreed at July Cabinet)	Additions to Programme to 3rd Nov Cabinet inc Tech Adj	Budget at 3rd Nov Cabinet
	£000	£000	£000	£000	£000
<b>Customer Services</b>					
<b>Planning &amp; Transport</b>					
Local Transport Improvement Schemes	1,480			(560)	920
Two Tunnels	269	1			270
5 Arches	631	0			631
Rossiter Road	0	(0)			(0)
CIVITAS schemes	558	3			561
GBBN Construction	1,398			(804)	594
Bath Package Bid costs post PE	1,200	431		(766)	865
Bath Package Construction	300			(300)	0
Bath Package Scheme Property	410	137		240	787
Green Bus	127				127
	<b>6,372</b>	<b>571</b>	<b>0</b>	<b>(2,190)</b>	<b>4,754</b>
<b>Environmental Services</b>					
<b>Highways</b>					
Highways Maintenance Block	3,467	111			3,578
Highways Maintenance - top up	2,000				2,000
A4 Hicks Gate to Twerton Fork	436	(104)		(90)	242
A4 Station Road	0	42			42
Highways drainage survey (TAMP)	0	1			1
<b>Passenger Transport</b>					
Passenger Transport Fleet Replacement	956	(12)			944
<b>Waste</b>					
Waste Efficiency Initiatives	0		89	31	120
Kitchen Waste Containers	0		321		321
Vehicle Replacements - Waste	1,870	914			2,784
Route Planning Software		50			50
Weighbridge Replacement		30			30
Disposal Containers		9			9
Windsor Bridge MOT Facilities				60	60
<b>Parking</b>					
ANPR Bus Lane Enforcement Upgrade	0	30			30
<b>Neighbourhoods</b>					
Vehicle Replacement - Neighbourhoods	0	530			530
Play Area Equipment	0			66	66
Allotments	208			(202)	6
Haycombe Cemetery Extension	0			200	200
Mobile Technology - Litter Enforcement	0			35	35
	<b>8,937</b>	<b>1,600</b>	<b>410</b>	<b>99</b>	<b>11,047</b>
<b>Tourism Leisure &amp; Culture</b>					
Roman Baths Site Development	301				301
Roman Baths Site Development - catering	469			43	512
Bath Spring Water Strategy	164				164
Central Bath Toilet Facilities Grant	0			10	10
	<b>934</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>987</b>
	<b>16,243</b>	<b>2,172</b>	<b>410</b>	<b>(2,038)</b>	<b>16,787</b>

CAPITAL SCHEME	2010/11				
	Budget at 15th July Cabinet	2009/10 Rephasing (agreed at July Cabinet)	Additions to Programme (agreed at July Cabinet)	Additions to Programme to 3rd Nov Cabinet inc Tech Adj	Budget at 3rd Nov Cabinet
	£000	£000	£000	£000	£000
<b>Childrens Services</b>					
Extended schools services	0	76			76
Spend at school level - DFC non VA schools	3,300	(983)			2,317
Spend at School Level - VA Devolved Capital				15	15
Spend at school level - travel plans	0			59	59
Spend at school level - Harnessing Technology	0			10	10
Spend at school level - seed challenge	0			193	193
Spend at school level - private capital	0			339	339
Spend at school level - e-learning credits	0			0	0
Spend at school level - Specialist Schools Capital	0			100	100
Schools - Access Initiative funding stream	0				0
BSF Writhlington School	525	(279)		1,426	1,672
St Keyna School	0	33			33
Fosseway School	57	221			278
Schools Capital Maintenance Programme	600	(139)			461
Batheaston PCP	1,165	300			1,465
WASPS PCP	2,615	600			3,215
Midsomer Norton PCP	1,340	260			1,600
Bathford PCP	500	274			774
	0				
Writhlington Applied Learning Centre	2,950	229		(50)	3,129
Southside Regeneration	0			2,081	2,081
Aiming High for Disabled Children	140	(3)			137
Integrated Childrens System	0	(10)			(10)
ICT Grant for Mobile Technology	0	9			9
Play Pathfinder	230	155			385
Children's Centres	791	821			1,612
Children's Centre Improvement	57	9			66
Early Years IT packages for Children's Centres	0	45			45
Early Years small capital claims	34	49			83
Early Years Access & Quality	200				200
Spend at school level - Harnessing Technology	800			(293)	507
Writhlington - Childrens Trust Co-location project	429	50			479
Wellsway Sports Hall	2,280	226		(1,599)	907
Beechen Cliff Artificial Turf Pitch	0		500		500
Youth Capital	0		81	(24)	57
Peasdown St John Early Years Element	0		49		49
C&F minor works	0	28			28
Chew Valley Construction LA contribution	0			52	52
LA Contribution to capital - St Stephens	0			0	
Medium Schemes	0	(70)			(70)
Small Schemes	0	833			833
Chew Stoke Primary Classroom Extension	0		140	(36)	104
	<b>18,013</b>	<b>2,733</b>	<b>770</b>	<b>2,273</b>	<b>23,789</b>
<b>Adult Care &amp; Health Commissioning</b>					
Remedial Repairs	0	6			6
Freedom from Fuel Poverty	0	78			78
Social Housing Grant	1,368				1,368
Community Resource Centres	0	11			11
Carrswood Terrace	0	(2)			(2)
Disabled Facilities Grant	0		1,000		1,000
Private Sector Renewal	0		689		689
	<b>1,368</b>	<b>94</b>	<b>1,689</b>	<b>0</b>	<b>3,151</b>



CAPITAL SCHEME	2010/11				
	Budget at 15th July Cabinet	2009/10 Rephasing (agreed at July Cabinet)	Additions to Programme (agreed at July Cabinet)	Additions to Programme to 3rd Nov Cabinet inc Tech Adj	Budget at 3rd Nov Cabinet
	£000	£000	£000	£000	£000
<b>Support Services</b>					
<b>Property &amp; Facilities</b>					
Corporate Estate Planned Maintenance	976	5			981
Risk Assessment/Disabled Access (DDA)	538				538
Property Services Estates Capital	0	(281)		281	0
Blue Coat House	0		144		144
<b>Support Services - non-Property</b>					
Agresso update (5.5)	144				144
Government Connect Project		28			28
Critical Application Upgradfe		33			33
IT Infrastructure Upgrade Projects		208			208
IT Management Systems		255			255
Modern Gov Implementation		26			26
	<b>1,658</b>	<b>274</b>	<b>144</b>	<b>281</b>	<b>2,357</b>
<b>Development &amp; Major Projects</b>					
Combe Down Stone Mines (HCA)	6,000	2,411			8,411
Combe Down Stone Mines (Council)	526				526
Combe Down Stone Mines - Foxhill	0	10			10
Southgate (Multi)	255	31			286
Southgate (Council)	170	91			261
Spa	0	24			24
Public Realm - Wayfinding	969	227			1,196
Public Realm - Preparatory Projects	0		687		687
Public Realm - Union Street/Stall Street	0		1,589		1,589
	<b>7,920</b>	<b>2,795</b>	<b>2,276</b>	<b>0</b>	<b>12,991</b>
<b>Corporate</b>					
<b>BWR</b>					
BWR Council Project Team	0		994		994
BWR - Affordable Housing Contribution	0		1,419		1,419
BWR - Infrastructure Contribution	0		2,700		2,700
<b>Replacement Council Offices</b>					
Keynsham & Regeneration	0	361			361
Programme Office		(39)			(39)
Change Management (new ways of working)		(136)			(136)
The Hollies		(15)			(15)
Short Term - including Lewis House Refurbishm	2,996	(206)			2,790
Medium Term Replacement Council Offices	2,971				2,971
	<b>5,967</b>	<b>(35)</b>	<b>5,113</b>	<b>0</b>	<b>11,045</b>
<b>TOTAL</b>	<b>51,170</b>	<b>8,032</b>	<b>10,402</b>	<b>516</b>	<b>70,119</b>
Contingency	591	6,215		(240)	6,565
<b>GRAND TOTAL</b>	<b>51,760</b>	<b>14,248</b>	<b>10,402</b>	<b>276</b>	<b>76,684</b>

<b>Sources of Funding (£'000)</b>				
Government Supported Borrowing	3,467		0	3,467
EU/Government Grant	19,376		2,196	22,442
Capital Receipts (inc RTB)	1,721		2,420	4,141
Revenue	0		3,578	3,594
Service Supported Borrowing	13,572		1,519	14,226
Unsupported Borrowing (inc Inter Yr Adjustr	12,148	14,248	0	26,405
s106 Contribution	116		189	305
Other 3rd Party	1,360		500	2,105
<b>Total</b>	<b>51,760</b>	<b>14,248</b>	<b>10,402</b>	<b>76,685</b>

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## 2010/11 Capital Programme Approvals

## Changes in Budget

	Funding Source	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 onwards £'000	Total £'000
<b>Project Approvals</b>							
Ralph Allen - School Access Initiative	Government Grant & 08/09 GSB	598					598
School Kitchen Capital (St Saviour Juniors, Whitchurch Primary, Welton Primary, Somervale Secondary)	Government Grant & 3rd Party Contribution	408					408
Bathampton Primary Basic Need Scheme	Government Supported Borrowing & 3rd Party Contribution	63	252				315
Newbridge Primary Basic Needs Scheme	Government Supported Borrowing	47	188				235
Moorlands Infants Basic Needs Scheme	Government Supported Borrowing	47	188				235
The Link - KS3 Extension	Government Grant	350	400				750
Norman Baths Infrastructure Capital Maintenance	Service Supported Borrowing	100					100
Seasdown St John Internal Refurbishment	3rd Party Contribution/s106	29					29
Department of Health IT Improvement Grant	Government Grant	38					38
Wellsway Sports Hall - 6 Court	Service Supported Borrowing	400					400
<b>Total</b>		<b>2,080</b>	<b>1,028</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,108</b>

## Changes in Funding

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 onwards £'000	Total £'000
<b>Funding Approvals</b>						
Government Grant	1,016	400				1,416
Service Supported Borrowing	942	601				1,543
Unsupported Borrowing						0
Capital Receipts inc RTB receipts						0
Third Party Contributions inc 106	122	27				149
Revenue Contribution						0
<b>Total</b>	<b>2,080</b>	<b>1,028</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,108</b>

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<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>Cabinet</b>	
MEETING DATE:	<b>3<sup>rd</sup> November 2010</b>	AGENDA ITEM NUMBER <b>15</b>
TITLE:	<b>Treasury Management Monitoring Report to 30<sup>th</sup> September 2010</b>	EXECUTIVE FORWARD PLAN REFERENCE: <b>E 2164</b>
WARD:	All	
<b>AN OPEN PUBLIC ITEM</b>		
<p><b>List of attachments to this report:</b></p> <p><b>Appendix 1</b> – Performance Against Prudential Indicators  <b>Appendix 2</b> – The Council’s Investment Position at 30<sup>th</sup> September 2010  <b>Appendix 3</b> – Average monthly rate of return for 1<sup>st</sup> 6 months of 2010/2011  <b>Appendix 4</b> – The Council’s External Borrowing Position at 30<sup>th</sup> September 2010  <b>Appendix 5</b> – Sterling Consultant’s Economic &amp; Market Review of 1<sup>st</sup> 6 months 2010/11  <b>Appendix 6</b> – Interest &amp; Capital Financing Budget Monitoring 2010/11</p>		

**1 THE ISSUE**

- 1.1 In February 2010 the Council adopted the 2009 edition of the CIPFA Treasury Management in the Public Services: Code of Practice, which requires the Council to approve a Treasury Management Strategy before the start of each financial year, a mid year report, and an annual report after the end of each financial year.
- 1.2 This report gives mid year details of performance against the Council’s Treasury Management Strategy and Annual Investment Plan 2010/11 for the first six months of 2010/11.

**2 RECOMMENDATION**

The Cabinet agrees that:

- 2.1 the Treasury Management Report to 30<sup>th</sup> September 2010, prepared in accordance with the CIPFA Treasury Code of Practice, is noted
- 2.2 the Treasury Management Indicators to 30<sup>th</sup> September 2010 are noted.
- 2.3 this Treasury Management Report and attached appendices are reported to November Council.

### **3 FINANCIAL IMPLICATIONS**

3.1 The financial implications are contained within the body of the report.

### **4 CORPORATE PRIORITIES**

4.1 This report is for information only and is therefore there are no proposals relating to the Council's Corporate Priorities.

### **5 THE REPORT**

#### **Summary**

5.1 The average rate of investment return for the first six months of 2010/11 is 0.52% above the benchmark rate.

5.2 The Councils Prudential Indicators for 2010/11 were agreed by Council in February 2010 and performance against the key indicators is shown in Appendix 1. All indicators are within target levels.

#### **Summary of Returns**

5.3 The Council's investment position as at 30th September 2010 is given in Appendix 2. The balance of deposits as at 31<sup>st</sup> March 2010 & 30<sup>th</sup> September 2010 is also set out in the pie charts in this appendix.

5.4 Gross interest earned on investments for the first six months totalled £479k. Net interest, after deduction of amounts due to West of England Growth Points, PCT and schools, is £367K. Appendix 3 details the investment performance, the average rate of interest earned over this period was 0.99%, which is 0.52% above the benchmark rate of average 7 day LIBID +0.05% (0.47%).

#### **Summary of Borrowings**

5.5 New loans totalling £10 million were taken from the Public Works Loan Board on 12th May 2010. One of the loans was £5 million for 25 years at a rate of 4.55%, and the other for a further £5 million for 50 years at a rate of 4.53%. It was decided to take a portion of the Council's borrowing requirement at this stage of the financial year so as to lock in at an interest rate below the rate of 4.75% included in the 2010/11 budget.

5.6 At the time of the decision, long term rates had fallen from a high in April 2010 of 4.74%, and there were concerns that if there was not a clear direction in tackling the public sector budget deficit following general election, rates could increase again, making UK sovereign debt and therefore long term borrowing more expensive. In addition, the 25-50 year PWLB interest rate forecast from our treasury advisors indicated rates rising steadily to around 5% by the middle of 2012.

5.7 The new borrowing took the Council's total borrowing to £90 million at an average interest rate of 4.32%. The Council's Capital Financing Requirement (CFR) as at 31st March 2010 was £93.6 million. This represents the Council's need to borrow to finance capital expenditure, and demonstrates that the borrowing taken relates to funding historical capital spend.

5.8 The current borrowing portfolio, including these new loans, is shown in Appendix 4.

### **Strategic & Tactical Decisions**

5.9 As shown in the charts in Appendix 2, the amount invested with the Debt Management Office has gradually reduced to between 0-10% of total investments. Short term investments of £2m have been made with UK Building Societies from the Council's counterparty list that was approved by Council in February 2010. This has resulted in earning a more favourable return than the 0.25% paid by the Debt Management Office.

### **Future Strategic & Tactical Issues**

5.10 Our treasury management advisors economic and market review for the first six months of 2010/11 is included in Appendix 5.

5.11 The Bank of England base rate has remained constant at 0.50% since March 2009, and the Council's treasury advisors are forecasting that this will not change in the next 12 months.

5.12 At the time of writing, the spread between the UK Government Debt Management Office returns and those of highly rated UK banks remains in excess of 1.00%.

### **Budget Implications**

5.13 A breakdown of the revenue budget for interest and capital financing and the forecast year end position based on the period April to September is included in Appendix 6. This shows a current forecast underspend of £233k in 2010/11. The Council has tightened controls on expenditure where doubts over funding exist due to the growing uncertainties over government funding for capital schemes which have emerged over the past year. This slowing down of capital expenditure reduces capital financing costs in the short term. The amount of the underspend could increase depending on decisions taken during the remainder of the financial year and this will be closely monitored as the year progresses.

## **6 RISK MANAGEMENT**

6.1 The Council's lending & borrowing list has been regularly reviewed during the financial year and credit ratings are monitored throughout the year. All lending/borrowing transactions are within approved limits and with approved institutions. Investment & Borrowing advice is provided by our Treasury Management consultants Sterling.

6.2 The 2009 edition of the CIPFA Treasury Management in the Public Services: Code of Practice requires the Council nominate a committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies. In May 2010, the Council's treasury advisors provided training to the Corporate Audit Committee to carry out this scrutiny.

6.3 In addition, the Council maintain a risk register for Treasury Management activities, which is regularly reviewed and updated where applicable during the year.

## 7 EQUALITIES

7.1 This report provides information about the financial performance of the Council and therefore no specific equalities impact assessment has been carried out on the report.

## 8 RATIONALE

8.1 The Prudential Code and CIPFA's Code of Practice on Treasury Management requires regular monitoring and reporting of Treasury Management activities.

## 9 OTHER OPTIONS CONSIDERED

9.1 None

## 10 CONSULTATION

10.1 Consultation has been carried out with the Deputy Leader of The Council & Cabinet Member for Resources, Section 151 Finance Officer, Chief Executive and Monitoring Officer.

10.2 Consultation was carried out via e-mail.

## 11 ISSUES TO CONSIDER IN REACHING THE DECISION

11.1 This report deals with issues of a corporate nature.

## 12 ADVICE SOUGHT

12.1 The Council's Monitoring Officer (Council Solicitor) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

<b>Contact person</b>	<i>Tim Richens - 01225 477468 ; Jamie Whittard - 01225 477213</i> <a href="mailto:Tim_Richens@bathnes.gov.uk">Tim_Richens@bathnes.gov.uk</a> <a href="mailto:Jamie_Whittard@bathnes.gov.uk">Jamie_Whittard@bathnes.gov.uk</a>
<b>Sponsoring Cabinet Member</b>	<i>Councillor Malcolm Hanney</i>
<b>Background papers</b>	<i>2010/11 Treasury Management &amp; Investment Strategy</i> <i>Q1 Treasury Performance Report (Single Member Decisions)</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	



## APPENDIX 1

### Performance against Treasury Management Indicators agreed in Treasury Management Strategy Statement

#### 1. Authorised limit for external debt

These limits include current commitments and proposals in the budget report for capital expenditure, plus additional headroom over & above the operational limit for unusual cash movements.

	<b>2010/11 Prudential Indicator</b>	<b>2010/11 Actual as at 30<sup>th</sup> Sep. 2010</b>
	£'000	£'000
Borrowing	115,000	90,000
Other long term liabilities	3,000	0
<b>Cumulative Total</b>	<b>118,000</b>	<b>90,000</b>

#### 2. Operational limit for external debt

The operational boundary for external debt is based on the same estimates as the authorised limit but without the additional headroom for unusual cash movements.

	<b>2010/11 Prudential Indicator</b>	<b>2010/11 Actual as at 30<sup>th</sup> Sep. 2010</b>
	£'000	£'000
Borrowing	105,000	90,000
Other long term liabilities	2,000	0
<b>Cumulative Total</b>	<b>107,000</b>	<b>90,000</b>

#### 3. Upper limit for fixed interest rate exposure

This is the maximum amount of total borrowing which can be at fixed interest rate, less any investments for a period greater than 12 months which has a fixed interest rate.

	<b>2010/11 Prudential Indicator</b>	<b>2010/11 Actual as at 30<sup>th</sup> Sep. 2010</b>
	£'000	£'000
<b>Fixed interest rate exposure</b>	<b>107,000</b>	<b>70,000*</b>

\* The £20m of LOBO's are quoted as variable rate in this analysis as the Lender has the option to change the rate at 6 monthly intervals (the Council has the option to repay the loan should the rate increase)

#### 4. Upper limit for variable interest rate exposure

While fixed rate borrowing contributes significantly to reducing uncertainty surrounding interest rate changes, the pursuit of optimum performance levels may justify keeping flexibility through the use of variable interest rates. This is the maximum amount of total borrowing which can be at variable interest rates less any investments at variable interest rates (this includes any investments that have a fixed rate for less than 12 months).

	<b>2010/11 Prudential Indicator</b>	<b>2010/11 Actual as at 30<sup>th</sup> Sep. 2010</b>
	£'000	£'000
<b>Variable interest rate exposure</b>	<b>20,000</b>	<b>-72,800</b>

### 5. Upper limit for total principal sums invested for over 364 days

Given the Councils' financial position, i.e. of having low cash balances, any lending is likely to be the result of the phasing of cash flow. Investment periods are unlikely to be more than 6 months. This is the maximum % of total investments which can be over 364 days.

	2010/11 Prudential Indicator	2010/11 Actual as at 30 <sup>th</sup> Sep. 2010
	%	%
<b>Investments over 364 days</b>	<b>25</b>	<b>0</b>

### 6. Maturity Structure of new fixed rate borrowing during 2010/11

	Upper Limit	Lower Limit	2010/11 Actual as at 30 <sup>th</sup> Sep. 2010
	%	%	%
Under 12 months	50	Nil	0
12 months and within 24 months	50	Nil	0
24 months and within 5 years	50	Nil	0
5 years and within 10 years	50	Nil	0
10 years and above	100	Nil	100

## APPENDIX 2

### The Council's Investment position at 30<sup>th</sup> September 2010

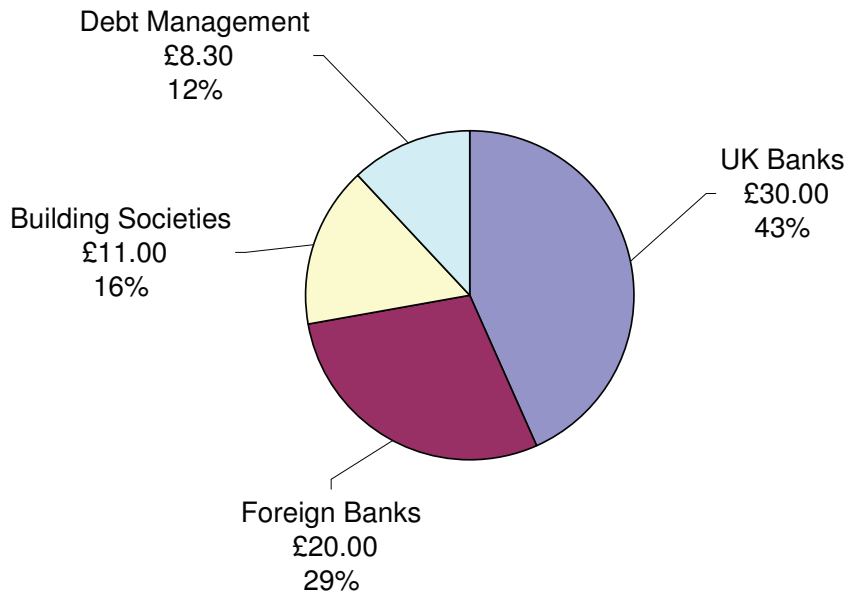
	Balance at 30 <sup>th</sup> September 2010
	£'000's
Notice (instant access funds)	22,000
Up to 1 month	18,800
1 month to 3 months	32,000
Over 3 months	20,000
<b>Total</b>	<b>92,800</b>

The investment figure of £92.8 million is made up as follows :

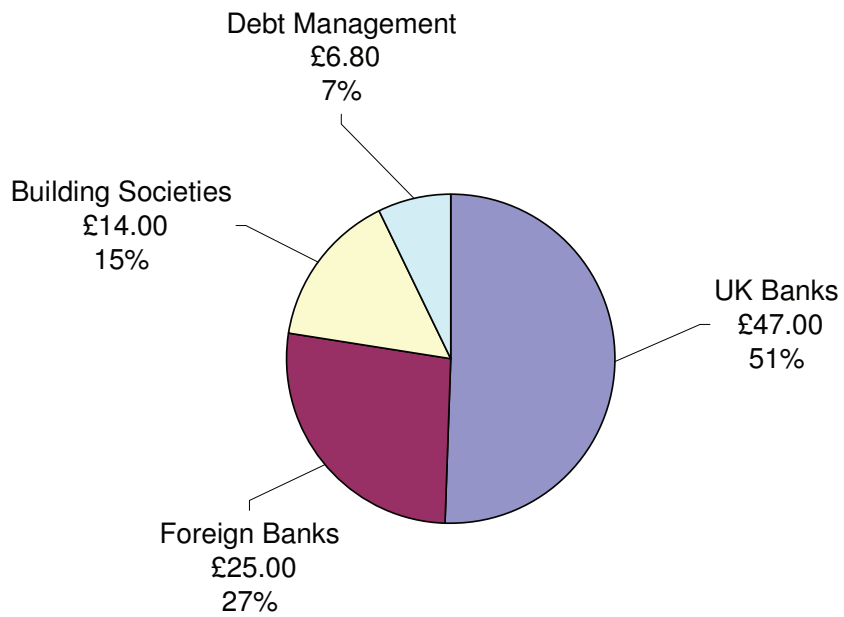
	Balance at 30 <sup>th</sup> September 2010
	£'000's
B&NES Council	72,082
West Of England Growth Points	4,583
Schools	16,135
<b>Total</b>	<b>92,800</b>

The Council had an average net positive balance of £72.5m (including Growth Points Funding) during the period April 2010 to September 2010.

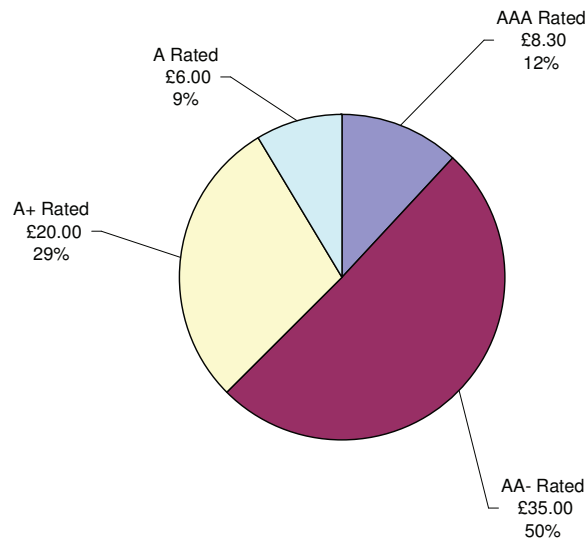
**Chart 1: Investments as at 31st March 2010 (£69.3m)**



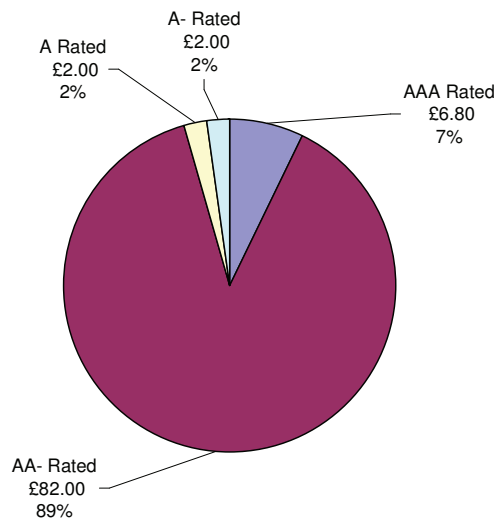
**Chart 2: Investments as at 30th September 2010 (£92.8m)**



**Chart 3: Investments per Fitch Long-Term Credit Ratings (£69.3m) - 31st March 2010**



**Chart 4: Investments per Fitch Long-Term Credit Ratings (£92.8m) - 30th September 2010**



### APPENDIX 3

#### Average rate of return on investments for 2010/11

	Apr %	May %	Jun %	Jul %	Aug %	Sep %	Average for Period
<b>Average rate of interest earned</b>	0.97%	0.94%	0.98%	1.01%	1.03%	1.03%	<b>0.99%</b>
<b>Benchmark = Average 7 Day LIBID rate +0.05% (source: Sterling)</b>	0.47%	0.48%	0.48%	0.48%	0.48%	0.48%	<b>0.47%</b>
<b>Performance against Benchmark %</b>	+0.50%	+0.46%	+0.50%	+0.53%	+0.55%	+0.55%	<b>0.52%</b>

## APPENDIX 4

### Councils External Borrowing at 30<sup>th</sup> September 2010

LONG TERM	Amount	Fixed Term	Interest Rate	Variable Term	Interest Rate
PWLB	10,000,000	30 yrs	4.75%	n/a	n/a
PWLB	20,000,000	48 yrs	4.10%	n/a	n/a
PWLB	10,000,000	46 yrs	4.25%	n/a	n/a
PWLB	10,000,000	50 yrs	3.85%	n/a	n/a
PWLB	10,000,000	47 yrs	4.25%	n/a	n/a
PWLB	5,000,000	25 yrs	4.55%	n/a	n/a
PWLB	5,000,000	50 yrs	4.53%	n/a	n/a
KBC Bank N.V*	5,000,000	2 yrs	3.15%	48 yrs	4.5%
KBC Bank N.V*	5,000,000	3 yrs	3.72%	47 yrs	4.5%
Eurohypo Bank*	10,000,000	3 yrs	3.49%	47yrs	4.5%
<b>TOTAL</b>	<b>90,000,000</b>				

\*All LOBO's (Lender Option / Borrower Option) have reached the end of their fixed interest period and have reverted to the variable rate of 4.5%. The lender has the option to change the interest rate at 6 monthly intervals, however at this point the borrower also has the option to repay the loan without penalty.

## APPENDIX 5

### Economic and market review for the six months to September 2010 (Sterling Consultancy Services)

The UK economy continued along the road to recovery during the first half of 2010/11, despite two shocks to consumer and business confidence. The near default of Greece prompted extreme financial market volatility, while the coalition government's emergency Budget outlined significant cuts in public spending.

GDP expanded 0.3% in Q1 and 1.2% in Q2. Manufacturers in particular benefited from the recovery in the global economy by increasing export volumes. The recovery was less impressive in the service sector due to depressed business and consumer confidence. Improved economic conditions did however help financial institutions repair some of the damage the recession caused to their balance sheets, alleviating credit risk concerns and to some extent re-opening frozen financial markets.

Inflation has remained above the Bank of England's target rate of 2% since late 2009. The CPI rate peaked in April at 3.7% and eased back over the past few months as the effects of a number of temporary factors waned. Despite inflation remaining over target, the Bank of England maintained Bank Rate at 0.5% to avoid the risk of a further downturn in economic growth, with just one MPC member voting for a rise in July and August.

Looking ahead, the economic recovery is expected to slow as government spending cuts and tax rises dampen demand. The Bank of England expects lower demand to weigh on inflation, eventually causing the CPI rate to fall below target in the medium term. The most recent Bank of England forecasts for GDP growth and inflation suggest little need for monetary tightening for some time.

**APPENDIX 6**

**Interest & Capital Financing Costs – Budget Monitoring 2010/11 (April to September)**

April to September 2010	YEAR END FORECAST			ADV/FAV
	Budgeted Spend or (Income) £'000	Forecast Spend or (Income) £'000	Forecast over or (under) spend £'000	
<b>Interest &amp; Capital Financing</b>				
- Debt Costs	1,897	1,764	(133)	FAV
- Ex Avon Debt Costs	1,610	1,610		
- Minimum Revenue Provision (MRP)	2,270	2,270		
- Interest on Balances	(560)	(660)	(100)	FAV
<b>Sub Total - Capital Financing</b>	<b>5,217</b>	<b>4,984</b>	<b>(233)</b>	<b>FAV</b>