

Council

Date: Thursday, 14th September, 2017
Time: 6.30 pm
Venue: Council Chamber - Guildhall, Bath

To: All Members of the Council

Dear Member

You are invited to attend a meeting of the **Council** on **Thursday, 14th September, 2017** in **Council Chamber - Guildhall, Bath.**

The agenda is set out overleaf.

Refreshments will be available for Councillors from 5pm in the Aix-en-Provence Room (next to the Banqueting Room) on Floor 1.

Yours sincerely



Jo Morrison
Democratic Services Manager
for Chief Executive

Please note the following arrangements for pre-group meetings:

Conservative	Brunswick Room, Ground Floor
Liberal Democrat	Kaposvar Room, Floor 1
Labour	Labour Group Room, Floor 2

NOTES:

1. **Inspection of Papers:** Papers are available for inspection as follows:

Council's website: <https://democracy.bathnes.gov.uk/ieDocHome.aspx?bcr=1>

Paper copies are available for inspection at the Public Access points:- Reception: Civic Centre - Keynsham, Guildhall - Bath, The Hollies - Midsomer Norton. Bath Central and Midsomer Norton public libraries.

2. **Details of decisions taken at this meeting** can be found in the minutes which will be circulated with the agenda for the next meeting. In the meantime, details can be obtained by contacting as above.

3. **Recording at Meetings:-**

The Openness of Local Government Bodies Regulations 2014 now allows filming and recording by anyone attending a meeting. This is not within the Council's control.

Some of our meetings are webcast. At the start of the meeting, the Chair will confirm if all or part of the meeting is to be filmed. If you would prefer not to be filmed for the webcast, please make yourself known to the camera operators.

To comply with the Data Protection Act 1998, we require the consent of parents or guardians before filming children or young people. For more information, please speak to the camera operator.

The Council will broadcast the images and sound live via the internet www.bathnes.gov.uk/webcast An archived recording of the proceedings will also be available for viewing after the meeting. The Council may also use the images/sound recordings on its social media site or share with other organisations, such as broadcasters.

4. **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. They may also ask a question to which a written answer will be given. Advance notice is required not less than two full working days before the meeting. The Council now has a maximum time limit for this so any requests to speak cannot be guaranteed if the list is full. This means that for meetings held on Thursdays notice must be received in Democratic Services by 5.00pm the previous Monday. Further details of the scheme:

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=12942>

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

6. **Supplementary information for meetings**

Additional information and Protocols and procedures relating to meetings:

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13505>

Council - Thursday, 14th September, 2017

at 6.30 pm in the Council Chamber - Guildhall, Bath

A G E N D A

1. EMERGENCY EVACUATION PROCEDURE

The Chairman will draw attention to the emergency evacuation procedure as set out under Note 8.

2. APOLOGIES FOR ABSENCE

3. DECLARATIONS OF INTEREST

At this point in the meeting declarations of interest are received from Members in any of the agenda items under consideration at the meeting. Members are asked to complete the green interest forms circulated to groups in their pre-meetings (which will be announced at the Council Meeting) to indicate:

(a) The agenda item number in which they have an interest to declare.

(b) The nature of their interest.

(c) Whether their interest is **a disclosable pecuniary interest** or an **other interest**,
(as defined in Part 2, A and B of the Code of Conduct and Rules for Registration of Interests)

Any Member who needs to clarify any matters relating to the declaration of interests is recommended to seek advice from the Council's Monitoring Officer or a member of his staff before the meeting to expedite dealing with the item during the meeting.

4. MINUTES - 13TH JULY 2017 (Pages 7 - 16)

To be confirmed as a correct record and signed by the Chair(man)

5. ANNOUNCEMENTS FROM THE CHAIRMAN OF THE COUNCIL OR FROM THE CHIEF EXECUTIVE

These are matters of information for Members of the Council. No decisions will be required arising from the announcements.

6. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

If there is any urgent business arising since the formal agenda was published, the Chairman will announce this and give reasons why he has agreed to consider it at this meeting. In making his decision, the Chairman will, where practicable, have consulted with the Leaders of the Political Groups. Any documentation on urgent business will be circulated at the meeting, if not made available previously.

7. QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM THE PUBLIC

The Democratic Services Manager will announce any submissions received. The Council will be invited to decide what action it wishes to take, if any, on the matters raised in these submissions. As the questions received and the answers given will be circulated in written form there is no requirement for them to be read out at the meeting. The questions and answers will be published with the draft minutes.

8. PETITION FOR DEBATE - SAVE BATH LIBRARY (Pages 17 - 18)

The Council will hold a debate following receipt of a petition entitled – “Save Bath Library”. The petition will be introduced by the lead petitioner or their representative.

9. COUNCIL COMPANY GOVERNANCE ARRANGEMENTS AND ANNUAL REPORTS (Pages 19 - 114)

The Council will be asked to agree the appropriate corporate governance arrangements for Council interests in Local Authority Companies and approve the annual accounts of Aequus Development Limited (ADL) and Bath Tourism Plus (BTP). The Council will also be asked to consider the request by Bath Tourism Plus for working capital finance in the form of a loan at commercial rates to enable the company to relocate and refurbish a new site for the Visitor Information Centre and a new back office. This will lead to the reduction of operational overheads.

10. YORK STREET INFRASTRUCTURE WORKS (Pages 115 - 118)

This item requests agreement for urgent funding to progress the repair of the underground vault situated under a part of York Street which is required for the Christmas market.

11. ANNUAL REPORT - CORPORATE AUDIT COMMITTEE (Pages 119 - 126)

The Corporate Audit Committee has specific delegated powers given to it from Full Council and as such is required to report back annually to Council under its Terms of Reference. This is the Annual Report of the Committee which details its work over the last year.

12. OUTSIDE BODIES REVIEW (Pages 127 - 154)

The Council will consider a report reviewing its arrangements for councillor representation on outside bodies.

13. MOTION FROM THE LABOUR GROUP - CARE LEAVERS AND COUNCIL TAX: A FAIRER START FOR CARE LEAVERS (Pages 155 - 156)

14. MOTION FROM THE LABOUR GROUP - TACKLING HATE CRIME (Pages 157 - 158)

15. MOTION FROM THE LABOUR GROUP - PUBLIC SECTOR PAY CAP (Pages 159 - 160)

16. QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM

COUNCILLORS

The Democratic Services Manager will announce any submissions received. The Council will be invited to decide what action it wishes to take, if any, on the matters raised in these submissions. As the questions received and the answers given will be circulated in written form there is no requirement for them to be read out at the meeting. The questions and answers will be published with the draft minutes.

The Committee Administrator for this meeting is Jo Morrison who can be contacted on 01225 394358.

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BATH AND NORTH EAST SOMERSET COUNCIL

MINUTES OF COUNCIL MEETING

Thursday, 13th July, 2017

Present:- **Councillors** Patrick Anketell-Jones, Rob Appleyard, Tim Ball, Colin Barrett, Cherry Beath, Jasper Becker, Sarah Bevan, Colin Blackburn, John Bull, Neil Butters, Anthony Clarke, Paul Crossley, Chris Dando, Fiona Darey, Matthew Davies, Sally Davis, Douglas Deacon, Emma Dixon, Michael Evans, Andrew Furse, Charles Gerrish, Ian Gilchrist, Lizzie Gladwyn, Bob Goodman, Liz Hardman, Steve Hedges, Deirdre Horstmann, Steve Jeffries, Les Kew, Marie Longstaff, Barry Macrae, Shaun Stephenson-McGall, Alison Millar, Robin Moss, Paul Myers, O'Doherty, Bryan Organ, Lin Patterson, Christopher Pearce, Vic Pritchard, Joe Rayment, Liz Richardson, Caroline Roberts, Nigel Roberts, Dine Romero, Samuel, Will Sandry, Mark Shelford, Brian Simmons, Peter Turner, David Veale, Martin Veal, Karen Walker, Geoff Ward, Tim Warren and Karen Warrington

Apologies for absence: **Councillors** Matt Cochrane, Francine Haeberling, Alan Hale, Eleanor Jackson, Paul May, Michael Norton, Lisa O'Brien, June Player and Chris Watt

13 EMERGENCY EVACUATION PROCEDURE

The Chairman drew attention to the emergency evacuation procedure, as set out on the agenda.

14 DECLARATIONS OF INTEREST

Councillor Joe Rayment declared an 'other' interest in item 8 (Uber) as a member of the GMB union and item 11 (Youth Justice Plan) as an employee of DHL.

15 MINUTES - 18TH MAY 2017

On a motion from Councillor Tim Warren, seconded by Councillor Steve Hedges, it was

RESOLVED that the minutes of 23rd March 2017 be confirmed as a correct record and signed by the Chair.

16 ANNOUNCEMENTS FROM THE CHAIRMAN OF THE COUNCIL OR FROM THE CHIEF EXECUTIVE

The Chair made the customary announcements concerning mobile phones and webcasting the meeting. She asked Council to stand for a minute's silence in recognition of the recent tragic events in London, and the death last week of Maggie Roper, a prominent Bath philanthropist.

The Chair then thanked the retiring Cabinet Members, congratulated the new Cabinet Members and passed on thanks to William Harding, who has retired after over 40 years of service with the local authority. She concluded announcements by congratulating Children's Services on the outcome of their recent Ofsted inspection

which judged services to be overall “Good” and Adoption Services to be “Outstanding”.

17 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

There were no items of urgent business.

18 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM THE PUBLIC

Statements were made by the following people;

Bob Hollindale addressed the Council and referred to a recent Transport for London report on Uber, raising various points of concern. In response to a question from Councillor Caroline Roberts about whether all Local Authorities follow the same procedure for licensing drivers, Bob responded that they did not and explained that B&NES required enhanced DBS checks, but that individuals who have been refused a badge in B&NES, could obtain one in another Authority area with less rigorous requirements and then operate in B&NES.

Geoff Seymour, a taxi driver in Bath since 2003, made a statement to Council outlining his view that Uber did not effectively support disabled customers. A copy of Geoff’s statement has been placed on the Minute book and is linked to the online minutes. Councillor Caroline Roberts asked Geoff if he had heard that Uber would not carry blind people with guide dogs, to which Geoff responded that he had indeed heard that. Councillor Liz Hardman asked Geoff about future taxi provision for disabled people in the area, to which Geoff responded that, if Uber took all the trade then it would be very limited. Councillor Colin Blackburn asked Geoff to clarify the point in the second paragraph of his statement stating that it wasn’t possible to contact Uber, as he had experience of doing so and there was choice about which vehicle to select. Geoff replied that he had meant that you can’t contact an operator.

Darth Speed made a statement against Uber, stressing a number of safety concerns. Councillor Caroline Roberts referred to Darth’s comment about the area being swamped with drivers from elsewhere and asked if that meant there weren’t enough drivers here. Darth replied that that wasn’t the case as the existing licensed drivers were left waiting for business.

Paul Roles made a statement against Uber, highlighting a number of concerns and examples of alleged illegal practices. He countered the term ‘non-contentious’ in the context of issuing the Uber licence and described a series of errors in the accompanying report. Councillor Caroline Roberts asked Paul to explain the term ‘greyball’ to which Paul responded that it was a device that hides a car from detection when it is banned in an area.

Andy Halliday made a statement requesting the Exhibition room at Bath Central Library be re-opened, and setting out a number of reasons to support his request. A copy of Andy’s statement has been placed on the Minute book and is linked to the online minutes. In response to a question from Councillor Dine Romero about any indication of when the room might be re-opened, Andy responded that he has recently been told it will be in the autumn. He added his concern that opportunities

for summer activities such as the Summer Reading challenge were being passed up due to lack of space, which could be made available right now. Councillor John Bull asked if Andy knew the reason for closure and whether he considered it justified; Andy explained the reasons but reiterated that arrangements could be made to open it up immediately. In response to a question from Councillor Sarah Bevan about the organisations that used the Exhibition room, Andy responded that it was used by a wide range of organisations including artists, photographers and charitable organisations.

David Redgewell made a statement calling for clear focus in working with the West of England Combined Authority. A copy of David's statement has been placed on the Minute book and is linked to the online minutes. Councillor Neil Butters asked about smart ticketing and David responded that smart cards were being introduced on the Severn Beach line and then rolled out more widely, but pressure needed to be maintained on First Bus. Councillor Sarah Bevan asked for more information on the Buses Bill so David outlined the powers given to the Combined Authority.

Adam Reynolds addressed the Council about 20mph zones and calling on the new Cabinet Member for Transport and Highways to re-think the Council's policy on this. A copy of Adam's statement has been placed on the Minute book and is linked to the online minutes. Councillor Tim Warren asked if the criticism to which Adam referred was only from the political campaign group, 20's Plenty, to which Adam responded that was the only group who had complained that he knew of. Councillor Neil Butters asked Adam to say a little more about the health and community benefits he had mentioned and so Adam referenced a Bristol City Council report from 2012 which highlighted the increase in people walking and cycling. He also explained that 20mph gave more design freedom to Highways Officers to work within a space. Councillor John Bull asked about the method that had been used to seek the views of Bath residents in 2011, and Adam responded that he wasn't sure, but knew that a consultation had taken place. Councillor Sarah Bevan asked Adam what he considered were the main flaws in the report he had mentioned, to which he responded that it was that inaccurate comparisons were made to support the findings.

Andrew Mercer addressed the Council on behalf of the Bathampton Meadows Alliance and called on the Council to finish what they had started and take steps to safeguard the meadows in perpetuity. He advised that a proper traffic census was needed. Councillor Dine Romero asked Andrew if he thought the Cabinet still felt a Park & Ride was necessary to the east of Bath, to which he responded that the exact nature of the problem needed to be established through a traffic census, before a solution could be devised.

The Chair thanked all the speakers for their statements which would be referred to the relevant Cabinet Members. The Chair informed Councillors that some members of the public had chosen to make their statements later in the meeting when the relevant item was reached.

The Chair made reference to the questions and responses which had been circulated and are linked to the online minutes.

19 UBER TAXI LICENCE - ISSUES AND OPTIONS

The Council considered a report brought forward on a request from Council of 23rd March 2017 considering issues and options concerning Uber's private hire operator's licence.

During debate, the Chief Executive in his role as Head of Paid Service acknowledged the strength of feeling regarding this issue, but clarified that the term 'contentious' which had been mentioned by some of the public speakers, was terminology set out within Licensing regulations and when this application had been dealt with under delegated authority, the term 'non-contentious' had been used correctly within that context.

On a motion from Councillor Martin Veal, seconded by Councillor Colin Blackburn, it was

RESOLVED

1. To note the contents of the report;
2. To note that a new Government Working Group has been created to examine the employment practices of companies like Uber;
3. To note that the Transport Minister has said that local authorities may be unaware of the extent of their powers and their ability to use them and that there are problems with different local authorities interpreting their powers in different ways; and
4. To note that the guidance and advice given to local authorities by Government is to be clarified and therefore;
5. To remit to Licensing Committee to consider a further report on this issue in light of any new advice referred to above.

[Notes;

1. *The underlined wording in the resolution above was proposed by Councillor Joe Rayment and accepted into the substantive motion by the mover and seconder.*
2. *During debate, an unsuccessful amendment was moved by Councillor Caroline Roberts and seconded by Councillor Tim Ball to ask the Licensing Committee to carry out a further investigation. This amendment was lost, with 17 Councillors voting in favour, 34 Councillors voting against and 5 abstentions.*
3. *The substantive motion was carried with 55 Councillors voting in favour and 1 Councillor voting against.]*

20 PETITION FOR DEBATE - "SAVE OUR 6/7 BUS"

The Council considered an item which had been brought forward, following receipt of a petition entitled "Save our 6/7 Bus" containing approximately 2500 signatures.

Mike Parr addressed the Council and called into question the decision making process that had led to the withdrawal of the 6/7 bus service. He called on the Council not to kick this issue into the WECA long grass. A copy of Mike's statement

has been added to the Minute book and attached to the online minutes. Councillor Sarah Bevan asked for Mike's view of the respective social or commercial values of a bus service, to which he responded that Local Authorities have always provided subsidised services to meet social needs and the case in this instance was fully justified.

Pat Mason made a statement to Council calling into question the validity of the survey which supported the withdrawal of the bus services and calling on the Council to re-consider. A full copy of Pat's statement has been added to the Minute book and attached to the online minutes. In response to a question from Councillor Tim Warren's question about whether Dial-a-Ride was available, Pat replied that it was not.

Councillor Lin Patterson then formally opened the debate and made a statement in support of the petition.

On a motion from Councillor Mark Shelford, seconded by Councillor Jasper Becker, it was

RESOLVED

1. To note the concerns of the petitioners in respect of recent changes to the 6/7 bus service following a review of bus services in Bath undertaken by First Bus;
2. To note that the Bus Services Act gives more tools to local Transport Authorities, particularly Mayoral Combined Authorities, to engage with bus operators to improve bus services, including options such as enhanced partnerships, advanced ticketing and franchising arrangements;
3. To note that the West of England Combined Authority will be conducting a network-wide review of the local bus network to make recommendations on if and where any changes are needed to deliver a better network for the passenger and meet the transport and economic objectives of the West of England; and
4. To ask that, through the Leader, the West of England Combined Authority is requested to examine how services between Fairfield Park and Larkhall can be restored without detriment to the improved service now provided to Camden and improved reliability and rider numbers as part of its wider review of bus service provision throughout the West of England.

[Notes;

1. *During debate, a motion was moved by Councillor Lin Patterson and seconded by Councillor Joe Rayment containing the wording of the petition with a further request to the Cabinet Member for Transport & Highways to review the way in which the decision had been made. This was subsequently successfully amended to the resolution above.*
2. *The underlined wording in the successful resolution above was proposed by Councillor Rob Appleyard and accepted by the mover and seconder of the substantive motion.*
3. *The resolution above was carried with 30 Councillors voting in favour, 8 Councillors voting against and 17 Councillors abstaining.*

4. *The successful resolution above was carried with 55 Councillors voting in favour.]*

21 PLACEMAKING PLAN: COUNCIL TO CONSIDER INSPECTOR'S REPORT & ADOPTION OF THE PLACEMAKING PLAN

The Council considered the Inspector's examination of the B&NES Placemaking plan and a number of recommended modifications.

Robin Kerr, Chairman of the Federation of Bath Resident's Associations, made a statement regarding student housing and transport. A full copy of Robin's statement has been placed on the Council's Minute book and linked to the online minutes. Councillor Bob Goodman asked Robin if he considered the proposed reduction in HMOs from 25% to 10% to be the right decision to re-balance the effects of student housing on the community, to which Robin responded that he did and that it was in line with the national HMO lobby, however; it didn't address purpose built student accommodation, which they had asked to be included. He added that Universities needed to be asked to stop increasing student numbers. Councillor Tim Ball asked if Robin considered this plan to be fit for purpose, in the light of the criticisms he had raised. Robin responded that he had no wish to delay adoption of the Plan but that a rapid Core Strategy review was needed.

On a motion from Councillor Bob Goodman, seconded by Councillor Les Kew, it was

RESOLVED

1. To accept the main modifications listed in attachment 1, which the Inspector considers are needed to make the Plan sound in accordance with section 20 (5) of the Planning and Compulsory Purchase Act 2004 (as amended);
2. To agree the Minor Modifications listed in attachment 2 to the B&NES Placemaking plan, which are needed to ensure clarity, consistency and factual accuracy in the Plan;
3. To adopt the B&NES Placemaking Plan (Local Plan Part 2) as modified in (1) and (2) above, including for the purposes of section 38(6) of the Planning & Compulsory Purchase Act;
4. To agree the B&NES Policies Map is amended in line with (1) and (2) above;
5. To acknowledge that the adopted Supplementary Planning Documents/Guidance listed in attachment 3 should supplement the B&NES Development Plan; and
6. To delegate responsibility to the Divisional Director for Development, in consultation with the Cabinet Member for Development, to make minor textual amendments to the Placemaking Plan prior to publication.

[Notes;

1. *The above resolution was carried with 39 Councillors voting in favour, 13 against and 5 abstentions.*

2. *Following this item, a five minute adjournment was taken.]*

22 YOUTH JUSTICE PLAN 2017 - 2018

The Council considered this annual plan which sets out how youth services are to composed and funded, how they operate and what functions will be carried out to prevent youth offending and re-offending.

On a motion from Councillor Michael Evans, seconded to Councillor Alison Millar, it was

RESOLVED unanimously to agree

1. That the Youth Justice Plan fulfils the requirements of the Crime and Disorder Act 1998 and can be submitted to the Youth Justice Board for England and Wales;
2. That the Youth Justice Plan is adopted as part of the Council's Policy and Budget framework and can be accommodated within the Council's budget; and
3. That the relevant Policy Development & Scrutiny Panel oversees progress and performance.

23 2016/17 TREASURY MANAGEMENT OUTTURN REPORT

The Council considered a report giving details of performance against the Council's Treasury Management Strategy and Annual Investment Plan for 2016/17.

On a motion from Councillor Charles Gerrish, seconded by Councillor Brian Simmons, it was unanimously

RESOLVED

1. To note the 2016/17 Treasury Management report to 31st March 2017, prepared in accordance with the CIPFA Treasury Code of Practice; and
2. To note the 2016/17 Treasury Management Indicators.

24 STANDARDS COMMITTEE ANNUAL REPORT 2016 - 2017

The Council considered the Standards Committee Annual report for 2016-17.

On a motion from Councillor Tim Warren, seconded by Councillor Nigel Roberts, it was unanimously

RESOLVED to note the work of the Standards Committee as set out in the Annual Report.

25 PROPOSED AMENDMENT TO THE CONSTITUTION

The Council considered a report recommending an amendment to the Members' Planning Code of Conduct to allow Councillors with disclosable pecuniary interests the same rights as members of the public.

On a motion from Councillor Tim Warren, seconded by Councillor Paul Crossley, it was unanimously

RESOLVED that the amendments to the Council's Constitution as set out in Appendix 1 to the report be approved.

26 DESIGNATION OF CHIEF FINANCIAL OFFICER (SECTION 151)

The Council considered a report seeking confirmation of the designation of the Strategic Director – Resources (Andrew Pate) as the Council's Section 151 Officer (Chief Financial Officer) with effect from 14th July 2017.

On a motion from Councillor Charles Gerrish, seconded by Councillor Tim Warren, it was unanimously

RESOLVED to designate the Strategic Director – Resources as the Council's Chief Financial Officer in accordance with section 151 of the Local Government Act with effect from 14th July 2017.

27 AGENDA MOTION FROM LIBERAL DEMOCRAT GROUP - CLEAN AIR FOR BATH

The Council considered an agenda motion from Councillor Richard Samuel, which was debated.

On a motion from Councillor Mark Shelford, seconded by Councillor Tony Clarke it was

RESOLVED unanimously

1. To note that national air quality objectives for nitrogen dioxide are exceeded at several locations within Bath and North East Somerset, particularly along the A4, A36 and A37. This pollution caused by vehicles needs to be reduced;
2. To note the risks to human health posed by traffic pollution in Bath and North East Somerset are of serious concern and action is required to reduce the risk;
3. To approach Central Government to seek to secure a Clean Air Zone for the city and other locations subject to excessive pollutants as part of the revised national air quality plan, so that suitable studies can be undertaken to bring forward concrete action plans to address air pollution;
4. That, in the alternative, the Council shall commit current available funding as part of the 2018-19 budget and seek additional funding, possibly in partnership with the West of England Combined Authority, and any other sources to undertake a comprehensive study to inform a Clean Air Policy and

Plan for Bath and North East Somerset. Such studies would include comprehensive traffic censuses along the main traffic corridors to provide fully up to date data upon which to develop evidence based solutions to reduce traffic levels; and

5. To commit to continuing to work through the West of England on a package of transport improvements such as Clean Air Zones, traffic management measures, bus and rail improvements and key infrastructure projects identified within the Joint Transport Study that could make a particular contribution to reducing traffic and improving air quality on transport corridors where air quality is known to be subject to excessive pollutants.

[Notes;

1. *At the commencement of this item, a motion to suspend constitutional rule 4a, 48 to continue the meeting until 10.10pm was moved by Councillor Tim Warren, seconded by Councillor Dine Romero and unanimously approved.*
2. *Points 1 – 4 of the resolution above formed the original motion from Cllr Richard Samuel, which was subsequently amended with the addition of point 5 and carried with 29 Councillors voting in favour, 24 Councillors voting against and 2 abstentions.*
3. *Councillor John Bull requested the removal of words “such as the A36-A46/A4 link road” which had formed part of Councillor Mark Shelford’s amendment. Their removal was accepted by the mover and seconder of the substantive motion.]*

28 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS

The Chair made reference to the questions and responses which had been circulated and are linked to the online minutes.

The meeting ended at 10.10 pm

Chairman

Date Confirmed and Signed

Prepared by Democratic Services

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Bath & North East Somerset Council		
MEETING	Council	
MEETING DATE	14 th September 2017	
TITLE:	Save Bath Library – petition for debate	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: None		

1 THE ISSUE

- 1.1 A petition has been received – “Save Bath Library” - containing just over 5000 signatures, of which over 3000 are B&NES signatures. In line with the Council’s petition scheme, if a petition containing qualifying signatures of more than 1% of the electorate who live, work and study in Bath & North East Somerset is received, it triggers a debate at Council.

2 RECOMMENDATION

- 2.1 That a debate takes place.

3 THE REPORT

- 3.1 The text of the petition reads as follows;

“BANES Council are planning to move Bath Central Library from its current home in The Podium to The One Stop Shop near the bottom of Manvers Street. You can read the reasons for the move by clicking [here](#).

The new library will save BANES Council £800,000 a year and they will ‘Uphold [their] statutory duty for the provision of library services’. In layman’s terms they will do the bare minimum to ensure the public have access to library facilities.

If you could create a beautiful, functional, multi-use space, what do you think it would look like? Bath Central Library. It’s already here, upstairs in The Podium, right in the centre of our town.

The new space claims to create a modern library service, with a focus on digitalising and moving local archives to the Guildhall, splitting the resources in the library into two separate locations. This is what we will lose:

- *Parking facilities in The Podium, making Bath Central Library easily accessible to both the elderly and the disabled. The current Library can be reached directly from the carpark via lift. There are no such parking facilities at the One Stop Shop, isolating a key demographic within the community.*

- *There is a beautiful gallery space where local artists can display and sell their work. It can also double as a community space for talks and functions. The loss of this space further marginalises the already limited access to arts within our community.*
- *The breakdown of socio-economic boundaries. The Library currently offers a central space where everyone is welcome; it has comfortable chairs and a selection of daily newspapers, free to patrons. No one is excluded from using the library facilities and people from all social and economic backgrounds are able to integrate and discuss things that are important to them.*
- *A large study area, capable of seating up to 100 people. This is a vital area for local students and is used all year round as a quiet study space, located conveniently in the centre of town.*

The council wants to save money, but we need to recognise the cultural and social hub that is Bath Central Library in The Podium. We cannot continue to allow the arts and literature to be marginalised for the sake of saving. We need to nurture and encourage community engagement in a safe, central space. To lose The Podium is to lose the heart of Bath's community and cut off lots of people who are key to making a community thrive.

To close such a wonderful, useful, welcoming space is to disown something really worth something. We need to rally around here folks! Make our voices heard.....DON'T MOVE OUR LIBRARY!"

3.2 This debate is taking place during the consultation period which closes on 15th September, so any views or recommendations arising from the meeting will form a part of the consultation responses.

3.3 Council, if it wishes, can make recommendations to Cabinet but cannot amend executive policy.

3.4 The lead petitioner, Alexander Lea, or someone nominated on his behalf, will address Council at the start of the item.

4 FINANCIAL IMPLICATIONS

4.1 The July Cabinet report outlines the financial implications of the options considered to be viable and which are now subject to consultation prior to a further report to Cabinet in October. This financial analysis was completed after the petition was submitted and the options developed take into account public feedback.

Contact person	<i>Jo Morrison, Democratic Services Manager (ext 4358)</i>
Background papers	July Cabinet report; https://democracy.bathnes.gov.uk/documents/g4652/Public%20reports%20pack%2019th-Jul-2017%2016.00%20Cabinet.pdf?T=10
Please contact the report author if you need to access this report in an alternative format	

Bath & North East Somerset Council		
MEETING:	Council	
MEETING DATE:	14 September 2017	
TITLE:	COUNCIL COMPANY GOVERNANCE ARRANGEMENTS AND ANNUAL REPORTS	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix A - EY Corporate Structure Review		
Appendix B - Proposed Protocol for governance arrangements of companies		
Appendix C – ADL annual report and accounts		
Appendix D – BTP annual report and accounts		

1 THE ISSUE

- 1.1 To agree the appropriate corporate governance arrangements for Council interests in Local Authority Companies and approve the annual accounts of Aequus Development Limited (ADL) and Bath Tourism Plus (BTP).
- 1.2 To consider the request by Bath Tourism Plus for working capital finance in the form of a loan at commercial rates to enable the company to relocate and refurbish a new site for the Visitor Information Centre and a new back office. This will lead to the reduction of operational overheads.

2 RECOMMENDATION

The Council is recommended to:

- 2.1 note the recommendations of the EY corporate structure review report (Appendix A)

- 2.2 agree the principles and structures for governance arrangements of Council companies as set out in the proposed Protocol (Appendix B)
- 2.3 delegate the implementation of the group structure and required streamlining to the Chief Executive, in consultation with the Leader and Portfolio Holder for Finance; section 151 Officer and Monitoring Officer.
- 2.4 note the ADL 2016/17 year end draft audited accounts (Appendix C)
- 2.5 note the BTP 2016/17 year end draft audited accounts (Appendix D)
- 2.6 approve the addition of a new scheme of £300k loan into the Capital Programme entitled BTP transitional funding.
- 2.7 delegate authority to authorise the loan to BTP to the Strategic Director of Resources (s151 Officer), in consultation with the Cabinet Member for Finance and Efficiency, once satisfied that due diligence has been completed and subject to the relevant terms and conditions.
- 2.8 note that as a loan condition, a detailed review of the BTP business plan is required with the future years plan from 2018/19 to be presented to the Council Shareholder for approval

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 Creating and administering corporate structures will have associated costs, e.g. the need to file statutory accounts and returns with Companies House. There are methods of minimising and streamlining the Council's structures and reporting requirements which can minimise these. Specialist tax and finance advice has been obtained to ensure this and the proposed structure reflects this advice.

FINANCE IMPLICATIONS – COMPANY ACCOUNTS

- 3.2 The BTP 2016/17 accounts show that there was a small reduction in turnover (2.5%) along with an increase in operating costs and as a result an operating deficit of £165,874 was reported. BTP's long term financial stability is being addressed through their business plan. This contains a number of measures to increase income and reduce costs. Additional income is planned to be derived from new commercial ventures which are soon to be launched and efficiencies will be generated by moving the Visitor Information Centre from its current location and continuing to merge back office functions with Bath Festivals.
- 3.3 The ADL 2016/17 accounts cover the first trading period for the company. As anticipated a small operating loss of £126K has been made whilst the company takes on new rental properties and meets associated company set up costs. This is fully in line with the anticipated early trading projections for the company. During this period ADL has provided of £1.3M of capital receipts to the Council and also exceeded it's first year revenue target of £75k.

FINANCE IMPLICATIONS – REQUEST FOR LOAN BY BTP

- 3.4 In order to create long term financial stability and manage some short term one-off costs, the Company are requesting loan funding from the Council at an appropriate market rate of interest (in order to comply with State Aid rules). These costs relate to the payment of redundancy costs from historic pension's liabilities, the capital costs of relocating the Visitor Information Centre and back offices to cheaper and better located premises to be shared with Bath Festivals and the costs of supporting the up-front costs in delivering a successful festivals programme for Bath in 2017. Any associated costs will be charged to BTP.
- 3.5 The office move will reduce BTP's operating costs by c£100k per annum from 2018/19 onwards and provide greater income generation opportunities to the Company from the new location of the Visitor Information Centre.
- 3.6 Following an initial review of the BTP business plan by Ernst Young, financial projections and potential loan repayment profile, there is a good indication that this should be low risk with repayments being made as planned, with the Company back in surplus by the end of 2018/19. Further due diligence will be carried out following delegation to enter into the loan agreement.
- 3.7 To provide further rigour to the company's finances a new Non-Exec Director with relevant financial experience, has been appointed to the Board of BTP. In addition the Board and Senior Management Team have put in place a series of reviews to ensure the delivery of a robust business plan. These include the development of new commercial activities that generate income for the Company, a review of the costs of delivering their activities to ensure they are efficient and continuing to explore with Bath Festivals and others the opportunities from joint working and shared back office services.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The Council, like many other Councils, is actively looking at all appropriate opportunities for generating additional revenue streams given the year on year reductions in central government grant. As part of this income generation drive, the Council is looking at opportunities to commercialise services through trading, e.g. the creation of ADL, a property investment company.
- 4.2 Trading by Councils, for commercial gain, must be undertaken through the creation of a company. This report seeks to regularise the process for creation of companies and their governance arrangements to ensure a consistent approach. This will be achieved by adopting the principles set out in the EY report, which are embodied in the proposed Protocol at Appendix B. The Council will only create companies where they achieve these principles and add value. The Council will consider the best model for each subsidiary company on an individual basis.
- 4.3 ADL and BTP are governed in accordance with the powers set out under S1 of the Localism Act 2011 (the General Power of Competence). and in

accordance with any Company governance arrangements the Council implements in due course.

5 THE REPORT

COMPANY GOVERNANCE

- 5.1 The Council has already established a property investment company – ADL – to develop and/or hold rental properties and its wholly owned subsidiary - Aequus Construction Limited (ACL) – to construct properties for market sale and rental. Both ADL and ACL are companies limited by shares which are wholly owned by the Council. The Council also has other corporate entities. It acquired sole ownership of BTP which is a company limited by guarantee, with the Council as sole member of the company. The Council provides audit services to other public bodies under the Local Government (Goods & Services) Act 1970 as a separate trading account within the General Fund. The Council is considering as part of the commercialisation agenda whether this Internal Audit service should be carried out in a separate commercial entity. The commercialisation agenda will inevitably see the Council consider the potential for other services to be provided on a commercial basis and given legislative constraints, it is likely that such commercial opportunities will need to be carried out through separate corporate vehicles (companies or community benefit societies).
- 5.2 Given the potential for a range of different corporate entities to be established by the Council within the near future, the Council needs to consider governance arrangements to ensure the Council's various roles are properly documented and understood. This will minimise conflicts of interest and maximise the opportunities for the corporate vehicles to achieve the outcomes set for them. The risks of unplanned ad-hoc governance arrangements for different companies are highlighted in the EY report (Appendix A) as are the best practice principles.
- 5.3 The Protocol and proposed structure (Appendix B) establishes a Holding Company between the Council and the corporate entities. The extent the Holding Company could exercise the shareholder/member rights in respect of each of the corporate entities would be set out in the Shareholders' Agreement between the Council and the Holding Company regularising the relationship between the Council and the Holding Company.
- 5.4 The Council is a representative body and its Members are accountable to the electorate for the Council's performance. Part of the Council's rationale for establishing the commercial entities is in part to create these businesses as tools to increase income for the Council. Members, who must also decide on potentially competing priorities for resources, are best positioned to lead on holding the financial and general performances of the businesses to account. Part of this role, if the businesses do not perform well, may be a decision to limit future Council support, sell them or even wind them up. It is proposed that these types of difficult strategic decisions rest with the Members.
- 5.5 The EY report recommends that in order for members to be able to exercise their strategic decision making function, the duality of roles between

shareholder representative and Company Director should be avoided to ensure a robust corporate governance structure. It is proposed that the Leader as Shareholder, with advice from the Cabinet as Shareholder Group and s.151 and Monitoring Officers, exercise the Council's shareholder rights (as sole shareholder of the Holding Company and thus sole owner of each of the commercial entities). It is recommended in the EY report that the terms of reference for the Shareholder Group should clearly define the roles and responsibilities of Council Members in acting as Shareholder Representatives. The Protocol at Appendix B addresses these issues via reserved matters and a Shareholders Agreement.

- 5.6 By utilising existing Council decision making and governance arrangements, it is possible to ensure appropriate corporate governance arrangements without creating additional administrative cost. The governance structure provides for the Cabinet (in its Shareholder group role) to provide the strategic oversight role it presently holds for council business while providing the Council directors (in their Holding Company director roles) with the delegated power to run the day to day transactional business of the holding Company and its subsidiaries. This is similar to the delegations to directors to run their directorates within the Council's scheme of delegation. The proposals are explained further in the Protocol at Appendix B.
- 5.7 It should be noted that there will be a period of transition to bring about these new arrangements. Recommendation 2.3 refers to this and delegates responsibility to the Chief Executive in consultation with the Leader, Portfolio Holder for Finance, plus the Section 151 Officer and Monitoring Officer.

BTP LOAN REQUEST

- 5.8 Bath Tourism Plus (BTP) was established by the Council and Bath Chamber of Commerce in 2003 to deliver the Council's tourism and conferencing services. It is classed as a separate Local Authority influenced company and was established as a non-charitable company limited by guarantee. Since its incorporation, BTP's scope of operation has grown significantly to include many successful commercial trading activities (such as the Christmas Market), alongside the contract for core services from the Council.
- 5.9 On 1 April 2017 following independent legal and financial advice, the Council acquired 100% ownership of the Company to ensure the ongoing viability of BTP and the successful delivery of destination management services. BTP remained a company limited by guarantee with the articles being altered to enable the company to distribute surplus to its members. The request for a loan for working capital financing is to the Council as 100% shareholder and outside of the contract terms and conditions.

6. RATIONALE

- 6.1 The proposed structure will ensure the Council complies with the best practice for the governance of local authority companies.

- 6.2 The request for the working capital loan to enable BTP Ltd to relocate will put BTP in a more financially secure position.

7. OTHER OPTIONS CONSIDERED

- 7.1 Other models were considered for the Council companies. The proposed model best fits the current recommended advice.
- 7.2 Officers have considered other options for assisting BTP however these raised state aid issues and so have not been pursued.

8. CONSULTATION

- 8.1 All proposals have been drawn up with support from Officers in relevant departments and external experts. The Monitoring and s151 Officers have been involved throughout and have had opportunity to review and input into this report.
- 8.2 Consultation has taken place with the Board of BTP and Bath Chamber of Commerce. Consultation has taken place with the Board of ADL
- 8.3 Consultation has been undertaken with relevant Cabinet Portfolio Holders and Group Members. All future proposals will be subject to the normal processes and consultation.

9. RISK MANAGEMENT

- 9.1 A risk assessment related to the issue and recommendations has been undertaken and a full risk register has been maintained in accordance with the Council's decision making management guidance.

Contact person	Maria Lucas tel: 01225 395171/ Ben Woods
Background papers	None
Please contact the report author if you need to access this report in an alternative format	

Bath & North East Somerset Council

Corporate Structure Review

Final Report

31st August 2017

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1. Background, scope and review conclusions

1.1 Background

Austerity measures have driven local government to focus on income generation through identifying and generating additional revenue streams. In recent years, there has been a growing focus on commercialising services through trading or pooling resources with other local authorities jointly to provide services.

Bath and North East Somerset Council ("BaNES" or "the Council") have explored alternative approaches to providing certain services and looked to identify revenue generating opportunities. In doing this the Council has established a number of Local Authority Trading Companies ("LATCos").

Prior to 2017, the Council wholly owned two LATCos, Aequus Developments Limited and Bath Tourism Plus Limited. These commercial companies provide additional housing to the local market and generate new local tourism business opportunities. We understand that the Council is looking to include further LATCos into its existing group structure, including the proposed establishment of Audit West Limited. Sections 2 and 3 of this report provides further detail on the corporate governance structure of these companies.

1.2 Scope

As per the agreed scope with the Council, we have performed a review of the corporate structures of BaNES' subsidiary companies, including:

1. Review and assessment of the proposed group structure for the Council and it's trading companies from the outset;
2. Reviewing corporate governance arrangements for the proposed new structure, capturing existing arrangements and identifying potential areas of conflict; and
3. Assessing accounting implications for structure changes and proposed companies, including consideration of consolidation, group accounting and impact on single entity accounts.

1.3 Review Conclusions

1.3.1 Proposed corporate governance arrangements

BaNES Council Officers have proposed a corporate governance arrangement, which includes a holding company sitting between the Council and its LATCos, to enable effective streamlining of decision making processes and clear delegation of roles and responsibilities to avoid conflicts of interests from arising. A Shareholder Group, consisting of Council Members, will sit within the Council. There will also be a holding company, consisting of Council Officers, who will provide governance and operational support to the LATCos. Through a shareholder agreement between the Shareholder Group and the holding company, the holding company will represent the Council and act as shareholder with certain matters (including strategic and high risk decisions) to be escalated to the Shareholder Group for consideration.

This proposed structure will enable the Council to implement a clear approach to governance across its LATCo group, with there being a single point of access to the Council and broader

representations of board members. The structure will also enable the governance approach to be consistent if the Council decides to grow its group structure and establish further LATCos.

1.3.2 Existing corporate governance arrangements of the Council's LATCos

From our review of the existing corporate governance arrangements of the Council's LATCos, we have identified some existing areas where potential conflicts of interests may arise. We have identified instances where Council Members are acting as both company directors and shareholders. We have also identified examples where Council Officers have a company director role which may conflict with their Council role. Further details of these conflicts are set out in Section 3 of this report.

CIPFA guidance on good governance recommends that duality of roles, such as those identified in Section 3 of this report, should be avoided in order to create a robust governance structure, which ensures transparent and unbiased decision making.

1.4 Recommendations

As noted above, the detailed findings across each of the scope areas are set out in Sections 2, 3 and 4 of this report. From the work we have performed we have identified the following recommendations for the Council:

- a. The Council should ensure that the Terms of Reference of the proposed Shareholder Group clearly define the roles and responsibilities of Council Members in acting as shareholder representatives.
- b. Clear Terms of Reference should be developed for the holding company, including the shareholder and governance activities it will conduct on behalf of the Council and definition of the matters which need to be escalated to Shareholder Group.
- c. The Council should ensure that the board of the holding company has appropriate competencies, experience and skills mix to provide effective governance to all group entities.
- d. Duality of roles between shareholder representative and company director should be avoided to ensure an effective and robust corporate governance structure.
- e. We also recommend that the Council reviews the composition of the holding company and individual trading company boards to ensure that there is sufficient independence and representation in decision-making and avoidance of over-reliance on particular directors.
- f. We recommend the Council adhere to the latest available CIPFA guidance for best practice on structured corporate governance. The guidance will steer the Council's strategic governance arrangements to ensure consistency and accountability is incorporated.

2. Review of BaNES proposed group structure

2.1 Summary

This section of the report reviews the Council Officers' proposed group and corporate governance structure. We have reviewed the Council's documentation on *Governance of interests in Local Authority Companies* (see Appendix 5.1) to assess whether the proposed arrangements are effective in building a robust corporate governance structure.

While there are clear benefits in councils operating commercial trading companies, the corporate governance structure can present challenges, particularly in the overall decision-making processes and board composition. The governance of an entity established under Companies Act legislation is markedly different from that of local government bodies. Despite being owned outright, or in majority, by local government bodies (the Shareholders) a LATCo established under the Companies Act must adhere principally to that legislation ahead of local authority rules and codes of conduct.

There needs to be careful consideration given to the corporate governance structure to avoid conflict of interests and ensure there is transparency and accountability between the Council as a shareholder and its companies.

The Companies Act 2006 codifies the general duties of Directors which specifically provides guidance on managing conflicts of interest (s171 – 176, specifically s175).

2.2 Proposed group structure

The proposed group structure, developed by Council Officers, reflects existing decision-making processes and governance arrangements. We understand that this proposal includes the formation of a Shareholder Group structure within the Council and a holding company, consisting of Council Officers, which sits above the individual LATCos. The Shareholder Group would be comprised of Council Members to provide strategic oversight and direction to the holding company who will oversee the operational aspects of the subsidiary companies.

2.3 Governance challenges

The Council's role within its commercial companies can impact on the operations of their business. While having wholly-owned companies, such as Aequis Development Limited, can be advantageous in terms of enabling greater control over the strategic direction of the business, this approach can also raise potential governance challenges:

- Ø **Effective decision-making / conflicts of interest:** where individuals have taken on the dual role of Company director and Shareholder representative, this can impact on decision-making as conflicts of interests may arise, which prevent them from fulfilling their obligations appropriately to both the company and the Council as shareholder.
- Ø **Agility:** whole-ownership of LATCos, whilst enabling local authority control, may restrict the ability of a company to act commercially within its competitive market. A successful LATCo will need to be agile in responding to changing market conditions and will need to make decisions based on commerciality and return.

- Ø **Accountability:** unlike their private sector competition, a LATCo may be required to demonstrate additional accountability to their local authority shareholder over the use of public funds. However, this would need to be appropriately balanced alongside the commercially sensitive nature of any information being shared, which could potentially place a LATCo at a competitive disadvantage.

2.4 Formation of the Holding Company

In its proposed group structure the Council is looking to establish a holding company. This is intended to provide a streamlined and consistent approach to governance whereby the holding company will represent the Council as shareholder in each of the LATCos. It is intended that Council Officers sitting on the holding company board will act as the shareholder on behalf of the Council, addressing day-to-day responsibilities through agreed shareholder agreements and escalating strategic decisions up to Council Members who will represent the Council through a Shareholder Group.

It is expected that this proposed structure will enable the Council to fulfil its shareholder responsibilities whilst minimising any potential conflicts of interest, which may arise. A group structure with a holding company will also enable the Council to apply an approach to governance across of all its subsidiaries, which can remain consistent if the Council decides to establish further LATCos.

The successful execution of this proposed group structure and governance approach is dependent on the following three factors:

1. Ability to apply this structure across all subsidiaries, including those where the Council is not the sole shareholder (e.g. Brunel Pension Partnership and Adoption West);
2. Ensuring the holding company board of directors has the appropriate skills and experience to discharge its responsibilities through the proposed shareholder agreements; and
3. Clarification of the role of elected Council Members in the shareholder role.

In relation to the role of Council Members as shareholder representatives, we understand that the Council has considered different approaches. These include a unified board approach, where the Board of the commercial entities includes elected members (as well as officers and potential unconnected non-executives), and an approach where there are no elected members on the board but Members sit on a Shareholder Group, which exercises the Council's rights as shareholder in each of the commercial entities. Having reviewed the advantages and disadvantages of each, the formation of a Shareholder Group within the Council can provide an effective means of governance, as it will avoid conflicts of interest arising whilst enabling:

- Ø **Proper strategic oversight:** there will be a single point of access to the Council, which ensures that elected members are able to make clear strategic decisions in line with the Council's business objectives;
- Ø **Retain control:** the Council (being sole shareholder) can have ultimate control over the business without hindering the operational management of the subsidiary companies;

- Ø **Broader political representations:** as the Council recognises the Shareholder Group will allow for broader political representations than can be housed on a board of directors; and
- Ø **Broader representations:** as the Shareholder group can be comprised of a greater number of representatives, this allows for diversity that can provide greater efficiencies in decision-making processes and avert potential conflict from arising between members on the boards and members exercising the shareholder.

The proposed Shareholder Group will enable the Council to maintain influence over the strategic direction of their commercial entities and provide them with a greater degree of flexibility in relation to the role of elected members within the Holding Company arrangement.

The Council should ensure that all necessary steps are taken to avoid any conflicts of interest arising from any proposed Shareholder Group.

2.5 Conclusion

Council Officers have considered a number of options in regards to the corporate governance arrangements of the Council's commercial entities, with the key priority to retain control and ensure that the companies can be used as *'tools to increase income for the Council'*.

The proposed corporate governance structure developed by Council Officers will enable effective streamlining of decision making processes and delegation of roles and responsibilities to avoid conflicts of interests from arising. The proposed formation of a Shareholder Group within the Council consisting of Council Members, and a holding company consisting of Council Officers, will provide a governance approach, which is consistent across all companies, particularly in matters of strategic oversight, provide a single point of access to the Council and enable the Council to further expand the LATCo group without changing the governance structure.

We consider the proposed group structure to be an effective form of corporate governance, as it will provide a consistent platform across the group to achieving robust internal control, identify clear segregation of roles and responsibilities and enable implementation of good practice in transparency of decision-making between the different entities.

2.6 Recommendations

From our work, we have identified the following recommendations:

- a. The Council should ensure that the Terms of Reference of the proposed Shareholder Group clearly define the roles and responsibilities of Council Members in acting as shareholder representatives.
- b. Clear Terms of Reference should be developed for the holding company, including the shareholder and governance activities it will conduct on behalf of the Council and definition of the matters which need to be escalated to Shareholder Group.
- c. The Council should ensure board of holding company has appropriate competencies, experience and skills mix to provide effective governance of all group entities.

The Council should refer to the CIPFA guidance on delivering a good governance framework¹. This framework sets out how local authorities can form appropriate governance structures, giving consideration to the legislative and constitutional arrangements. Below are seven principles of governance that support local authorities in achieving their outcomes:

- i. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- ii. Ensuring openness and comprehensive stakeholder engagement;
- iii. Defining outcomes in sustainable economic, social and environmental benefits;
- iv. Determining the interventions to optimise the achievement of the intended outcomes;
- v. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- vi. Managing risks and performance through robust internal control and strong public financial management; and
- vii. Delivering effective accountability through transparency in reporting.

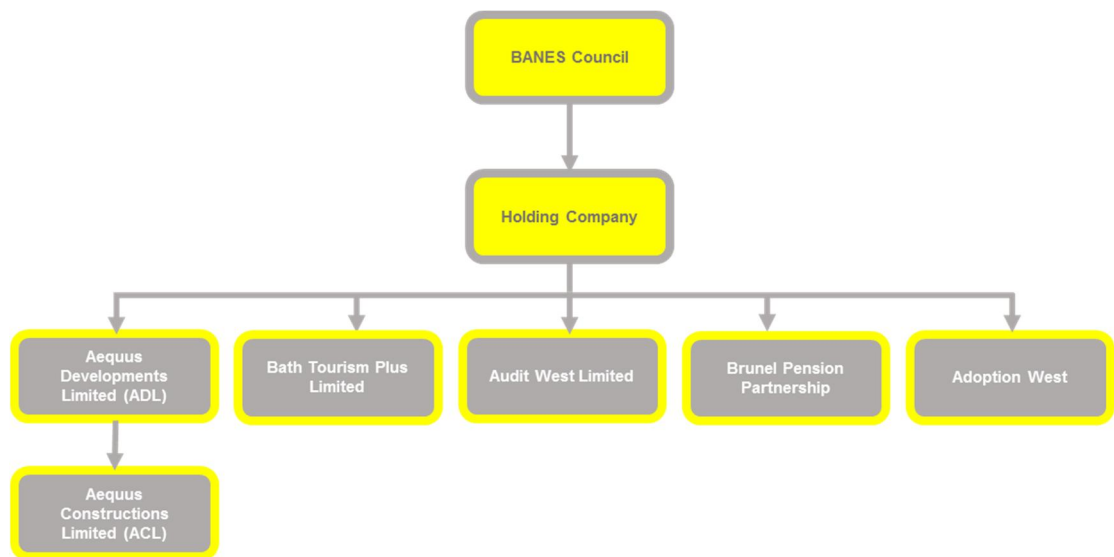
¹ CIPFA: Delivering good governance in Local Government Framework (2016)

3. Review of existing governance arrangements

3.1 Summary

In this section, we have reviewed the existing arrangements of the Council's LATCos to identify any existing areas of conflict. From review of the documents received, as detailed in Appendix 5.1, we have provided below a summary of each commercial entity and the potential conflicts of interest identified.

3.2 BaNES Proposed Group Structure



As per the diagram above, from our discussions we have summarised the Council's existing and proposed subsidiary companies:

- Ø Aequus Developments Limited and Aequus Constructions Limited (*subsidiary of ADL*)
- Ø Bath Tourism Plus Limited
- Ø Audit West Limited (*proposed*)
- Ø Brunel Pension Partnership (*not yet established*)
- Ø Adoption West (*in discussion*)

3.2.1 Aequus Developments Limited and Aequus Construction Limited

In March 2016, the Council set up Aequus Developments Limited ("ADL") to develop, deliver, own and manage the Council's private residential property assets. The Council wholly owns ADL (100%). It was established as part of the Council's strategic review of its financial process, having observed similar housing and development companies being established in other councils.

The overall mission of the ADL is to generate revenue income and maximise revenues for the Council, to acquire and sell private market property, and to hold, manage and operate high quality private lettings. Another objective of ADL is to be fully policy compliant on affordable housing.

As per the ADL's business plan 2016/17-20/21, the objectives of ADL are:

- Ø To generate income and deliver a financial return to the Council;
- Ø Managing private residential property assets and delivering new housing for both private ownership and the private rented sector;
- Ø Maximise the value with commercial return, whilst providing affordable homes for example young professionals;
- Ø Acting as a responsible landlord;
- Ø Delivering new housing developments within BaNES area for local residents;
- Ø To provide sustainability and healthy living; and
- Ø Work with the Council seeking vacant sites and brown field sites for housing development.

The membership of the ADL board is outlined below as per Appendix 5.3:

• Chairman	:	Cllr X
• Managing Director	:	Tim Richens
• Operations Director	:	Derek Quilter
• Executive Director	:	Martin Shields
• Non-Executive Director	:	Cllr Y
• Independent Non-Executive	:	Paul Robathan
• Independent Non-Executive	:	Bob Marshall

We have identified that the board composition of ADL includes two councillors, Cllr X (Chairman of the Board) and Cllr Y, a non-executive director. Their role within the board presents a conflict of interest, as they are operating dual roles as both shareholder representatives and company directors. With duality of roles there is a risk that individuals are not able to discharge their responsibilities of both roles appropriately and we have seen with other LATCos where such duality has resulted in decision making which has a Council bias rather than the required commercial focus.

We understand that the Council is in the process of reviewing the above roles, and board composition of ADL.

The Council has established an additional company, Aequus Construction Limited ("ACL"), to carry out the construction projects for ADL housing projects. ACL will be a 100% wholly owned subsidiary of ADL and will be a company limited by shares, registered at Companies House. In the proposed structure, any developments sites that are held in the Council, are to be transferred for construction to ACL. Once they have been completed, ACL will dispose of the units, transferring to ADL for letting. ACL assets will be held under a 50-year lease, when the lease expires all the assets related to the company will be transferred to the Council.

The directors for both of the Companies are responsible for the day-to-day management of the company's operations. However, the shareholders may direct the directors to take, or refrain from taking, specified action due to the Shareholders' reserve power. The directors who sit at the Shareholder group, must take decisions collectively. From May 2016, three directors is the minimum number to hold a directors' meetings.

Currently it is proposed that the ACL board will share three directors (as per Appendix 5.3, Tim Richens, Derek Quilter, and Martin Shields) with the ADL board. Whilst this will ensure a smooth transition of operations between ADL and ACL this may present a potential conflict of interest for those directors as they are acting in a decision-making capacity for both entities. In addition to this, two of the directors are also Council

Officers (Derek Quilter and Martin Shields), which presents a conflict of interest given the services these companies will provide to the Council.

It should be considered whether additional and independent representation is required on the ACL board.

3.2.2 Bath Tourism Plus Limited

Bath Tourism Limited was originally established in July 2003 as a spin-out of the Council's tourism activities. Bath Tourism Plus Limited is currently a company limited by guarantee. The Council recently re-acquired ownership of the company in April 2017 renaming it to Bath Tourism Plus Limited ("BTP"). As part of the change of ownership, interim arrangements have been agreed between the Council and the original BTP board for a 12-month period during which BTP could sit outside of the proposed governance arrangements. This short-term arrangement will enable the Council to appoint two new board directors and shareholders approval on revised business plans.

BTP generates new local tourism business opportunities, working with other official partners within the district, offering membership scheme to local businesses for marketing promotion. From doing this, they have been able to attract more than 500 local tourism businesses. Since 2005, BTP has been responsible for the management and operation of the Bath Christmas Market. Given to its growing popularity, BTP is putting in place plans to reach a wider international platform.

The objective of BTP are as follows:

- Ø Support the economy of BaNES by marketing and promoting the Bath area, in particular leisure, conference, business and educational visitor destination and supporting members to deliver tourism and conferencing services;
- Ø Providing information to visitors and local residents about the area;
- Ø Securing a more equitable distribution of the benefits of tourism to the residents of the Bath area;
- Ø Support businesses involved in the tourism sector; and
- Ø Promoting the heritage, cultural and knowledge of BaNES.

The following membership of BTP Board is outlined below, as per Appendix 5.4:

- Ian Bell (Chairman)
- Cllr Z
- Frank Collins
- Franco de la Croix-Vaubois
- Victor Da Cunha
- Douglas J Douglas
- Roger Jones (newly appointed)
- Craig Jenkins (newly appointed)

The board composition of BTP as detailed above consists of a chairman and seven non-executive directors. There is a Senior Management Team (SMT), where they manage day-to-day operations:

· CEO	:	David James
· Head of Events	:	Vicky Bunt
· Head of Business Development and Partnerships	:	Leslie Redwood
· Visitor Services Operation Manager	:	Jane Warren
· Head of Marketing and PR	:	Caroline Hook
· Head of Membership and Business Relations	:	Jim Oribine
· Head of Finance	:	Andy Mullett

As per the SMT BTP Interim Governance paper, we understand that there was one Councillor (Cllr Z) sitting on the BTP Board. His dual role as shareholder representative and company director would have presented a potential conflict of interest. However, based on discussions, we understand that Cllr Z will stand down from the BTP Board. Roger Jones and Craig Jenkins have been newly appointed as non-executive directors, which will be announced at the September 2017 meeting

We have also identified a cross board conflict of interest, where Cllr X who sits on the Shareholder Group for BTP, also sits on the ADL board of directors. This presents a conflict of interest in potential over-representation of Council Members in the operational management of the companies and the challenges this may present in fulfilling the shareholder representative role effectively.

3.2.3 Audit West Limited (proposed)

Audit West Limited is proposed to be established as an independent partnership between BaNES and North Somerset Council ("NSC") to deliver a shared internal audit service, which could be offered to other local authorities.

We understand that the Council is looking into possible options for the ownership arrangements of Audit West. Combined ownership of Audit West with NSC will provide financial savings and, more importantly, ensure that the outsourcing of services remain within the Council's remit. However, the Council will need to consider any proposed revenue growth of Audit West and any implication that may have on maintaining Teckal compliance, especially if external revenue is expected to exceed 20%.

It is proposed that Audit West will have two appointed officers who will sit on the board as company directors. Tim Richens will represent BaNES and Malcolm Coe will represent North Somerset Council.

Potential conflict of interests may arise for example, if the internal audit services from Audit West are been offered to ADL or ACL, given Tim Richens' position in both companies. This may impact the independence of any services provided.

3.2.4 Brunel Pension Partnership

We understand for Brunel Pension Partnership, BaNES has an equal shareholding with 10 other local authority fund members, therefore BaNES will not be able to influence or change the governance structure in that company. As discussions on the establishment of this company are still ongoing we have not performed any additional work on this entity.

3.2.5 Adoption West

We understand the Council will also have a 17% interest within another company, Adoption West. As discussions on the establishment of this company are still ongoing we have not performed any additional work on this entity.

3.2.6 Conclusion

From our review of the existing arrangements of the Council's LATCos we have identified potential conflicts of interest including:

- a. Duality of Council Members as shareholder representatives and company directors. On the ADL board there are two councillors, one who is a chairman and another is a non-executive director. Duality of roles creates a potential conflict of interest as it presents a challenge to discharging the responsibilities of each role fully. We have identified a similar conflict in the BTP board however we understand that the Council has taken steps to mitigate the associated risks as it is expected that the councillor on this board along will step down after the appointment of two new directors.
- b. Over-representation of directors across company boards: there are plans to incorporate three directors from the ADL board onto the ACL board. We have also identified that the Adoption West and ADL/ACL boards will share a common director. These instances may create a potential conflict of interest whereby for those directors as they are acting in a decision-making capacity for both entities.

3.2.7 Recommendation

- a. For BaNES to avoid conflicts of interests from arising, careful consideration should be given to the company board compositions. We recommend that duality of roles between shareholder representative and company director should be avoided to ensure an effective and robust corporate governance structure.
- b. We also recommend that the Council reviews the composition of the holding company and individual trading company boards to ensure that there is sufficient independence and representation in decision-making and avoidance of over-reliance on particular directors.
- c. ***There is no easy solution to these perceived and actual conflicts of interests within the LATCo environment.*** We understand that the Chartered Institute of Public Finance and Accountancy (CIPFA) are soon to issue a paper highlighting lessons learned from the establishment and operation of LATCos to date and suggested mitigations moving forward.

4. Accounting implications for proposed group structure

4.1 Summary

In this section, we have considered the accounting implications for the proposed group structure, including consideration of consolidation, group accounting and impact on single entity accounts.

4.2 Recognition

For those companies where the Council will be the sole and/or significant equity shareholder then consideration will need to be made for consolidation of those companies as subsidiaries. *Paragraph 9.1.2.26 of the Local Authority Code of Practice* ("the Code") sets out the considerations in determining whether an entity meets the definition of a subsidiary. As per the Code, the following conditions must be present:

- a. **Control** – Entities that the authority controls if and only if it has all three of the following:
 - i. power over the entity;
 - ii. exposure, or rights, to variable returns from its involvement with entity; and
 - iii. the ability to use its power over the entity to affect the amount of the authority's returns.
- b. **Nature of Council involvement** – The nature of the involvement and the returns is not restricted in the Code.

4.3 Accounting treatment

As per paragraph 9.1.26 of the Code, where it is deemed that an entity is a subsidiary the following accounting treatment should be applied:

- Ø A subsidiary is consolidated by adding like items of assets, liabilities, reserves, income and expenses together line by line to those of other group members in the financial statements.
- Ø Intragroup balances and transactions are eliminated in full.
- Ø 100% of all other balances and transactions are consolidated, even if the authority's controlling interest is less than 100% – minority interests are recognised as an unusable reserve in the Group Balance Sheet.

4.4 Single entity accounts

Within the Council's single-entity accounts, the investment in each of the LATCOs will need to be reflected in the Statement of Financial Position.

4.5 Materiality

We are aware of other local authorities whereby, although the conditions outlined above have been satisfied for the recognition and consolidation of a subsidiary entity, they have chosen not to consolidate on the grounds of materiality. In such cases local authorities have successfully argued that the entity in question is not materially significant to the group.

However, this assessment would need to be made on a company by company basis and will need to take into account the projected funding, revenue and capital streams for each of the companies. We would expect ADL and ACL to be material for consolidation purposes. The Council should seek further advice from its external auditors.

5. Appendices

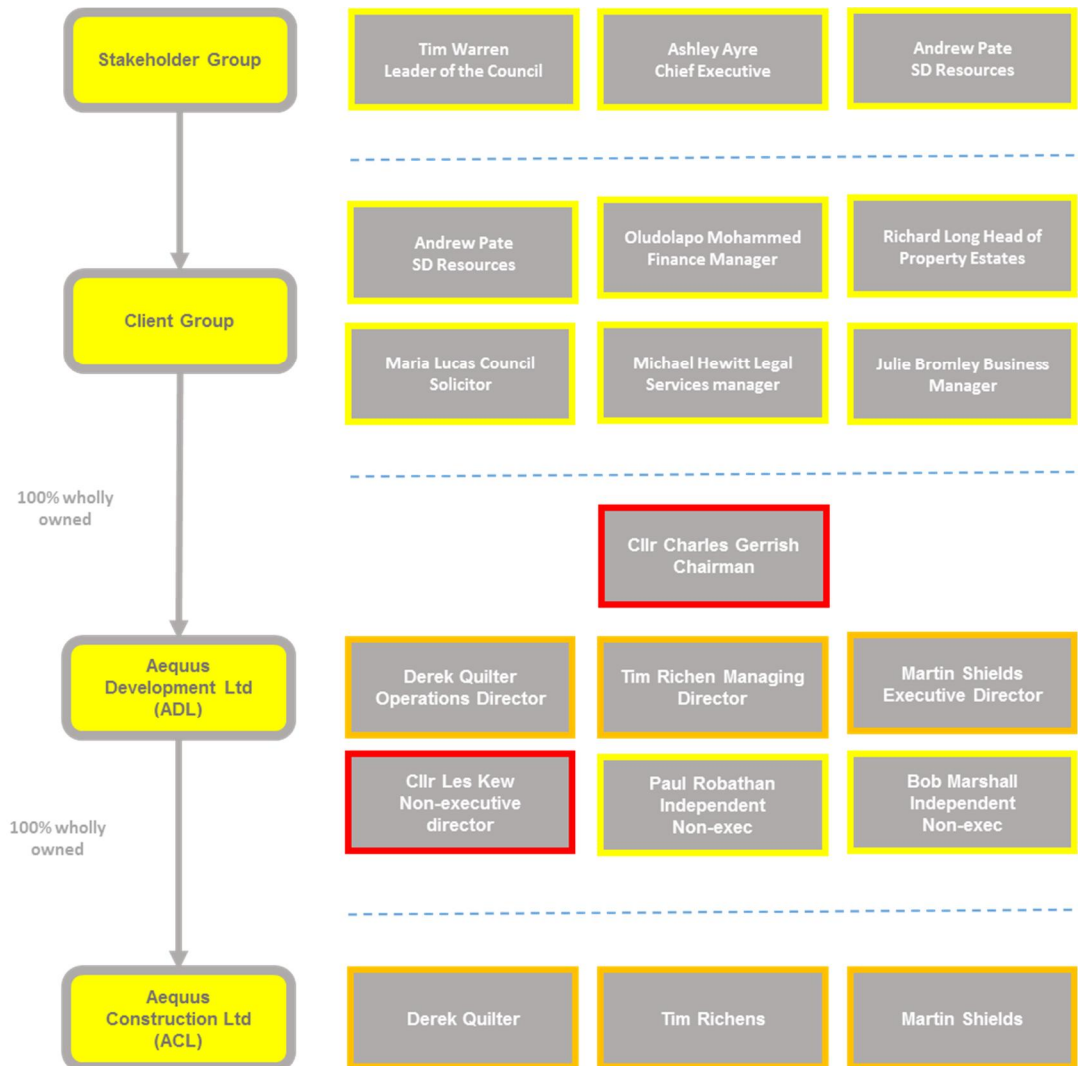
5.1 Key documentation provided by the Council:

No.	Title of the document	Author
1	Governance of Interests in Local Authority Companies	BANES
2	Aequus Developments Limited – Articles of association	Trowers & Hamblins
3	Aequus Developments Ltd Business Plan 2016/17 – 20/21	BANES
4	Aequus Developments Ltd – Property Development – Structure Proposal	Monahans
5	Aequus Construction Limited – Articles of association	Trowers & Hamblins
6	Report on the establishment of Aequus Construction Limited	Trowers & Hamblins
7	ACL and ADL – Establishment of a Local Property and Development Company	Cabinet
8	BANES and ACL and ADL – Umbrella Development Agreement	Trowers & Hamblins
9	Member's Agreement in respect of Bath Tourism Plus Limited	Trowers & Hamblins
10	BTP Articles of Association – Company Limited by Guarantee	Trowers & Hamblins
11	BTP company governance arrangements	BANES
12	BTP Cabinet & Portfolios - 24.07.17	BANES
13	BTP SMT Interim Governance	BANES
14	One West Company Structure Chart	BANES

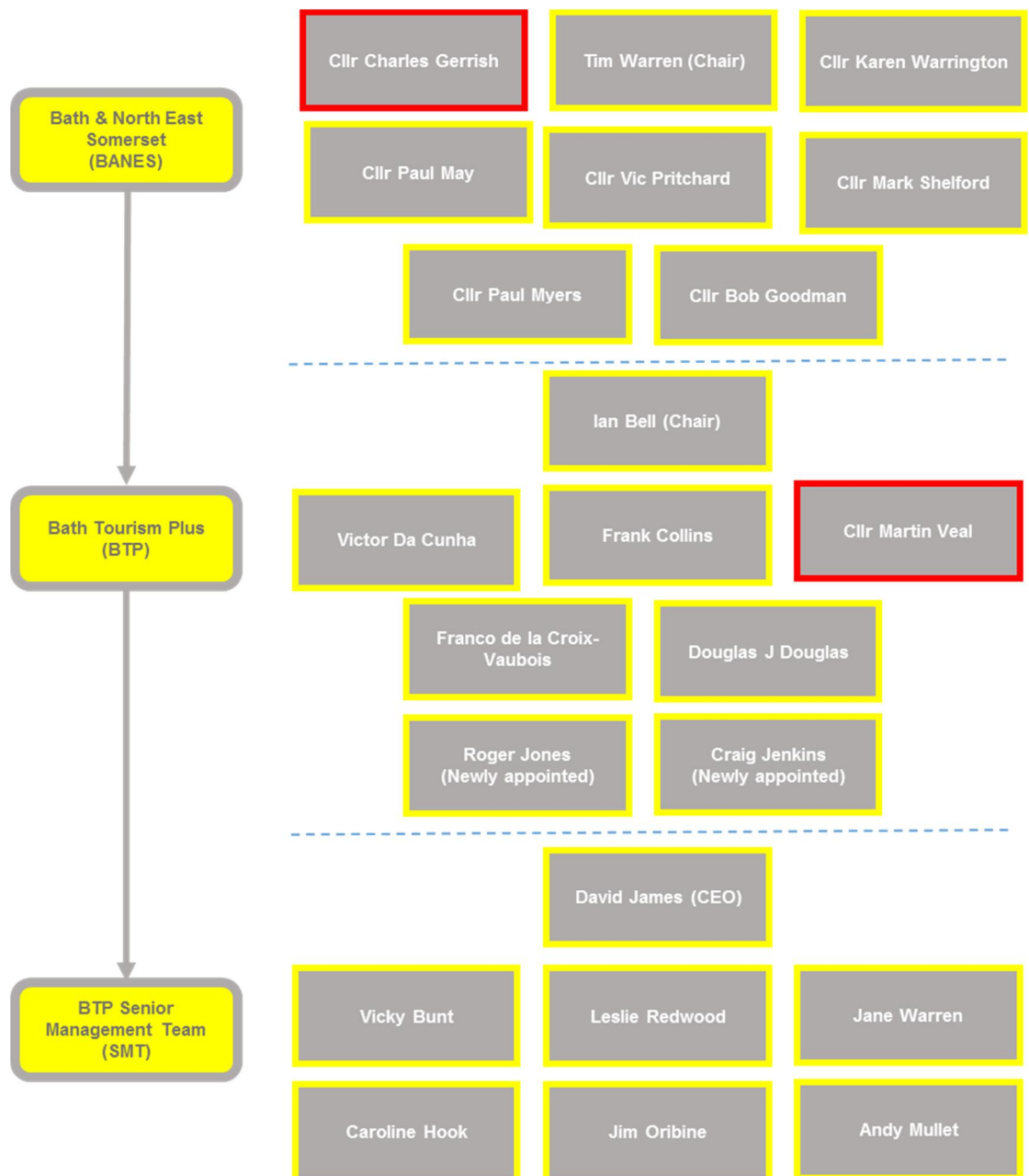
5.2 Interviews with key personnel:

No.	Key personnel	Date
1	Managing Director (ADL/ACL)	21 st June 2017
2	Head of Finance	22 nd June 2017
3	Update call with Head of Legal and Legal Services Manager	8 th August 2017

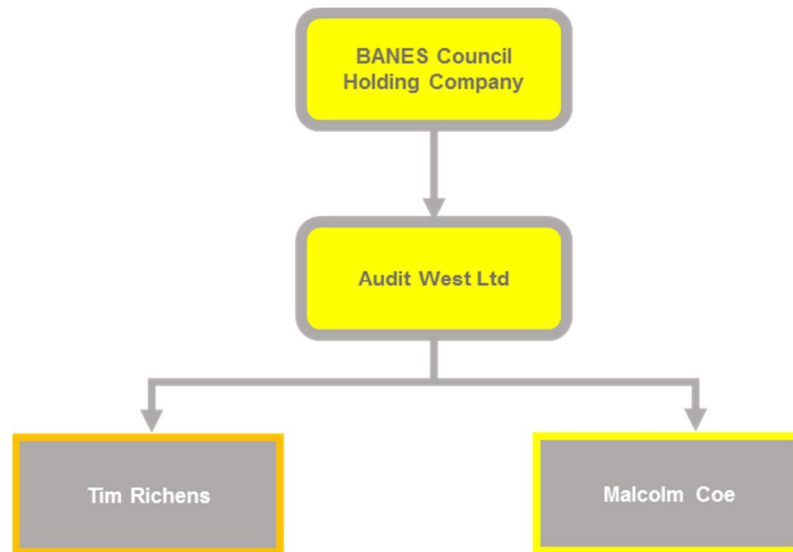
5.3 ADL and ACL Board Structure:



5.4 BTP Board Structure:



5.5 Audit West Ltd Board Structure:



5.6 Further reading:

No.	Title of the document	Author
1	International Framework: Good Governance in the Public Sector	CIPFA & IFAC
2	Delivering good governance in Local Government Framework 2016 Edition (Agenda Item 7 Appendix A)	CIPFA
3	Alternative service delivery models transforming organisations in local government	CIPFA

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BATH & NORTH EAST SOMERSET COUNCIL
PROTOCOL FOR GOVERNANCE ARRANGEMENTS OF
LOCAL AUTHORITY COMPANIES

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1. Introduction

- 1.1 The Council may charge for discretionary services and may also trade for profit. If it decides to trade it is required to undertake this through a company. In deciding whether and how to exercise the trading power, the Council must have regard to its own procedures; Wednesbury principles of reasonableness; proper purposes and fiduciary duty. A business case and risk analysis for all commercial entities will be required in all cases and this Protocol adhered to.
- 1.2 The purpose of this Protocol is to provide a reference point to Members and Officers to understand the requirements of the Council in setting up a local authority company, and in particular a local authority trading company (LATCo), and how the governance of that company will work once set up.
- 1.3 This Protocol sets out how the Council will normally go about managing the relationship between the Council and the LATCo to ensure that a company will go on to deliver the objectives established for it by the Council. It also briefly explains and makes reference to the law and basic requirements placed upon a local authority in establishing or owning companies.
- 1.4 The Protocol is set out as:
 - an explanatory background;
 - a set of guiding principles; and then
 - a set of working expectations.
- 1.5 The attached appendices A-C are the key documents used in this process.

2. Background

(a) Local authority trading and the local authority trading company ¹

- 2.1 There are long-established powers allowing councils to trade. Among the most important is the Local Authorities (Goods and Services) Act 1970, which authorises councils to enter into agreements with other local authorities and other designated public bodies. These agreements are not limited to cost recovery. While the 1970 Act is the basis of trading within the public sector and there is substantial experience of its operation, the Act is limited in scope. For example, it does not allow trading with the private sector or the public at large. Other established trading powers are specific in nature, eg the Local Government (Miscellaneous Provisions) Act 1976, which enables councils to enter into agreements with anyone for the use of spare computer capacity.
- 2.2 The Local Government Act 2003 added new possibilities to charge for services, to both provide extra services at cost and to trade with the private sector. Under the 2003 Act, the Government authorised trading by means of a trading order. The Trading Order currently in force was made in 2009², which

¹ Source: Local Government Association Briefing

² *The Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009*

permits all councils in England to trade or "to do for a commercial purpose", anything which they are authorised to do for the purpose of carrying on their ordinary functions, which includes use of the general power of competence set out in the Localism Act 2011.

- 2.3 Under the 2003 Act and Trading Order, as augmented by the 2011 Act, if a local authority wishes to exercise the power to do things for a commercial purpose (which the authority couldn't otherwise do), then it must be done through a company. Councils are thus enabled to establish a company by which they can trade with the private sector for a profit, ie to enter into commercial contracts. The profits may then go back to the council through dividends or service charges.
- 2.4 The reason given for this legislative requirement is that:
"local authorities and their trading arms have to be on a level playing field with the private and commercial sector in both a positive and negative way. They should not be at a disadvantage, but they should not have an outstanding advantage. Taxation is a particular issue. It is right to carry forward the requirement that such bodies should be companies and trading as such."
- 2.5 To exercise the power to establish a company and trade, a local authority must first approve a business case ('a comprehensive statement') covering:
- a. the objectives of the business;
 - b. the investment and other resources required to achieve those objectives;
 - c. any risks the business might face and how significant these risks are; and
 - d. the expected financial results of the business, together with any other relevant outcomes that the business is expected to achieve.
- 2.6 The original business case is then implemented and refreshed by way of an annual business plan, which must be submitted for approval, to guide the company in carrying out its continuing activities.
- 2.7 The local authority must also recover the costs of any accommodation; goods; services; staff and anything else they supply to the company under any agreement or arrangement. This is an absolute requirement and distinct from the various rules on procurement or providing state aid.
- 2.8 Other important legal, commercial and financial considerations for setting up a trading company include company law issues; the cost of bidding for contracts; tax liability (corporation tax and VAT); procurement law and state aid rules and employment law (TUPE and pensions).

(b) The Local Authority Company

- 2.9 The kind of company the Council can set up to trade in this way is defined in

Part V of the Local Government and Housing Act 1989 ('LGHA 89'). This lists:

- a. a company limited by shares;
- b. a company limited by guarantee and not having a share capital;
- c. a company limited by guarantee and having a share capital;
- d. an unlimited company;
- e. a society registered or deemed to be registered under the Industrial and Provident Societies Act 1965.

2.10 The LGHA 89, and the current Order³ made under it, places local authority companies into one of three categories:

- a. being controlled or
- b. influenced by the local authority (a regulated company) or
- c. a company in which the local authority has a minority interest.

It then goes on to set out a number of additional restrictions and requirements to which the local authority and the companies must adhere.

2.11 A regulated local authority company and any subsidiary of it, for example, is required to state on all correspondence that it is “**a local authority controlled company**” or “**a local authority influenced company**” (as the case may be) and name the relevant authority or authorities and is subject to rules concerning access by the Council's auditors and for delivery of information to the authority and its members.

(c) Other Local Authority Entities

2.12 If a Local Authority does not want to trade, it is free to involve itself in any one of a number of different forms of sole and joint ventures to best assist it in achieving its goals and aims, which may or may not involve establishing an entity that has a separate legal personality. These may also be as above, companies as defined by the Companies Act and which can include an industrial or provident society or a community interest company. They may alternatively be established as a distinct trust, with the council or appointees as trustee. They may be embodied as limited liability partnerships. They may also exist simply as unincorporated partnerships, with other public bodies or private persons (that can often act as if they were a distinct entity), such as the Local Enterprise Partnership.

2.13 Whilst this Protocol will apply to all companies in which the Council has an interest, it may not be as appropriate for the governance of the Council's relationship with other entities which it is connected to, is a member of or has an interest in. In these instances, regard will be had to this Protocol and its principles but its application will be determined on a case by case basis.

3. Guidance

3.1 In exercising the power to establish a local authority trading company

³ *The Local Authorities (Companies) Order 1995*

(LATCo), local authorities were obliged under the 2003 Act to have regard to statutory guidance -The “*General Power for Local Authorities to Trade in Function Related Activities Through a Company*”.⁴

- 3.2 The Statutory Guidance is now out of date and was withdrawn from 17th June 2014. Whilst new guidance is awaited, the withdrawn guidance nevertheless remains useful and largely very relevant. Where it is still relevant, this Protocol has had regard to it.
- 3.3 All listed companies are subject to the *UK Corporate Governance Code*⁵. The Council will expect all of its companies and their subsidiaries, and indeed any company with which it is associated, to adopt the “comply or explain” approach of the UK Corporate Governance Protocol as a demonstration of best practice in corporate governance.
- 3.4 The *Corporate Governance Guidance and Principles for Unlisted Companies in the UK*⁶ and also the *Corporate Governance Handbook*⁷ have additionally been utilised in the compiling of this Protocol.

4. Principles of Governance of Council Companies

- 4.1 In setting out the governance relationship between the Council and its companies, group of companies and organisations it has invested in, this Protocol has three key underpinning principles.

I. Appropriate Controls and Freedoms

- 4.2 It is recognised that, whilst appreciating this should not be unfettered, a trading company needs to be given commercial freedoms to enable it to succeed.
- 4.3 Accordingly, governance arrangements will seek to ensure that:
- the company will be provided with sufficient freedoms to achieve its objectives; and
 - the Council will retain sufficient controls to ensure that its investment is protected; that appropriate social and financial returns on investment can be obtained and that the trading activities of the companies are conducted in accordance with the values of the Council.

II. Appropriate Relationships, Integrity and Accountability

- 4.4 It is recognised that, whilst appreciating its procedures operate in a way that

⁴ First published: 29 July 2004: UK Govt Archive

⁵ September 2014: Financial Reporting Council

⁶ First edition: November 2010: Institute of Directors (IoD) and European Confederation of Directors' Associations (ecoDa)

⁷ Third edition 2013: Institute of Chartered Secretaries and Administrators (ICSA)

protects the company's commercial interests, those procedures should ensure that the Council can carry out its functions as an investor, as a trustee of public funds and a local authority committed to due responsibility for the exercise of its functions.

4.5 Accordingly, governance arrangements will seek to ensure that:

- the executive can make investment decisions based upon complete and accurate consideration of business cases and business plans;
- the executive can evaluate social and financial benefits and returns on investment; and
- the Council's PDSP committees are able to exercise their powers in relation to the executive's decision making

in a manner that ensures the companies can provide full and frank financial and business reporting against their business plans and be open to an appropriate level of scrutiny without fear of commercial confidentiality being breached.

III. Understanding of roles of the Council and the commercial entity

4.6 It is recognised that, as company ventures have a separate legal personality to the local authority, the success and good governance of the company venture depends upon those involved understanding their role and responsibilities collectively and individually.

4.7 Accordingly, governance arrangements will seek to ensure that there is sufficient induction, training and other materials in place so that:

- a. their legal duties;
- b. stewardship of assets;
- c. the provisions of the governing documents;
- d. the external environment; and
- e. the total structure of the organizations and the venture

are appropriately understood by councillors in their role as part of the executive or of Policy Development & Scrutiny Panels (PDSP); by officers of the Council associated with these duties and by the directors of the companies.

5. Ownership and control of the company

5.1 Bath & North East Somerset Council (BaNES), the local authority as a corporate body, will be a member of the company. The membership will be as guarantor if a company limited by guarantee or, if a LATCo, the holder of shares (perhaps the only share) in a company limited by shares.

5.2 The rights and duties as a member of the company will, however, almost

always fall to be exercised as an executive responsibility. The proposed structure for BaNES means that decisions to be taken as a shareholder fall to be decided by the Leader. In the normal way, therefore, these functions may be delegated by the Cabinet to an Executive member or an officer and will be subject to key decision and access to information rules, call-in and review by PDSP committee.

- 5.3 For ease of use, where decisions are to be taken by the local authority as a shareholder, those decisions are referred to in this Protocol as being taken by 'the executive'.
- 5.4 The authority of the shareholder is exercised where decisions of the company are reserved for approval of the executive before they can be implemented, but also directly in the form of a shareholder's written resolution or at the general meetings of the company.
- 5.5 At the company general meetings, the executive will be present and voting as a member of the company, where this presence and voting will be in the form of a single person, known as the 'shareholder representative'.
- 5.6 Decisions to be made by the executive, rather than left to the company itself, are known as 'reserved matters'. Reserved matters cover such things as the approval of the company's annual business plan or mid-year amendments to it; the appointment of directors; certain key financing decisions etc. These are established either through agreement with the company, known as a Shareholders Agreement, or as set out in the company's governing Articles of Association.
- 5.7 The relationship between the local authority and the companies it is a member of, is governed by the following key documents that are required to establish a local authority company, and in particular a trading company. In establishing the local authority's company and then in governing the relationship with what is now a separate legal personality, the executive will need to put in place the following documents:
 - a. The **business case** which assesses the risk involved in the proposed trading enterprise and decides whether or not it should be established and proceed to trade. It starts the process of business planning.
 - b. The **articles of association**, or the memorandum and articles of association as it used to be called, which is the constitution of the company. This is the legal document required to set up a limited company and give details of its name, aims and authorised share capital, conduct of meetings, appointment of directors and registered office.
 - c. The **shareholders agreement**, or management agreement, which sets out the rights of the Council as the sole or co-shareholder and how it can exercise those rights. It details the powers of the board of the company and how and when the shareholder might influence those powers. It is important to note that the shareholder agreement is capable of being developed and added to as the company develops.

- d. The **financial agreements** which are the commercial agreements that set out what assistance is to be provided and on what terms. This may be purely financial, such as a direct loan or a facility such as a parental guarantee, and made on commercial terms. It may also be in the form of goods, services or staff to be provided and set out in a resourcing agreement or a service level agreement, which is likely to be on a service charge or cost recovery basis. The agreements may require regular and detailed access to information and financial reporting to the Council and/or holding company.
 - e. The **business plan** which sets out the objectives of the business, how they are to be achieved and standards met adjusted in the light of experience and changing circumstances. It is a comprehensive analysis of the business situation at a particular point in time. It is often referred to as the annual business plan because it is expected to be submitted for shareholder approval annually.
- 5.8 A model shareholder agreement for use with the holding company, setting out the principal decisions reserved for the executive's approval, including subsidiaries of the company as a group, is outlined at Appendix 2.

6. **Shareholder Group**

- 6.1 The structure described above creates a governance process whereby, so far as appropriate under this Code's Principles, the company is left to get on with its business. Following the UK Corporate Governance Code, the companies will utilise a unified board, with appropriate non-executive directors providing outside expert help and with board committees (such as an audit committee) to provide oversight and ensure delivery.
- 6.2 The Cabinet, in turn, will seek to inform the executive decisions and holding the company to account utilising a reflection of the company board structure in the form of a Shareholder Group, including external expertise and sub-groups. The role of this group is to provide the necessary oversight from a shareholder's perspective that the parameters, policies and boundaries that the executive as the shareholder has established for the company are being adhered to. In it, the Cabinet (or its appointee) remains the decision maker but the Group act as advisors in the making of those executive decisions.
- 6.3 Such a Shareholder Group is considered to be an effective means of governance of the companies. This is because it allows for decision making and discussion in an informed atmosphere, which also provides the executive with:
- a mechanism to communicate the shareholders' views to the company; and
 - a means to evaluate the effectiveness of the company board and the delivery of the company performance against strategic objectives.
- 6.4 It is intended that the Cabinet (or its appointee) will make most decisions concerning the executive's role in respect of company interests at meetings of

the Shareholder Group. It is envisaged that key decisions concerning the companies will, however, still normally be made at meetings of the Cabinet, eg the setting up of new companies.

- 6.5 The Terms of Reference for the Shareholder Group are set out at Appendix 1.

7. Scrutiny

- 7.1 The PDS Panels have a role to play to ensure that the company is able, and the executive has properly required the company, to make sufficient returns for the investment to be worthwhile and, indeed, ensure that the social objects set for it are not lost in the drive towards the overriding and essential requirement for the company to be economically successful.
- 7.2 It is the executive, which is responsible for approving the business case to establish a company, of setting the right balance between the economic, social and environmental objects of a company when it is established and of subsequently exercising the Council's powers as shareholder.
- 7.3 Once established, the company must then get on with the business of delivering the objectives with which it has been tasked, within the parameters set for it. It must be otherwise free, however, to operate in its own best interests and to compete on an even basis with its competitors in the marketplace. It is the executive, either generally or when considering reserved matters, to whom the company must answer and by whom it is held to account for its success, or failure, in achieving the objectives set for it.
- 7.4 The key role of PDSP is then to advise the executive and hold it to account on behalf of the wider public interest and its role within the Council.
- 7.5 This creates a flow of information and accountability, in which
- the company needs to get on with the business of delivery;
 - the executive needs to make the company decisions reserved to it and to hold the company to account for performing against them; and
 - Members as part of PDSP need to advise on or scrutinise the decisions of the executive.
- This needs to be done in a trading environment that requires them all to make speedy and reactive commercial decisions and to handle often highly valuable and commercially sensitive information.
- 7.6 PDSP, to fulfil its role, requires a means of access to the sensitive information and debate that inform the Shareholder Group and the Mayor's decision making, without either oppressing that process or endangering its own strictly non-executive role.
- 7.7 To this end, the legal framework for local authority companies includes an express requirement concerning the provision of information to Members of

the Council, which reflects the similar provision in relation to local authorities generally. This states that a local authority regulated company “*shall provide to a Member of the Council such information about the affairs of the company as the member reasonably requires for the proper discharge of his duties.*”⁸

- 7.8 The exception here is that the company cannot be required to provide information in breach of any enactment, or of an obligation owed to any person.
- 7.9 It is also worth noting that, where a Member or an officer has become a member or director of a local authority company, the local authority must make arrangements for them to be open to questioning about the company’s activities by Members of the Council at a meeting of the authority, or a committee or sub-committee, or by cabinet members in the course of proceedings of the cabinet or a committee of the cabinet. Importantly, the Member or officer is not required to disclose confidential information about the company.

8. Investment and Finance

- 8.1 The balance of how each company venture may be financed will be assessed and set out in the business case, required at the very beginning of the venture and the incorporation of the company as described above, and in business plans as made or amended and agreed by the executive. Each decision will take into account state aid implications and such matters as where legislative and regulatory requirements demand full cost recovery or standard commercial terms to be applied.
- 8.2 Where the purpose of a company is to better utilise assets owned by the Council, for example, the principal investment in the company is likely to be those assets. The assets may then be made use of by the company through their being transferred in their entirety from the Council to the company or by being provided to the company by the Council under a lease, loan or use agreement.
- 8.3 Investment at the initial stage of a trading company will normally be by way of purchase of share capital, either directly in the company or, more likely, via the BANES holding company, often together with a loan or loan facility on commercial terms. This is to fund those costs which arise at the start of the company or company joint venture, including the holding company and its subsidiaries, to cover initial set up costs, working capital costs and collateral costs. For purchased company interests, share value should reflect the fair value of the going concern.
- 8.4 Direct investment may well also be by various other forms of agreement. This may be for the supply of monies, directly as a loan or under a parental guarantee, credit agreement, facility and so forth, which should be on

⁸ Article 7, Local Authorities (Companies) Order 1995

standard commercial terms. It may also be for the supply of goods, property or staff, as described above and at section 12 below.

9. Companies Structure

- 9.1 The principal means by which the local authority will normally own and hold interests in its trading and other forms of company will be through a single holding company. Wherever practically feasible and advantageous to the authority, each of the individual company ventures will then be a subsidiary of the single holding company and they will operate together as part of the BaNES Holding Limited's group of companies.
- 9.2 The primary objective of a group structure is that the holding company is able to provide a single forum for strategic decision-making across the group. Its board of directors will set the overall strategy in relation to the activities of its subsidiaries.
- 9.3 In doing so, the board of BaNES holding company will also sign off all business plans and hold its subsidiaries to account. The executive, supported by the Shareholder Group, will approve any decisions that would have an effect on the shareholder's rights and hold the group of companies to account as a whole.
- 9.4 The subsidiary companies will, therefore, be expected to adopt a common 'group' approach. This will involve the group companies using existing Council policies and strategies where appropriate. In particular, the Council will require the holding company and its subsidiaries, wherever practicable, to adopt a common approach across the group on branding and its finance, ethics and procurement policies and practices. For example, the Council will require the holding company to approve the procurement and authorisation of spend levels set by each company for its directors and staff.
- 9.5 More detailed matters will also be set as a common approach for itself and its subsidiaries by the holding company, where it considers that that will increase effectiveness, efficiency and engender common understanding. This is likely to include such things as group financial procedure rules, fraud and whistle-blowing policies; decision making levels and procedures; capability and disciplinary procedures; health and safety practices and so forth.
- 9.6 The holding company similarly provides a natural home and conduit for support and control roles that will be common across the group, such as company secretarial services, procurement, finance and human resources. These fall into two groups: the first is those services that would be better employed directly by the holding company, such as financial and payroll systems for example. The other are those provided as managed services to the companies by the Council, under a resourcing agreement (or service level agreement), because this is more cost effective, appropriate or is a demand of the shareholder, such as HR or company secretarial and legal services. (This is described further at section 12 below).

- 9.7 The secondary objective of the group structure is financial, in that group companies can share VAT registration where appropriate and can be treated as holding group accounts. The latter means that reporting is as one set of accounts and that profit and loss can be distributed across the group, setting one off against another, as might be desired to meet the aims and values set for the group.
- 9.8 The executive will approve the appointment of auditors for the group and its accounts will appear as part of the Council's financial statements.

10. The Company's Board

- 10.1 The Government Guidance advised that a local authority company will be run by its board of directors answerable to the shareholders, in accordance with the articles of association, and goes on to suggest that a board of between 3 and 8 directors is most likely to be practical (although this will be dependent on the circumstances of each company). The participating Local Authority should be represented on the board of its company.
- 10.2 The representatives who are appointed directors by the executive will participate directly in the activities of the company and are answerable to the company and have the powers and duties of company directors whilst they do so. Accordingly, the Government Guidance goes on to suggest that this requirement in a trading company and the accompanying conflict of interests that may arise means that officers are better placed to fulfil this role.
- 10.3 As the holding company for the group, the BaNES Holding Limited's board of directors will be formed of:
- The Chief Executive and Strategic Directors and
 - other directors, including non-executive, as appropriate.
- 10.4 The Chair of the board of directors will have a deciding say to be exercised through means of a 'golden vote' procedure on the board. This approach is to ensure that the Council's officers will always be able to out-vote any directly appointed directors on the holding company. Such matters as the quorum requirement for board meetings of the company and the like will reflect that objective.
- 10.5 BaNES Holding Limited will have two standing committees, which will be as follows:
- The Audit Committee, which will fulfil the same role and function as the Council's Audit Committee, the outputs of which will feed into the holding company board, the company business plans and the Council's own statement of accounts and Annual Governance Statement.
 - The Remuneration Committee, which will conduct appointments and remuneration decisions and recommendations to the Council (where an

appointment is not wholly reserved to the Council).

- 10.6 In respect of the individual wholly owned trading companies, non-trading (Teckal) companies and joint ventures, the appointment of directors of the company will be as are considered best to meet the requirements of the subsidiary or venture concerned.
- 10.7 Where an officer is placed on a company board, they will be provided with an indemnity for their actions in that role. This is provided for under the Local Authorities (Indemnities for Members and Officers) Order 2004. It should be noted, however, that any such indemnity only covers actions taken honestly and in good faith.

11. Conflicts of interest

- 11.1 The Government Guidance states that *“Local authority members and officers should be aware of potential conflicts of interest when carrying out their roles for their authorities, or when acting as directors of trading companies.”*
- 11.2 There will always arise a point where, in matters of reporting, contractual discussion, investment requests or resourcing agreements, there is potential for the same person to be a decision maker or advisor both for the Council and the company.
- 11.3 This is a reflection of the position of each company as a separate legal entity and that the directors of each company are subject to. As the Corporate Governance Guidance and Principles puts it:

‘An important principle of Company Law is that directors have a duty to promote the success of the company as a whole. They are specifically prohibited from directing the activities of the company in favour of themselves or particular shareholders and/ or stakeholders’.

- 11.4 Appendix 3 sets out a briefing for directors’ duties.
- 11.5 An essential element of this in terms of this Protocol is that, whilst changes to the Companies Act and current articles of association allow for appropriate provisions dealing with conflicts of interest and the ability of company directors to authorise them, an officer of the Council or a Councillor can never waive their duty to act in the public interest in exercising their responsibility for functions of the Authority. This will, on occasion therefore, create an inescapable conflict of interest between someone’s role as a Member or, more likely, as an officer of the Council and as a director of a company, of which those involved need to be aware.
- 11.6 There are also natural points where it is expected that the Council and one of its trading companies will take a different approach. In this respect, the Government Guidance states that:

“The local authority should consider appointing a ‘contract officer’ and/or

‘contract member’ with primary responsibility for liaison between the company and the authority, and for access to information about it. It might wish to place limitations on these individuals to ensure that they are fully accountable to the authority as a whole and to ensure that the Section 151 Officer/Monitoring Officer countersigns major decisions about the company’s operations.”

- 11.7 This is the role of the Shareholder Group. In support of that function, the Council will appoint a lead authority and client-side officer to lead on managing contractual arrangements with the companies and in holding of the companies to account.
- 11.8 Officers placed into any of these roles may find themselves in a position where they are, or are negatively seen to be, acting against the interest of their own authority and also challenging the Council as their employers or senior managers to whom they might normally answer to. As a result of such activities, their performance in the company or actions they feel are required of them by the company, some of those officers may even find themselves in a position where it is no longer felt tenable that they can be appointed by the authority as a director of a company. The Council as an employer wholly recognises these unusual positions in which officers may find themselves. The Council therefore undertakes that no officer will suffer any ill affect to their employment or career with the authority for fulfilling these activities to the best of their ability or in undertaking these actions asked of them.

12. Managed Services, Support Arrangements and Employees

- 12.1 The authority is required under the 2009 regulations to recover the costs of any accommodation, goods, services, staff or any other thing it supplies to a company in pursuance of any agreement, or arrangement in place. It cannot subsidise the operation of the company in this way.
- 12.2 The Government Guidance in addition clarifies that
- “Because the power to trade is subject to a restriction requiring it to be exercised through a company, it follows that the authority has the requisite power to enter into arrangements with a company in order for the trading power ... to be exercised. It is not necessary therefore, for the company to be expressly designated as a public body under the Local Authorities (Goods and Services) Act 1970, in order for the authority to be able to provide it with staff, goods etc, for the purpose of exercising the power to trade.”*
- 12.3 This means that the authority may enter into an agreement with the companies to provide services at cost or as a surplus service charge and that staff time and resources utilized for company purposes should be carefully accounted for. Where this is done at cost, which shall be the norm, it is helpfully stated in the Guidance that the approach should be in accordance with the CIPFA definition of ‘whole cost’.

- 12.4 Referred to above as the ‘managed services’, those areas of the authority’s resources so utilized might include project management, initial set-up staff, human resources, audit, business continuity, communications, procurement, legal or finance etc. It is for the company and the executive to agree what is the appropriate level of authority led resource that is appropriate, should or can be delivered to the company in each case. The parameters of those services can be agreed through a Resourcing Agreement or what is known as a Service Level Agreement (SLA).
- 12.5 The authority as shareholder, however, does need to be assured that there are effective and robust support services in place in certain areas. This is to satisfy itself that sufficient standards of operational governance, legal and company secretarial compliance and effective financial management within the company are adhered to. The authority will reserve to itself the ability under the Shareholder Agreement to insist on supplying these services to a controlled company, at cost, if it feels that these standards are not otherwise being met or are not in its opinion likely to be met.
- 12.6 In particular, the Company Secretary role should have a consistent approach across all of the companies or group of companies. This is to ensure consistent interpretation of the compliance standards across the companies and of the governance relationship between the companies and between the companies and the Council. In addition, it ensures that appropriate and proper intelligence is shared across the companies and the authority. In relation to all authority controlled companies and their subsidiaries, therefore, the position of company secretary as an officer (not a director) of each company in the group is to be fulfilled by the Council’s Deputy Monitoring Officer, being the equivalent corporate governance, assurance and general counsel position for the Council. All company secretarial and general counsel duties for the companies will then be carried out through that office, either directly or through the position of an assistant company secretary, with the exception of where a conflict of interest is identified and is acknowledged by that officer.
- 12.7 In relation to company staffing, it is expected that staff of the local authority trading companies will be directly recruited and employed by the companies themselves, with the exception of those support staff supplied by or seconded from the authority as described above. Where the business case includes that staff are transferred, however, this will be subject to full reporting and then consultation and requirements under TUPE legislation and guidance.

Adopted in accordance with the Council decision of 2017.

BATH & NORTH EAST SOMERSET COUNCIL
SHAREHOLDER GROUP - TERMS OF REFERENCE

Overview

The purpose of the Shareholder Group is to advise the Shareholder in the exercise of their responsibility for the Council's functions as corporate shareholder of a company or group of companies and in their role to represent the interests of the Council as Shareholder Representative at meetings of a company.

Decision making

The Cabinet may make decisions concerning companies in which the Council is or is proposed to become a shareholder in Cabinet.

Membership and Arrangements

The Shareholder Group shall consist of the Leader in the presence of:

- (a) at least two members of the Cabinet and
- (b) any co-opted advisors, who will be independent persons providing relevant expertise and appointed on merit

The Service Director for Finance (s151 Officer) and the Head of Legal and Democratic Services (Monitoring Officer), or their deputies, will be advisors to the Group to provide open and strong advice.

Restrictions on Membership

As the Shareholder Group and the Shareholder discharges executive functions in relation to company matters, only Cabinet members can be members of the Shareholder Group with voting rights, although non-Cabinet members and co-opted advisors can be invited to attend, without voting rights.

Meetings

The Shareholder Group shall meet on a basis agreed by itself and normally in private.

The quorum shall be the Leader (or other Cabinet member appointed by the Leader for this purpose) in the presence of a minimum of two other Cabinet Members.

An invitation to attend must also have been provided to the section 151 officer and the monitoring officer (or their nominated deputies), which will normally be at least three clear days in advance of the meeting taking place.

The Leader will chair the Shareholder Group and a Vice Chair will be selected from the elected members of the Shareholder Group.

Sub Groups

To assist it in its functions the Shareholder Group:

1. may establish and consult standing sub-groups, such as might be required in respect of:
 - (a) Audit and Risk;
 - (b) Ethical practices; or
 - (c) Nominations and Remuneration
2. may establish and consult ad-hoc or task and finish sub-groups in respect of any matter; and
3. may establish and consult stakeholder groups on any particular aspect or the generality of the objects of the trading companies

A sub-group or stakeholder group may contain such co-opted members, advisors or observers as the Shareholder Group sees fit.

Functions

1. Monitor the performance of a company in relation to its Business Plan and, in particular, the company's performance:
 - (a) in financial matters
 - (b) against the objectives of the company as set out in the company's Objects, Business Case or Business Plan; and
 - (c) against the values of the Council.
2. Evaluate and monitor:
 - (a) the financial and other returns on investment (be that shareholding, loans or direct investment); and
 - (b) risks and opportunities including those arising from joint ventures or new opportunities.
3. Consider matters reserved to the Council for shareholder approval, such as:
 - (a) Varying Articles of Association
 - (b) Varying ownership and structure
 - (c) Variations to shares (number of; rights; etc.)
 - (d) Entering contracts that:
 - (i) have a material effect on BaNES Council business (including other companies within the group)
 - (ii) are outside of the business plan or do not relate to the business

- (iii) are significant in relation to the size of the business, the business plan, etc.
 - (e) Material legal proceedings outside of ordinary business
 - (f) Adopting and amending business plans each year and strategic plans (3 years)
 - (g) Appointment, removal and the remuneration of directors (members of the company board)
 - (h) Selection of the chair of the board
 - (i) Appointment of auditors
 - (j) Issue of dividends and
- as more particularly set out in a company's Articles of Association or Shareholder Agreement.

Relationship

The Shareholder Group as it considers appropriate in accordance with its functions described above, may:

1. report and make formal recommendations to the Cabinet;
2. make reports to and consult PDSP (including full Council) or
3. make reports to and consult the Audit Committee, in relation to that Committee's particular functions.

OUTLINE OF THE
SHAREHOLDER AND COMPANY AGREEMENT

1. DEFINITIONS AND INTERPRETATION
2. FINANCING THE COMPANY
3. DIVIDEND POLICY
4. SUBSIDIARIES
5. MANAGEMENT OF THE COMPANY
6. SHAREHOLDER GROUP
7. THE BUSINESS PLAN AND COMPLIANCE WITH THE BUSINESS PLAN
8. REPORTING AND ACCOUNTING MATTERS
9. BANKING ARRANGEMENTS
10. TERMINATION
11. UNLAWFUL FETTER ON THE COMPANY'S POWERS
12. ASSIGNMENT AND SUB-CONTRACTING
13. FURTHER ASSURANCE
14. REMEDIES AND WAIVERS
15. ENTIRE AGREEMENT
16. VARIATION
17. CONFLICT WITH THE ARTICLES
18. SEVERANCE
19. CONFIDENTIALITY
20. NOTICES
21. NO PARTNERSHIP OR AGENCY
21. COUNTERPARTS
22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999
23. GOVERNING LAW AND JURISDICTION

Guidance Note to B& NES Council Officers when acting as Directors of Council Companies

INTRODUCTION

- 1.1 This note contains guidance for BaNES Council Officers who are appointed as company directors to the boards of companies either owned by BaNES Council ("the Council") or in which the Council has an interest. As further companies are established, this note will need to be reviewed and checked to ensure it applies to all companies, roles and appointments.
- 1.2 When this note refers to "directors" it means company directors, not directors in the sense of senior officers of the Council.
- 1.3 This note covers the following areas:
 - (a) Statutory duties of company directors under the Companies Act 2006;
 - (b) Other statutory duties;
 - (c) Duties of directors if the company is facing insolvency;
 - (d) Company secretary issues;
 - (e) Conflicts and
 - (f) Liabilities, insurance and indemnities

RESPONSIBILITIES OF COMPANY DIRECTORS AND COMPANY OFFICERS

- 1.4 Directors are subject to a large number of duties and obligations as set out in the articles of association of the company, statute, common law and at equity (based on principles and case law decided by the courts over time). In the context of the Council companies, these duties (and the potential liabilities imposed on directors of companies) fall into the following three broad categories:

A. GENERAL DUTIES UNDER THE COMPANIES ACT 2006

- 1.5 These duties are contained in sections 171-177 of the Companies Act 2006 and are:
 - (a) to act within the powers of the company
 - (b) to promote the success of the company
 - (c) to exercise independent judgment

- (d) to exercise reasonable care, skill and diligence
- (e) to avoid conflicts of interest
- (f) to not accept benefits from third parties
- (g) to declare interest in proposed transactions or arrangements with the company

1.6 The duties can be described more fully as follows:

- 1.6.1 **To act within the powers of the company** – directors must ensure that the company is operating within its objects, its constitution and within its general legal powers
- 1.6.2 **To promote the success of the company** – a director must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole.
- 1.6.3 **To exercise independent judgment** – directors can seek advice but they must exercise their own judgment in deciding whether or not to follow that advice. They can also delegate their powers to others providing this is authorised by the company's constitution.
- 1.6.4 **To exercise reasonable care, skill and diligence** – a director must exercise the general knowledge, care, skill and experience that can reasonably be expected of a person carrying out the functions of that director in the company and the specialist knowledge, skill and experience that the particular director actually has. So there are two parts to this test – an objective and subjective element.
- 1.6.5 **To avoid conflicts of interest** – a director must avoid situations in which he has or could have a direct or indirect interest that conflicts with the company's interests (for example a director should avoid a situation where he sits on the board of two companies who are competing for business unless this situation is known to both parties and authorised). Unless a "situational" conflict is authorised, a director cannot act. This relates to the underlying situation where a director is conflicted not to specific transactions or arrangements which give rise to a "transactional conflict". (this is dealt with further below).
- 1.6.6 **To not accept benefits from third parties** - a director must not accept any benefit from a third party, which is conferred because he is a director or he has done anything or not done anything as a director.
- 1.6.7 **To declare interests in proposed transactions with the company** – a director must declare to the other directors any interest he has in a proposed transaction or arrangement that involves the company before the company enters into the transaction or arrangement. This could be the case, for example, where a director is also a board member of the Council and the company is entering into a transaction with the Council.

- 1.7 Where more than one duty applies in a given case, the directors must comply with each applicable duty. The general duties also do not require or authorise a director to breach any other law.
- 1.8 The general duties apply to all the directors of a company. "Director" is defined in the Companies Act 2006 to include any person occupying the position of director, by whatever name called. The Companies Act makes no distinction between executive and non-executive directors. Whether the general duties will apply to a person who is not formally appointed as a director will depend on his, her or its functions and the way in which he/she acts. Shadow directors are persons in accordance with whose directions or instructions the directors of the company are accustomed to act (s.251 CA 2006). De facto directors are persons acting as directors without being formally appointed. Both shadow directors and de facto directors are subject to the general duties.
- 1.9 Only the company will be able to enforce the general duties, although in certain circumstances individual members may be able to bring a derivative action on the company's behalf.
- 1.10 As a general principle, a director is (and remains) liable for his acts and omissions carried out whilst he was a director and so can be found liable for such acts and omissions even if he is no longer acting as a director.

B. OTHER DUTIES IMPOSED BY LAW

- 1.11 As well as the general duties under the Companies Act 2006, there is a range of legislation and general law which imposes further duties on directors, including:

Companies Act 2006 - The Companies Act contains multiple provisions which govern the way in which directors manage the company including proper record keeping, the filing of accounts, maintenance of capital, etc.

Company Directors' Disqualification Act 1986 - An application can be made to the court to disqualify a person from acting as a director under the Company Directors' Disqualification Act 1986 where (1) the director is found guilty of failing to comply with legislation in relation to the filing of documents three or more times during the preceding five years; (2) the director was a director of a company that has become insolvent and his conduct makes him unfit to be concerned in the management of a company; and (3) the director is found guilty of wrongful or fraudulent trading. If successful, courts can disqualify directors from being concerned or taking part in the promotion, formation or management of a company for up to fifteen years.

Health and Safety at Work etc. Act 1974 - Directors can be held criminally responsible for a health and safety offence where the company is found guilty of an offence and the offence was committed with the consent or connivance or was attributable to any neglect on the part of the director.

Corporate Manslaughter and Corporate Homicide Act 2007 - Companies can be prosecuted under the 2007 Act if failings by a company's senior management causes (1) a person's death and (2) a duty of care to that person to be grossly breached. Companies can receive unlimited fines for such prosecutions as well as orders demanding compensation, payment of costs, payment towards victims, orders to publicise the conviction and orders to take steps to remedy the management failure.

Duty of confidentiality - as well as legislation, there are also duties contained within common law and equity. Directors have a duty of confidentiality to the company. The duty of confidentiality can be particularly difficult to comply with where directors are sitting on multiple boards.

C. DIRECTORS' DUTIES IN INSOLVENCY

- 1.12 Directors' duties are modified where a company is or may become insolvent – in these circumstances, directors must act in the interests of creditors, with a view to minimising losses to them. In particular directors must avoid wrongful or fraudulent trading of the company. These cover, amongst other things:

Wrongful trading (section 214, Insolvency Act 1986). This occurs in the following circumstances.

- *A company is in insolvent liquidation and*
- *A Director knew or ought to have concluded that there was no reasonable prospect of avoiding liquidation; and*
- *The Director failed to take every step to minimise loss to creditors*

The "ought to know" standard is assessed both objectively and subjectively. What he *ought to have* known (given his circumstances, knowledge, skills, etc.) and what he *actually* knew. No dishonesty is required - being "honest but incompetent" is no defence. The onus is on the director to prove that he took every reasonable step to minimise the potential losses to creditors. In circumstances of wrongful trading directors can be personally liable to contribute to the company's assets

Fraudulent trading (section 213, Insolvency Act 1986 and Section 993, Companies Act 2006). This occurs in the following circumstances:

The business of a company is carried on with intent to defraud creditors of the company or creditors of any other person, or for any fraudulent purpose.

The Insolvency Act provision only arises if "*in the course of the winding up of a company it appears [that the business of the company is carried on, etc.]...*". However, the equivalent provision in the Companies Act can be triggered at any time – no insolvency is required. The Insolvency Act carries a civil penalty and a director found liable may be required to contribute to the company's assets. The Companies Act carries additional criminal penalties of a fine as well as a potential jail sentence (maximum sentence of 10 years).

Checklist of general policy issues to be considered in forming a company

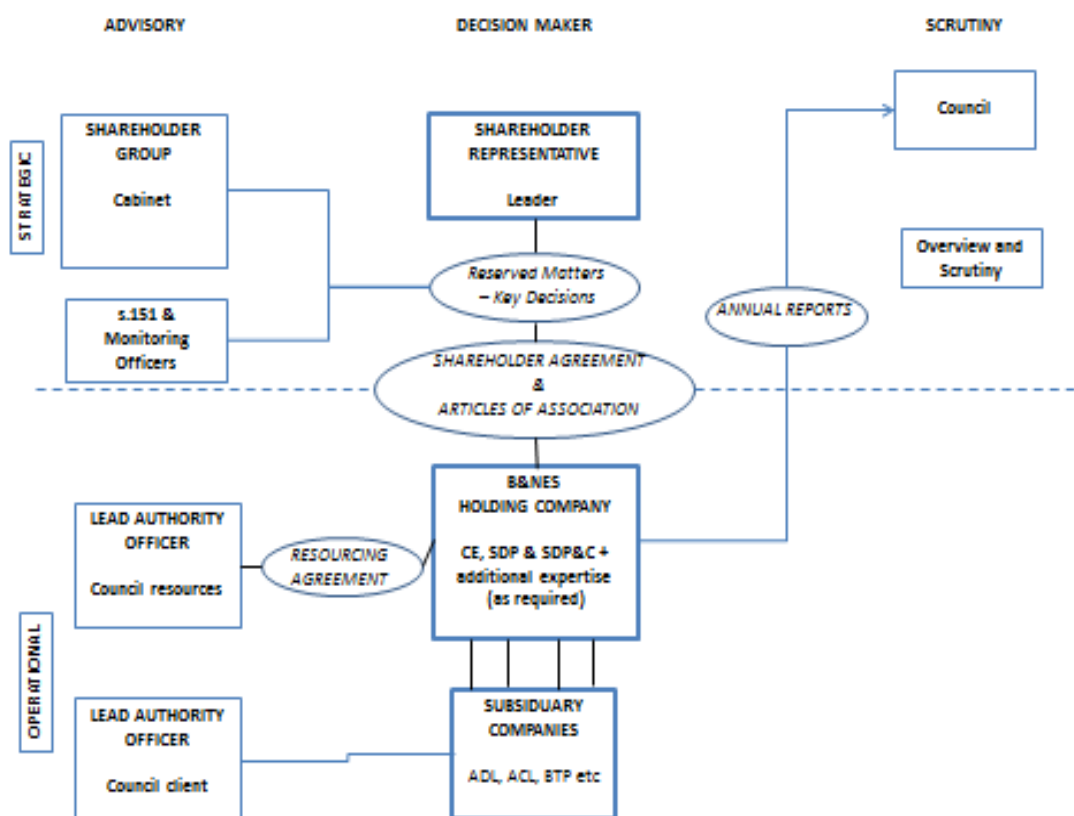
Policy issue	Key questions
Control	<ul style="list-style-type: none"><input type="checkbox"/> Does the council feel that it must exercise direct control?<input type="checkbox"/> Will a contract with the new body provide sufficient control?<input type="checkbox"/> Would it want involvement in the management of the new organisation?
Autonomy	<ul style="list-style-type: none"><input type="checkbox"/> Does the council believe that independence will allow a new organisation to be more effective than an in-house service?
Community involvement	<ul style="list-style-type: none"><input type="checkbox"/> Does the council believe there are benefits in giving the community some form of ownership in a new organisation?<input type="checkbox"/> Are the community showing interest in taking over a new organisation?
Employee involvement	<ul style="list-style-type: none"><input type="checkbox"/> Does the council believe there are benefits in giving staff some form of ownership in a new organisation?<input type="checkbox"/> Are staff showing interest in taking over a new organisation?
Financial savings	<ul style="list-style-type: none"><input type="checkbox"/> Does the council see a benefit in the new organisation being able to sell its services?<input type="checkbox"/> Does the council see significant potential for external income generation?<input type="checkbox"/> Does the council believe the new organisation will explore changing terms and conditions for new staff?
Charitable status	<ul style="list-style-type: none"><input type="checkbox"/> Are tax savings being sought, for example business rates?<input type="checkbox"/> Is it believed that a charity will find it easier to fundraise?<input type="checkbox"/> Does the council believe the objectives of a charitable body are better aligned with public service values?

Strategic withdrawal

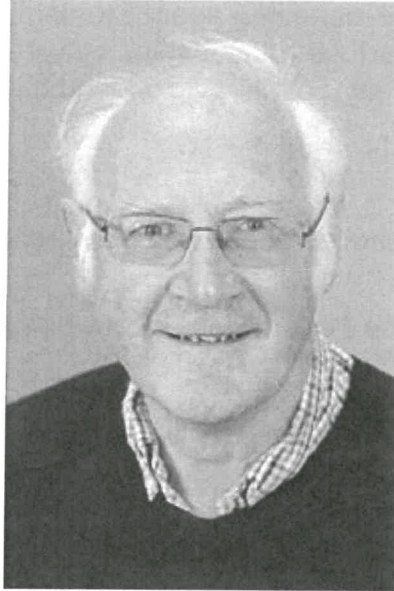
- ☐ Is this service a statutory duty and what does that duty require as a minimum?
- ☐ Does the council believe that it no longer has a role in delivering aspects of this service?
- ☐ Does the council want to cease or run down its spending on this service?

Checklist of areas to test in option appraisal

1. **Opportunities for innovation:** have other options for the design and integration of the services been properly explored? Or has the service simply been packaged with other services because that's the current structure of the organisation?
2. **Critical mass:** do the new services have the right level of scale to be contracted for and managed by a new spin-out?
3. **The potential for income generation:** how realistic are the estimates; have similar levels been achieved elsewhere; what investment is needed to make it possible; and what resources and skills are needed?
4. **The cost of procurement and contracting:** have the costs been included of preparing for any procurement process and seeing it through to conclusion and finalising the contracts?
5. **Overall project costs:** does the council have the in-house skills and resources needed, and if not, have external costs, including consultancy and legal support, been included?
6. **The potential for staff savings:** has the possibility of a new organisation employing staff on different terms and conditions taken into account TUPE, staff turnover and labour market conditions (and how they may change in the medium to long term)?
7. **Savings in overheads:** has the financial impact on the council's support service costs been properly assessed, including both the potential for savings and the loss of economies of scale for the council?
8. **Set-up costs:** for the spin-out option, have the ongoing revenue costs of new overheads been considered and the support needed to the spin-out to help establish itself and represent its own interests?
9. **Governance costs:** has the cost of managing a contract been taken into account; is the client side proportionate; and has the opportunity been examined for integrating it into other roles or sharing it?
10. **Efficiency assumptions:** have efficiencies factored into the in-house option been examined to see if other models could achieve them (and vice versa)?
11. **Opportunity costs:** have the projections for future savings been costed to take a realistic account of the time required to set up new management models?
12. **Policy constraints:** have the assumptions made about the political acceptability of different options been properly tested with politicians?
13. **Costs of optimism:** have the costs and benefits of each option been properly challenged? Has enthusiasm for one of the models led to bias influencing the assumptions behind the others?
14. **Assessing impact:** are any of the options likely to have a particularly adverse impact on members of the community and can these be mitigated?



Aequus Developments Ltd Chairman's Statement



It gives me great pleasure to present this Annual Report to shareholders, my first as Chairman. After over twelve months in the role, I have had the opportunity to see the growing portfolio ADL will be managing, alongside the number of sites for development we have been working on for the delivery of units to the area of Bath & North East Somerset.

The company has built a foundation based on access to the finest local expertise in the area and a deep understanding of the knowledge required and a highly professional investment capability.

We have the opportunity to build on this platform to create important, powerful and valuable businesses, to the benefit of our shareholders and most importantly bringing homes back into use for our wider community.

Operational progress: The project

During the year, a total of nine city centre property refurbishments were completed which gave Aequus Developments a sound start, being a mixture of flats, terraced homes and 1 House of Multiple Occupation (HMO) property, with an additional 14 anticipated to be completed by September 2017.

On top of the existing residential homes, ADL is bringing forward a number of sites as set out in the development pipeline. By the year 2020 we anticipate to have delivered a total number of 300 new homes. In doing this we are working with a number of project teams to get each of these sites off the ground. Each design team is made up of professional advisors liaising closely with the Bath & North East Somerset Council's planning department and focusing on early engagement with communities for each site to ensure we are delivering market need.

I would like to mention the achievement of Riverside Keynsham, the first site to successfully receive both ADL Board and Shareholder approval of the development Business Case in March 2017. We have appointed our first contractors to start on site and will be ready to market the development from May 2018.

Report of the Directors and
Financial Statements
for the Period 14 March 2016 to 31 March 2017
for
Aequus Developments Ltd

Aequus Developments Ltd

Company Information
for the Period 14 March 2016 to 31 March 2017

DIRECTORS:

C D Gerrish
L J Kew
R H Marshall
D P E Quilter
T Richens
D P Robathan
M Shields

REGISTERED OFFICE:

Guildhall
High Street
Bath
BA1 5AW

REGISTERED NUMBER:

10060817 (England and Wales)

Report of the Directors
for the Period 14 March 2016 to 31 March 2017

Our confidence for the future extends beyond our existing portfolio. The quality and number of homes for the future remains important to us and we expect it to lead to exciting opportunities and prospects for further value creation.

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements.

DIRECTORS

The directors who have held office during the period from 14 March 2016 to the date of this report are as follows:

C D Gerrish - appointed 14 March 2016
L J Kew - appointed 14 March 2016
R H Marshall - appointed 8 December 2016
D P E Quilter - appointed 14 March 2016
T Richens - appointed 14 March 2016
D P Robathan - appointed 30 March 2016
M Shields - appointed 27 September 2016
J M Wilkinson - appointed 14 March 2016 - resigned 27 September 2016

All the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

FINANCIAL INSTRUMENTS

Aequus Developments' financial risk management objectives and policies, including exposure to market risk, credit risk and liquidity risk are set out in notes to the accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Monahans, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the Independent Auditors to the Members of
Aequus Developments Ltd

We have audited the financial statements of Aequus Developments Ltd for the period ended 31 March 2017 on pages seven to twenty five. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Report of the Directors.

Aequus Developments Ltd (Registered number: 10060817)

Statement of Profit or Loss and Other Comprehensive Income
for the Period 14 March 2016 to 31 March 2017

	Notes	£
CONTINUING OPERATIONS		
Revenue	3	82,605
Administrative expenses		(218,974)
OPERATING LOSS		(136,369)
Finance costs	5	(19,446)
LOSS BEFORE INCOME TAX	6	(155,815)
Income tax	7	28,391
LOSS FOR THE PERIOD		(127,424)
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE INCOME		
FOR THE PERIOD		(127,424)

The notes form part of these financial statements

Statement of Changes in Equity
for the Period 14 March 2016 to 31 March 2017

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	100	-	100
Total comprehensive income	-	(127,424)	(127,424)
Balance at 31 March 2017	<u>100</u>	<u>(127,424)</u>	<u>(127,324)</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Period 14 March 2016 to 31 March 2017

1. STATUTORY INFORMATION

Aequus Developments Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except for investment property which have been measured at fair value.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

For 2017, based on their assessment of the company's financial position, future performance, liquidity and risks, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next twelve months. Thus the company adopts the going concern basis of preparation for the financial statements.

Revenue recognition

Under the condition that persuasive evidence of an arrangement exists, revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. In cases where the inflow of economic benefits is not probable due to customer related credit risks the revenue recognised is subject to the amount of payments irrevocably received. Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates and excluding taxes or duty.

The specific recognition criteria described below must also be met before income is recognised.

Rental income

The company is a lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included within revenue in the income statement due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the term of the lease on the same basis as income.

Tenant lease incentives

Tenant lease incentives are recognised as a reduction of rental revenue on a straight term basis over the term of the lease. The lease term is the non cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidation are recognised in the income statement when the right to receive them arises.

Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in rental income gross of related costs, as the directors consider that the company acts as a principal in this respect.

Tenant deposits

Tenant deposit liabilities are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight line basis over the lease term.

Notes to the Financial Statements - continued
for the Period 14 March 2016 to 31 March 2017

2. ACCOUNTING POLICIES - continued

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the company mainly include cash and cash equivalents, available-for-sale financial assets, trade receivables, loans receivable, finance lease receivables and derivative financial instruments with a positive fair value, including receivables from group companies. Cash and cash equivalents are not included within the category available-for-sale financial assets as these financial instruments are not subject to fluctuations in value. Financial liabilities of the company mainly comprise loans from group companies and trade payables including amounts due to group companies. The company does not make use of the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (Fair Value Option). Based on their nature, financial instruments are classified as financial assets and financial liabilities measured at cost or amortised cost and financial assets and financial liabilities measured at fair value.

Financial instruments are recognised on the Statement of Financial Position when the company becomes a party to the contractual obligations of the instrument. Purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, are accounted for at the trade date.

Initially, financial instruments are recognised at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognised in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. Subsequently, financial assets and liabilities are measured according to the category to which they are assigned.

Cash and cash equivalents

The company considers all highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost.

Impairment of financial assets

Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Notes to the Financial Statements - continued
for the Period 14 March 2016 to 31 March 2017

2. **ACCOUNTING POLICIES - continued**

Provisions

A provision is recognised in the Statement of Financial Position when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are recognised at present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When a contract becomes onerous, the present obligation under the contract is recognised as a provision and measured at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract as far as they exceed the expected economic benefits of the contract. Additions to provisions and reversals are generally recognised in the Statement of Income. The present value of recognised obligations associated with the retirement of property, plant and equipment (asset retirement obligations) that result from the acquisition, construction, development and normal use of an asset is added to the carrying amount of the related asset. The additional carrying amount is depreciated over the life of the related asset. Additions to and reductions from the present value of asset retirement obligations that result from changes in estimates are generally recognised by adjusting the carrying amount of the related asset and provision. If the asset retirement obligation is settled for other than the carrying amount of the liability, the company recognises a gain or loss on settlement.

Borrowing costs

The company pays or receives interest on some of its intercompany loan balances. These are recognised within interest in the Statement of Income when incurred or receivable. All costs directly attributable to the cost of a qualifying asset are capitalised.

Notes to the Financial Statements - continued
for the Period 14 March 2016 to 31 March 2017

2. ACCOUNTING POLICIES - continued

New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 March 2017, and have not been applied in preparing these financial statements. Those standards that have relevance to the company are mentioned below:

IFRS 9 (2014) - Financial Instruments

IFRS 9 Financial Instruments issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The IASB completed its project to replace IAS 39 in phases, adding to the standard as it completed each phase.

The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements). For a limited period, previous versions of IFRS 9 may be adopted early if not already done so provided the relevant date of initial application is before 1 February 2015.

IFRS 15 - Revenue from contracts with customers

IFRS 15, effective for years beginning after 1 January 2018, replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of disposal of certain non-financial assets including property, equipment and intangible assets. The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. Effective to annual reporting periods beginning on or after 1 January 2019.

Transfers of Investment Property (Amendments to IAS 40)

The amendments to IAS 40 Investment Property: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list. Effective for annual periods beginning on or after 1 January 2018.

Notes to the Financial Statements - continued
for the Period 14 March 2016 to 31 March 2017

7. INCOME TAX

Analysis of tax income

	£
Deferred tax	(28,391)
	<hr/>
Total tax income in statement of profit or loss and other comprehensive income	(28,391)
	<hr/>

The deferred tax income in 2017 relates to the origination and reversal of temporary differences.

For the year ended 31 March 2017 the company was subject to UK corporation tax at a rate of 20%. For future years the company will be subject to corporation tax at 19%.

8. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
Additions	1,350,293
	<hr/>
At 31 March 2017	1,350,293
	<hr/>
NET BOOK VALUE	
At 31 March 2017	1,350,293
	<hr/>

9. TRADE AND OTHER RECEIVABLES

	£
Current:	
Other debtors	19,370
Prepayments and accrued income	275
	<hr/>
	19,645
	<hr/>

10. CASH AND CASH EQUIVALENTS

	£
Bank accounts	94,468
	<hr/>

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	£
100	Ordinary	£1	100
			<hr/>

100 Ordinary shares of £1 each were allotted and fully paid for cash at par during the period.

Notes to the Financial Statements - continued
for the Period 14 March 2016 to 31 March 2017

14. FINANCIAL INSTRUMENTS

This section gives a comprehensive overview of the significance of financial instruments for the company and provides additional information on Statement of Financial Position items that contain financial instruments. The following table presents the carrying amounts of each category of financial assets and liabilities:

	31 March 2017 £
Financial assets	
Loans and receivables	19,645
Cash and cash equivalents	94,468
	<hr/>
	114,113
	<hr/>
Financial liabilities	
Financial liabilities measured at amortised cost	1,620,121
	<hr/>
	1,620,121
	<hr/>

The following table presents the fair values and carrying amounts of financial assets and liabilities measured at cost or amortised cost:

	Fair value £	31 March 2017 Carrying value £
Financial assets measured at cost or amortised cost		
Cash and cash equivalents	94,468	94,468
Other current financial assets	19,645	19,645
	<hr/>	<hr/>
	114,113	114,113
	<hr/>	<hr/>
Financial liabilities measured at cost or amortised cost		
Trade payables	13,610	13,610
Other current financial liabilities	251,504	251,504
Non current financial liabilities	1,355,007	1,355,007
	<hr/>	<hr/>
	1,620,121	1,620,121
	<hr/>	<hr/>

All financial assets and liabilities are measured at amortised cost.

The fair values of cash and cash equivalents, current receivables, other current financial assets, other assets, trade payables and other current financial liabilities and other liabilities approximate their carrying amount largely due to the short-term maturities of these instruments.

There are no financial assets and liabilities measured at fair value.

**Notes to the Financial Statements - continued
for the Period 14 March 2016 to 31 March 2017**

The following table reflects the calculation of the company's net liquidity:

	31 March 2017
	£
Cash and cash equivalents	94,468
Receivables from group companies	-
Total liquidity	94,468
Short term debt and current maturities of long term debt	35,228
Amounts due to group companies	179,460
Long term debt	1,355,007
Total debt	1,569,695
Net liquidity	(1,475,227)

Capital management

The company defines its capital structure as net debt and equity. The primary objective of the company's capital management is to ensure that it makes optimal use of the working capital generated from its trading profits. The company's management focus is on generating positive cash flow from operations and maintaining a positive relationship of the company's current assets and current liabilities.

15. DEFERRED TAX

	£
Losses in the year	(28,391)
Balance at 31 March	(28,391)

Deferred tax assets are measured at the tax rates that are expected to apply in the period when the asset is realised, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

	Year ended 31 Mar 2017
Assets:	
Property, plant and equipment	-
Provisions and tax losses	28,391
Deferred tax asset	28,391
Liabilities:	
Property, plant and equipment	-
Provisions and tax losses	-
Deferred tax liability	-
Total deferred tax assets, net	28,391

Management considers to what extent it is probable that the deferred tax assets will be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible.

Notes to the Financial Statements - continued
for the Period 14 March 2016 to 31 March 2017

19. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

Loss before income tax	£
Increase in group trade payables	(155,815)
Finance costs	179,460
	19,446
	<hr/>
Increase in trade and other receivables	43,091
Increase in trade and other payables	(19,645)
	50,426
	<hr/>
Cash generated from operations	73,872
	<hr/>

20. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Period ended 31 March 2017

	31.3.17	14.3.16
	£	£
Cash and cash equivalents	94,468	-
	<hr/>	<hr/>

The company considers all highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost.

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Report of the Directors and
Financial Statements
for the Year Ended 31 March 2017
for
Bath Tourism Plus

Contents of the Financial Statements
for the Year Ended 31 March 2017

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Bath Tourism Plus

Company Information **for the Year Ended 31 March 2017**

DIRECTORS:

Ian Bell
Frank Collins
Victor Silva Da Cunha
Franco De La Croix-Vaubois
Douglas Douglas
Martin Veal

CHIEF EXECUTIVE:

David James

SECRETARY:

Andrew Mullett

REGISTERED OFFICE:

Abbey Chambers
Abbey Churchyard
Bath
BA1 1LY

REGISTERED NUMBER:

04843577 (England and Wales)

AUDITORS:

Moore Stephens
Chartered Accountants and Statutory Auditor
30 Gay Street
Bath
BA1 2PA

Bath Tourism Plus

Report of the Directors **for the Year Ended 31 March 2017**

The directors present their report with the financial statements of the company for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of supporting and advancing the economy of Bath and North East Somerset by marketing and co-ordinating the promotion of the district as a leisure, conference, business and educational visitor destination. It does this by:

- assisting in the implementation of the tourism strategy of Bath and North East Somerset Council;
- providing information on the district to visitors and local residents;
- developing local and regional partnerships for purposes of economic development;
- securing a more equitable distribution of the benefits of tourism to the residents of the district;
- promoting and supporting the development of the district's tourism infrastructure;
- undertaking initiatives to improve the quality of the visitor welcome to Bath and North East Somerset;
- supporting businesses involved in the tourism industry;
- promoting the heritage and cultural facilities of Bath and North East Somerset,

The company, which operates under the brand of Visit Bath, carries out these activities through:

- operating the Bath Visitor Information Centre (which welcomes almost 500,000 visitors per year);
- operating a membership scheme, with approximately five hundred business members;
- providing an accommodation booking service for members;
- marketing Bath and the surrounding area to leisure, business and overseas travellers;
- undertaking PR activity to attract the top national and international travel writers;
- developing Bath's official destination websites www.visitbath.co.uk, www.bathvenuefinder.co.uk and www.bathchristmasmarket.co.uk;
- organising the hugely popular Bath Christmas Market.

Since its formation in 2003 the company has been jointly owned by Bath and North East Somerset Council (B&NES) and Bath Chamber of Commerce. As part of the commissioning process to agree a three-year Destination Management Services contract between B&NES and the company, it was agreed that a more suitable ownership structure is for B&NES to become the sole owner, so in November 2016 it acquired the share held by Bath Chamber of Commerce; the current Chairman and Board continued in place. A new set of Articles was adopted on 5 April 2017, and the company name was amended to Bath Tourism Plus Limited.

REVIEW OF BUSINESS

The results for the year are shown in the income statement account on page 8 and other comprehensive income and expenditure on page 9.

Core funding received from B&NES amounted to £349,000; the Council also provide the company with premises in Abbey Chambers which have a notional rental value of £236,000, bringing their contribution to £585,000. Income generated from trading activities amounts to just over £2m, fractionally down on the previous year - increased sales income generated online, through the Visitor Information Centre and from the Bath Christmas Market was offset by reductions in accommodation booking income and funding received from local partners towards marketing activities.

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Bath Tourism Plus

Report of the Directors **for the Year Ended 31 March 2017**

REVIEW OF BUSINESS (continued)

The increasing amounts of income being generated from the company's trading activities means that the proportion of funding received from B&NES (including the value of the premises) amounts to 22% of company turnover (down from almost 50% of turnover five years ago).

Direct costs of sales have also fallen, while administration costs (which includes £236,000 notional property costs) rose by £207,934. Included within this total is a payment of £150,000 made to Bath Festivals, being an advance payment to underwrite the 2017 Bath International Festival, in accordance with the terms of the funding agreement that commenced on 1 April 2017.

In 2012 the company carried out a total refurbishment of the Visitor Information Centre, at a total cost of £189,198, which was funded by a grant from B&NES of £186,000; both the cost of refurbishments and the amount of grant were being written down over a ten year period commencing on 1 April 2012. However, as the company had made a decision before the end of the year to relocate the VIC, which will occur in September 2017, the asset has been impaired and the balance of these costs (£94,598) has been written off as part of administrative expenses; the related deferred income (£93,000) has been released and is included as other operating income so the net impact of this decision is to include a net cost of £1,598.

The overall result, after including the payment of £150,000 to Bath Festivals, was an operating deficit of £165,874 (2015-16 £31,818 deficit).

Some long-serving staff members are enrolled in the Avon Pension Fund Defined Benefit Scheme - new members of staff are no longer eligible to join this scheme, instead joining the company's Defined Contribution scheme. In accordance with Financial Reporting Standard 102 section 28 Employee Benefits, an increase of £207,000 in the Avon Pension Fund scheme deficit is reflected in the balance sheet (2015-6: £4,000 decrease in deficit)

After providing for investment income, movements in deferred and other taxation and actuarial losses in respect of the pension scheme, a total deficit of £359,353 has been added to accumulated losses (2015-16: total surplus of £48,967).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2016 to the date of this report.

Ian Bell	Chair
Frank Collins	
Victor Silva Da Cunha	
Franco De La Croix-Vaubois	
Douglas Douglas	
Martin Veal	

Other changes in directors holding office are as follows:

Joanna Harrod Bertinet	Resigned 26 May 2016
Simon Cooper	Resigned 9 September 2016
Jonathan Overton	Resigned 10 May 2016

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Bath Tourism Plus

Report of the Directors **for the Year Ended 31 March 2017**

FUTURE PLANS

After a long period of negotiation and restructuring, the company has entered into a contract with B&NES for the provision of Destination Management Services, which commenced on 1 April 2017; the contract is for a three-year period, with a possible two-year extension. As part of the contract, Bath Tourism Plus is taking the lead on the development of a comprehensive five-year Destination Management Plan which should be completed by the end of 2017 and which will provide a framework within which the contract outputs can be delivered. Bath Tourism Plus will also be providing financial support to Bath Festivals Ltd, and from August 2017 have taken over the operation of the Bath Box Office, previously operated by Bath Festivals Ltd.

As part of the contract discussions, the company's property options have been reviewed, and a decision taken to move out of Abbey Chambers, where we have been based for many years. The Visitor Information Centre is moving just around the corner to shop premises in Terrace Walk in the latter part of 2017, and the remaining company departments are moving into new office accommodation, which will be shared with Bath Festivals. These moves will allow for smarter, more integrated working, and will save the company an estimated £100,000 per annum in property costs, although there are large upfront costs associated with the moves which will be borne in 2017-18.

RESERVES POLICY

At 31 March 2017, the company had accumulated revenue surpluses arising since the commencement of operations amounting to £105,932 (March 2016 £292,205). However, these are offset by the Avon Pension Fund net deficit of £625,120 (gross deficit £772,000 less deferred tax of £146,880) (2016 net deficit £452,000) so the year-end balance sheet shows an overall deficiency of reserves amounting to £519,188 (2016 £159,795 deficit).

As part of the contract negotiation, B&NES has agreed that the Avon Pension Fund deficit will be absorbed by the Council, so the accounts for the year to 31 March 2018 will show the liability as disappearing from the balance sheet, and the company should therefore return to solvency.

1995 LOCAL AUTHORITIES (COMPANIES) ORDER

The agreement of the Audit Commission was obtained for the appointment of Moore Stephens, 30 Gay Street, Bath, as auditors. This complies with the specifics of the order.

COMPANY INFORMATION

Chief Executive	David James
Company Secretary	Andrew Mullett
Registered Office	Abbey Chambers, Abbey Church Yard, Bath BA1 1LY
Auditors	Moore Stephens, 30 Gay St, Bath BA1 2PA

Bath Tourism Plus

Report of the Directors **for the Year Ended 31 March 2017**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Moore Stephens, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

.....
Andrew Mullett - Secretary

Date:

Report of the Independent Auditors to the Members of Bath Tourism Plus

We have audited the financial statements of Bath Tourism Plus for the year ended 31 March 2017 on pages eight to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Report of the Directors.

Report of the Independent Auditors to the Members of Bath Tourism Plus

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Mark Burnett ACA (Senior Statutory Auditor)
for and on behalf of Moore Stephens
Chartered Accountants and Statutory Auditor
30 Gay Street
Bath
BA1 2PA

Date:

Bath Tourism Plus

Income Statement **for the Year Ended 31 March 2017**

	Notes	31.3.17 £	31.3.16 £
TURNOVER		2,661,741	2,730,820
Cost of sales		<u>2,130,728</u>	<u>2,180,685</u>
GROSS SURPLUS		531,013	550,135
Administrative expenses		<u>789,887</u>	<u>581,953</u>
		(258,874)	(31,818)
Other operating income	5	<u>93,000</u>	-
OPERATING DEFICIT	4	(165,874)	(31,818)
Interest receivable and similar income		<u>4,843</u>	<u>5,433</u>
		(161,031)	(26,385)
Other finance costs	13	<u>21,000</u>	<u>20,000</u>
DEFICIT BEFORE TAXATION		(182,031)	(46,385)
Tax on deficit	6	<u>8,938</u>	<u>18,552</u>
DEFICIT FOR THE FINANCIAL YEAR		<u><u>(173,093)</u></u>	<u><u>(27,833)</u></u>

The notes form part of these financial statements

Bath Tourism Plus

Other Comprehensive and Expenditure for the Year Ended 31 March 2017

	Notes	31.3.17 £	31.3.16 £
DEFICIT FOR THE YEAR		(173,093)	(27,833)
OTHER COMPREHENSIVE INCOME/EXPENDITURE			
Actuarial (loss)/gain on pension scheme	13	(230,000)	96,000
Tax relating to other comprehensive income/expenditure	12	<u>43,700</u>	<u>(19,200)</u>
OTHER COMPREHENSIVE INCOME / EXPENDITURE FOR THE YEAR, NET OF TAX		<u>(186,300)</u>	<u>76,800</u>
TOTAL COMPREHENSIVE INCOME / EXPENDITURE FOR THE YEAR		<u><u>(359,393)</u></u>	<u><u>48,967</u></u>

The notes form part of these financial statements

Balance Sheet
31 March 2017

	Notes	31.3.17 £	£	31.3.16 £	£
FIXED ASSETS					
Tangible assets	7		12,862		124,267
CURRENT ASSETS					
Stocks		55,462		81,408	
Debtors	8	233,657		210,638	
Cash at bank		<u>225,300</u>		<u>472,651</u>	
		514,419		764,697	
CREDITORS					
Amounts falling due within one year	9	<u>274,469</u>		<u>372,159</u>	
NET CURRENT ASSETS			<u>239,950</u>		<u>392,538</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			252,812		516,805
CREDITORS					
Amounts falling due after more than one year	10		-		(111,600)
PENSION LIABILITY	13		(772,000)		(565,000)
NET LIABILITIES			<u>(519,188)</u>		<u>(159,795)</u>
RESERVES					
Income and expenditure account			<u>(519,188)</u>		<u>(159,795)</u>
			<u>(519,188)</u>		<u>(159,795)</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

.....

Ian Bell - Director

The notes form part of these financial statements

Bath Tourism Plus

Notes to the Financial Statements **for the Year Ended 31 March 2017**

1. STATUTORY INFORMATION

Bath Tourism Plus is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentational currency is GBP.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 10% on cost
Fixtures and fittings	- 33% on cost
IT equipment	- 25% on cost
Website development	- 50% on cost

Tangible fixed assets individually costing in excess of £2,000 are capitalised and included at cost.

Website development costs represent the design and content cost associated with the development of destination management system software. They are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least equal to the amount capitalised. They are recorded in the balance sheet in the year in which they are incurred and amortised over their useful economic life which is assessed as being two years.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been

enacted or substantively enacted by the balance sheet date.

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Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company participates in a defined benefit pension scheme, the Avon Pension Fund, that provides benefits based on final pensionable pay. The assets of this fund are kept separately from those of the company and are held by independent administrators.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in other comprehensive income. All costs related to the defined benefit plan are recognised in the income statement within employee benefit costs.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

The company operates a defined contribution pension scheme for new employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the income and expenditure account on a straight line basis.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

2. ACCOUNTING POLICIES - continued

Government grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the Income and Expenditure Account so as to match with the related costs they are intended to compensate for. Grants related to capital assets are deferred and released to the Income and Expenditure Account over the expected useful life of the asset.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 31 (2016 - 33).

4. OPERATING DEFICIT

The operating deficit is stated after charging:

	31.3.17	31.3.16
	£	£
Depreciation - owned assets	30,267	27,876
Auditors' remuneration	<u>5,600</u>	<u>5,800</u>

5. EXCEPTIONAL ITEMS

	31.3.17	31.3.16
	£	£
Exceptional income: Capital grant released	93,000	-
Exceptional expenditure: impairment of property improvements	(94,598)	
Exceptional expenditure: payment to Bath Festivals(150,000)	<u>-</u>	<u>-</u>
	<u>(151,598)</u>	<u>-</u>

The above exceptional items include an impairment of £94,598 to property improvements which were being depreciated over 10 years, which was the expected economic life of the assets to which they relate. At the year end, following the decision to relocate the Visitor Information Centre, the balance of improvements to property were written off to the income statement and the associated remaining capital grant of £93,000 which was being recognised over 10 years was also released to the income statement (see note 10).

The remaining £150,000 of the exceptional item cost above relates to a payment made to Bath Festivals during the year as a result of a Memorandum of Understanding signed between the organisations in order for Bath Festivals to deliver on its obligations to hold a number of events in 2017

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

6. **TAXATION**

Analysis of the tax credit

The tax credit on the deficit for the year was as follows:

	31.3.17	31.3.16
	£	£
Current tax: UK corporation tax	<u>(1,169)</u>	<u>1,169</u>
Deferred tax (Note 12):		
Deferred tax - accelerated capital allowances	(17,589)	(1,121)
Deferred tax - defined benefit pension schemes	<u>9,820</u>	<u>(18,600)</u>
Total deferred tax	<u>(7,769)</u>	<u>(19,721)</u>
Tax on deficit	<u>(8,938)</u>	<u>(18,552)</u>

UK corporation tax was charged at 20% in 2016.

Tax effects relating to effects of other comprehensive income: Actuarial loss on pension scheme

	31.3.17	31.3.16
	£	£
Gross	(230,000)	96,000
Taxation	43,700	(19,200)
Net	(186,300)	76,800

Bath Tourism Plus

Notes to the Financial Statements - continued **for the Year Ended 31 March 2017**

7. TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	IT equipment £	Website development £	Totals £
COST					
At 1 April 2016	189,198	58,257	15,640	59,829	322,924
Additions	-	-	13,460	-	13,460
At 31 March 2017	189,198	58,257	29,100	59,829	336,384
DEPRECIATION					
At 1 April 2016	75,680	49,168	13,980	59,829	198,657
Charge for year	18,920	4,544	6,803	-	30,267
Impairments	94,598	-	-	-	94,598
At 31 March 2017	189,198	53,712	20,783	59,829	323,522
NET BOOK VALUE					
At 31 March 2017	-	4,545	8,317	-	12,862
At 31 March 2016	113,518	9,089	1,660	-	124,267

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.17 £	31.3.16 £
Trade debtors	33,360	60,705
Corporation Tax refund	1,169	-
Prepayments and accrued income	51,299	53,574
Operating debtors and prepayments	85,828	114,279
Deferred tax asset	147,829	96,359
	<u>233,657</u>	<u>210,638</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.17 £	31.3.16 £
Trade creditors	106,882	103,807
Taxation and social security	37,099	74,944
Other creditors	<u>130,488</u>	<u>193,408</u>
	274,469	372,159

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Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.17	31.3.16
	£	£
Other creditors	<u>-</u>	<u>111,600</u>

Other creditors relate to deferred capital grants which were being recognised in the Income Statement over ten years, which was the expected economic life of the assets to which they relate. At the year end, following the decision to relocate the Visitor Information Centre, the improvements to property were impaired and the above capital grant released to income (see Note 5).

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.17	31.3.16
	£	£
Within one year	1,100	1,100
Between one and five years	<u>1,100</u>	<u>2,200</u>
	<u>2,200</u>	<u>3,300</u>

12. PROVISIONS FOR LIABILITIES

	Deferred tax £	Deferred tax on pension £
Balance at 1 April 2016	16,640	(113,000)
Provided during year	(17,589)	-
Charge to Income Statement during year	-	9,820
Other comprehensive income	<u>-</u>	<u>(43,700)</u>
Balance at 31 March 2017	<u>(949)</u>	<u>(146,880)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

13. EMPLOYEE BENEFIT OBLIGATIONS

Bath Tourism Plus participates in the Avon Pension Fund, part of the Local Government Pension Scheme. Since 2008 the company has closed the scheme to new entrants, new staff instead being enrolled in a defined contribution scheme. Up until 31 March 2014 the scheme provides benefits based on members' final pensionable salary, thereafter benefits are based on career average revalued earnings.

The company's defined benefit pension scheme was in deficit by £772,000 at 31 March 2017 (2016: £565,000). A deferred tax asset is recognised separately in the balance sheet of £146,680 (2016: £113,000). The company continues to meet all pension liabilities as they fall due, as determined by the independent actuary.

The latest actuarial valuation of the Avon Pension Fund took place on 31 March 2015.

The amounts recognised in surplus or deficit are as follows:

	31.3.17	31.3.16
	£	£
Current service cost asset/liability	37,000	41,000
Past service cost	21,000	20,000
	<u>-</u>	<u>51,000</u>
	<u>58,000</u>	<u>112,000</u>
Actual return on plan assets	<u>260,000</u>	<u>(30,000)</u>

Changes in the present value of the defined benefit obligation are as follows:

	31.3.17	31.3.16
	£	£
Opening defined benefit obligation	2,066,000	2,090,000
Current service cost	37,000	41,000
Past service cost	-	51,000
Contributions by scheme participants	7,000	7,000
Interest cost	74,000	70,000
Actuarial losses/(gains)	437,000	(176,000)
Benefits paid	<u>(17,000)</u>	<u>(17,000)</u>
	<u>2,604,000</u>	<u>2,066,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

13. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Changes in the fair value of scheme assets are as follows:

	31.3.17	31.3.16
	£	£
Opening fair value of scheme assets	1,501,000	1,521,000
Contributions by employer	81,000	20,000
Contributions by scheme participants	7,000	7,000
Expected return	53,000	50,000
Actuarial gains/(losses)	207,000	(80,000)
Benefits paid	(17,000)	(17,000)
	<u>1,832,000</u>	<u>1,501,000</u>

The amounts recognised in other comprehensive income are as follows:

	31.3.17	31.3.16
	£	£
Actuarial gains/(losses)	<u>(230,000)</u>	<u>96,000</u>
	<u>(230,000)</u>	<u>96,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	31.3.17	31.3.16
Equities	59.00%	59.60%
Bonds	19.60%	21.20%
Property	8.70%	9.80%
Cash	1.60%	4.30%
Other	<u>11.10%</u>	<u>5.10%</u>
	<u>100.00%</u>	<u>100.00%</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31.3.17	31.3.16
Discount rate	2.65%	3.65%
Future salary increases	3.30%	3.10%
Future pension increases	2.50%	2.30%

Bath Tourism Plus

Notes to the Financial Statements - continued **for the Year Ended 31 March 2017**

14. RELATED PARTIES

The directors are not remunerated for work undertaken in their role as Board members, with exception of the Chair who receives an honorarium of £6,000pa (2015-16 £6,000).

Various directors have their own businesses; the transactions that took place between these businesses and Bath Tourism Plus in the year are detailed below. All transactions were at arms-length, no balances were written off in the year and unless otherwise stated, there were no outstanding balances at the year end.

The following businesses owned by directors were invoiced by the company for membership and advertising as follows, until the date of their retirement from the Board:

Director	Business	Invoiced by BTP		Balance due at year end	
		2017 £	2016 £	2017 £	2016 £
J Bertinet	Bertinet Kitchen	-	695	-	-
J Overton	Sally Lunn's-	-	945	-	-

The following businesses owned by directors supplied services or goods to the company:

Director	Business	Charged to BTP		Balance due at year end	
		2017 £	2016 £	2017 £	2016 £
J Overton	Sally Lunn's	167	442	-	-

Martin Veal is a member of Bath & North East Somerset Council (B&NES). The company has charged B&NES a total of £585,000 plus VAT (2015-16: £568,000 plus VAT) for the promotion of tourism within the area controlled by B&NES. At the year-end amounts due from B&NES were £15,472(2015-16: £31,128) and amounts due to B&NES were £76,048 (2015-16: £23,713), all of which have now been settled in full

15. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee, with every member of the company agreeing to contribute such amount as may be required (not exceeding £1) to the company's assets if it should be wound up.

Bath Tourism Plus

Detailed Income and Expenditure Account **for the Year Ended 31 March 2017**

	31.3.17		31.3.16	
	£	£	£	£
Turnover				
Income from trading activities	2,084,361		2,144,220	
Contract funding from B&NES	341,380		332,000	
Contract funding from B&NES - provision of properties	236,000		236,000	
Other contract funds & income	-		18,600	
		2,661,741		2,730,820
Cost of sales				
Purchases for resale - adjusted for stock	820,887		867,060	
Wages	565,410		573,967	
Pensions	37,350		92,000	
Marketing & publicity	279,769		277,675	
Event costs - Xmas market	326,260		307,266	
TIC and retail costs	40,982		42,609	
Staff expenses and training	17,830		11,304	
Commercial activity costs	42,240		8,804	
		2,130,728		2,180,685
GROSS SURPLUS		531,013		550,135
Other income				
Exceptional items	93,000		-	
Bank interest receivable	4,843		5,433	
		97,843		5,433
		628,856		555,568
Expenditure				
Property costs recharged by B&NES	236,000		236,000	
Wages	182,144		215,120	
Other employment costs	24,057		25,854	
Post and stationery	6,182		5,127	
Insurance	8,367		8,264	
IT costs	17,532		21,900	
General expenses	10,199		11,276	
Property costs - cleaning etc	1,633		4,363	
Sundry expenses	2,588		3,649	
Legal fees	10,748		7,535	
Auditors' remuneration	5,600		5,800	
Carried forward	511,050	628,856	550,888	555,568

This page does not form part of the statutory financial statements

Directors' salaries	6,000	6,000		
Depreciation of tangible fixed assets				

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Carried forward	511,050	628,856	550,888	555,568
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This page does not form part of the statutory financial statements

Bath Tourism Plus

Detailed Income and Expenditure Account **for the Year Ended 31 March 2017**

	31.3.17		31.3.16	
	£	£	£	£
Brought forward	511,050	628,856	550,888	555,568
Improvements to property	18,920		18,920	
Fixtures and fittings	4,545		4,545	
Depn of IT equipment	1,053		1,052	
Depn of website development	6,803		3,359	
Exceptional items	<u>244,598</u>		<u>-</u>	
		<u>786,969</u>		<u>578,764</u>
		(158,113)		(23,196)
Finance costs				
Bank charges		<u>2,918</u>		<u>3,189</u>
		(161,031)		(26,385)
Other finance income/costs				
Interest on pension scheme liabilities		<u>21,000</u>		<u>20,000</u>
NET DEFICIT		<u>(182,031)</u>		<u>(46,385)</u>

Bath & North East Somerset Council		
Meeting	Council	
DATE:	14 September 2017	
TITLE:	York Street Infrastructure Works	
WARD:	Abbey	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Not Applicable		

1 THE ISSUE

During works on the Archway Project it was discovered that the underground vault which forms part of the Council owned estate was in a poor structural condition and at risk of collapse.

The vault is located under a part of York Street which is required for the Christmas market and funding is needed urgently to progress the repair of the vault, ensuring the Christmas Market can progress at this location and the Heritage Lottery funding for the Archway Project is protected.

2 RECOMMENDATION

The decision makers are asked to agree:

- i. Approval to accept the addition of a new scheme into the Capital Programme entitled York Street Infrastructure works.
- ii. Re-direct funding of £539k from the provisional capital schemes identified in section 3.1 to the proposed York Street Infrastructure works scheme.
- iii. Approve the use of the Capital Contingency allocating £50k to the proposed scheme.
- iv. To approve the two phase approach to the repairs outlined in the report.
- v. To note the risks associated with repairing the structure before the Christmas market takes place.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

3.1 Funding has been identified from within the Councils Capital programme from the following schemes that are provisionally approved in 2017/18:

- Heritage Infrastructure Development £200k
- Public Realm Improvements Programme £113k
- Archway Centre Public Realm £226k

It is proposed that this funding is re-directed to the immediate urgent works required on York Street. The recommendation to re-direct the funding from the existing provisionally approved items is on the basis that the schemes identified above will not be deliverable until the York Street work has been complete.

3.2 It is anticipated that the phase one works will complete by the end of October 2017 and phase two works will be completed in 2019/20. The Phase 2 works are critical to completing the above ground repairs and reduce the risk of increased maintenance costs in future

3.3 The Council will need to consider a further capital scheme request for Phase 2 works that addresses the Heritage Infrastructure and Public Realm scheme requirements and funding sources through future years budget planning. It is anticipated that a new proposal would be developed for Council consideration and approval for the 2019/20 Budget. The phase two work funding requirements will need to be taken forward through the 2018/19 budget process.

3.4 The proposed use of £50k from the Corporate Capital Contingency will leave a remaining balance of £1.95m. The level of contingency will need to be reviewed through the 2018/19 budget process. The budget management scheme delegates Capital Contingency approval to Cabinet Member for Finance & Efficiency in consultation with other Cabinet members.

3.5 The revenue impacts associated with phase one not progressing now is a potential loss of chalet rental income from the Christmas market (managed by Bath Tourism Plus)

3.6 A delay to completing the repair would adversely impact on the Archway Project programme and potentially jeopardise the heritage Lottery Fund grant secured by the Council

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 The vault structure belongs to the Council and is responsible for its upkeep and maintenance. The Council in its capacity as Highway Authority has duties and powers under the Highway Act 1980 to ensure the highway remains safe for all users.

5 THE REPORT

5.1 The Archway Project comprises the creation of a World Heritage Centre and Roman Baths Learning Zone within 10 York Street, which includes an

investigation & access zone in the undercroft below York Street. A part of the undercroft being brought back in to public access is in itself part of the Roman Baths Ancient Scheduled Monument.

- 5.2 The project is the beneficiary of a £3.38M grant from the Heritage Lottery Fund as well as £0.75M from the B&NES Capital Programme, £0.25M from the East Baths capital project, £0.25M from the Clore Duffield Foundation with further donations nearing £0.25M and rising.
- 5.3 Works to repair York Street comprise intrusive structural repairs that must be undertaken in advance of the Archway project for reasons of practicality and efficiency. To attempt to undertake the road repairs after opening of the centre would require the closure of the learning and access zones, with all fittings fixtures and finishes then needing to be removed and replaced after the works had taken place. It is highly likely that such a proposal would also result in the HLF grant conditions not being met with resulting funding and reputational consequences.
- 5.4 Upon discovering the defect the Council took immediate action to protect the area by closing the road to traffic, installing bollards and implementing a Traffic Regulation Order. This temporary measure is not considered acceptable in the long term as this arrangement denies access to traders, waste collection arrangements and limits access for emergency service vehicles
- 5.5 The Council has also taken action to relocate roman artefacts (heavy stone blocks) from the vault as these would prevent access to carry out a full inspection of the defective area and obstruct repairs.
- 5.6 There is a need for specialist engineers to carry out the inspection and design the repairs for technical approval by the Council's highways team, in their capacity as Highway Authority.
- 5.7 A two phase repair is recommended with phase one effectively repairing the failing beams and roof. However, phase two works would be programmed to complete after the Abbey and Archway Project construction schemes complete. This avoids the risk of construction traffic damaging the newly laid road and footway materials.
- 5.8 Traders and Bath Tourism Plus have urged the Council to ensure a timely repair and that the area is available for the Christmas Market. It has also been alleged that Members have promised the repairs would be available before the start of the Christmas Market.
- 5.9 Three quotations will be sought for the repairs. However, due to urgency and the specialist nature of the repairs, it may be necessary to seek an exemption from Council's standing orders to appoint a contractor

6 RATIONALE

- 6.1 A two phase approach is considered the best way to balance the competing project needs, protect grant funding and complete repairs in a manner that will still enable the highly popular Christmas Market to utilise this area

7 OTHER OPTIONS CONSIDERED.

- 7.1 A temporary propping solution has been considered at a potential cost of £50k, with additional costs for monitoring. However, this has been ruled out as it adversely impacts on the Archway Project and associated funding.
- 7.2 The temporary propping solution would also restrict access for the permanent repair and modifying the arrangements would increase the indicative costs.

8 CONSULTATION

- 8.1 This report has been prepared in consultation with the Leader of the Council, the Cabinet Member for Economic Development, Cabinet Member for Finance and Efficiency, Section 151 and Monitoring Officers, the Strategic Directors for Place and Resources, Divisional Director for Community Regeneration and Head of Property.
- 8.2 In recognition that the Council's Section 151 Chief Financial Officer is also acting on behalf of the West of England Combined Authority in approving funding decisions the financial approval of this report is made in joint consultation with the Council's Strategic Director of Resources.

9 RISK MANAGEMENT

- 9.1 A risk assessment related to the issue and recommendations has been undertaken in compliance with the Council's decision making risk management guidance.
- 9.2 The project faces three notable risks to completing on time.
- There is a risk that the technical approval for the design of the works isn't obtained in time to complete the works
 - There is a risk that a suitable Contractor to complete the works may not be available
 - There is a risk that further structural work may be required that cannot be identified until parts of the old structure is removed.

Contact persons	Kelvin Packer 01225 394339 Graham Lewis 01225 477095
Background papers	None
Please contact the report author if you need to access this report in an alternative format	

Bath & North East Somerset Council		
MEETING:	Council	
MEETING DATE:	14 th September 2017	AGENDA ITEM NUMBER
TITLE:	Annual Report – Corporate Audit Committee	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Annual Report		

1 THE ISSUE

- 1.1 The Corporate Audit Committee has specific delegated powers given to it from Full Council and as such is required to report back annually to Council under its Terms of Reference.
- 1.2 This is the Annual Report of the Committee which details its work over the last year.

2 RECOMMENDATION

Council is asked to agree that:

- 2.1 The Annual Report of the Corporate Audit Committee is noted

3 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications relevant to this report

4 CORPORATE PRIORITIES

- 4.1 Completion of the Corporate Audit Committee's work assists the organisation in efficiently and effectively contributing to the Council's priorities.

5 THE REPORT

- 5.1 Appendix 1 details the twelfth annual report of the Corporate Audit Committee since it was established by the Council on 12 May 2005. It reviews the work done by the Committee over the past 12 months, its future work plan, membership and support of the Committee.
- 5.2 The Committee's work has continued to develop as detailed at Appendix 1 and as part of its responsibilities it has reviewed its terms of reference and the key areas of responsibility are still considered appropriate and meet current best practice.
- 5.3 Whilst the Committee's work in 2016/17 will be broadly similar to the year recently ended it will keep under close review a number of key issues including the financial resilience of the organisation through its framework for managing risk and governance and any impact of early closure arrangements for the Accounts in 2018.

6 RISK MANAGEMENT

- 6.1 A proportionate risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.
- 6.2 The Corporate Audit Committee has specific responsibility for ensuring the Council's Risk Management and Financial Governance framework is robust and effective.

7 EQUALITIES

- 7.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

8 CONSULTATION

- 8.1 The report was distributed to the Chief Executive, Council's Monitoring Officer, S151 Officer and Chair of the Audit Committee for consultation.

9 ISSUES TO CONSIDER IN REACHING THE DECISION

- 9.1 No specific issues to consider.

10 ADVICE SOUGHT

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

Contact person	<i>Jeff Wring (01225 477323)</i>
Background papers	<i>None</i>
Please contact the report author if you need to access this report in an alternative format	

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CORPORATE AUDIT COMMITTEE

ANNUAL REPORT TO COUNCIL 2016/17

1. INTRODUCTION

This is the twelfth annual report of the Committee since it was established by the Council on 12 May 2005. It covers the work done during the year September 2016 to August 2017.

2. REVIEW OF WORK DONE IN 2016/17

a. Financial Governance – Annual Accounts

- i. The Committee approved on behalf of the Council an unqualified set of accounts for the year ended 31 March 2016 within the statutory deadline. This included the accounts for the Pension Fund.
- ii. The Committee then considered the formal governance reports for the Council and Pension Fund submitted by the external auditors (Grant Thornton) on their audit of the accounts.
- iii. The Council report highlighted some presentational and technical changes to the accounts and recommendations to improve the Asset registers for accounting purposes. However there were no proposed changes to the General Fund Balances and Reserves. The auditors also noted that the accounts were presented promptly and that they were supported by good quality working papers.
- iv. The report on the Pension Fund Accounts highlighted that the financial statements were produced to a good standard, supported by good quality working papers and there were no material adjustments to the accounts.
- v. Both Governance reports were therefore noted and the audit of the accounts formally completed.

b. Financial Governance – Treasury Management

- i. The Committee considered the Treasury Management Outturn for 2015/16 which concluded that all prudential indicators were in line with projections and that the average rate of investment return was 0.47% which is 0.06% above the benchmark rate.
- ii. In addition the committee received an update report six months into the 2016/17 year which showed an average rate of investment return of 0.50% which is 0.13% above the benchmark rate and all actions on target in line with the strategy..
- iii. Members then reviewed the Treasury Management and Annual Investment Strategy for 2017/18. This set out the treasury limits in force, treasury

Appendix 1

management indicators, current position, borrowing requirement, prospects for interest rates and the borrowing and investment strategies.

- iv. The committee agreed that current performance is good despite this being a very difficult and challenging arena due to the uncertainties within the global financial economy and therefore scrutiny will continue to be important to ensure Council resources are invested wisely

c. External Audit -

- i. Alongside the audit of the accounts for 2015/16 the external auditor also conducted work in relation to concluding a satisfactory VFM opinion for the Council following assessments of our financial resilience, economy, efficiency and effectiveness and a broadly satisfactory review of our four main grant returns.
- ii. The external auditor also presented their new audit fees for the Council and Pension Fund as well as their audit plans for 2016/17. No significant variances were proposed from the previous audit approach and update reports on their work continued to be presented to the Committee alongside references to key national reports and reviews which could impact on the governance framework.
- iii. Finally during the year the Committee endorsed the recommended option for the future procurement of external audit by PSAA Ltd following statutory changes and we are currently awaiting the results of new five year contracts from April 2018.

d. Corporate Governance –

- i. The Accounts and Audit Regulations require the Council to carry out an annual review of its governance arrangements, and to produce an annual statement detailing the results of that review. In addition there was a review of progress against actions identified in the 2015/16 statement.
- ii. In relation to the 2016/17 review, two reports were received to inform the Committee of their role and the overall process of the review.
- iii. Whilst there were no governance failures the Council did decide to acknowledge as a significant issue the scale of the financial challenge and the pressures on all services, notably Social Care. The formal statement is then to be signed by the Leader of Council and Chief Executive prior to the statutory deadline.

e. Internal Audit –

- i. The Committee received a report on a new approach to the preparation of the Audit Plan – the reasonable assurance model – which looked at eight core themes of an organisation. It was supportive of this new methodology as well as the new style and presentation of the plan which demonstrated

Appendix 1

the linkages between the Council's priorities and the different elements of the Council's internal control framework.

- ii. The Committee was satisfied with the balance of the plan in relation to the Council's key corporate risks as well as the mix of its planned projects, unplanned commissions and follow-up of previous reports.
- iii. In relation to performance the Committee noted the performance against the plan with almost 88% of the plan completed as at the end of 2016/17 alongside a number of other key indicators such as customer satisfaction and the level of productivity at high levels.
- iv. The committee noted the annual opinion on the internal control framework and that with increased pressure on budgets, choices on the degree of internal control had to be made and there was therefore an imperceptible rise in the level of the risk being accepted.
- v. Updates were also received around the 'Audit West' partnership arrangements with the integrated service continuing to out-perform its savings targets. All staff have now successfully integrated into a single structure and wider benefits were well in advance of original projections.
- vi. The potential to continue to build on these arrangements is already being realised with new audit methodologies introduced, significant productivity gains through simplification and use of one single process across partners and increased use of areas such as Data Analytics to maximise the sharing of resources.
- vii. The committee was pleased to see the new arrangements working effectively and remains keen to support further progress so that the partnership continues to deliver value to the Council.

f. Counter Fraud -

- i. The Committee considered the annual plan for pro-active work in reducing and eliminating fraud and corruption within the Council's activities and monitored progress.
- ii. The Committee were pleased to hear of the significant and positive progress in reducing fraud, loss and error in a range of areas including Business Rates and Housing & Council Tax Benefits. The committee commended the officers on their progress and supported further activity.

g. Awareness & Briefings

- i. Updates and briefings continue to be a strong part of the Committee's approach to raising awareness of key governance issues with members and several additional briefings were given during the year at meetings. These included -

Appendix 1

- Internal Audit
- External Audit
- Treasury Management
- Risk Management
- Annual Accounts

- ii. This approach continues to be welcomed and has resulted in constructive and valuable debate of individual topic areas which will continue in 2017/18.

h. Review of Terms of Reference

- i. As part of good practice a high level desktop review was undertaken of the Committee's Terms of Reference against CIPFA's best practice model for Audit Committees. Areas previously highlighted included independent support and training and development.
- ii. In relation to independent support the committee has already tackled this through the adoption of a co-opted independent member and the level of independence to the committee will be kept under review.

3. WORK PLAN FOR 2017/18

- i. Whilst the Committee's work in 2017/18 will be broadly similar to the year recently ended it will keep under close review a number of key issues –
 - a) Financial resilience of the organisation;
 - b) Future contracting arrangements for External Audit;
 - c) Early closure arrangements for the Accounts and its implications;

4. MEMBERSHIP AND SUPPORT

- i. Following the elections in May 2015 a new Chair was selected Councillor Brian Simmons and two new Councillors – Chris Dando and Chris Pearce – were appointed to the Committee.
- ii. The Committee is supported by a number of officers notably the Head of Audit West and the Chief Financial Officer who leads on financial issues through his S151 role.
- iii. The external auditors are currently represented by an Engagement Lead and Audit Manager from Grant Thornton.

Bath & North East Somerset Council	
MEETING:	Council
MEETING DATE:	14TH September 2017
TITLE:	Outside Bodies review
WARD:	All
AN OPEN PUBLIC ITEM	
List of attachments to this report: Appendix 1 – Current outside body representation Appendix 2 – Policy – Representation on Outside Bodies	

1 THE ISSUE

1.1 This report invites the Council to consider its arrangements for councillor representation on outside bodies.

1.2 The current list of appointments can be seen here;

<https://democracy.bathnes.gov.uk/mgListOutsideBodies.aspx?bcr=1>

2 RECOMMENDATION

2.1 To note the list of current representatives and advise the Democratic Services Manager of any necessary amendments;

2.2 To adopt a half yearly report back process as described in paragraph 5.5 of this report, and paragraph 53 of the attached policy;

2.3 To agree the Outside Body Policy as attached at Appendix 2.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

3.1 The Policy sets out the arrangements concerning payments of expenses. There are no direct financial implications of this report.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 As outlined in the attached Policy. This report is brought to Council to confirm the Council's approach to outside body representation and establish a clearer arrangement for reporting back, if agreed.

5 THE REPORT

- 5.1 The Council has a commitment to partnership working with a range of outside bodies. This term covers organisations such as voluntary bodies, trusts, charities, community associations etc. The list does not cover Council organised bodies. The Council currently has councillors represented on 33 outside bodies.
- 5.2 Earlier in 2017, Democratic Services issued a questionnaire to all organisations on the outside bodies list to check a number of details such as organisational aims, status, fit with Corporate Priorities, representation requested, frequency of meetings, training, term of office etc. Following this exercise, the list has been updated and is attached at Appendix 1; however, it is acknowledged that Councillors may have greater knowledge of local organisations so they are invited to pass back any updated information to the Democratic Services Manager, including details of other bodies they consider should be included.
- 5.3 The list is split into 3 sections; those appointed by agreement by Council (via agreement between Group Leaders), those appointed by the Leader and those appointed directly by the Local Government Association.
- 5.4 At the inception of B&NES Council, a Policy was agreed to cover representation on Outside Bodies. It has been brought up to date to reflect the current picture and is attached at Appendix 2. If agreed, the Policy will be added to Part 6 of the Constitution – Codes of Conduct and Working Protocols.
- 5.5 There are currently no formal arrangements for members to report back to the Council regularly on the work of the Outside body, although it is presumed that informal arrangements may take place into Directorates. Paragraph 54 of the attached policy describes this in more detail and proposes a light touch but regular e-mail to the Democratic Services Manager (half yearly is proposed) of the key issues the member feels are important to note.
- 5.6 This list does not cover the range of organisation and bodies supported by the Strategy & Performance team.

6 RATIONALE

- 6.1 To ensure that member representation is appropriate and contributes to the corporate priorities within the Corporate Strategy.

7 OTHER OPTIONS CONSIDERED

- 7.1 To continue with existing arrangements.

8 CONSULTATION

- 8.1 The Leader of Council, Chief Executive and Monitoring Officer were consulted in the preparation of this report.

9 RISK MANAGEMENT

9.1 Liability and responsibilities are covered within the attached Policy. By formalising the approach to reporting back, potential risks should be minimised.

Contact person	Jo Morrison, Democratic Services Manager 01225 394358
Background papers	Questionnaire responses
Please contact the report author if you need to access this report in an alternative format	

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Appendix 1

OUTSIDE BODIES 2017

Appointments made by Council

NAME	CURRENT REPRESENTATIVES	AIMS/TERMS OF REFERENCE	ORGANISATIONAL DETAILS/TERM OF OFFICE	LINK TO CORPORATE STRATEGY
Bath and North East Somerset Carers' Centre [Charitable Trust]	Rob Appleyard	"The Carers' Centre was established as a registered charity in 1996 and aims to support carers of all ages in Bath and North East Somerset. We provide a range of advice and support direct to over 4,000 carers a year, all of whom are caring for a seriously ill or disabled family member. We provide a flexible and individual service to carers, disseminating up to date information and support on carers' rights, their individual carers' assessments and a means through which their voices can be heard to ensure that they are able to influence local planning of services. Our trained staff and volunteer team also provide counselling and emotional support. In addition, we have a programme of respite activities for carers to ensure that they are able to take a break and share their experiences with others in similar circumstances."	Discretionary No fixed term of office Full Trustee Job Description available	A Focus on Prevention
Bath Festivals [Charitable Trust]	Chris Pearce [Ann Cullis (Senior Arts Development Officer) attends board meetings as an	All members of the Board serve in an individual capacity. Board members may have a range of interests but are not appointed as direct representatives of any other organisation or interest group; they have a duty to support the work of the	Discretionary The term of office of Board members (including the Chair) is three years, renewable for a further	A Strong Economy and Growth

	observer, whilst the organisation is in receipt of B&NES funding. They wish her to continue.]	company rather than to act narrowly as representatives of a particular sector.	three-year term and additional terms at the discretion of the board.	
Bath Royal Literary & Scientific Institution [Charitable Trust]	Tony Clarke	To promote science, literature and art in Bath & surrounding area.	Term of office – 3 years	A Strong Economy and Growth
Blue Coat School Foundation [Charitable Trust]	Emma Dixon	Provision of grants to assist with the education of persons under the age of 21. Eligibility is contingent upon that person attending, or having attended, a Church of England school in the Bath area. The Trustees also have the power to make capital grants to Church of England schools in the same catchment area.	Term of office – 4 years	A Focus on Prevention
Bristol Airport Consultative Committee	Liz Richardson	<ul style="list-style-type: none"> To consider aerodrome issues as they affect the communities represented or the amenities of the aerodrome. To make suggestions to the aerodrome where this might further the interests of the communities represented. To stimulate the interest of the local population in the development of the aerodrome. To monitor the environmental impact of all aspects of the operation of the aerodrome, and in particular those aspects which contribute to climate change, where they can be identified, and to advise on operating procedures resulting from such monitoring with a view to minimising noise, carbon emissions, or other pollution from whatever source. To protect and enhance the interests of users 	Term of office reviewed after each Council election.	A Strong Economy and Growth

		<p>of the aerodrome.</p> <ul style="list-style-type: none"> • To discuss with the aerodrome formal procedures for recording complaints about aircraft noise and other adverse effects of the aerodrome. • To consider the contribution of the aerodrome to the local, regional and national economy. 		
Community @67 Association [Charitable Trust]	Alan Hale	<p>Keynsham based organisation with the following objectives;</p> <ul style="list-style-type: none"> • build networks, inclusion and integration through social activities and meetings including • using local skills, knowledge and resources. For example we run book groups, social groups for older people and cookery lessons, create intergenerational initiatives that build on understanding and networks between younger and older residents. • support social enterprises by providing a place for them to flourish. • enable the development of existing and new community/resident groups and partnerships. 	Term of office – 1 year	A New Relationship with Customers and Communities
Holburne Museum of Art [Charitable Trust]	Paul Crossley	<ul style="list-style-type: none"> • To maintain and develop the Holburne Museum's reputation for high quality in all of its activities • To create a sustainable museum through ambitious programming, fundraising, commercial activities, partnerships and staff development • To increase and broaden audiences by providing engaging, meaningful and 	Term of office – 3 years with an option to extend for another 2 blocks of 3 years	A Strong Economy and Growth

		welcoming experiences		
Keynsham & District Dial-A-Ride	Bryan Organ	Questionnaire not returned.		A New Relationship with Customers and Communities
Keynsham Arts Joint Committee	Paul Myers, Alan Hale, vacancy	<p><u>Purpose:</u> To provide guidance and support to relevant organisations and Keynsham Town Council for the continued development and implementation of the Keynsham Arts Plan.</p> <p><u>Grants:</u> Decisions on Arts grants to be voted on by the Grants Committee. The Arts Committee will receive and note the reports from the successful Art grant applicants. A financial report in terms of the Arts Grants will be received from the Grants Committee annually.</p>	Term of office – 4 years	A New Relationship with Customers and Communities
Keynsham Charities [Charitable Trust]	Bryan Organ	<p>The Charity operates under a Scheme approved, established and regulated by the Charity Commissioners for England and Wales. The main responsibility of the Trustees is to maintain and operate 4 Alms houses in Keynsham as residences for elderly and needy married couples, or in some cases individuals who meet the criteria, such as widows/widowers, spinsters etc. All costs fall to the Trustees (no rent is payable by the residents) i.e. costs of repairs and insurance and currently major works are under tender for roof repairs, timber repairs, stone repairs etc.</p> <p>In addition a number of yearly payments are made, some to the Ecclesiastical Parish of Keynsham; small grants to the poorer people of Ancient Parish of Keynsham (although these days there are fewer and fewer people who fall into that category). Under the scheme small grants can also be made to those who</p>	Term of office – 4 years	A Focus on Prevention

		are entering apprenticeships for tools and books etc. However the Trustees are not able to make recurring grants and the Trustees must be satisfied that the recipients are deserving and in need.		
Local Access Forum – Public Rights of Way	Liz Richardson [B&NES representative is always Chair of Regulatory Access Committee]	<ul style="list-style-type: none"> • Advice about the improvement of public access to land for recreation and enjoyment, as well as • Advice on access on land for any other lawful purpose • Advice on implantation, management and review of statutory rights across the countryside • Improving the network of rights of ways and other routes with public access • Development of strategies that facilitate lawful access to land 	Advisory Body	A New Relationship with Customers and Communities
Local Government Association – General Assembly	Tim Warren, Dine Romero, Robin Moss	The General Assembly is a formal meeting which is part of the LGA's political governance structure. It meets annually and takes place alongside the LGA's Annual Conference. Membership of the General Assembly is restricted to elected members.	Appointments sought from B&NES in March. Meetings held in July	A Strong Economy and Growth
Mendip Hills AONB Joint Advisory Committee	Liz Richardson	The Mendip Hills AONB Partnership Committee is the body responsible for coordinating, on behalf of the constituent local authorities, the management of the Mendip Hills Area of Outstanding Natural Beauty (AONB).	Host Authority – Somerset County Council	A Strong Economy and Growth
Standing Advisory Council on Religious Education (SACRE)	Eleanor Jackson	<p>Main function is to advise the LEA on both Religious Education and Collective Worship To this end they:</p> <ul style="list-style-type: none"> •ensure the LEA regularly reviews its Agreed Syllabus for R.E. •consider applications ('determinations') from schools wanting their Collective Worship to be other 	Not specified	A new Relationship with Customers and Communities

		<p>than mainly of a Christian character</p> <ul style="list-style-type: none"> •publish an Annual Report of work •advise the LEA on teacher training •offer guidance on resources and methods of teaching •monitor inspection reports on RE; Collective Worship; Spiritual, Moral, Social and Cultural Development •consider complaints about the provision and delivery of RE and Collective Worship •publicise their aims and services 		
Theatre Royal Board of Directors [Charitable Trust]	Chris Pearce	The provision and fostering of artistic knowledge and the appreciation of the arts by the provision of facilities to educate and entertain the people	Term of office – 2 years	A Strong Economy and Growth
University of Bath Court	Ian Gilchrist (ex-officio as Mayor) Paul May (ex-officio as CM) Cherry Beath (ex-officio as Chair)	<ul style="list-style-type: none"> • To appoint the Chancellor and Pro-Chancellors. • To receive from the Vice-Chancellor an Annual Report on the working of the University and to receive the annual audited Statement of Accounts of the University. • On the joint recommendation of the Council and the Senate to amend, add to or repeal any Article of the Charter in accordance with Article 29 of the Charter. • To make representations to the Council on any matter affecting the University. • Court has over 200 members, including representatives of local authorities, MPs, 	University Statutes and Ordinances set out the requirement for up to four reps of B&NES as ex-officio Members. The Mayor of Bath is also an ex-officio Member. Term of Office not specified.	A Strong Economy and Growth

		<p>representatives from schools and the professions, members of the University Council and University Officers, and elected staff and student representatives. The Court is thus a means whereby representatives of the community can be associated with the University. It also provides a public forum where members of Court can raise any matters of concern about the University.</p>		
University of Bristol Court	<p>Joe Rayment Vacancy Vacancy</p>	<p>The University of Bristol is a higher education institution in the city of Bristol. It received its royal charter in 1909. Bristol is a research intensive institution and member of the Russell Group.</p> <p>In the University Vision and Strategy, published on 27 May 2016, the University highlighted six key areas of focus:</p> <ul style="list-style-type: none"> • Education and the student experience • Research, innovation and partnerships • Our staff and ways of working • Internationalisation and global relations • Physical and digital infrastructure • Sustainability 	<p>There is no term of office required by the University Charter, Statutes and Ordinances. Terms of office for its representatives are determined by the Council itself.</p>	<p>A Strong Economy and Growth</p>

Appointments made by Leader

NAME	CURRENT REPRESENTATIVES	AIMS/TERMS OF REFERENCE	ORGANISATIONAL DETAILS/TERM OF OFFICE	LINK TO CORPORATE STRATEGY
Bath Tourism Plus	Martin Veal [Memorandum & Articles allow for up to three members. Council currently sends one.]	Bath Tourism Plus is the destination management organisation for the District, seeking to promote the whole visitor economy to the rest of the world.	Bath Tourism Plus is jointly owned by B&NES Council, Bath Chamber of Commerce and the Initiative in B&NES. Term of office reviewed after each Council election.	A Strong Economy and Growth
Bus Lane Adjudication Service Joint Committee (BLASJC) [linked to PATROL below]	Mark Shelford	The main function of the Joint Committee is to provide resources to support independent Adjudicators and their staff who together compose the Traffic Penalty Tribunal. The Joint Committee also promotes good practice in public information on parking enforcement. The Adjudicators and Joint Committees are committed to a fair adjudication service for appellants including visible independence of adjudicators from the authorities in whose area they are working.	Local Authorities who undertake civil parking or bus lane enforcement are required by statute to make provision for independent adjudication. Briefing note available	A Focus on Prevention
Cotswolds AONB Conservation Board	Martin Veal	The Board has two statutory purposes; <ul style="list-style-type: none"> to conserve and enhance the natural beauty of the Cotswolds Area of Outstanding Natural Beauty (AONB) to increase the understanding and enjoyment of the special qualities of the AONB 	Full Board Member Job Description available on request from Democratic Services	A Strong Economy and Growth
Initiative for B&NES	Tim Warren, Mark Shelford, Paul	The Initiative is a business leadership organisation which provides a forum in which the public and	B&NES representation a matter for the Leader. No	A Strong Economy and Growth

	Myers and Dine Romero	private sectors can discuss and debate issues which will have a long term impact on the local economic environment.	fixed term of office.	
Parking and Traffic Regulations Outside London Joint Committee (PATROL) [linked to BLASJC above]	Mark Shelford	The main function of the Joint Committee is to provide resources to support independent Adjudicators and their staff who together compose the Traffic Penalty Tribunal. The Joint Committee also promotes good practice in public information on parking enforcement. The Adjudicators and Joint Committees are committed to a fair adjudication service for appellants including visible independence of adjudicators from the authorities in whose area they are working.	Local Authorities who undertake civil parking or bus lane enforcement are required by statute to make provision for independent adjudication. Briefing note available	A Focus on Prevention
Royal United Hospital Bath NHS Trust - Council of Governors	Vic Pritchard	Our constitution identifies the stakeholders (B&NES CCG, B&NES Council, Wiltshire CCG, Wiltshire Council, University) who are entitled to appoint representatives to the council of governors, of which as you can see the council is one. The role is not defined in statute but we expect that appointed governors will work to further the relationship between their own organisation and the NHS foundation trust, and seek to benefit the trust where possible through the relationship.	Not specified	A Focus on Prevention
Rural Services Network	Neil Butters Les Kew (substitute member)	The Rural Services Network is a group of more than 200 organisations, including some 150 local organisations, working together to improve the delivery of rural services across England. The two operating arms of the RSN SIG at the LGA are the Sparsity Partnership for Authorities Delivering Rural Services (SPARSE) and the Rural Assembly.	3 meetings a year.	A Strong Economy and Growth

		B&NES are members of the Assembly.		
Sirona Board	Paul May (Non-executive Director)	Sirona is a not-for-profit social enterprise committed to serving its communities and is funded by the NHS and local authorities.	Appointments are for 3 years, with possibility of renewal for further 3 years.	A Focus on Prevention
South West Councils	Tim Warren	<p>The organisation will support member authorities in:</p> <ul style="list-style-type: none"> • Regulating relations between employing authorities and those employees of member authorities who come within the scope of the Provincial Joint Council. • Representing and promoting their collective interests ensuring a strong, consensus based voice for the South West. • Supporting improvement and efficiency amongst member authorities. • Undertaking further business as agreed by member authorities at the annual meeting. 	Reviewed annually – usually Council Leader.	A new Relationship with Customers and Communities
South West Councils Employers Panel	Paul May	The SW Local Government Employers' Panel acts on behalf of the organisation on local government employment issues and forms the Employers side of the Provincial Council	Reviewed annually	A new Relationship with Customers and Communities
Wessex Regional Flood and Coastal Committee	Mark Shelford Vacancy for nominated deputy	<ul style="list-style-type: none"> • To guide flood and coastal risk management (FCRM) activities within catchments and along the coast and taking into account the likely future impacts of climate change, advising on and giving consent to programmes of work for their areas and investment programmes. • To continue to support the raising of local levies from local authorities and using them to promote flood and coastal erosion risk management activities in their area. • To advise on and give consent to the 	Term of Office – 4 years	A Focus on Prevention

		<p>Environment Agency's flood and coastal erosion risk management (FCERM) investment programmes, balancing local priorities and making sure that investment is co-ordinated at the catchment and shoreline scale and in promoting the consideration of climate change impacts in local decisions.</p> <ul style="list-style-type: none"> • To assist with the scrutiny of risk assessments, maps and plans required by the Flood Risk Regulations. • To provide for local democratic input through the majority membership of representatives from Lead Local Flood Authorities. 		
West of England LEP Board	Tim Warren	<ul style="list-style-type: none"> • To develop strategy for, promote, undertake and support activities which deliver or have a beneficial impact on economic growth, job creation and quality of life in the West of England (the area covered by B&NES, Bristol City Council, North Somerset Council and South Gloucestershire Council) 	Cabinet and Chief Executive appointment	A strong economy and growth
West of England Nature Partnership	Liz Richardson	<ul style="list-style-type: none"> • To seek to ensure that issues pertaining to the natural environment and green infrastructure are planned for positively at the strategic level. • To ensure that the value of nature is recognised in decision making. 	Term of office – 1 year	A focus on prevention
West of England Rural Network - LEADER Local Action Group	Les Kew	<ul style="list-style-type: none"> • LEADER uses local knowledge to promote a joined-up 'bottom up' community-led delivery of Rural Development Programme grants. In England this is being delivered by Local Action 	Term of Office – 3 years	A strong economy and growth

		<p>Groups (LAGs) and it targets rural areas with specific needs and priorities.</p> <ul style="list-style-type: none"> • LEADER is an established method of delivering rural funds at a local level. LEADER is a (French) acronym which translates to 'Liaison among Actors in Rural Economic Development'. • A Local Action Group brings together individuals from local public, private and civil societies who have been delegated powers of strategy and delivery. Through an agreed Local Development Strategy LAGs are able to tackle important local priorities in a locally specific, innovative and participative way. • The West of England Local Action Group (WELAG) is the responsible partnership for the delivery of the West of England's LEADER Local Development Strategy (LDS) under the authority of the Accountable Body (Bath and North East Somerset Council). • The West of England Local Action Group has been successful in securing a grant from the latest national LEADER programme managed by Defra and the Rural Payments Agency (RPA). The programme will operate over 5 years starting in 2015. 		
World Heritage Enhancement Fund Committee	Patrick Anketell-Jones	The Bath WHS Enhancement Fund is a grant fund which aims to:	Term of office – 3 years	A strong economy and growth

		<ul style="list-style-type: none"> • fund promote and organise conservation, improvement and education and. • organise volunteers to carry some such work • in pursuance of the Bath WHS Management Plan. 		
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Appointments made directly by Local Government Association

NAME	CURRENT REPRESENTATIVES	AIMS/TERMS OF REFERENCE	ORGANISATIONAL DETAILS/TERM OF OFFICE	LINK TO CORPORATE STRATEGY
LGA Community Wellbeing Programme Board	Robin Moss	The Community Wellbeing Board has responsibility for Local Government Association's (LGA) activity in the areas of the wellbeing of adults, including lifelong learning, training, health and social care and for the wellbeing of all people in the areas of community cohesion, asylum and immigration.	Appointments to the LGA's Board are made via the Political Group offices at the LGA, rather than directly appointed by member Councils.	A Strong Economy and Growth
LGA City Regions Board	Tim Warren	The City Regions Board represents the interests of city areas. Its remit includes growth, transport infrastructure, skills and wider public service reform.	Appointments to the LGA's Board are made via the Political Group offices at the LGA, rather than directly appointed by member Councils.	A Strong Economy and Growth
LGA Improvement & Innovation Board	Cherry Beath	The Improvement and Innovation Board offers "corporate" improvement support to councils and sets a strategic framework for all LGA activity designed to help and support councils drive their own improvement and strengthen local accountability and transparency.	Appointments to the LGA's Board are made via the Political Group offices at the LGA, rather than directly appointed by member Councils.	An Efficient Business/A Strong Economy and Growth

		<p>Board Objectives:</p> <ul style="list-style-type: none"> · To ensure councils have the help they need to innovate and improve their performance by working in partnership with sector bodies and other national level improvement organisations; · To deliver an effective programme of sector-led support, including peer challenges, productivity, leadership development programmes, tools to share comparative performance data, sharing good and innovative practice; · To provide a strategic framework within which other LGA Boards provide improvement support so that it is coherent and coordinated at the point of delivery · To maintain an oversight of performance in the sector and support councils facing performance challenges; and · To influence the performance framework within which local government operates to achieve significantly less inspection, intervention, and central targets and support stronger local accountability through effective scrutiny, greater transparency and user assessment. 		
LGA General Assembly	Robin Moss Dine Romero Tim Warren	The Local Government Association (LGA) General Assembly meets once a year and acts as the 'parliament' for local government. It is a key element of the LGA's member structure.	Appointments to the LGA's Board are made via the Political Group offices at the LGA, rather than directly appointed by member Councils.	An Efficient Business/A Strong Economy and Growth

LGA Safer & Stronger Communities Board	Vic Pritchard	The Safer and Stronger Communities Board has responsibility for Local Government Association (LGA) activity in the promotion of the health and safety of local communities. This includes issues of crime and anti-social behaviour, police governance and accountability, community safety, public protection; the fire service and emergency planning, and licensing and other regulatory activities.	Appointments to the LGA's Board are made via the Political Group offices at the LGA, rather than directly appointed by member Councils.	A focus on prevention
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POLICY - REPRESENTATION ON OUTSIDE BODIES

INTRODUCTION AND PURPOSE OF REPRESENTATION

1. The council has a strong commitment to partnership working with many other bodies. The working takes many forms. The Council may give financial or other support to an organisation. It may commission services from the organisation or it may be a partnership based on a dialogue and consultation.
2. The Council has reviewed carefully how its partnership arrangements will work and has decided on those bodies where direct representation is appropriate. This decision has been made in the context that it is a matter for organisations to state what type of representation they require or how many representatives (this is often prescribed in their own rules).
3. Representation serves many purposes, including the following:
 - enable the Council to contribute to, and influence, the decision making of the organisation;
 - enable the organisation to have direct information about Council policy and practice;
 - provide, through particular appointees, a local perspective;
 - satisfy a legal requirement for the Council to serve on the body;
 - provide an essential lead focus on behalf of the Council;
 - facilitate the objectives of the Council

THE COUNCIL'S PROCESS OF APPOINTMENT

4. Most appointments are made for the life of the Council (i.e. 4 years). Sometimes, representatives are appointed for different periods because the constitution of the body or the Council requires this.
5. Where possible, for bodies appointed by Council, the total number of places is allocated to each political group on the Council in proportion to the number of Council seats held.
6. Currently, Group Leaders will consider appointments for those bodies to whom Council appoints, and the Leader will consider Cabinet appointments.
7. Where a vacancy occurs in representation, the political group which first put forward the name will be asked to name a replacement. This will be notified to the organisation.
8. Once the Council has agreed its representation, the Democratic Services Manager will inform the representative and the organisation of the appointment or nomination made.

THE DIFFERENT TYPES OF BODY

9. There are many types of body that request or require Council representation or on which the Council chooses to appoint representatives. The main ones are as follows:

- other statutory services providers;
 - voluntary sector groups (whether funded by the Council or not)
 - local government associations and affiliated bodies;
 - charities;
 - companies
 - trusts
 - non-elected, government appointed bodies
 - pressure groups of local authorities;
 - joint meetings of local authorities;
 - multi-agency consultatives; and
 - panels from which others (usually Government Departments) select members.
10. In some cases, the Council will wish to be represented as a major financial stakeholder in the activities of the organisation. For others, the relationship will be as one of a number of working partners whose collective input produces the outcomes of the organisation.
11. The following section explains the responsibilities that the representative performs in the types of organisation.

THE LIABILITIES AND RESPONSIBILITIES OF THE REPRESENTATIVE.

12. The legal status of an organisation can affect the personal position of the Council's representatives on it. Some examples are given below to illustrate this.
13. **Voluntary organisation/Societies:** These have no legal status and therefore cannot be sued. Therefore, members of their management committees could find themselves bearing some personal liability for any outstanding debts, in the event of the organisation being wound up. In some instances, there could also be some contractual liability falling on the individual members of the management committee.
14. It should be pointed out that anyone seeking to recover damages from an individual member of the management committee would have to prove that the individual was at fault. Damages for the actions of an organisation cannot be recovered from the individual members of the management committee unless individual fault is proved.
15. Members of the management committee of an organisation are liable to criminal liability in certain circumstances. They have a responsibility therefore to ensure that any activities of the organisation are conducted in accordance with the law, and that illegal acts are not knowingly permitted.
16. **Trusts:** As a Trustee or Director, Council representatives will have the same responsibilities and obligations as other Trustee/Directors. These will guide Council representatives in their approach to the role and will be explained to Council representatives by the body concerned.
17. The whole area of the responsibilities of Trustee and Directors is a complex one, particularly in the legal sense. The guidance in this publication can therefore only be very general.

18. It is very important that the emphasis of your role should be that of representing the Council. Council representatives do however owe a duty to the Trust or Company. This can place Council representatives in a position where there may be conflict of interest with those of the Council. In many situations, this will be obvious. In others, less so.
19. Council representatives are invited to discuss particular situations with the Head of Legal & Democratic Services if they are unsure about their position.
20. Remember, Council representatives are placed on the body as a representative of the Council. Council representatives should not take on additional responsibilities because the Trust or Company wants to use any specialist knowledge they may have.
21. Although at first glance the information above may seem discouraging, the Council is very positive about supporting its representatives in all these matters, providing they discharge their duties in a responsible manner to the best of their abilities. It is as well to record that the incidence of personal liability issues is very small.
22. There is a separate section below which explains the Council's indemnity and insurance provisions. This should provide a certain level of reassurance to representatives. There remains, however, a fundamental responsibility of the individual representative to ensure that he or she seeks advice on matters that are not clear.

INDEMNITY AND INSURANCE PROVISIONS

23. Members are insured when they are acting in an official capacity on behalf of the Authority. This insurance operates through a number of policies including Official Indemnity, Public Liability, Libel or Slander and Personnel Accident. In this context, members are expected to take reasonable care and due diligence in what they say or do.
24. When representing the Authority, Members must act in accordance with the Authority's decisions and policies, and in its best interests. Individual Members have no powers to take decisions or make statements that will bind the Authority to a particular course of action.
25. Where Members are appointed to an organisation which has a legal existence in its own right, then the duty is to that body and not the Authority. In this instance, the Member must make decisions which he or she considers to be in the interest of the body concerned. Members cannot be covered by the Authority's insurance and it is recommended that they should take steps to discover the extent of their liability and any insurance arrangements the body may have. Members may wish to take steps to limit their liability or arrange their own insurance cover.
26. If Members have any questions as to their liability or insurance cover then they should contact the Head of Legal & Democratic Services or the Divisional Director – Risk & Assurance.

DECLARATIONS OF INTEREST

27. The basic advice to Councillor representatives on outside bodies is to observe the provisions of the National Code of Local Government Conduct, in the same way as it would apply in respect of other responsibilities as a Councillor.
28. If Council representatives need informal advice about their personal position, this is available from the Head of Legal & Democratic Services. It should be borne in mind however that this will constitute advice only, and representatives will still need to make a judgement about the interests they may have. The golden rule is – if in doubt, declare!

THE TIME COMMITMENT

29. It is not possible to be specific in all cases about time commitment involved in serving on outside bodies. This depends on a number of factors including:
- The extent to which the representative chooses to become involved in the affairs of the organisation;
 - The nature of the duties performed which may require specific time commitments over a given period;
 - Whether the representative is appointed to be an officer of the body concerned.
30. The Democratic Services Manager will aim to advise prospective representatives of the likely minimum commitment required before they allow their name to be put forward, or may arrange for the organisation or body to advise more fully about time commitment.
31. Ultimately, it is the responsibility of the individual to make a judgement about the level of initial or developing commitment. If this is proving too onerous, the representative should inform the Democratic Services Manager, or the political group making the appointment, so that the position can be re-examined.

WHAT ALLOWANCES ARE PAYABLE?

32. This will depend upon the nature of the outside body. In a few cases, usually statutory bodies, the organisation will itself pay an allowance to persons who are appointed to it. Where the organisation will cover costs of travel etc, Members are encouraged to claim from that body.
33. Representatives are asked to contact the Democratic Services manager in the event that they are to incur other costs not covered by the above.

WHAT THE COUNCIL EXPECTS OF ITS REPRESENTATIVES

34. There is no single answer to the question; it will depend upon the circumstances of the appointment. Generally however, those who represent the Council have a responsibility.
- To look after the interests of the Council;

- To promote the Council and its achievements;
 - To ensure that Council funding is being used wisely and properly;
 - To assist in the process of consultation by the Council;
 - To explain Council policy.
35. Particularly with regard to this last point, it is recognised that in some circumstances, representatives will be expected to explain policies for which they or their political group did not vote, but for which there was majority support on the Council.
36. In representing the Council's position, the representative is permitted to give the position of their political group but not so as to undermine the fact that there exists a Council policy on the matter which may be at variance with that political view.
37. The need for a Council position to be stated does not apply when the appointment is to a body or committee that considers personal casework. In such cases, the representative is expected to use personal judgement based on the evidence presented. To do otherwise would be inappropriate and contrary to the purpose of such appointments.
38. The representative will be in a position only to make commitments on behalf of the Council where there is a Council policy in place. In other matters, the representative is expected to bring back views from the organisation.
39. The Council expects all of its representatives to abide by the Council's equalities policies in terms of their behaviour towards others and in their style of communication. The actions of representatives will reflect good practice on equality issues; advice on which is available from the Council's Officers.
40. The above is a general guide only, in view of the wide range of bodies involved. It is not possible or appropriate for definitive advice to be given for each circumstance. It is a matter for each representative to determine how much to approach the role and to decide how they, their political group, and the Council would expect them to do so.

WHAT THE OUTSIDE BODY MAY EXPECT OF THE REPRESENTATIVE

41. For many organisations, the purpose of Council representation is to provide a focus for influencing Council decisions about the organisation and for obtaining information about the Council's policies in relation to the work of the organisation.
42. The organisation may expect a degree of knowledge from the Council's representative. In the context, the representative may need to seek help and advice from the Council's officers or from his or her political group colleagues. This should be readily available.
43. As mentioned in previous sections, an outside body has a right to expect all its members to contribute to their objectives. In this respect, Council representatives owe a duty to the organisation to act in their interests.
44. It is important to remember that, despite this duty, Council representatives are not committed to voting in the Council Chamber in a way that the outside body would want them to. They may have a duty to represent the body's position to other Councillors but that duty does not fetter their responsibility as a Councillor to vote in support of the best decision, based on all the relevant information at the time.

45. A clear example of this is in the area of financial assistance. While Council representatives may hear from the body a strong case in support of their funding application, and may amplify that case to Cabinet, as a Councillor they will need to consider the wider picture, including the overall level of finance compared with the number of eligible bids.

WHAT COUNCIL REPRESENTATIVES MAY EXPECT FROM THE COUNCIL

46. Council representatives are entitled to expect from the Council full support for the actions they take as its representative, as long as those actions are reasonable and lawful. By being appointed as its representative, the Council is entrusting councillors with the responsibility to represent its position and to assist in fostering links between it and the organisation.
47. Council representatives are entitled to information about the Council's activities in the service areas that are of interest to the body concerned. This will be on the basis of information requested by the representative. The Council will ensure their representatives are adequately briefed on major issues – see below.
48. Internal arrangements will be put in place to ensure that officers in the Council are aware of relevant appointments and the potential need to call on certain information in that capacity.
49. There is an expectation that the outside body will provide any training/briefings specific to their organisation, if appropriate.
50. The Council will be sympathetic to extra training needs of its representatives in terms of service information and in request of personal clarification of roles and responsibilities within the context of reduced budgets. Requests for such training should be made direct to the Democratic Services Manager.

REPORTING BACK TO THE COUNCIL

51. This has not happened in the past with any degree of regularity but is an area which could be developed. It is important that the Council receives feedback from its representatives on the work of other partners in the community, as well as on difficulties with regard to finance and other matters affecting the operational relationship. Equally, changes in perceptions, policies and practices are important information that the Council needs to know about, as well as information about whether the organisation is continuing to serve its purpose. Comments on the Council's services are also helpful to the service review and planning process.
52. Representation is not the only way in which the feedback is likely to come to the Council. However, it is seen as useful source to verify facts and to act as an early advice channel for the Council.
53. Council representatives are NOT expected to produce a full report after each attendance. All that the Council requires is that they supply the Democratic Services Manager with an email of the key issues that they feel are important to be deposited. The frequency with which this information is offered is for the individual to determine; however, a half yearly submission would seem appropriate.

CONFIDENTIALITY

54. There may be occasions when a representative is party to information which the body asks to be kept confidential. In these circumstances, the general rule is that Council representatives must respect the confidentiality placed upon the information, which is the property of the body concerned. For example, the information may be about an individual or about clients of a Trust or Company. Not to do so could prejudice the relationship between the Council and the body, or indeed damage the confidence that the body has place in its members.
55. If Council representatives are in any doubt about their position on matters of confidentiality, they should seek the advice of the Head of Legal Services or the Democratic Services Manager.

CESSATION OF MEMBERSHIP AS A COUNCIL REPRESENTATIVE

56. If Council representatives wish to resign from an appointment, there are a number of ways this can be done, depending upon the basis of appointment in the first place. Generally, an e-mail to the Democratic Services Manager informing her/him of the wish to resign and giving the date this is to take effect should suffice, or ask the Group Assistant to do so on the councillor's behalf. She/he will then discuss with the nominating political group (if appropriate) the submission of a replacement name. The organisation and the Council will then be informed.
57. If the appointment is to a Panel of persons from whom the Government or other agencies appoints representatives, the resignation may proceed in the matter described above. It may not be necessary for any further action to be taken by the Council to appoint a replacement, especially if the complement of Panel members is already large.
58. In most cases, the appointment applies for the period of a Council term (i.e. 4years). There are exceptions where the term of office is related to the constitution of the body concerned. In these cases, the constitution will also have to specify the arrangements that follow a resignation.
59. If the representative is a Councillor and that person ceases to remain a Councillor, then the Council must decide whether it wishes to continue to be represented by that person on the relevant body. In some cases, it will have no choice if the period of office is specified in statute and thereby in the constitution of the body concerned. It is a matter for the individual in such circumstances to resign.

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Council 14 September, 2017

Care Leavers and Council Tax: A Fairer Start for Care Leavers

Labour Group to move:

Council notes that:

- 1 Under the Children and Social Work Act 2017 this Council has a statutory duty to support care leavers under the age of 25.
- 2 The recent Ofsted report on B&NES Children's Services identified the experiences and progress of care leavers as requiring improvement and recommended proactive support.
- 3 A large number of local authorities across the country have introduced measures to exempt care leavers from Council Tax, following publication of The Children's Society's 'Wolf at the Door' report 2015, which showed care leavers to be a group who are particularly vulnerable to falling into Council Tax debt when moving into independent accommodation for the first time.
- 4 Research from The Centre for Social Justice found that over half (57%) of young people leaving care have difficulty managing their money and avoiding debt.
- 5 The 2016 Government Report *Keep on Caring: Supporting Young People from Care to Independence* encourages local authorities to think creatively about how they can support care leavers in ways that reasonable parents would and to consider how they can support care leavers financially through, for example, Council Tax exemption.

This Council believes that:

- 1 Care leavers need support to make their transition from care to adult life as smooth as possible and to reduce the chance of falling into debt as they begin to manage their own finances.
- 2 Care leavers are a particularly vulnerable group for Council Tax debt.

Council agrees therefore:

- 1 To ask the Cabinet to:
 - a) investigate options to exempt care leavers from Council Tax until they are 25;
 - b) report back to Council in time for budget setting for 2018/19.

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Council 14 September, 2017

Tackling Hate Crime

Labour Group to move:

This Council:

- 1 Notes:
 - a) that figures show a 20% rise in all forms of hate crime reported to the police in the first quarter of this year but that hate crime is also believed to be significantly under-reported;
 - b) that under new guidance, the Crown Prosecution Service will treat online hate crimes as seriously as offences committed face to face;
 - c) the excellent work that SARI undertakes in schools in B&NES to raise awareness of these crimes; and
 - d) the work done by the B&NES Strategic Partnership Against Hate Crime.
- 2 Agrees that it has it has a role as a community leader to take a lead in challenging hate crime in whatever form it may take and that division and intolerance have no place in society.
- 3 Urges everybody, including elected members, to report hate crime to the police if they experience or witness it.
- 4 Resolves to adopt the International Holocaust Remembrance Alliance working definition of antisemitism as recommended by the Secretary of State for Communities and Local Government. This definition states that *Anti-Semitism is a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of anti-Semitism are directed toward Jewish or non-Jewish individuals and/or their property, toward Jewish community institutions and religious facilities.*
- 5 Asks the Leader of Council to:
 - a) Invite the Police and Crime Commissioner for Avon and Somerset to provide an update on the measures being taken to tackle hate crime, including overcoming possible barriers to reporting; and
 - b) Work with local organisations to raise awareness of hate crime and how to report it, noting that Oxford City Council have recently worked in partnership with the police and other organisations to implement a poster campaign encouraging people to report these crimes.

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Council 14 September, 2017

Public Sector Pay Cap

Labour Group to move:

Council notes that:

- 1 National Joint Council (NJC) basic pay has fallen by 21% since 2010 in real terms.
- 2 NJC workers had a three-year pay freeze from 2011-2012.
- 3 Local terms and conditions of many NJC employees have also been cut, impacting on their overall earnings.
- 4 NJC pay is the lowest in the public sector.
- 5 Job evaluated pay structures are being squeezed and distorted by bottom-loaded NJC pay settlements needed to reflect the increased National Living Wage and the Foundation Living Wage.
- 6 There are growing equal and fair play risks resulting from this situation.
- 7 There have been drastic and ongoing cuts to local government funding.

This Council believes that:

- 1 The NJC pay claim for 2018, submitted by UNISON, GMB and Unite on behalf of Council and school workers should be supported.
- 2 Public sector pay restraint should be ended immediately.
- 3 NJC pay cannot be allowed to fall further behind other parts of the public sector.
- 4 The joint review of the NJC pay spine to remedy the turbulence caused by bottom-loaded pay settlements is to be welcomed.
- 5 Government should provide additional funding to fund a decent pay rise for NJC employees and the pay spine review.

Council resolves therefore to:

- 1 Call immediately on the LGA to make urgent representations to Government to fund the NJC claim and the pay spine review and notify us of their action in this regard.
- 2 Write to the Prime Minister and Chancellor supporting the NJC pay claim and seeking additional funding to fund a decent pay rise and the pay spine review.
- 3 Meet with local NJC union representatives to convey support for the pay claim and the pay spine review.

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