

Cabinet

Date: Wednesday, 5th September, 2018
Time: 4.00 pm
Venue: Council Chamber - Guildhall, Bath

Agenda

To: All Members of the Cabinet

Councillor Tim Warren (Leader of the Council and Conservative Group Leader), Councillor Charles Gerrish (Cabinet Member for Finance and Efficiency, Conservative Deputy Group Leader North East Somerset), Councillor Vic Pritchard (Cabinet Member for Adult Care, Health and Wellbeing), Councillor Paul Myers (Cabinet Member for Economic and Community Regeneration), Councillor Karen Warrington (Cabinet Member for Transformation and Customer Services), Councillor Paul May (Cabinet member for Children and Young People), Councillor Bob Goodman (Cabinet Member for Development and Neighbourhoods) and Councillor Mark Shelford (Cabinet Member for Transport and Environment, Conservative Deputy Group Leader Bath)

Chief Executive and other appropriate officers
Press and Public

The agenda is set out overleaf.



Jack Latkovic

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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 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. 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**

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Cabinet - Wednesday, 5th September, 2018

in the Council Chamber - Guildhall, Bath

A G E N D A

1. WELCOME AND INTRODUCTIONS

2. EMERGENCY EVACUATION PROCEDURE

The Chair will draw attention to the emergency evacuation procedure as set out in the Notes

3. APOLOGIES FOR ABSENCE

4. 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 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.

5. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

6. QUESTIONS FROM PUBLIC AND COUNCILLORS

Questions submitted before the deadline will receive a reply from an appropriate Cabinet member or a promise to respond within 5 days of the meeting. Councillors may ask one supplementary question for each question they submitted, up to a maximum of two per Councillor.

7. STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

Councillors and members of the public may register their intention to make a statement if they notify the subject matter of their statement before the deadline. Statements are limited to 3 minutes each. The speaker may then be asked by Cabinet members to answer factual questions arising out of their statement.

8. MINUTES OF PREVIOUS CABINET MEETING (Pages 7 - 12)

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

9. CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET

This is a standard agenda item, to cover any reports originally placed on the Weekly

list for single Member decision making, which have subsequently been the subject of a Cabinet Member requisition to the full Cabinet, under the Council's procedural rules

10. MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES

This is a standing agenda item (Constitution rule 14, part 4D – Executive Procedure Rules) for matters referred by Policy Development and Scrutiny bodies. The Chair of the relevant PDS Panel will have the right to attend and to introduce the Panel's recommendations to Cabinet.

11. SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING (Pages 13 - 18)

This report lists Cabinet Single Member decisions taken and published since the last Cabinet meeting.

12. ADDITIONAL HMO LICENSING SCHEME (Pages 19 - 132)

On 12th June 2013 Cabinet agreed to designate an area of Bath, based around the wards of Westmoreland, Oldfield and Widcombe, as an area subject to Additional Licensing for Houses in Multiple Occupation (HMOs). This designation will expire on the 31st December 2018.

Housing Services consider that the conditions for introducing a new and geographically expanded Additional Licensing scheme can be met. As such a 10 week comprehensive public consultation exercise was undertaken on a proposal to designate Bath City as an area subject to Additional Licensing.

This report informs Cabinet of the results of these activities and seeks a decision on whether to designate Bath City as an area subject to Additional Licensing for specified types of HMOs.

13. PILOT SCHEME TO INCREASE ENFORCEMENT ACTIVITY FOR ENVIRONMENTAL CRIME (Pages 133 - 138)

The Council has recently adopted the newer higher level of £150 permitted for a Fixed Penalty Notice ("FPN") under the Environmental Offences (Fixed Penalties) (England) Regulations 2017 for litter dropping.

The Council has limited enforcement resource and cannot cover the whole district 7 days per week. Current enforcement activity is focussed in the city centre in partnership with the BID. The public would, however like us to take a much more proactive stance throughout the whole district with a view, to reducing environmental crime and have cleaner, greener communities.

The proposal is to enter into a pilot scheme with a private sector enforcement provider at zero cost to the Council, to increase the amount of enforcement activity that is undertaken in relation to environmental crime such as litter dropping, dog fouling, fly tipping, waste Duty of Care breaches and to ensure that an enforcement presence is available 7 days per week in the district including parks and public spaces.

This report seeks approval for officers to enter into a 12 month pilot scheme with a private sector provider in consultation with the Cabinet Member for Development & Neighbourhoods

14. SUB-NATIONAL TRANSPORT BODIES (Pages 139 - 164)

This report invites the Cabinet to consider Bath and North East Somerset Council's membership of the Western Gateway Shadow Sub-National Transport Body. The Council has recognised that on strategic transport issues there are mutual and shared interests with other transport authorities and that working more closely together will strengthen our case when lobbying Government for future funding and scheme prioritisation.

15. REVENUE & CAPITAL BUDGET MONITORING, CASH LIMITS AND VIREMENTS – APRIL TO JULY 2018 (Pages 165 - 202)

This report presents the financial monitoring information for the Authority as a whole for the financial year 2018/19 to the end of July 2018.

16. TREASURY MANAGEMENT MONITORING REPORT TO 30TH JUNE 2018 (Pages 203 - 218)

In February 2012 the Council adopted the 2011 edition of the CIPFA Treasury Management in the Public Services: Code of Practice, which requires the Council to approve a Treasury Management Strategy before the start of each financial year, review performance during the year, and approve an annual report after the end of each financial year.

This report gives details of performance against the Council's Treasury Management Strategy and Annual Investment Plan 2018/19 for the first three months of 2018/19.

The Committee Administrator for this meeting is Jack Latkovic who can be contacted on 01225 394452.

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BATH AND NORTH EAST SOMERSET

CABINET

These minutes are draft until confirmed as a correct record at the next meeting.

Wednesday, 27th June, 2018

Present:

Councillor Tim Warren	Leader of the Council and Conservative Group Leader
Councillor Vic Pritchard	Cabinet Member for Adult Care, Health and Wellbeing
Councillor Paul Myers	Cabinet Member for Economic and Community Regeneration
Councillor Karen Warrington	Cabinet Member for Transformation and Customer Services
Councillor Paul May	Cabinet member for Children and Young People
Councillor Bob Goodman	Cabinet Member for Development and Neighbourhoods
Councillor Mark Shelford	Cabinet Member for Transport and Environment, Conservative Deputy Group Leader Bath

1 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting.

2 EMERGENCY EVACUATION PROCEDURE

The Senior Democratic Services Officer drew attention to the evacuation procedure as set out in the Agenda.

3 APOLOGIES FOR ABSENCE

Councillor Charles Gerrish had sent his apologies for this meeting.

The Chair also informed the meeting that Councillor Mark Shelford would have to leave the meeting at 4.45pm.

4 DECLARATIONS OF INTEREST

Councillor Paul May declared disclosable pecuniary interest on any matters related to Sirona as he was non-executive director on the Sirona Board. Councillor Paul May would leave the room during questions, statements and discussion related to Sirona.

5 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

6 QUESTIONS FROM PUBLIC AND COUNCILLORS

There were 25 questions from Councillors and 2 questions from members of the public.

[Copies of the questions and responses, including supplementary questions and responses if any, have been placed on the Minute at Democratic Services and are available on the Council's website.]

Councillor Paul May had left the room during the duration of Cabinet questions and answers related to Sirona.

7 STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

The Chair informed the meeting that David Redgewell had asked to address the Cabinet at this meeting but due to his poor health he was unable to attend today. The Chair said that the Cabinet had received David's statement in advance of the meeting and wished him a speedy recovery and best wishes.

Councillor Tim Ball read out a statement where he expressed his concerns on grass and weeds cutting. Councillor Ball said that he didn't think that the Council would be making any savings with this policy. Some areas in Twerton had been covered by high grass, so high that the tallest school children could not be seen by incoming traffic. Councillor Ball also added that some residents had tried to cut the grass, which they shouldn't, and asked the Cabinet to reverse its policy.

Councillor Paul Crossley read out the statement by suggesting that grass cutting was an unidentified cut in the budget as there was no consultation carried on that matter. Councillor Crossley said that Southdown Ward looked quite untidy on many places and that there were more people reporting hay fever syndromes. Councillor Crossley also said that dog owners were reporting more cases of ticks, that children play areas were not kept and that he has had so many complaints from the residents in terms of grass cutting issues. Councillor Crossley concluded this statement by asking the Cabinet to reverse the policy and make sure that all the grass was cut before schools' summer holidays.

The Chair responded that the Cabinet was aware of this issue. The Chair also said that the situation would soon improve and Councillor Bob Goodman would email all Councillors with the latest information.

8 MINUTES OF PREVIOUS CABINET MEETING

RESOLVED that the minutes of the meeting held on Wednesday 11th April 2018 be confirmed as a correct record and signed by the Chair.

9 CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET

There were none.

10 MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES

There were none.

11 SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING

The Cabinet agreed to note the report.

12 REVENUE & CAPITAL OUTTURN 2017/18

Councillor Dine Romero made an ad-hoc comment about overspend in Adult Social Care and asked the Cabinet to lobby the Government for more funding in this area.

Councillor Will Sandry made an ad-hoc statement where he expressed his concerns on capital programme delivery. Councillor Sandry said that the Council had started a number of big projects yet there was no delivery required.

Councillor Robin Moss made an ad-hoc statement where he also expressed his concerns on overspend in Adult Social Care and that the Council had reached a financial cliff edge in support services. Councillor Moss also asked the Leader to lobby the Government for more funding in Adult and Social Care.

Councillor Paul May introduced the item by thanking the officers and Councillor Charles Gerrish on the report. Councillor May added that this report had presented the revenue and capital outturn for 2017/18, highlighting a net revenue over budget position of £1.255m after allowing for proposed carry forwards. The position had vastly improved through the management actions that were agreed and implemented earlier in the financial year. The improvement had continued since the last report, which forecasted an over budget position of £3.396m based on monitoring for the year to December 2017, mainly due to lower cost of Children's placements and improved income in Adult Social Care.

The report had referred to requests to carry forward specific revenue budget items to 2018/19 and to write-off revenue over budgets where recovery in future years would have an adverse impact on continuing service delivery. Budgets were also rebased for 2018/19 to realign them. It was proposed that the over budget position was funded by appropriate drawdowns from the mitigations set aside earlier in the financial year that were held as contingency against in year spending pressures. This included the use of the specific transitional grant funding provided by the government and set aside by the Council at the start of the financial year.

The main areas of over/under budget (greater than £1m) were:

- Adult Care, Health & Wellbeing – £1.148m over budget - The overspend related to continued pressure on Adult Social care spend arising from demographic change, with increasing levels of complexity and acuity of need impacting on the cost of individual packages of care / placements, despite enhanced control measures.
- Children & Young People - £1.534m over budget - The overspend relates to demand driven pressures mainly relating to children's social care placement costs due to a significant increase in expenditure for supporting individual

children, in particular, the support for residential placements, support for fostered (including independent fostering) and court directed parent and baby placements, along with direct payments for clients at risk of care and inter-agency adoption placements.

Councillor Paul May moved the recommendations.

Councillor Mark Shelford seconded the motion.

Councillor Vic Pritchard said that it was not a shock to the Cabinet about the Adult Care, Health and Wellbeing overspends. The Cabinet had lobbied the Government, and it would continue to lobby though, the Council should be more independent and efficient no matter what funding comes from the Government.

The Chair said that he had lobbied the Government for more funding, as had the other Councils across the country.

RESOLVED (unanimously) that the Cabinet agreed to:

- 1) Notes the revenue budget outturn over budget of £1.255m (including carry forwards) for 2017/18 and the funding mitigations used;
- 2) Approves the carry forward requests outlined in paragraphs 5.5;
- 3) Approves that all over budgets are written-off as an exception to the Budget Management Rules for 2017/18.
- 4) Notes the revenue virements for 2017/18 reported for information in Appendix 2(i)
- 5) Notes the reserve positions and the use of flexible capital receipts shown in paragraphs 5.15-5.17;
- 6) Notes the outturn position of the 2017/18 capital programme in paragraph 5.23, and the funding outlined in paragraph 5.25;
- 7) Notes the further use of CIL funding in 2017/18 outlined in paragraph 5.26;
- 8) Approves the capital rephasing and write-off of net underspends as listed in Appendix 3. This reflects the outturn spend position on projects against final budgets as detailed in Appendix 4(ii).

13 TREASURY MANAGEMENT OUTTURN REPORT 2017/18

NOTE: Councillor Mark Shelford had left the meeting at this point (4.45pm).

Councillor Paul May introduced the report by saying that the average rate of investment return for 2017/18 was 0.30%, which was 0.04% above the benchmark rate. The Council's Prudential Indicators for 2017/18 were agreed by Council in February 2017 and performance against the key indicators was shown in the report, and all indicators were within target levels. Councillor May also highlighted a summary of returns, a summary of borrowings, strategic and tactical decisions, future strategic and tactical issues and budget implications.

Councillor Paul May moved the recommendations.

Councillor Tim Warren seconded the motion by welcoming that the average rate of investment return for 2017/18 was 0.04% above the benchmark rate.

RESOLVED (unanimously) that the Cabinet agreed to:

- 1) The Treasury Management Report to 31st March 2018, prepared in accordance with the CIPFA Treasury Code of Practice, is noted;
- 2) The Treasury Management Indicators to 31st March 2018 are noted.

The meeting ended at 4.50 pm

Chair _____

Date Confirmed and Signed _____

Prepared by Democratic Services

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Bath & North East Somerset Council

Cabinet Single-Member Decisions and Responses to Recommendations from PDS Panels

published 18-Jun-2018 to 24-Aug-2018

Further details of each decision can be seen on the Council's Single-member Decision Register at <http://democracy.bathnes.gov.uk/mgDelegatedDecisions.aspx?&dm=3>

Radstock Healthy Living Centre

The Council with Hope House Surgery will deliver a new healthy living centre for Radstock at Waterloo Road. The facility will include a doctor's surgery, library, children's centre and training kitchen. It will be funded by NHS England & B&NES.

Decision Maker: Cabinet Member - Finance and Efficiency

Decision published: 15/08/2018

Effective from: 23/08/2018

Decision:

The Cabinet Members agree that:

- 1) Having considered the report and the positive community benefits, as well as the objections received in response to the notices published under section 123 (2A) LGA 1972, authorises the disposal of the site known as land at Waterloo Road.
- 2) That full approval is given to the gross budget of £1,770,000 required to deliver the council part of the project, subject to the NHS funding being confirmed in a commitment letter.
- 3) That capital receipts from the sales of the site at Waterloo Road, the current Radstock Library and Children centre and the proceeds from the sale of 117 Newbridge Hill, together with CIL funding will be ring-fenced towards this project, as set out in the report
- 4) Note, that the NHS funding relates to the non-Council health related uses, forms the majority of the funding package, and is expected to be confirmed before the end of July 2018. The NHS has confirmed that approval was awarded in principal in July but that a business case is to be submitted by Hope House and final confirmation of funding is expected in Autumn 2018.

Lead officer: Caroline Lightfoot

Housing Services Charging Policy

Housing Services provide a number of statutory and non-statutory services where reasonable costs can be recovered. The Policy details which services are subject to a charge and how the charges will be calculated and recovered.

Decision Maker: Cabinet Member - Economic and Community Regeneration

Decision published: 09/08/2018

Effective from: 17/08/2018

Decision:

The Cabinet Member agrees that the Housing Services Charging Policy 2018 is adopted.

Lead officer: Graham Sabourn

Housing Services Enforcement Policy

This updated policy details how Housing Services aim to carry out their enforcement functions in a fair, consistent and helpful manner in accordance with best practice.

Decision Maker: Cabinet Member - Economic and Community Regeneration

Decision published: 09/08/2018

Effective from: 17/08/2018

Decision:

The Cabinet Member agrees that the Housing Services Enforcement Policy 2018 is adopted.

Lead officer: Graham Sabourn

Changes to Parking allocation

This report outlines changes to parking allocations in line with the hierarchy of kerb space in the Parking Strategy and their financial implications.

Decision Maker: Cabinet Member - Transport and Environment

Decision published: 07/08/2018

Effective from: 15/08/2018

Decision:

The Cabinet Members agree to;

1. Note the changes to parking as proposed in the report and in line with the hierarchy of kerb space.
2. Support the implementation of the Traffic Regulation Order (TRO) to allow the changes to be implemented

Lead officer: Andrew Dunn

Go Ultra Low West (GULW) OLEV WP Implementation and Communication

Approve the secured funding for the period of the project to March 2021 enabling implementation of the work package.

Decision Maker: Cabinet Member - Finance and Efficiency and Cabinet Member – Transport and Environment

Decision published: 07/08/2018

Effective from: 15/08/2018

Decision:

The Members agreed to:

- 1) Fully approve £80,000 of the £967,000 provisionally approved GULW Office of Low Emission Vehicles (OLEV) scheme, currently within the 2018/19 Capital Programme for the period of the project to March 2021. (To be re-profiled to: 2018/19: £40,000 2019/20: £20,000 & 2020/21 £20,000).
- 2) The remainder of the £967,000 noted above has already been subject to the Single Member Decision process through reports E3026 Go Ultra Low West (GULW) OLEV Fleet Electrification and E3029 Go Ultra Low West Charging Hub, Last Mile Delivery, Electric Cycle Hire and Business Charge Points.

Lead officer: Jessica Fox-Taylor

NDR Revaluation Relief update and minor Policy amendment

To update the Council's policy on discretionary relief so that more relief can be granted to ratepayers who qualify under the revaluation relief scheme.

Decision Maker: Cabinet Member - Finance and Efficiency

Decision published: 30/07/2018

Effective from: 07/08/2018

Decision:

The Cabinet Member approves the proposal relating to the relief in the document E3082 – Appendix D to Discretionary rates relief Policy – Revaluation Support.

Lead officer: Ian Savigar

First Steps Moorlands Redevelopment - Section 106 contribution

A decision is required on the transferring of Section 106 monies to First Steps Moorlands as a contribution towards the new build of their childcare provision based at Moorlands Infants School.

Decision Maker: Cabinet Member - Children and Young People and Cabinet Member – Finance and Efficiency

Decision published: 16/07/2018

Effective from: 24/07/2018

Decision:

The Cabinet Members agree to fully approve a new entry to the Council's 2018/19 Capital programme of £79,000, wholly funded by s106, for building developments to First Steps Moorlands Nursery.

Lead officer: Nicola Valentine

Fixed Penalty Notices for Littering

To increase the amount of a fixed penalty notice (FPN) issued to someone littering and also the registered keeper of a vehicle whose occupants were littering, to the maximum level.

Decision Maker: Cabinet Member - Development and Neighbourhoods

Decision published: 09/07/2018

Effective from: 17/07/2018

Decision:

The Cabinet Member agrees that:

- 1) The fixed penalty for the unlawful deposit of litter under the Environmental Protection Act 1990, to always be set to the maximum full penalty amount as specified in legislation. At the time of the decision this is £150.
- 2) The fixed penalty for the unlawful deposit of litter under The Littering From Vehicles Outside London (Keepers: Civil Penalties) Regulations 2018, to always be set to the maximum full penalty amount as specified in legislation. At the time of the decision this is £150.
- 3) A discount will be offered for early payment of a Fixed Penalty Notice under the above legislation. (n.b. at the time of the decision this discount would be £50, making the level of fixed penalty £100 if payment is received within 14 days).
- 4) Any future decisions on the discounted level of fixed penalty shall be delegated to the relevant Group Manager in consultation with the Cabinet Member if the maximum penalty under law changes.

Lead officer: Sarah Alder

Proposed Air Quality Management Area for Farrington Gurney

This report proposes a boundary for a new air quality management area in Farrington Gurney following a formal public consultation exercise.

Decision Maker: Cabinet Member - Development and Neighbourhoods

Decision published: 02/07/2018

Effective from: 10/07/2018

Decision:

The Cabinet Member agrees the proposed Air Quality Management Area (AQMA) boundary, which has been derived from the monitoring of Nitrogen Dioxide (NO₂) in Farrington Gurney and through a public consultation.

Lead officer: Cathryn Brown

Proposed Air Quality Management Area for Temple Cloud

This report proposes a boundary for a new air quality management area in Temple Cloud following a formal public consultation exercise.

Decision Maker: Cabinet Member - Development and Neighbourhoods

Decision published: 02/07/2018

Effective from: 10/07/2018

Decision:

The Cabinet Member agrees the proposed Air Quality Management Area (AQMA) boundary, which has been derived from the monitoring of Nitrogen Dioxide (NO₂) in Temple Cloud and through a public consultation.

Lead officer: Cathryn Brown

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Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	5 th September 2018	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3079
TITLE:	Housing in Multiple Occupation: Additional Licensing	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1: Designation Report		
Appendix 2: Consultation Report		
Appendix 3: Equalities Impact Assessment		

1 THE ISSUE

- 1.1 On 12th June 2013 Cabinet agreed to designate an area of Bath, based around the wards of Westmoreland, Oldfield and Widcombe, as an area subject to Additional Licensing for Houses in Multiple Occupation (HMOs). This designation will expire on the 31st December 2018.
- 1.2 Housing Services consider that the conditions for introducing a new and geographically expanded Additional Licensing scheme can be met. As such a 10 week comprehensive public consultation exercise was undertaken on a proposal to designate Bath City as an area subject to Additional Licensing.
- 1.3 This report informs Cabinet of the results of these activities and seeks a decision on whether to designate Bath City as an area subject to Additional Licensing for specified types of HMOs.

2 RECOMMENDATION

The Cabinet is asked to agree that:

- 2.1 Having studied the evidence base it is satisfied that there is a sufficiency of evidence to justify the new scheme which accords with the Services Regulations 2009 and that any detriment to landlords is outweighed by the benefits to tenants and the wider community, sufficient safeguards are in place to mitigate the impact on affected landlords and the proposed scheme is the least intrusive means of achieving the Council's legitimate aims.

2.2 An HMO Additional Licensing scheme, as detailed within the designation report attached in appendix 1, is introduced for a period of 5 years commencing on the 1st January 2019.

2.3 The Head of Housing undertakes the appropriate and statutory steps to enable the introduction of the proposed licensing scheme.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

3.1 Housing Services has already incurred the costs associated with investigating the feasibility of a new Additional Licensing scheme including developing the evidence base and undertaking public consultation. These costs have been met within existing revenue budgets.

3.2 Licensing is both administratively complex and resource intensive. However, fees can be levied to cover the administrative costs of licensing including back-office functions and property inspections. As such the introduction of the scheme will, at worst, be cost-neutral to the Council. Indeed having a better awareness and control of housing standards may reduce the demand on other Council services, such as, housing and waste enforcement activities.

3.3 The HMO licensing fee structure is detailed within the Housing Services Charging Policy and which has recently been updated. The cost of a 5 year licence is £795. However, there is a £50 reduction for on-line applications/paperless correspondence and a £100 deduction where the licence is being renewed.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 The Housing Act 2004 provides the legal basis to enable a Local Housing Authority (LHA) to introduce the Additional Licensing of HMOs subject to meeting a number of evidential tests. These are detailed more fully below and within the attached Designation Report.

4.2 Case law has established that the Provision of Services Regulations 2009 applies to additional and selective licensing schemes. Consequently, such schemes must be implemented in a non-discriminatory way; be justified by an overriding reason relating to the public interest; be proportionate to that public interest objective; be clear, unambiguous and objective; be made public in advance, and be transparent and accessible.

4.3 Local Authorities are subject to the general and specific duties set out in the Equality Act 2010. This report and its recommendations pay due regard to the Council's public sector equality duty. An equality impact assessment has been completed and is attached as Appendix 3. Adverse impacts were identified and are being mitigated in the following ways:

Issues identified	Actions required
The completion of a licence application form can be difficult for those with certain impairments or for whom reading & writing English is a challenge. There can also be communication difficulties if legal action is taken for noncompliance with the	Assistance is available to landlords to complete the application form.

HMO licence provisions.	
May make those outside the areas where additional licensing is proposed more vulnerable to lower standards in shared housing (this may impact adversely on a number of equality groups)	On-going monitoring and consideration as to whether the scheme should be extended in due course.
Potential for people to be uncomfortable or give inaccurate information when asked about living arrangements.	Sensitive consideration will need to be undertaken by Housing Officers when asking questions of people about their living arrangements when seeking to establish if a property is an HMO.

5 THE REPORT

Background

- 5.1 The Housing Act 2004 increased a LHA's ability to regulate the private rented sector by introducing three forms of licensing, these being: mandatory licensing of HMOs, additional licensing of HMOs, and selective licensing of the private rented sector. Operating an eligible property without a licence is an offence punishable by either: criminal prosecution with the potential for an unlimited fine; or as an alternative to prosecution the LHA can issue a financial penalty up to £30,000.
- 5.2 The mandatory licensing scheme has recently been enhanced and from the 1st October 2018 will cover all HMOs which house 5 people or more in 2 or more separate households. The proposed Additional Licensing scheme will expand the scope of licensing to cover those HMOs which house 3 or 4 people in 2 or more separate households in Bath City. Between the two schemes an estimated 3,000 HMOs will be covered by licensing; 1,000 through mandatory licensing and 2,000 through additional licensing.
- 5.3 The primary purpose of HMO licensing is to improve housing standards. It allows the LHA to ensure that conditions, amenity & fire safety standards comply with current legislative standards. As such the principal beneficiaries of licensing are tenants. However, within certain limitations the licence can also be used as a vehicle to improve the management of the property and to help the Council to respond to complaints by local residents about the condition of houses and the behaviour of tenants.
- 5.4 Introducing Additional Licensing is not a decision to be taken lightly by the LHA. The conditions that must be satisfied are contained in Part 2 of the Housing Act 2004 and are further detailed in guidance issued by the former Department of Communities & Local Government issued in December 2007. The guidance makes it clear that Additional Licensing is not just another tool in the toolbox and that it should only be seen as an option to use when there are real problems with HMOs that have not been solved by using other available powers and a variety of approaches.

5.5 If the LHA wishes to designate an area subject to additional HMO licensing then it will need to evidentially address the following five legal steps; these being that they:

- consider that a significant proportion of the HMOs of that description in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public;
- consider whether there are other alternative or additional courses of action available;
- must consult persons who are likely to be affected by the designation;
- be satisfied that the designation is consistent with its overall housing strategy;
- must take a co-ordinated approach in connection with homelessness, empty properties and anti-social behaviour.

The Evidence Base

5.6 The designation report, attached in Appendix 1, contains the evidence base for meeting the evidential requirements of introducing Additional Licensing. It includes the following headline information:

- Commissioned evidence indicates that the private rented sector has expanded significantly in the district in recent years and now accounts for 27% of all stock; significantly higher than the national average (20%).
- HMO inspections at the start of the existing (and smaller) Additional HMO Licensing scheme found significant Housing Health & Safety Rating Scheme hazards in 31% of properties. A similar rate of hazards is likely to be found elsewhere in the City irrespective of the geographical area covered.
- Commissioned evidence indicates that there are significant levels of Category 1 (the most serious) Housing Health & Safety Rating Scheme hazards in the private rented sector in Bath. For most wards the levels of Category 1 hazards is higher in the HMOs than non-HMO private rented homes.
- 25% of all Housing Services service requests come from HMO occupants.
- Commissioned evidence indicates that whilst there are certain wards with high HMO concentrations there are actually significant numbers of HMOs distributed across the whole of Bath City.
- Nearly all residents not living in HMOs responding to an online/postal survey in September 2017 felt HMOs should be licensed by the council and reported a negative effect on their local area from rubbish, noise, poor garden maintenance, property condition, and overcrowding.

- Overall, support for an Additional Licensing scheme in Bath City is very strong with over eight out of ten (85%) respondents in support of the scheme and more than four out of ten (44%) feeling it will have a positive effect on them as individuals.

6 RATIONALE

6.1 The private rented sector continues to undergo significant expansion. As part of this expansion there are now an estimated 3,000 HMOs within Bath City, fuelled by a combination of increased student numbers and the demand for affordable housing options for single households. The introduction of a targeted Additional Licencing scheme would provide the LHA with a platform to effectively identify these HMOs and work with landlords, tenants and other interested parties to address housing condition and management issues to the benefit of all concerned, including the wider community.

6.2 The scheme would be reviewed annually.

7 OTHER OPTIONS CONSIDERED

7.1 A range of other options have been considered in detail and are documented within the attached Designation Report and includes:

- Do nothing - given the information contained in the Designation Report this is not considered an option.
- Targeted proactive enforcement - a fully funded pro-active inspection programme is not realistic given scale of the issue and current financial climate.
- Reactive enforcement - this will continue, however, it only address individual properties and is reliant upon the tenant making a formal complaint to the Council.
- Voluntary initiatives - past experience has shown that whilst they can be successful in improving standards a significant proportion of landlords, often those with poorer quality stock, will not engage.
- Different geographical area – the evidence supports the proposed area. This area also aligns with the Article 4 Planning Direction and thus simplifying the communication message to landlords and residents.
- Selective licensing – on the face of it there is not the evidence to support such a scheme. However, this has not been considered in detail given our focus on HMOs

8 CONSULTATION

8.1 M.E.L Research was commissioned to undertake public consultation on the proposal to introduce an Additional Licensing scheme covering Bath City. In total, 910 respondents took part in the survey with further feedback gathered from two public meetings, stakeholder interviews and written responses. The consultation period spanned 10 weeks (16th March to 25th May 2018). The main

methods of consultation were an online survey and a door to door residents' survey with a representative sample of residents from across the LHA area.

8.2 The full consultation report is contained in Appendix 2. However, the key headlines from the consultation are as follows:

- Overall, support for an Additional Licensing scheme in Bath City is very strong with over eight out of ten (85%) respondents in support of the scheme and more than four out of ten (44%) feeling it will have a positive effect on them as individuals.
- Residents and private tenants are most supportive of the scheme (both groups 90% support), with almost seven out of ten private rented tenants (69%) and 44% of residents feeling that it will have a positive impact on them. The figures are even higher when only Bath City residents are included.
- Landlords are less in favour of licensing. However, a majority of almost two thirds (64%) are still in support, whilst around three out of ten (29%) say they do not support it. Over a third of landlords (36%) say it will have a negative impact on them. In contrast, a third (32%) say that it will have no impact on them and a quarter (25%) feel it will have a positive impact.
- Around six out of ten (63%) respondents believe the originally proposed flat licence fee of £800 was reasonable, whilst just under three out of ten (29%) feel the licence fee is unreasonable. Private rented tenants and residents are again most positive about the licence fee, with 75% and 71% respectively saying it is reasonable. Landlords were significantly more negative; with around six out of ten (61%) saying it is unreasonable. It should be noted that in light of feedback the fee structure has been revised to better reflect the reduction in the cost of administering the scheme in certain circumstances.
- Overall eight out of ten respondents (80%) agree that the proposed licensing conditions are reasonable, and that they will help improve the standard of HMO properties in Bath City. Residents and PRS tenants are most supportive of the conditions (86% each feel they are reasonable), whilst landlords aren't as positive, though around six out of ten (61%) do agree the conditions are reasonable, whilst 29% do not agree.

8.3 The Planning, Housing and Economic Development PDS Panel have also been consulted on the proposal and have expressed their support.

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.

Contact person	Graham Sabourn, Head of Housing (01225 477949).
Background papers	None
Please contact the report author if you need to access this report in an	

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Appendix 1

Designation Report

Additional HMO* Licensing 2018

(*house occupied by 3 or more people in 2 or more households)

Purpose of the report:

To present the case for an additional HMO licensing scheme for Bath City Wards under the Housing Act 2004 for a period of 5 years, commencing 1st January 2019.

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1. Introduction

The Private Rented Sector (PRS) in England has grown from 1 in 10 households in 2004 to 1 in 5 households in 2017¹. Local data gathered in 2017 indicated that the PRS in Bath and North East Somerset is higher than the national average and growing quickly, now accounting for 27% of dwellings in the district².

Privately rented homes shared by 3 or more people in 2 or more households and sharing one or more facilities, account for 16% of the private rented sector in B&NES. These properties are referred to as Houses in Multiple Occupation (HMOs).

Please note that a building occupied by the owner(s) and their household and no more than 2 other persons is not regarded as an HMO under current legislation and therefore would not be required to be licensed under this proposal.

HMOs are often associated with poorer standards of management and quality and tend to be occupied by the more vulnerable members of society, often on lower incomes who lack social mobility and choice. Mandatory Licensing of larger HMOs has been designed to tackle this and ensure that the poorest and highest risk properties in the private rental market meet legal standards and are properly managed to provide greater protection of the health, safety and welfare of the occupants of this type of property.

In Bath and North East Somerset, recent stock modelling indicates that 21% of the privately rented HMO stock falls below the minimum statutory housing standard and there is a higher rate of health and safety hazards in HMOs than non HMOs in most wards in Bath City. Housing Services Officers also deal with a significant number of issues and complaints originating from HMOs requiring work with landlords to facilitate improvements.

Mandatory HMO licensing introduced by the Housing Act 2004 operates in Bath and North East Somerset and applies to any private rented property where it is rented to 5 or more people who form more than 1 household, where it is at least 3 storeys high and where tenants share toilet, bathroom or kitchen facilities. Whilst mandatory licensing captures larger HMO properties, it does not apply to smaller HMOs with less than 5 occupants.

For properties with 3 or 4 occupiers that are shared by more than one household, the Housing Act 2004 provides the ability for a local housing authority to designate an Additional HMO Licensing area providing the requirements in section 56 and 57 of the Act are met.

The requirements in these sections are given in section 2 of this report and include the key condition that the Council consider that a significant proportion of HMOs of a defined description, in a designated area are being poorly managed to an extent which will give rise to one or more particular problems either for those occupying the property or members of the public.

¹ English Housing Survey, 2017

² Building Research Establishment (BRE), 2017

Additional HMO Licensing proposal

Although lots of good work has been undertaken in B&NES to improve property standards, HMOs with shared facilities in many parts of the City of Bath are not adequately regulated through the mandatory licensing scheme. This leads to a range of common problems such as housing complaints, higher rates of housing health and safety hazards, rubbish accumulation, poor garden maintenance and disrepair.

In 2013, an additional (HMO) licensing scheme was introduced in 3 wards in Bath City: Westmoreland, Oldfield and the northern part of Widcombe, and includes all HMOs with shared facilities.

The objectives of the scheme were to ensure minimum standards of safety and welfare; effective and appropriate management; reduction in the impact of poor HMOs on the community; reduction in poor energy efficiency and excess cold and support for landlords and agents to meet their obligations.

The additional licensing scheme has licensed over 1,000 HMOs (900 Licence Holders), covering over 4,000 bed spaces. The regulation of these homes has identified poor standards including inadequate fire precautions, breach of minimum standards and welfare issues which have been identified for improvement and proactively addressed by Housing Services. The HMOs in the scheme have been made more transparent to the Council and to the community, allowing the Council to efficiently contact the owners and managers for action and compliance.

Over 1,700 inspections have taken place and over 2,000 property specific licensing conditions have been applied to properties. On initial inspection, 31% of HMOs were found not to meet the minimum statutory housing standard because they contained a significant health and safety hazard.

Officers have worked extensively in the additional licensing area enforcing legislation and raising standards where required, acting on local intelligence and using a range of tools to identify unlicensed HMOs. Through this work properties have been brought into the scheme and standards raised, and where appropriate enforcement action has been taken. Enforcement of the scheme has resulted in 35 simple cautions being issued and six successful prosecutions for failing to licence properties under the scheme.

A recent evaluation of the scheme has shown that licensing has been beneficial in improving standards across the designated area by reducing significant hazards, addressing management regulation failures and improving welfare conditions.

The Council feels that this first B&NES additional licensing scheme has been successful in improving standards of HMO properties in the designated area.

However, these 3 wards are not the only areas in Bath City that have HMO properties and the council feels there is a case for extending the Additional Licensing scheme across the whole of Bath City. This would ensure that almost all HMO properties within the local authority area would be subject to licensing and would improve property and management standards across a large proportion of the private rented sector.

Along with evidence from the current scheme in the 3 wards in Bath City, the Council has considered the evidence from a range of other sources including a recent housing stock

modelling survey carried out by the Building Research Establishment, and believes that there is a case for a Bath City wide Additional HMO Licensing Scheme.

The scheme would include all Houses in Multiple Occupation (HMOs) in the designated area of Bath City that are not already subject to mandatory licensing (or exempted by the relevant sections of the Housing Act 2004), subject to the exception below:

Exceptions:

1. Buildings converted entirely into self-contained flats (s257 HMOs), although the individual flats maybe licensable in their own right.
2. Purpose built student accommodation where the organisation which manages the building is subject to a national approved code of practice and the building in question is subject to that code.

A map of the designated area of Bath City is shown in the annex to this report (Scheme design of the proposed additional HMO licensing scheme for Houses in Multiple Occupation (HMOs) in Bath City) and a list of the wards within the designated area.

The council believes that introducing Additional (HMO) licensing in Bath City will:

- Ensure that properties are managed properly
- Improve communities across the designated areas
- Reduce complaints of poor housing conditions, noise, rubbish, overgrown gardens, and disrepair related to private rented sector housing (PRS)
- Ensure that the licence holder and property manager are suitable
- Ensure that the standards of accommodation provide a safe and healthy environment (such as having adequate fire, gas and electrical safety, suitable room sizes and adequate kitchens/ bathrooms for the number of tenants)
- Identify the location of HMOs and the name and contact details of landlords responsible for them.

The benefits of licensing

The aim of the scheme is to lead to an improvement of the management and property conditions across the designated area through engagement with HMO owners and managers. Members of B&NES Housing Standards and Improvement Team will carry out inspections of licensable HMOs, be available to offer advice and support to both landlord and tenant and enforce licensing and other legal requirements. Licensing of privately rented properties, albeit often unpopular, can provide benefits to tenants, landlords and the wider community.

The benefits of licensing for landlords

- All landlords will receive information and support to help them meet legal requirements for safety and management
- Landlords whose properties currently meet legal standards will operate in the knowledge that all HMOs in the area will have to do likewise
- Greater ability for the landlords to set out what is expected of tenants
- Improvement in the reputation of private landlords.

The benefits of licensing for tenants

- A clear set of rules that all landlords must follow
- A landlords code of good management practice
- Inspections and follow up to ensure that minimum standards for rented housing are met.

The benefits of licensing for the community

- Better managed rented HMO housing
- Reduced environmental problems, such as litter and overgrown gardens
- Protect vulnerable people who may currently live in poor condition properties
- Public register means that landlords of problem HMOs can be contacted by neighbours directly to deal with concerns.

2. Statutory requirements for designation

Before making an additional HMO licensing designation for a particular area under s56 and s57 of the Housing Act 2004, the local authority must be satisfied that the following criteria are met:

Criteria 1: Consider that a significant proportion of the HMOs of that description in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public, and, have regard to any information regarding the extent to which any codes of practice approved under section 233 have been complied with by persons managing HMOs in the area in question.

Criteria 2: Consult persons likely to be affected by the designation and consider any representations made.

Criteria 3: Ensure that the exercise of the power is consistent with their overall housing strategy;

Criteria 4: Seek to adopt a coordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour affecting the private rented sector as regards combining licensing with other action taken by them or others;

Criteria 5: Consider whether there are any other courses of action available to them (of whatever nature) that might provide an effective method of dealing with the problem or problems in question, and;

Criteria 6: That making the designation will significantly assist them to deal with the problem or problems (whether or not they take any other course of action as well).

3. Evidence

Evidence that a significant proportion of the HMOs in Bath City are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public.

The totality of evidence shows a significant level of health and safety hazards and disrepair experienced by the occupants of 3,159 HMOs and impact felt by residents within Bath City.

Having reviewed the data across the proposed areas and sought legal advice, Bath and North East Somerset Council is of the opinion that the legal test for designating Bath City for Additional (HMO) Licensing has been met. The evidence is summarised below.

3.1 The presence of housing health and safety hazards within HMOs located in the Bath City results in an adverse impact on the occupants.

- Council inspection of HMOs at the start of the existing Additional HMO Licensing scheme found significant HHSRS hazards for 31% of properties. A similar rate of hazards is likely to be found elsewhere in the City irrespective of the geographical area covered (R1).
- Table 1, A Comparison of Category 1 hazards in the Private Rented Sector for HMO and non HMO dwellings, shows a significant level of hazards and disrepair in HMOs across Bath City and for many wards a higher level of hazards in HMOs than non HMOs (R4).

3.2 A significant proportion of service requests received by Housing Services over the last 4 years are from occupants of HMOs.

- 440 or 25% of all service requests come from HMO occupants (R3).

3.3 Residents report a negative impact of HMOs and there is significant support from landlords and residents for HMO Licensing within the existing licensing area.

- Nearly all residents not living in HMOs responding to an online/postal survey in September 2017 felt HMOs should be licensed by the council and reported a negative effect on their local area from rubbish, noise, poor garden maintenance, property condition, and overcrowding (R1).
- Around half of residents not living in HMOs responding to a door step survey in 2017 reported a negative effect of HMOs in their area (R2).
- Nearly half of landlords with licensed HMOs in the additional licensing area supported the scheme continuing (R1).

Table 1: A Comparison of Category 1 hazards in the Private Rented Sector for HMO and non HMO dwellings

	Non HMO				HMO		
Ward	Number	% C1	% Disrepair		Number	% C1	% Disrepair
Abbey	2879	16	9		110	43	16
Bathwick	537	7	4		28	32	4
Combe Down	359	13	4		69	17	10
Kingsmead	1518	13	8		258	26	11
Lambridge	468	12	4		77	22	12
Lansdown	1345	14	6		69	23	22
Lyncombe	2113	16	4		70	14	11
Newbridge	2401	13	4		121	26	11
Oddown	348	10	3		87	14	7
Oldfield *	233	17	5		536	0	10
Southdown	224	11	3		57	14	9
Twerton	342	19	4		110	17	8
Walcot	1228	9	8		202	24	7
Westmoreland *	971	10	6		800	0	8
Weston	397	14	6		80	11	0
Widcombe *	805	14	10		485	0	8

* Existing Additional (HMO) Licensing scheme

3.4 There are significant concentrations of HMOs within many areas across the whole of Bath City.

- A recent study indicates the presence of 3159 HMOs within the Bath City boundary. The maps below show the distribution of HMOs at census output area level with shading for areas with 7 or more HMOs and areas with a concentration of 4% or more respectively. There are significant numbers of HMOs distributed across the whole of Bath City (R4).

References:

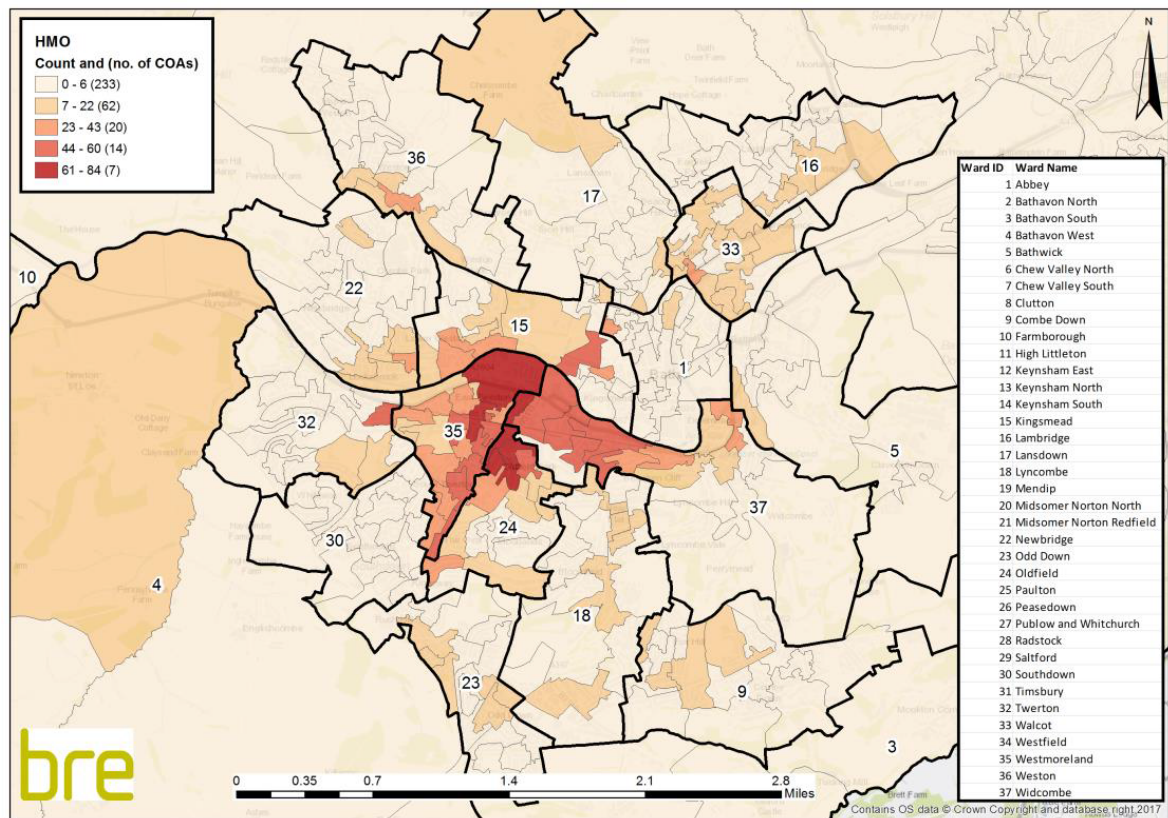
R1. Review of the 2014 Additional HMO Licensing Scheme

R2. Door Step Survey Residents Views 2017

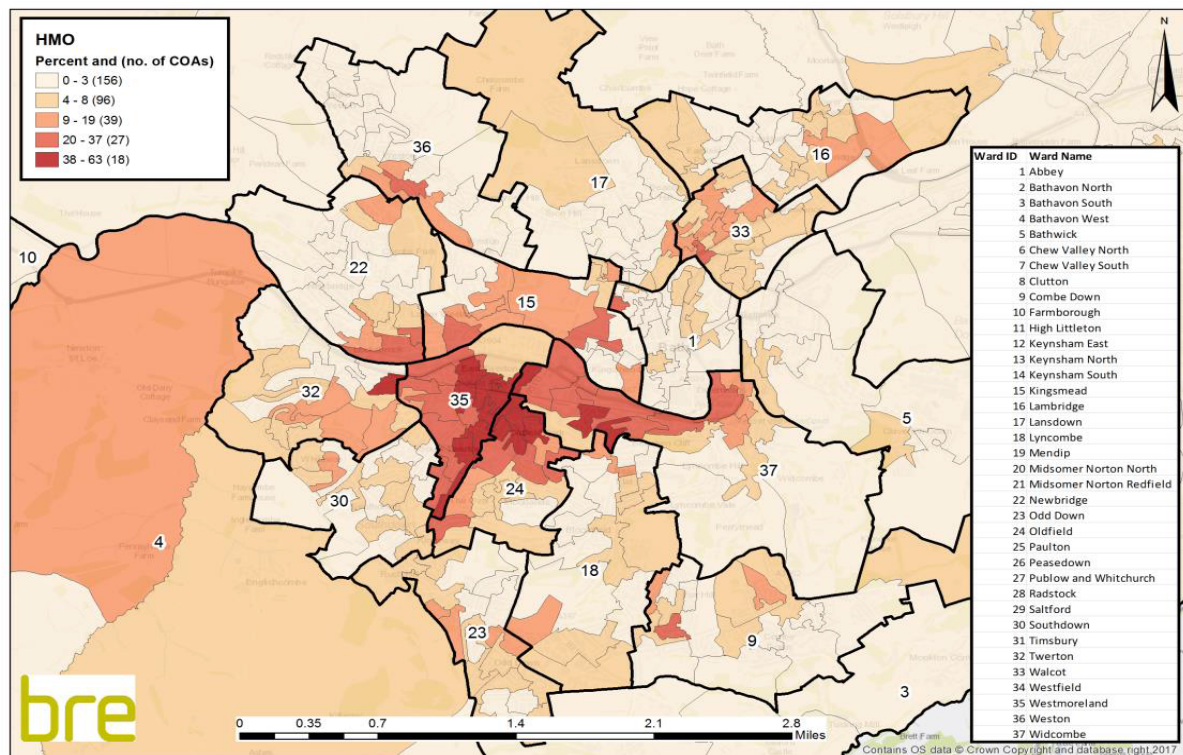
R3. Local Information HMOs 2017

R4. BRE Integrated Dwelling Level Housing Stock Modelling and Database for Bath and North East Somerset

Map 1 Count and number of HMOs within a census output area



Map 2 Percentage of HMOs within a census output area



4. Consultation

The Housing Act 2004 requires that before making a designation, the Council is required to undertake a formal consultation process on the proposed implementation of any licensing designations and take reasonable steps to consult with persons likely to be affected. This includes local residents, tenants, landlords, managing agents and other members of the community who live or operate businesses or provide services within the proposed designation and neighbouring areas that may be affected.

A 10 week public consultation began on 16th March 2018 and ended on the 25th May 2018. To provide an impartial consultation, M·E·L Research, an independent research agency were commissioned to carry out the consultation process. A copy of the full Consultation Report is provided at Appendix 2.

This consultation explained the background evidence to support the proposal to improve the management of Houses in Multiple Occupation (HMOs) in Bath City through an additional HMO licensing scheme, the proposed details of the scheme and how it could work in practice. The Council invited responses to this consultation from individuals, and major stakeholder groups including tenants, local residents, landlords, agents, organisations and other members of the community who live or operate businesses or provide services within the proposed designation and neighbouring areas that may be affected.

The findings of the consultation were considered and have informed the review of options, the proposal contained in this report and the design of the scheme proposed.

4.1. Outline of the headline findings

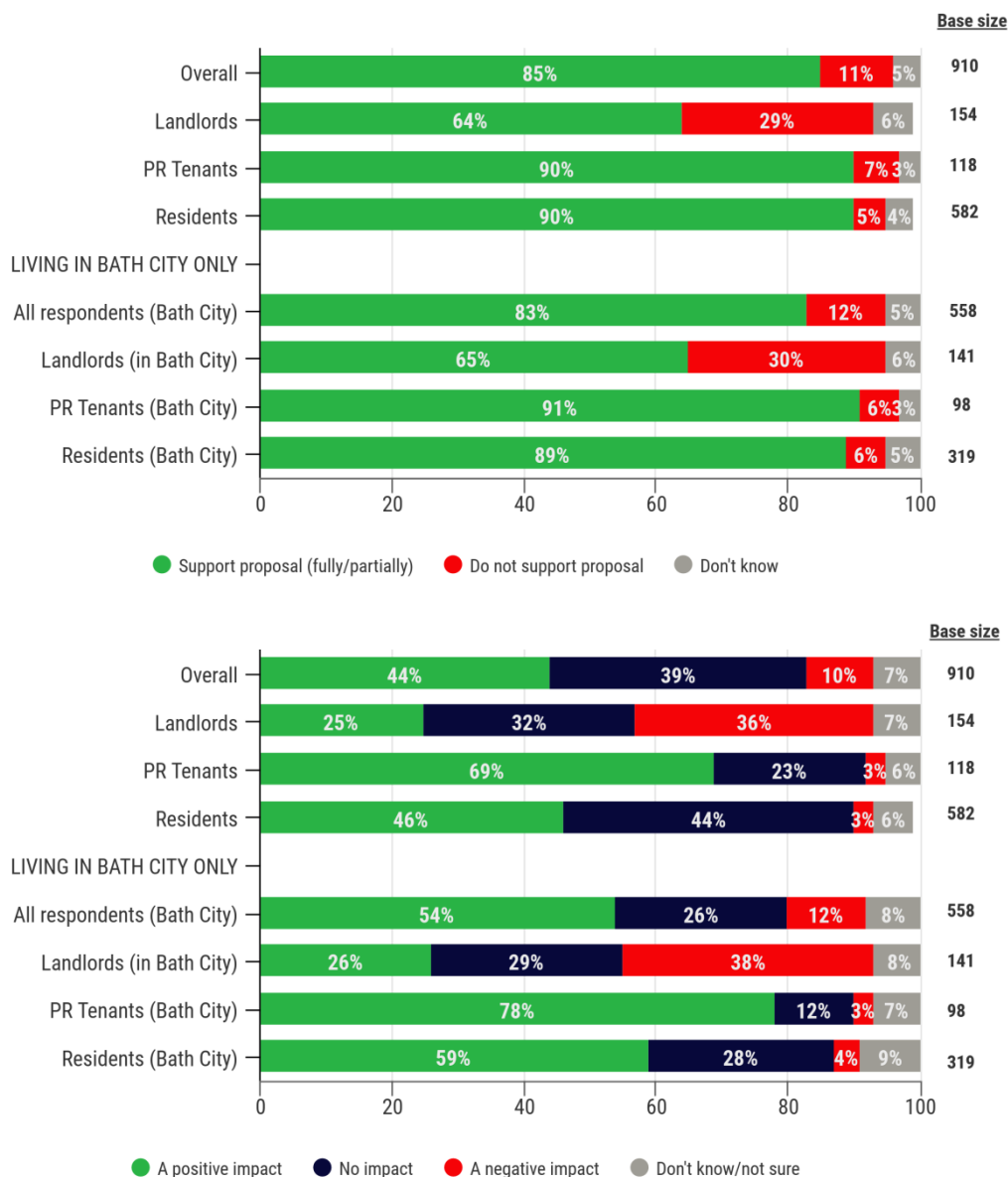
This summary shows the headline findings from a consultation that was undertaken in Bath and North East Somerset on a proposal to introduce Additional (HMO) Licensing in Bath City.

In total, 910 respondents took part in the survey with further feedback gathered from two public meetings, stakeholder interviews and written responses. The consultation period spanned 10 weeks (16th March to 25th May 2018).

The main methods of consultation were an online survey and a door to door residents' survey with a representative sample of residents from across the local authority area, undertaken by M·E·L Research.

Proposal for Additional (HMO) Licensing in Bath City

Headline responses to Additional (HMO) licensing proposal (overall/ by respondent group)
Support for proposal and impact of proposal respectively.



4.2. Support for an Additional (HMO) Licensing scheme in Bath City

Support for an Additional (HMO) Licensing scheme is very strong, with over eight out of ten (85%) respondents in support of the Scheme and more than four out of ten (44%) feeling it will have a positive impact on them as individuals. Although impact is not as high as the levels of support for the scheme, licensing may not affect them personally.

When we look at support for Additional (HMO) Licensing by the different respondent types, we find that:

- Residents and private rented tenants across BANES are very supportive of the scheme (both groups 90% in support), with almost seven out of ten private rented tenants (69%) and 44% of residents feeling it will have a positive impact on them. The differences are likely to be that residents may not see a positive impact to them personally because of licensing, whereas it is much more likely to have a direct impact on tenants.
- Residents and tenants who live in Bath City are more positive about the impact that licensing will have on them than results across the whole of BANES, with 78% of private rented tenants and 59% of residents feeling it will be positive.
- Landlords are less in favour of licensing; almost two thirds (64%) are still in support, whilst around three out of ten (29%) say they do not support it. Over a third of landlords (36%) say it will have a negative impact on them. In contrast, a third (32%) say that it will have no impact on them and a quarter (25%) feel it will have a positive impact. This could be because they may not be within the Bath City area or because they feel they already comply with the licence conditions.

Around six out of ten (63%) believe the **licence fee is reasonable**, whilst just under three out of ten (29%) feel the licence fee is unreasonable.

- Private rented tenants and residents are again most positive about the licence fee, with 75% and 71% respectively saying it is reasonable.
- Landlords are significantly more negative, with around six out of ten (61%) saying it is *unreasonable*.

Eight out of ten respondents (80%) agree that the **licensing conditions are reasonable**, and that they will help improve the standard of HMO properties in Bath City.

- Both residents and PRS tenants are supportive of the conditions (86% each feel they are reasonable).
- Landlords aren't as positive, though around six out of ten (61%) do agree the conditions are reasonable, whilst 29% do not agree.

4.3 Dealing with HMOs on a reactive basis (keep things as they are)

The consultation gave respondents the opportunity to say whether they prefer that the Council deal with HMOs on a reactive basis (i.e. when issues are reported).

Over six out of ten (63%) do not support the Council taking a reactive approach, whilst only a quarter (26%) are in support.

- Landlords are more supportive of dealing with HMOs on a reactive basis (54% in support) than residents (15% in support and 75% against) and private rented tenants (55% against).

Over half of all respondents (55%) feel that the Council taking a reactive approach will have no impact on them as individuals, whilst a quarter (25%) feels it will have a negative impact on them.

- Landlords are more positive than others, with 21% saying it will have a positive impact on them, although 57% feel it will have no impact.
- Private rented tenants are slightly more negative, with a third (31%) saying it will have a negative impact on them. However, 45% feel it will have no impact.

4.4. Feedback from the public meetings

Attendance was mainly by landlords and agents. Although most do not support licensing, there is some agreement that something is needed and that licensing does help to improve standards. A number of landlords were concerned about the increase in fees from the previous scheme and questioned why this would be the case (economies of scale used as the reason). Some questioned the conditions putting the onus on landlords to deal with rubbish/litter issues, they felt it was unfair and unjustified as tenants are the ones that live in the properties.

Some queried the evidence used for the business case – some of the figures in the background document need further clarification and some more detail on what the existing scheme has achieved. Others felt that rogue landlords won't be found through the scheme itself, and that licensing is another penalty on landlords that they are being forced to suffer, firstly by national policy and now at a local level.

Some wanted some further information on how the scheme costs have been calculated in terms of the resources needed, such as the number of staff needed for inspections/licensing and whether it will be feasible to have them in place by January 2019.

4.5. Stakeholder views

Other stakeholders, such as landlords, agents, third sector organisations and Avon and Somerset Fire and Rescue, are generally supportive of something being done to create a level playing field for HMO properties in Bath, with the majority in support of the Council's proposal. The majority feel that Bath City and HMOs are the correct focus for a scheme, although some query why other housing in the private rented sector is not also being targeted. Others think that the Council should really focus their efforts on finding bad properties and landlords rather than waste time on licensing. Landlords and agents generally feel that the licence fee should be lower or there should be much greater incentives for those who comply, whilst those that don't comply and need more inspections/support from the Council should have to pay more. However, one agent feels that there are lots of landlords who simply are ignorant about what they need to do as landlords, never mind understand licensing and whether they need a licence or not.

Most stakeholders feel that fees will be passed onto tenants, but the impact of these will be minimal on most renters, other than those on the Local Housing Allowance, who will be affected most with rising rental incomes across the market more generally as a result of standards being raised. There is concern amongst many landlords about the licence conditions including things like rubbish and litter which are significant problems for HMOs but where landlords have very little influence over. Some suggest that the Council needs to make tenants, not landlords, more accountable for these issues and things like gardens, whilst there should be more support for HMOs around waste disposal in general, such as more frequent collections or more communal bins for areas where there are large numbers of HMOs.

4.6. Changes following consultation

The key findings of the consultation are summarised below with scheme changes taken in response. The main themes of comments resulting from the consultation are also summarised in the Table 2.

- Fee reduction where less work required by the Council – the fee for mandatory licence renewals, or additional licence applicants who have held a licence for the property which is subject to the application under the 2014 – 2018 Additional HMO Licensing Scheme, will be significantly reduced. The fees are outlined in the Housing Services Charging Policy 2018;
- Further support for landlords in dealing with the requirements of licencing. Further support will be explored including:
 - Limited use parking permits
 - Initiatives to support garden maintenance
 - Limited use of the Council's waste and recycling site at resident rate
- Regular updates on legal requirement – quarterly updates will be provided to all HMO Licence Holders.
- Improved guidance on the Council website – the content will be reviewed and updated.
- A single point of contact for applicants available – The inspecting officer will be the default point of contact for officers.
- Increased requirements in relation to waste and recycling storage – the licensing condition has been modified to incorporate improve the appearance of waste and recycling storage.
- Greater responsibility for tenants to manage areas in their control more effectively - Undertaking of good practice to be signed and supplied to all tenants.
- More enforcement of licensing conditions - Increased compliance monitoring by Housing Services enforcement officers

Table 2: Comments and response to a public consultation on a proposal for Additional HMO Licensing for Bath City

	Comment	Response	Action
1	Overall support for the scheme	Support for the proposal encouraging	Recommend the proposal for a Bath City Additional Licensing Scheme with modifications
2	Reduced housing availability and increased homelessness	There are a number of factors which influence these in particular the increase in the number of HMOs.	No changes in proposal. Council has made planning policy changes to help control HMO density.
3	Increased rents	The evidence for this is not clear as the increase in rents tends to mirror the price of houses	No changes as direct result of this comment
4	The scheme is money making for the Council	Legislation requires that all fee income is used to fund the administration of the scheme	No changes in the proposal as a result of this comment
5	Overall support for the scheme design. Also support for licensing all rented homes.	Support for design encouraging. Legislation does not currently support licensing of all rented homes	Recommend proposed design with modifications
6	The cost of the licence should vary according to the work required by the Council.	The principle of this is accepted and has been incorporated in a practical and simple way	Significant fee reduction for licence renewals
7	Tenant responsibility for keeping waste and gardens tidy should be recognised	Responsibility of tenants under the HMO Management Regulations is acknowledged	Undertaking of good practice to be signed by all tenants and given a copy
8	The minimum room size of 6.51m ² floor area unrealistic	This is a new statutory requirement. The Council are unable to use discretion here	Additional guidance will be provided on the measurement of bedrooms and allowable space.
9	Rubbish and litter are a big issue in some areas	Good management and licensing conditions are intended to minimise problems with waste, recycling and overgrown gardens	Increase monitoring and enforcement visits will take place in areas containing a high density of licensed HMOs

10	Insufficient information on scheme costs and business case	A breakdown of costs income is provided in the consultation document.	No changes in the proposal as a result of this consultation
11	Further support for should be provided in order to support landlords comply with licensing requirements	The role of the scheme to include support for landlords to comply is accepted and will continue. Additional support will be considered	Updated web based guidance and an online application form has been introduced. Further support initiatives will be explored.
12	Evaluation of existing scheme not clear on whether 31% of hazards identified were minor or major failings	The 31% of HMOs found to have HHSRS hazards on pre licensing inspection is a major failing as they do not meet the minimum statutory standard	No changes in the proposal as a result of this comment
13	Proposal should include targets for what the Council aim to achieve	The proposal includes a section on the objectives of the scheme	No changes in the proposal as a result of this comment
14	There are insufficient waste containers supplied by the Council	Waste service will discuss requirements for containers with HMO landlords	Provide additional guidance on Waste Services in relation to waste and recycling containers for HMOs
15	Council should help landlords deal with ASB	We will work with Student Community Partnership and other departments	Protocol with Student Community Partnership will be developed
16	Some fire safety and carbon monoxide (CO) requirements not needed	Fire safety requirements are agreed with AFB, CO requirements relate to rooms with combustion appliance	No changes in the proposal as a result of this comment
17	How will the Council find rogue landlords?	Our address level database identified potential HMOs using a range of information sources	Following the initial stages of implementation suspected unlicensed HMOs will be investigated.
18	Enforcement is sometimes inconsistent	Consistency procedures are in place but there is always room for improvement	Procedures will be reviewed and modified to improve consistency

5. Evaluation of options

The Proposed Additional HMO Licensing Scheme for Bath City

5.1. An Additional HMO Licensing scheme for Bath City as recommended in the public consultation.

How licensing fits with Bath and North East Somerset Council's strategies

The Additional (HMO) Licensing proposal is consistent with the Council's overall housing strategy, including:

- The Council's Economic Strategy (2014-2030) states that it is B&NES's aim that the "local housing market is balanced and integrates a choice of high quality homes including affordable homes in thriving vibrant, sustainable communities" and that B&NES will "enforce minimum standards in rented housing and offer guidance". The enforcement of minimum standards is particularly important now that the private rented sector makes up 27% of the housing stock (21,000 properties) and that recent stock modelling indicates that 21% of the HMO stock falls below the minimum statutory housing standard.
- The Council's Homelessness Strategy (2014-2018) in which includes a priority to "Protect housing standards and conditions in low cost private rented housing". HMOs offer the most affordable housing option for a significant proportion of B&NES residents. Licensing will make it possible for all HMOs to be inspected and brought up to the required standard if necessary.

Co-ordination with other broader functions

The additional licensing proposal will co-ordinate with, and support, a range of broader corporate functions, including:

- Housing options advice and homelessness prevention. Welfare reform means that multiple occupancy accommodation is likely to become the realistic housing option for more people, particularly those on lower incomes. Additional (HMO) licensing will help to ensure minimum standards of safety and management are achieved in this type of accommodation allowing this resource to be used more effectively.
- The Council's Homelessness strategy includes an action to increase the number of people living in private rented accommodation that meets the Decent Home Standard. Licensing will assist with this approach by ensuring all HMOs with shared facilities in the designated area are inspected and brought up to the minimum statutory standard where required.
- Knowledge of HMOs addresses and contact details of landlords/HMO managers will help Waste Services to reinforce the information and key messages provided to tenants and landlords for waste collection arrangements, times and reporting problems. The licence condition on arrangements for recycling and rubbish assists with waste and recycling initiatives and to improve the appearance of streets containing HMOs.
- Knowledge of HMOs addresses and contact details of landlords/HMO managers allows the Council to more effectively deal with incidents of nuisance including noise, overgrown gardens and pests. This work will be assisted by the licencing conditions and information held on the public register of licence holders.
- An accurate knowledge of HMOs addresses supports and informs HMO Planning decisions, which are based, at least in part, on the concentration of HMOs within the locality.

- The availability of HMO licence holder details supports transparency and community engagement allowing those responsible for the management of an HMO to be contacted by a member of the public if problems occur.

Making the designation will significantly assist in dealing with the problem

The designating the City of Bath as an Additional HMO Licensing Area will significantly assist in dealing with the problems of poor condition and management in a significant proportion of HMOs because:

- It will identify the location of HMOs and the name and contact details of landlords responsible for them.
- Inspections of all licensed HMOs will ensure that the standards of accommodation provide a safe and healthy environment (such as having adequate fire, gas and electrical safety, suitable room sizes and adequate kitchens/ bathrooms for the number of tenants)
- Conditions attached to HMO licenses will help to ensure that properties are managed properly, including waste, recycling, and overgrown gardens.
- It will ensure that the licence holder and property manager are suitable.

Alternatives to licensing

The Council has considered whether there are any courses of action, other than Licensing, to deal with the problems associated with some HMOs and that might achieve the same objectives in the proposed area.

The following alternative options have also been considered including following comments made as part of the public consultation.

5.2 Targeted proactive enforcement

This option would require information on the location and condition of all HMOs to enable targeting to take place on the scale needed for an effective improvement scheme. The Housing Stock Modelling carried out by the BRE provides an indication of the location of HMO addresses but not with the required accuracy or quality to priorities enforcement work. A Council funded pro-active enforcement programme to inspect all HMOs is not viable in the current financial climate.

5.3 Reactive house condition inspections and enforcement

Reactive enforcement is a course of action that will continue and will run alongside additional licensing as it already does with mandatory HMO licensing. However, enforcement only addresses individual properties one at a time and is reliant on tenants and other parties making a formal complaint to the Council. Tenants who are concerned about the loss of their tenancy due to retaliatory eviction may not come forward despite the new protections that exist. They may also lack awareness and knowledge on how and when to seek help.

Responses to the public consultation show over six out of ten (63%) do not support the Council taking a reactive approach, whilst only a quarter (26%) are in support. Landlords are more supportive of dealing with HMOs on a reactive basis (54% in support) than residents (15% in support and 75% against) and private rented tenants (55% against).

5.4 Voluntary initiatives

In the past, the Council have operated a voluntary property accreditation scheme. It was successful in improving a significant number of properties; however, being voluntary it only attracted those landlords keen to ensure they met legal safety and management standards. It did not find and engage with landlords of the potentially poor quality properties and who were not concerned about meeting current safety and management standards or unwilling to become known to the Council. As such experience shows that Accreditation will only attract the good landlords wishing to engage voluntarily and so will not improve the sector as a whole.

To assist those landlords who want to provide safe and good quality properties, B&NES in conjunction with its West of England Partners, operates a Rental Standard which endorses providers of accreditation schemes who require their members to meet certain standards. The voluntary scheme aims to recognise good practice and improve standards in the private rented sector by engaging with landlord and agent associations and representative bodies. By endorsing the professional organisations that already accredit landlords and are well respected the West of England Rental Standard is expected to be effective in promoting good practice across the private rented sector.

5.5 Mandatory HMO licensing only

Mandatory licensing only covers the larger HMOs with shared facilities (3 or more storeys with 5 or more people). It does not cover the majority of HMOs most of whom house less than 5 people or are only 2 storeys high and which can still pose risks to tenants. The scope of mandatory HMO licensing will change on the 1st of October 2018 to include HMOs with 5 or more occupants, regardless of storeys. However, this will not include those HMOs with 3 or 4 occupants.

5.6 Additional licensing designations to cover smaller or larger areas

The evidence currently points towards Bath City as benefiting most from an Additional HMO Licensing scheme. Other options where the evidence supports HMO Licensing include a further scheme covering the existing Additional Licensing area of Westmoreland, Oldfield and Part of Widcombe and a scheme covering the existing Additional Licensing area plus the surrounding wards of Twerton, Newbridge and Kingsmead.

The designation of a further scheme in the existing additional HMO licensing area was questioned in at least one of the consultation responses on the basis that the property standard and management should now be adequate. This is a reasonable challenge; however, compliance and complaint inspections have shown that management of a proportion of properties deteriorate over time unless regular checks are made. Further the sale and resale of HMOs in this area is high resulting in new landlords who may change the layout, facilities or the management of properties in a way which does not comply with the law.

5.7 Local authority partnerships and discounts

To assist those landlords who want to provide safe and good quality properties, B&NES in conjunction with its West of England Partners, operates a Rental Standard which endorses providers of accreditation schemes who require their members to meet certain standards. The voluntary scheme aims to recognise good practice and improve standards in the private rented sector by engaging with landlord and agent associations and representative bodies. The purpose of the Rental Standard is to help those landlords who want to follow good practice in managing their properties. However, the Rental Standard is not intended to ensure compliance with legal standards and the features of individual accreditation schemes vary. There would remain a need for properties with no link to a scheme to be identified and inspected by the Council which is problematic and not viable given the costs which would be incurred.

One of the consultation responses suggested significant discounts for landlords who became members of an approved accreditation scheme on the basis that properties they manage would not require the same level of attention as others. However, in practice this may not be the case and without an inspection the level of compliance with legal standards of safety and management would remain unknown presenting an unacceptable risk to the tenants and the local community.

5.8 Selective licensing

Subject to satisfactory evidence of meeting the legal criteria, selective licensing for all privately rented accommodation within a defined area by the Council could be a possibility. This option has not been explored in detail to date given the focus on HMOs.

5.9 Management Orders

The use of Interim Management Orders (IMO) can be used for individual HMOs to take the management away from the landlord for up to 12 months. This option was raised in a consultation response, however, IMOs are not an area based approach and can only be used on individual properties as a reactive response to protecting health, safety and welfare.

5.10 Support for landlords, tenants and residents

B&NES Council Housing Standards and Improvement Team provide help and support to landlords and tenants on meeting legal requirements for the safety and management of residential property through website resources, over the phone, in person and during site visits. The Housing Options and Homelessness Team provide advice on harassment, eviction and legal matters as well as prevention of homelessness and facilitating and supporting private tenancies through the Homefinders scheme. This support is provided alongside all of the above options.

6. Scheme design

6.1 Scope of the scheme

The scheme would include all Houses in Multiple Occupation (HMOs) in the designated area of Bath City that are not already subject to mandatory licensing (or exempted by the relevant sections of the Housing Act 2004), subject to the exception below:

Exceptions:

- Buildings converted entirely into self-contained flats (s257 HMOs), although the individual flats maybe licensable in their own right;
- Purpose built student accommodation where the organisation which manages the building is subject to a national approved code of practice and the building in question is subject to that code.

A map showing the extent of the Additional (HMO) Licensing scheme for Houses in Multiple Occupation (HMOs) across the whole of Bath City is shown in the Annex - Scheme design of the proposed additional HMO licensing scheme for Houses in Multiple Occupation (HMOs) in Bath City.

The B&NES wards included in the designation are:

Abbey, Bathwick, Combe Down, Kingsmead, Lambridge, Lansdown, Lyncombe, Newbridge, Oddown, Oldfield, Southdown, Twerton, Walcot, Westmoreland, Weston, Widcombe.

Licensable HMOs that would be included in the scheme would have 3 or more occupiers from 2 or more households where there is sharing of a basic amenity such as a bathroom, WC or kitchen, regardless of the number of stories.

Licences are non-transferrable; therefore a change in ownership or control of an HMO will require a new application and fee payment.

6.2 Duration of the scheme

The scheme would run for a period of 5 years, commencing 1st January 2019, during which the Council would undertake a review of the scheme. At the end of the 5 years the scheme ceases to exist unless the Council designate a further scheme following and appraisal of the evidence of need and public consultation exercise.

6.3 Objectives of the scheme

The objectives of the scheme are to achieve:

- minimum standards of safety and welfare or better for HMO residents;
- effective and appropriate management of HMOs;
- a reduction of the impact of poorly managed HMOs on local communities;
- the provision of support for landlords and agents to meet their objectives;
- high levels of compliance with licence conditions; and
- effective enforcement of the scheme.

The Council is committed to ensuring that the Additional (HMO) Licensing scheme contributes to improvements in housing conditions across the private rented sector

6.4 Annual review

The aspects of the scheme will be reviewed annually for the purpose of optimising the benefits of HMO licencing.

6.5 Property inspections

The Council intends to inspect all licensable properties over the period of the licence. All newly licensable HMOs will receive an inspection before the issue of a licence.

Properties which are currently licensed under the existing Additional (HMO) Licensing scheme will need to apply for a new licence, but will not be inspected before the licence is granted.

The Council will provide advice and support to landlords to help to bring property condition and management up to the required standards to meet legal requirements.

All licensable HMOs will be inspected at least once during the 5 year licensing period and further risk based compliance inspections will take place as required.

6.6 Licence conditions

Additional (HMO) Licensing operates in the same way as mandatory (HMO) licensing and has the same legal status and penalties for non-compliance. Landlords will need to abide by a set of conditions as part of their licence which are given below. The conditions include the requirement to comply with the HMO licensing standards. These are updated periodically and the licence will specify any property improvements required to comply with the current standards. The following changes have been made to the scheme conditions following consultation and as a result of developments in legislation and sector good practice:

- Carbon monoxide detectors in all rooms with a combustion appliance
- Energy performance to be rated E or above in line with legal requirements

- The latest version of the HMO Licensing Standards has been updated and amongst other changes includes the new statutory minimum space standard of 6.51m² for a single room with a minimum height of 1.5m.
- Rubbish and recycling containers are now required to be kept with lids fitted in a designated area within the curtilage of the property.
- A copy of the written fire risk assessment is to be provided
- The undertaking of good practice for landlords and tenants is now required to be signed by all tenants and a copy provided to them

The licence conditions and standards are provided in the annex at the end of this report.

6.7 Enforcement and monitoring

Enforcement action may be taken against landlords found to be operating an unlicensed HMO covered by the scheme or failing to comply with licence conditions. The Housing Standards and Improvement Team will carry out a programme of proactive compliance inspections of licensed HMOs. A firm approach to compliance will be taken. Enforcement action will be proportionate to the circumstances of the case and in line with the Housing Services Enforcement Policy.

6.8 Resource implications

The administration of the scheme including the application process, inspections, compliance monitoring and providing advice and support to landlords for HMO licensing will require additional Council resources. The costs of the scheme including staffing costs will be funded by HMO license application fee income.

6.9 Licence application and fees

It is the Council's intention to make the application process for landlords as streamlined as possible. Online applications and payment will be the preferred method, keeping processing costs at a minimum and therefore a discount is proposed for this method.

The applicant may pay the processing fee with the application and the balance on issue of the proposed licence, or alternatively, the full fee with the application.

The application process includes determining if the landlord or proposed licence holder is a 'fit and proper' person. This requires the declaration of any unspent convictions, unlawful discrimination and prosecutions under housing, public health, environmental health or landlord and tenant law. A new requirement will be a basic disclosure obtained from The Disclosure and Barring Service to be provided with the application. The Licensing Team will make checks into a person's 'fit and proper' status.

The following documents will also be required:

- Current gas certificate
- Current electrical certificate
- EPC
- Layout plan to show the number and arrangement of rooms and facilities

In setting licence fees, the Council will ensure that the fee income does not exceed the costs of running the scheme, including the processing of applications, monitoring compliance and enforcing the scheme.

The HMO licence application and other fees are included within the Housing Services Charging Policy.

HMO licence applications from existing licence holders for properties currently licensed under an existing scheme will be classed as renewals and receive a reduction in the application fee proportionate to the cost saving to the Council. These properties will not be inspected before the issue of the licence and instead will receive a compliance inspection early in the life of the scheme.

Refunds will be given if an application was made in error. For further information please see the HMO Licensing or Housing Services Charging Policy Section the Council's website. A summary of the fees which would apply at the start of the scheme are given in the Annex at the end of this report.

Licences are non-transferrable; therefore a change of licence holder will require a new application and fee payment. A review of fees will be undertaken annually and they may be adjusted to reflect changes in costs.

6.10 Incentives

The standard fee is discounted by £50 for an online application, electronic correspondence and with the required valid additional supporting documents attached. This reflects the time saved in processing an online form and having all the necessary information submitted with the application.

Annex: Scheme design of the proposed additional HMO licensing scheme for Houses in Multiple Occupation (HMOs) in Bath City

Contents

1. The Additional HMO Licensing Area for Bath City
2. HMO Licensing Standards
3. HMO Licensing Conditions
4. HMO Licensing Fees
5. Risk assessment

1. Map of the Additional HMO Licensing Area

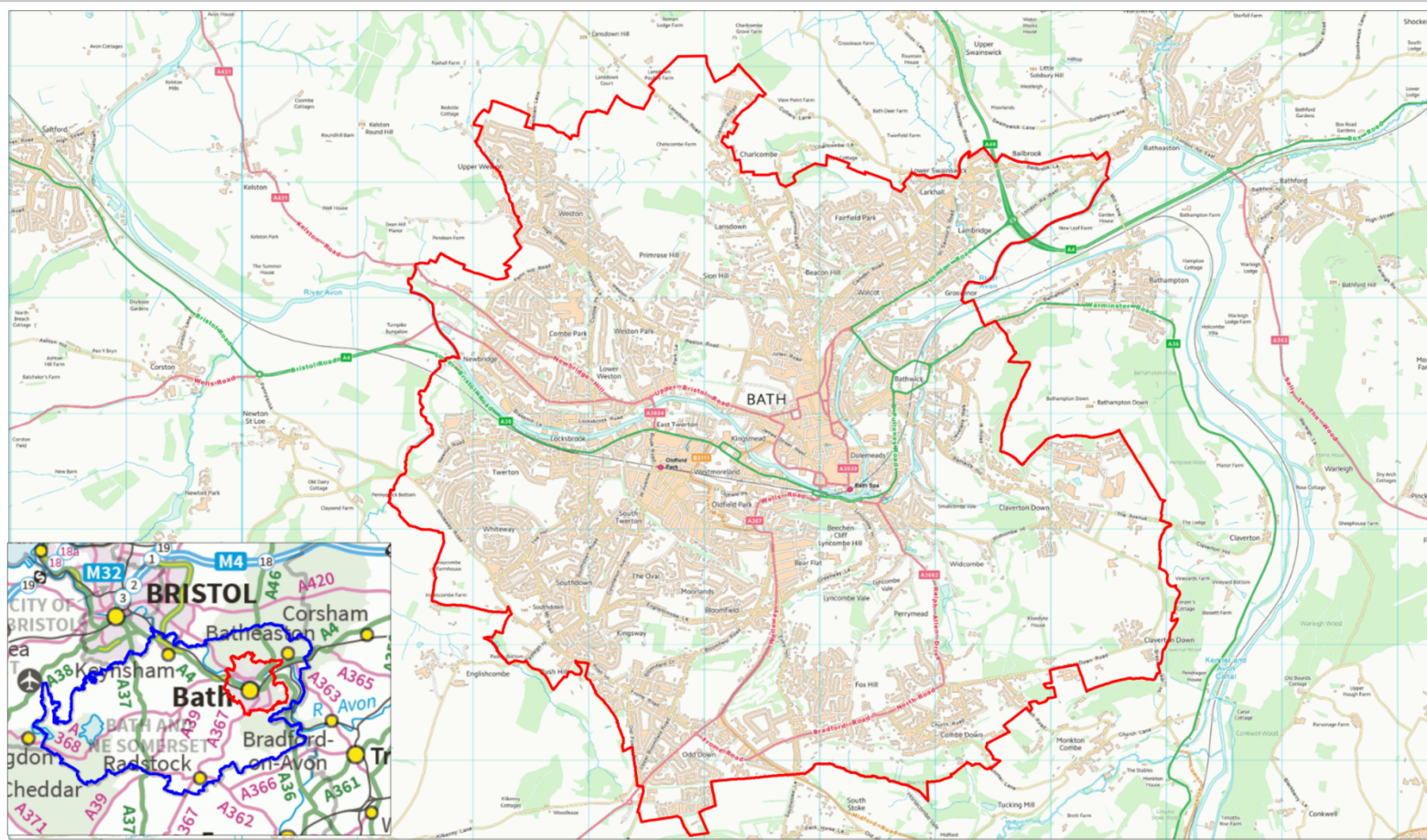
Bath Proposed HMO Additional Licencing area

Compiled by MRL on 27 February 2018

Scale 1:45000



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License number 100023334

List of all wards included in the proposed additional licensing area

1. Abbey,
2. Bathwick,
3. Combe Down,
4. Kingsmead,
5. Lambridge,
6. Lansdown,
7. Lyncombe,
8. Newbridge,
9. Oddown,
10. Oldfield,
11. Southdown,
12. Twerton,
13. Walcot,
14. Westmoreland,
15. Weston,
16. Widcombe.

2. Proposed licensing standards

The Bath and North East Somerset Council standards for licensed Houses in Multiple Occupation (HMOs) under Part 2 of the Housing Act 2004 (8th August 2018)

Contents:

1. Amenity standards for HMOs or parts of HMOs either occupied by a socially interactive group (shared houses or shared flats normally subject to a joint tenancy) or by individual households living independently who either share facilities (bedsits) or have exclusive use of facilities (self-contained flats).
2. Room size standards for properties occupied as above and including specific standards for HMOs where some board is provided, these properties are referred to as 'hostels'.

Notes:

3. The amenity standards include those prescribed by The Licensing and Management of Houses in Multiple Occupation and Other (Miscellaneous Provisions) (England) Regulations 2006 and The Licensing and Management of Houses in Multiple Occupation (Additional Provisions) (England) Regulations 2007.
4. The additional amenity standards indicate how the B&NES Council working with WoE local authorities will regard how the 'Tests as to suitability for multiple occupation' can be met under Section 65 Housing Act 2004.
5. The room size standards indicate how the Bath and North East Somerset Council working with WoE local authorities will decide on the maximum occupation of the property under Section 64 Housing Act 2004; this is known as the 'permitted number'.
6. The above standards need not necessarily be met on the date a licence becomes operative. Where the standards are not met the licence will be issued with conditions requiring compliance with the standards within a required time period.
7. The standards do not apply to non-licensable HMOs but can be used as a guide.
8. All licensed HMOs will be subject to an assessment using the Housing Health and Safety Rating System (HHSRS) under Part 1 Housing Act 2004 and the applicable HMO management regulations. As a result, it is possible that there will be additional requirements to be met.

Application:

9. Where reasonably practicable all HMO licensing standards must be complied with. However, every case must be considered on its own merits as the Council cannot apply a blanket set of standards for all HMOs in its district. The Council should take account of the individual circumstances of the HMO in question, particularly in respect of those standards that are not prescribed by legislation.
10. It is recommended that the Council is consulted prior to undertaking works.

**HMO Licensing Standards
for facilities provided for shared and exclusive use**

Personal washing and toilet facilities

Location, size and condition	General	<p>All facilities should be located in rooms of an adequate size and layout within 2 floors of any bedroom and accessible from communal areas unless provided as en-suite facilities for the exclusive use of that occupant. Facilities should be inside the building.</p> <p>All baths or showers, toilets and wash hand basins should be of an adequate size and be provided with an adequate water supply, necessary fittings, drainage and be in a satisfactory condition to enable thorough cleaning. Constant hot water at a suitable temperature to be provided to baths / showers and wash basins. Baths or showers and wash hand basins should be properly sealed into wall surfaces and have 300mm of tiled splashback (or equivalent). Bathrooms and toilet compartments should be of an adequate size and layout.</p>
Wash hand basins	Shared use	<p>To be provided either within each individual unit of accommodation or within each shared bathroom and compartment containing a toilet (see table below).</p> <p>Within each room and compartment containing a toilet.</p>
	Exclusive use	<p>Within each room and compartment containing a toilet.</p>
Baths or showers and toilets	Shared use	<p>Where there are four or fewer occupiers sharing there must be at least one fixed bath or shower and a toilet (which may be situated in the bathroom). Where there are five or more occupiers sharing there must be at least a fixed bath or shower for every 5 occupants (or part of) and where reasonably practicable at least one toilet separate to the bathroom for every 5 occupants (or part of). A further complete bathroom would be acceptable in place of a separate toilet. See table below as to how this standard can be met.</p>
	Exclusive use	<p>A fixed bath or shower and a toilet.</p>
Ventilation	General	<p>Bathrooms to have mechanical ventilation to the outside air at a minimum extraction rate of 15 litres/second in addition to any window(s).</p> <p>Each toilet in a separate compartment is required to have a window equivalent to 1/20th of the floor area or mechanical ventilation to the outside air at a minimum extraction rate of 6 litres/second.</p> <p>Ventilation should not be obstructed externally.</p>
Heating	General	<p>A fixed heating appliance in each bath or shower room sufficient to minimise condensation and provide thermal comfort.</p>

Kitchens

Location, size and condition	General	<p>If kitchens do not have a suitable dining area this facility must be provided within one floor distant (this may be a living room, bedsit or bedroom of suitable size - see standards for room sizes).</p> <p>If hostels provide all main meals the kitchen facilities below are to be provided for every</p>
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		<p>10 occupants and the cooker can be replaced with a microwave. If hostels have a commercial kitchen where access is not available at all times a separate kitchen must be provided to the standards below.</p> <p>Kitchens must have a safe and efficient layout and be of a suitable size - see standards for room sizes.</p> <p>All facilities and equipment must be fit for purpose.</p>
Sinks	Shared use	A sink with constant hot and cold water, a draining board and tiled splash back to be provided for up to 5 occupants (a dishwasher will be acceptable as a second sink) or within an individual unit of accommodation. For 6 occupants a 1 ½ bowl sink will be acceptable.
	Exclusive use	A sink with constant hot and cold water, tiled splash back and a draining board.
Cookers	Shared use	<p>A cooker with a 4 ring hob, oven and a grill for every 5 occupants or part of.</p> <p>For occupancies of between 6-9 persons, a 27litre microwave with oven and grill will be acceptable as a second cooker.</p> <p>Alternatively, these provisions could be provided within an individual unit of accommodation.</p>
	Exclusive use	<p>A cooker with a 4 ring hob, oven and grill.</p> <p>A cooker with a 4 ring hob, oven and grill or a 2 ring hob, oven and grill together (positioned so that hobs are at worktop level) with a microwave will be acceptable in accommodation occupied by a single person.</p>
Electrical Sockets	General	Four suitably positioned (e.g. work top height) electric sockets are required plus one per major appliance (i.e. a cooker microwave, refrigerator/freezer, washing machine etc.).
Worktop	Shared use	Fixed worktop(s) with a smooth impervious surface for food preparation, minimum size 500mm x 1000mm for up to 5 occupants or within an individual unit of accommodation.
	Exclusive use	Fixed worktop(s) with a smooth impervious surface for food preparation, minimum size 500mm x 1000mm.
Storage	Shared use	A 0.3m ³ dry goods storage cupboard other than a sink base unit per occupier either in each occupant's room or in a shared kitchen.
	Exclusive use	A 0.6m ³ dry goods storage cupboard other than a sink base unit.

Refrigerators	Shared use	Two worktop height refrigerators with freezer compartments or 1 worktop height fridge and 1 worktop height freezer per 5 occupiers. Alternatively, provide a worktop height refrigerator with a freezer compartment within each individual unit of accommodation. Where room sizes permit, additional provision for refrigerators can be considered in individual rooms.
	Exclusive use	A worktop height refrigerator with a freezer compartment.
Refuse	General	Suitable and sufficient provision for household recycling and rubbish disposal both within the unit of accommodation and outside.
Ventilation	Shared use	Mechanical ventilation to the outside air at a minimum extraction rate of 60 litres/second or 30 litres/second if the fan is sited within 300mm of the centre of the hob. This is in addition to any windows.

Fire precautions (shared houses and bedsit accommodation)

Provide fire precaution facilities and equipment to reduce fire risk and to ensure the safety of people in the premises as far as is practicable in accordance with the LACoRS (Local Authorities Coordinators of Regulatory Services) publication "Housing - Fire Safety: Guidance on fire safety provisions for certain types of existing housing." This includes the ability of occupants to escape from a fire avoiding any risk rooms such as kitchens or living areas.

The following fire precautions must be provided:

Fire detection (shared accommodation - not bedsits)	A Category LD3 Grade D fire detection system conforming to BS5839: Part 6. The system will normally include interlinked smoke detection in the circulation areas at each floor level, heat detection in kitchens, smoke detection in living room and any cellar. Grade D detectors will have integral battery back-up. A sound level of 75dBA should be reached at bedheads. For 5 and 6 storey properties a Category LD2 Grade A system will be required with detectors in all risk rooms.
Fire detection (bedsit accommodation)	A Category LD2 Grade A or D fire detection system conforming to BS5839: Part 6 (a Grade A system will be required for properties with 3 or more storey properties). The system will normally include interlinked smoke detection in the circulation areas at each floor level, heat detection in kitchens and bedsits with cooking facilities, smoke detection in bedsits without cooking facilities, shared lounges and any cellar. An additional Grade D non-interlinked smoke detector with integral battery back-up will be required in bedsits with cooking facilities. A sound level of 75dBA should be reached at bedheads.
Fire detection (self-contained flat in a converted house/block)	In addition to the fire detection required above, provide a heat detector in the room/lobby opening onto the escape route linked to the fire detection system in the common parts.
Emergency lighting	An emergency lighting system to BS5266. Only required if: <ul style="list-style-type: none"> the building has 5 or more storeys, or the escape route is long / complex or,

		<ul style="list-style-type: none"> other risk factors are present.
Fire blanket		A fire blanket conforming to BS EN 1869 in each room containing a kitchen.
Fire doors		<p>All bedroom doors and doors onto hallways, circulation spaces and the means of escape in case of fire should be sound, well-constructed and close fitting.</p> <p>A fire door conforming to BS 476-22 is to be provided to each shared kitchen or bedsit containing a kitchen. Alternatively, for up to 2 storey HMOs occupied by 3-4 occupants, other than bedsit accommodation, a sound, well-constructed close fitting conventional door is acceptable. NB this does not include a hollow infill-type door ('egg box').</p>
Security locks		All locks on doors onto the means of escape and final exit doors to be capable of being opened/unlocked from the inside without the use of a key.
Fire precautions (hostels)		
Requirements determined jointly with Avon Fire and Rescue Service on application.		
Fire precautions (buildings converted entirely into self-contained flats)		
Follow LACoRS publication "Housing - Fire Safety. Guidance on fire safety provisions for certain types of existing housing."		
High Risk Properties		
Additional fire precautions may be required in addition to those required in LACORS. Higher risk properties include: - bedsits, hostels, properties occupied by vulnerable tenants (alcohol/mobility or drug dependency), high occupancy level, properties with long or complex layouts or inner room arrangements and those where there is very poor confidence in management.		
Alternative fire safety works		
Alternatively, provide a fire risk assessment specifying alternative works in accordance with the LACoRS (Local Authorities Coordinators of Regulatory Services) publication "Housing - Fire Safety. Guidance on fire safety provisions for certain types of existing housing."		
Heating		
Fixed heating	General	A fixed and efficient heating appliance(s) capable of maintaining a temperature of 21°C with an outside temp of -1°C in each unit of living accommodation (electrical appliances must have a dedicated socket). Heating should be available at all times and be under the control of the occupier.
Access		
All facilities are to be available at all times and should be internally accessed from all bedrooms and bedsitting rooms.		
Definitions		
Shared use		Where one or more basic amenities (personal washing, toilet or kitchen) are shared by two or more households.
Exclusive use		Where a basic amenity is provided for the use of a single household.
Bedsit accommodation		Accommodation occupied by person(s) living independently of others in the HMO, cooking facilities may be in the room or shared.

Single household	Person(s) of the same family group, this includes an individual living on their own. An individual living in a group (e.g. in a shared house) is also regarded as a single household.
Family/household	Includes husband, wife, partner, child, stepchild, step parent, grandchild, grandparent, brother, sister, half-brother, half-sister, aunt, uncle, niece, cousin, foster child.
Unit of living accommodation	Part of the HMO occupied by a single household, this includes bedrooms in shared houses or flats, bedsitting rooms, self-contained flats (all basic amenities provided for exclusive use of that household).
Hostel	Where board is provided as part of the occupation and it constitutes a person's only or main place of residence. Hostel includes bed and breakfast and hotel accommodation used by persons as their only and main residence which is a house in multiple occupation.

Table to explain how the standards for baths/showers and toilets can be met

No. of persons sharing	Total no. of baths/showers and toilets* required	No. of toilets* that need to be separate	Or, no. of complete bathrooms accepted (bath/shwr toilet and whb)
1	1	0	-
2	1	0	-
3	1	0	-
4	1	0	-
5	1	1**	2
6	2	1**	3
7	2	1**	3
8	2	1	3
9	2	1	3
10	2	1	3
11	3	1	4
12	3	1	4
13	3	1	4
14	3	1	4
15	3	1	4
20	4	2	6 or (5 + 1 sep toilet)

* excluding outside toilets, a wash hand basin (whb) is to be provided within each room or compartment containing a toilet.

**only if reasonably practicable to provide i.e. there must be a suitable room (includes creating an en suite facility within a suitably sized bedroom) or space to install a toilet (with whb) from which a connection can be made into the foul drainage system without the need for a pumped system; alternatively, a bathroom could be partitioned off without the need to make an opening in a structural wall, the resultant layout should leave reasonable space for changing, drying etc.

Licensable HMO minimum room sizes

(NB sizes relate to areas with a minimum ceiling 1.5m)

Accommodation with facilities shared by occupiers

These standards apply where there is sharing of some or all facilities i.e. HMOs where:

- occupiers live independently of others e.g. single room lettings or bedsit accommodation (kitchen facilities within own room);
- occupiers forming a group e.g. students, professional persons and others who interact socially.

Where the room is for the sole use of occupier(s)	Number of persons	
	1	2
Kitchen	4m ²	5m ²
Bedroom	6.51m ²	10.22m ²
Combined kitchen and living room	11m ²	15m ²
Combined bedroom and living room*	9m ²	14m ²
Combined bedroom, living room & kitchen	13m ²	19m ²

Where the room is shared by occupiers	Number of persons				
	1-3	4	5	6	7-10
Kitchen	5m ²	6m ²	7m ²	9m ²	11m ²
Total communal living space**	13.5m ²	17m ²	18m ²	20m ²	27.5m ²

* independent living only

** occupiers forming a group (includes kitchens, dining rooms and living rooms - the kitchen must be at least the minimum size specified above)

Accommodation with facilities for the exclusive use of occupiers

These standards apply where all facilities are for the exclusive use of occupiers forming a single household i.e. an individual or family (husband, wife, partner, child, stepchild, step parent, grandchild, grandparent, brother, sister, half-brother, half-sister, aunt, uncle, niece, cousin, foster child) i.e.

- self-contained flats within HMOs.

	Number of persons				
	1	2	3	4	5
Bedroom	6.51m ²	10.22m ²			
Combined bedroom and living room	9m ²	14m ²			
Combined bedroom, living room & kitchen	13m ²	19m ²			
Kitchen	4m ²	5m ²	5m ²	6m ²	7m ²
Living Room	8m ²	11m ²	11m ²	11m ²	11m ²

Hostels

These standards apply to HMOs where board is provided as part of the occupancy.

	Number of persons				
For exclusive use of occupants	1	2			
Bedroom	6.51m ²	10.22m ²			
Combined bedroom and living room where no separate living room is provided.	9m ²	14m ²			
Family bedroom (2 adults and 1 child under 10 years old)	14.5m ² or 18.5 m ² where no separate living room is provided.				
	Number of persons				
For shared use of occupants	1-3	4	5	6	7-10
Kitchen (all main meals* not provided)	5m ²	6m ²	7m ²	9m ²	11m ²
Kitchen (all main meals provided)	5m ²	5m ²	5m ²	5m ²	7m ²
Communal living room (not required if individual bedroom and living room meet the standard above)	8.5m ²	11m ²	11m ²	11m ²	16.5m ²
	11-15	16 or more			
	21.5m ²	At discretion of Local Authority			

* three meals a day (to be provided each day of the week)

3. B&NES Council HMO Licensing Conditions 2018

Schedule 1

Mandatory conditions

1. If gas is supplied to the house, the licence holder is to produce to the Authority annually for their inspection a gas safety certificate obtained in respect of the house within the last 12 months.
2. The licence holder is required to keep electrical appliances and furniture made available in the house in a safe condition and is required to supply the Authority, on demand, with a declaration as to the safety of the appliances and furniture.
3. The licence holder is to ensure that a smoke alarm is installed on each storey of the house on which there is a room used wholly or partly as living accommodation (includes a bathroom or lavatory), and to keep such alarms in proper working order – the alarms must be checked on the day the tenancy begins if it is a new tenancy. The licence holder must supply the Authority, on demand, with a declaration as to the condition and positioning of the smoke alarms.
4. The licence holder is to ensure that a carbon monoxide alarm is installed in any room (includes a hall or landing) in the house which is used wholly or partly as living accommodation (includes a bathroom or lavatory) and contains a solid fuel burning combustion appliance; to keep any such alarm in proper working order – the alarm must be checked on the day the tenancy begins if it is a new tenancy; and to supply the Authority, on demand, with a declaration by him as to the condition and positioning of any such alarms.
5. The licence holder to supply to the occupiers of the house a written statement of the terms on which they occupy it.
6. Bedrooms must be a minimum of 6.51 m² under a minimum ceiling height of 1.5m for single rooms and a minimum of 10.22 m² under a minimum ceiling height of 1.5m for double rooms.
7. Sufficient containers, with lids must be provided for household rubbish and recycling within the unit of accommodation and outside. The containers outside must be kept in a designated appropriate area, and with lids fitted and in a tidy condition, sufficient to minimise their visual impact.

Schedule 2

Conditions as imposed by Bath and North East Somerset Council

1. The licence holder is to produce to the Authority on request, a current Domestic Electrical Installation Condition Report on the electrical installation, indicating no defects under code 1 or 2. Any report should be less than 5 years old at the date of submission.
2. A satisfactory certificate of inspection and testing of fire alarm systems carried out at 6 month intervals for Grade A systems as required under the latest addition of BS 5839-6 fire alarm system, is to be provided to the Authority on demand.
3. Grade D systems must be tested regularly as required under the latest addition of BS 5839 – 6.
4. Details of rooms and communal areas containing a smoke detector or heat detector must be indicated in writing and provided to the Authority on demand.
5. There is to be no obligate sharing of bedrooms.
6. Occupants are to have 24hr direct access to all toilet, personal washing and cooking facilities and

equipment.

7. Where bedrooms are not internal or there is not internal access to the main house, the bedroom must have en-suite bathroom facilities including WC, wash hand basin and shower or bath. There must be 24 hours access to all kitchen, dining and communal facilities.
8. All reasonable steps must be taken to ensure any gardens and yards belonging to the licensed property are maintained in a reasonable condition and free from litter. Where the occupants are responsible for maintaining the outside space, they must be provided with suitable and sufficient tools to do this. Where tools are provided they must be allocated appropriate storage.
9. The Licence Holder and any Manager are required to monitor garden maintenance and waste and recycling storage and take the necessary steps to resolve any non-compliance.
10. The licensed property must achieve a minimum energy efficiency rating of “E” as determined by an Energy Performance Certificate (EPC). This condition will also be met if a valid exemption is registered with the appropriate authority. A copy of the latest EPC for the licensed HMO is to be provided on demand.
11. The Bath and North East Somerset Council HMO Licensing Standards* apply to all licensed HMOs. This document may be updated from time to time and any updated version will apply to a new licence. It is the responsibility of the owner and any manager to ensure that they meet the correct Standard. The latest version of the licensing standards can be found at **www.bathnes.gov.uk/hmos**
12. The following time-scales apply for works required to comply with the HMO licensing standards and conditions for works to meet them:

Condition		Maximum time scale
Fire precautionary facilities and equipment		6 months
Space heating		6 months
Personal washing and toilets facilities		6 months
Kitchen facilities		6 months
Ventilation		6 months
Space standards		12 to 18 months*
*consideration will be given to letting arrangements when increasing the timescale over 12 months		

Above time scales start from the issue date of the licence.

13. The fire risk assessment required under the Regulatory Reform (Fire Safety Order) 2005 and resulting precautions must be reviewed annually and provided to the Authority on request. They must also be reviewed whenever there are alterations to the property or its contents and at changes of tenancy to ensure the fire precautions are appropriate to the risk.
14. Provide written details of fire exit routes to occupants. Ensure that all occupants are aware of fire and fault indications of the fire alarm system, are adequately familiar with controls (e.g. resetting) and aware of measures to avoid false alarms. Occupants should be aware of what to do in the case of a fire.
15. Each bedroom must have sufficient means for ventilation that can be maintained securely while the occupants are absent to minimise occurrence of damp and mould.

16. The licence holder and/or manager must notify the local authority of any changes to contact details or management arrangements including the out of hours contact.
17. Current and correct contact details must be displayed on the Management Details Notice, in a prominent position in the licensed HMO at all times.
18. The recycling and rubbish collection information and any subsequent updates must be displayed in the property.
19. At the start of all new tenancies, all occupants must be made aware of the 'Bath and North East Somerset Undertaking of Good Practice, a copy must signed by each occupant and the licence holder and both parties should retain a copy. The signed Undertakings must be provided to the Council for inspection on request.
20. The licensed HMO must be managed in accordance with The Good Management Code of Practice. A copy of the Code is to be provided to all occupants.
21. The licence holder must provide a list of all occupants within 14 days if requested to do so by the Authority.
22. The licence holder and manager must be certain that any person becoming involved in the management of the property after the licence date would be considered fit and proper. Consequently, the licence holder or manager should be satisfied that all persons would be able to sign the declaration themselves and provide a current basic disclosure certificate.
23. Where food is provided, food handlers must have adequate food safety training.
24. The layout of the property, including any numbering of rooms must not be altered without first gaining written permission from the Council. Requests to alter the layout should be made in writing and include a full description of the proposed changes and the reason for doing so.
25. The property is to be occupied in accordance with and by no more than the number of persons and households stated on the licence. If the present occupation of the property is in excess of this maximum permitted number, the occupation of the property must be reduced within a maximum of 12 months of the date of licensing unless otherwise stated on schedule 3 of the licence.
26. Any room containing any combustion appliance including gas appliances and used as living accommodation is to have a carbon monoxide alarm installed that is in proper working order. The alarm must be checked at the start of a tenancy if it is a new tenancy and at suitable regular intervals thereafter.

Management Details Notice for: Address

This property is licensed under Part 2 of the Housing Act 2004

Licence Holder:	
Property Manager:	
Address:	
Tel. Number:	
Out of Hours Contact:	
Recycling & Rubbish Collections: Recycling is collected weekly, household and garden waste are collected fortnightly Enter your postcode at www.bathnes.gov.uk to find out which week you are on.	<p style="text-align: center; font-size: 2em; color: #ccc;">ENTER DAY</p> <p>Put out your recycling and rubbish for collection by 7am on your collection day, or as late as possible after 8pm the previous evening at the front edge of your property</p> <p>Please note that you can be fined for leaving your recycling and rubbish out at the wrong time or place</p> <p>For more details contact Council Connect on 01225 39 40 41, councilconnect@bathnes.gov.uk or visit www.bathnes.gov.uk/wasteservices</p>
Your Local Councillor(s): Name: Tel. Number:	

Displaying management information is also a requirement under The Management of Houses in Multiple Occupation (England) Regulations 2006.

Housing Services can be contacted by emailing hmo_licensing@bathnes.gov.uk

Undertaking of good practice

Bath and North East Somerset – HMO Licensing

IT IS A CONDITION OF THE HMO LICENCE THAT THIS DOCUMENT IS SIGNED BY ALL OCCUPANTS AND THE LICENCE HOLDER/MANAGER. ALSO COPIES PROVIDED TO ALL OCCUPANTS.

This document is intended to ensure that occupants are aware of their responsibilities relating to waste management, fire safety and anti-social behaviour.

Waste and recycling

Occupants have a responsibility to:

- co-operate with the provisions in place for the storage and collection of recycling and rubbish and, to make sure that it is separated correctly;
- to put out recycling and rubbish for collection using the correct containers by **7am** on their collection day, or as late as possible **after 8pm** the previous evening at the front edge of the property;
- to bring containers back in as soon as possible after emptying.

Occupants can be fined for leaving their recycling and rubbish out on the highway at the wrong time or place.

Landlords have a duty to inform occupants when and how recycling and rubbish collections are made. The attached information notice must be displayed in the licensed property.

Fire safety

The fire precautions are there for the protection of the occupants of the property and should never be interfered with in any way.

- Never prop open doors or disconnect any door closing mechanism. This is especially important when you go to bed at night.
- Every week - check your smoke alarms are working as they should.
- Never interfere with the fire alarm. If you deliberately prevent the fire alarm from working correctly it may result in eviction by your landlord and/or prosecution by the Council.
- If you think that the fire alarm is sounding falsely or not working correctly, contact your landlord about it. Alternatively, contact Housing Services on 01225 396444.
- Always keep the hall, stairs and landings (the escape route) free from obstructions such as bicycles, unwanted furniture etc.
- Make sure you are familiar with using the fire blanket and any fire extinguishers in your home. Report any problems to your landlord.

Remember, if a fire has spread because of your interference with the fire precautions in place, you may also face civil proceedings by the landlord to recover costs for any additional damage caused.

Neighbours and anti-social behaviour

Examples of anti-social behaviour include excessive noise (shouting, loud music etc.), drunk or disorderly conduct, rubbish dumping, harassment and vandalism.

Occupants should ensure that nothing that they or their visitors do will interfere with other occupants within the house or the neighbourhood. The result of anti-social behaviour on the part of an occupant and/or any of their visitors could include eviction and/or retention of deposits for repairs etc. Occupants can be prosecuted if they continue to cause a nuisance. In addition, cases can be referred to Avon and Somerset Police Anti-Social Behaviour Team which could result in a Criminal Behaviour Order (CBO).

OCCUPANTS DECLARATION

Property address.....

Licence holder/Manager.....

Iname of occupant.....
am an occupier of the licenced premises specified above.

My occupation of this property commenced onDATE.....

I have been informed of my responsibilities in relation to waste management, fire safety and anti-social behaviour at this property.

I confirm that I will co-operate with the landlord in all of the above and understand the consequences if I do not.

Signed

Date

Iname of licence holder/manager.....
am the licence holder/manager in respect of the licenced premises specified above.

I confirm that I have explained to the above occupier their responsibilities in relation to anti-social behaviour, waste management and fire precautions at this property.

Signed

Date

West of England - Code of Good Management Practice

(Updated March 2018)

It is a requirement of your licence conditions to comply with this code. Failure to comply without reasonable excuse could lead to a formal investigation and result in prosecution or a financial penalty of up to £30,000.

1. Conduct

The licence holder agrees to: conduct business with regard to the property and the tenancy in a reasonable and equitable manner and; to answer reasonable queries and issues raised by the tenants in a timely manner (in any event to respond within 5 working days of the query or issue being raised, emergencies should be replied to within 24 hours).

2. Inventories

Licence holders to ensure that an inventory is signed by both parties at the beginning of the tenancy (or as soon as practicable afterwards) and to give the tenant the opportunity both to carry out a joint inventory inspection at the outset and to discuss the inventory at the end of the tenancy.

3. Deposits

The Licence holder must comply with all statutory obligations regarding tenancy deposit protection if a deposit is taken.

4. Repairs and maintenance

The Licence holder must carry out repairs within a time period appropriate to the severity of the problem, keeping as far as is reasonably practicable to the following timescales:

- *Emergency repairs: 24 hours* (Affecting health or safety e.g. dangerous electrical fault, blocked WC, no hot water, etc.)
- *Urgent repairs: 5 working days* (Affecting material comfort e.g. no heating or fridge failure, serious roof leak, etc.)
- *Other non-urgent repairs: 20 working days.*

5. Landlord and tenant matters

The licence holder must comply with all statutory obligations under housing and landlord & tenant legislation, in particular the landlord shall not harass or threaten a tenant. Any eviction process must be carried out in accordance with legal requirements.

Access to the property (for inspection, repairs, monitoring or other reasons) should only be by prior arrangement with the tenant and on having given 24 hours' notice (except in emergencies).

6. Property Management

The licence holder must ensure that they comply with current statutory requirements relating to the safe management of the property including duties relating any asbestos containing materials, *Legionella* risks and to carry out a Fire Risk Assessment on the common parts of the property. Further information on minimum requirements are contained in the West of England Rental Standard www.westofenglandrentalstandard.co.uk/standard.

7. Pest Control

Where there is an infestation of pests in a licensed house in multiple occupation the licence holder must employ a competent pest control contractor to carry out appropriate treatments to eradicate any recognised pest species infesting the property.

8. Neighbours

The Licence holder must take reasonable steps to minimise any nuisance, alarm, harassment or distress that may be caused to neighbours by the way the property is used. The licence holder will provide occupiers of the immediately neighbouring properties a contact telephone number, address or e-mail address to report any problems and will ensure that “To Let” or “Let” boards are not left up as long-term advertising features (over 28 days); and to keep the external appearance of the property in a condition taking into account its age of the property, character and locality.

4. Proposed HMO Licensing Fees

HMO Licence type	Fee
New applications	£795.00.
Renewal applications	£695.00
<p>The fee is payable in 2 parts, £500 at the time of application and the balance when the licence is issued.</p> <p>Alternatively, applicants will be given the option to pay the full fee upfront at time of application.</p>	

Discount

Discount 1	<p>A discount of £50.00 will be applied under the following circumstances:</p> <ul style="list-style-type: none">the fully completed application is submitted online via B&NES electronic application form and all the correct valid supporting documents are uploaded with the application; andThe proposed licence holder and any managers agree to receive licences and any other relevant documents via email.

Notes

The full fee minus any discounts will be charged for new additional HMO licence applications within years 1, 2 and 3 of the scheme.

Properties that become licensable within years 4 to 5 will be charged £500.00 minus any discounts.

The HMO licence fee covers the cost of administering the scheme including processing and considering applications, the issue of licences, and the enforcement of the licensing conditions.

5. Risk assessment

Risks associated with the implementation of additional licensing						
Description of risk	Description of impact	Probability of risk	Impact	Preventative action	Action by	Outcomes of action
Threat of Judicial review. Challenge to the decision to implement a scheme on the grounds that the legislative conditions to justify a scheme are not met.	Resources taken up with defending a challenge. Delayed implementation.	Medium	High	<p>1. Designation report has regard to consultation and expert independent legal advice and, present the case in a fair and balanced way.</p> <p>2. Evidence is thoroughly and fairly considered by the elected members and any decision they take is balanced on their application of the legislative test and justified based on the evidence.</p>	<p>1.Housing Services</p> <p>2.B&NES Council Cabinet</p>	A fair and balance decision is made in line with the legislative requirements.

Appeals from landlords to the Residential Property Tribunal Services (RPTS).	Resources taken up responding and defending individual challenges	Medium	Medium	Work with landlords via national associations, WoE landlord panel and individuals and promote good working relationships.	Housing Services	Officers and landlords have a good and open working relationship, approachable team members and strong partnerships.
Loss of good relationships with landlords, agents, Universities and Students' Unions.	Reluctance to engage in future initiatives, increased enforcement action.	Low	Medium	Full consultation undertaken. Engagement work with Student Community Partnership, University students Unions. Easy point of contact and communication maintained and rationale and reasoning explained.	Housing Services	Keeping everyone informed. Good relationships maintained, future engagement assured and ideas and goals shared.
Discrimination against protected groups	Some groups feel unfairly discriminated against, legal challenge under equality legislation.	Low	High	Ensure robust Equality Impact Assessment undertaken and equality groups are targeted for consultation. Liaison with Council Equalities Team. Engage equality groups proactively before the scheme is implemented.	Housing Services	All groups are considered and where necessary preventative action taken to avoid discrimination.

Unrealistic expectations from stakeholders.	The scheme is unable to deliver what people expect.	Medium	Medium	Ensure all stakeholders understand the legislative remit of additional licensing and what can realistically be achieved.	Housing Services	Additional licensing and its aims and objectives are understood and accepted.
Landlords' avoid licensing their properties	Problems not solved, landlords operating illegally, resources taken up finding and prosecuting landlords	Low	High	Full consultation process undertaken, local data gathered, high profile publicity campaign and landlords kept fully informed. Enforcement action used and publicised.	Housing Services / Council Comms Team/ Landlord Associations, West of England Landlord Panel.	Applications received from all persons responsible for all HMOs in Bath City. Better understanding and support for additional licensing.
Some landlords sell their HMOs in the designated area or leave empty.	Less multi occupied accommodation available in the area.	Low	Medium	Full consultation with landlords. Rationalise the fees. Promote a good working relationship with landlords. Ensure landlords and tenants are fully aware of the facts. Promote benefits.	Housing Services WoE Landlord Panel.	More landlords continuing to work with the Council.
Increase in rents.	Vulnerable people are unable to afford housing in designated area. Dispersal of HMO accommodation across the City.	Low	Medium	Full consultation with landlords and tenants. Rationalise the fees and ensure facts are fully understood. Promote the benefits. Initial evidence indicates that licensing does not lead to increased rents.	Housing Services.	Tenants see the benefits of safer and better managed accommodation. Rents are fair.

Opportunity costs - resources could be targeted elsewhere e.g. time and other resources taken off other services.	Missed opportunities in taking and continuing other initiatives or performing other duties due to the time taken up with working on additional licensing.	High	Medium	Inevitable but acknowledged.	Head of Housing	
Inadequate management of scheme by LHA.	Problems not improved, loss of credibility, services not delivered appropriately, loss of trust from landlords and partners.	Low	High	Ensure the scheme is properly resourced and staff/officers are fully trained. Follow enforcement policy robustly.	Head of Housing / Housing Services	Scheme successfully implemented and running, officers are well trained and efficient. Monitoring is carried out throughout the duration of the scheme.
Fee income does not cover costs	Other Council resources have to be used to supplement the licensing scheme, OR, the scheme is unable to be effectively delivered.	Low	High	Ensure accurate financial and operational information is used.	Head of Housing / Housing Services	Scheme is run within budget (self-funding).
Far higher numbers of properties require licensing than anticipated.	Unable to cope with demand, resources taken off other areas to deal with the scheme.	Low	High	Ensure robust evidence is gathered. Ensure scalability of the service.	Housing Services	Sufficient resources are put in place to cope with demand.

Far fewer properties require licensing than anticipated.	Too many resources have been put in place and fees income does not cover the costs of the scheme.	Low	High	Ensure robust evidence is gathered. Ensure scalability of the service.	Housing Services	Appropriate resources are put in place and flexible approach will allow adjustments to be made if required.
Failure to meet expectations regarding timescales of inspections.	Loss of reputation. Landlords feel they are not getting value for money. Residents think scheme is not being delivered. Cllrs unhappy with Service. Impression that nothing is being done.	medium	High	Strategic planning before scheme comes in to ensure inspection programme is designed and managed and resources are 'front loaded'. Ensure strong communication with stakeholders.	Head of Housing / Team Manager	Adequate resources put in to ensuring the scheme is well managed and inspections are given priority. More realistic expectations from stakeholders who are well informed.
Not following up on enforcement of scheme requirements.	Loss of reputation. Stakeholders feel the scheme is not working. Some landlords feel let down and that poorer landlords are getting away with non-compliance.	Medium	High	Enough resources in place to follow up on enforcement action including: skilled officers, finance, and legal support. Management support and clear enforcement policy.	Head of Housing / Team Manager	Skilled staff with the ability and necessary resources to quickly take enforcement action where appropriate in line with Housing Services Enforcement Policy.

Insufficient office space for additional staff.	Insufficient desk space for staff.	Medium	Medium	Implement mobile working to free up office space. Careful management and reallocation of staff, use of flexible working, utilising additional existing desks available throughout the Council buildings.	Housing Services Manager / IT	Less office space needed as officers will be more efficient and have the technology and ability to work away from the office more. Sufficient supply of office space and desks as and when required.
Performance and outcomes of the licensing process not adequately measured	Inadequate performance management. Successes/failure of the scheme not measured.	Low	High	Ensure measures and monitoring procedures are put in place at the beginning of the scheme.	Head of Housing / Team Manager	Scheme is delivered with measurable outcomes on time and within the designation period.



Consultation on Additional (HMO) Licensing in Bath City

**Bath and North East Somerset
Council**

Final report
June 2018

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Project details and acknowledgements

Title	Consultation on Additional (HMO) Licensing in Bath City
Client	Bath and North East Somerset Council
Project number	18011
Author	Karen Etheridge and Adam Knight-Markiegi
Research Manager	Karen Etheridge

M·E·L Research would like to thank the Council for their support with the consultation. We would also like to thank residents, tenants, landlords, agents, organisations and businesses for taking part in the consultation.

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Outline of the headline findings

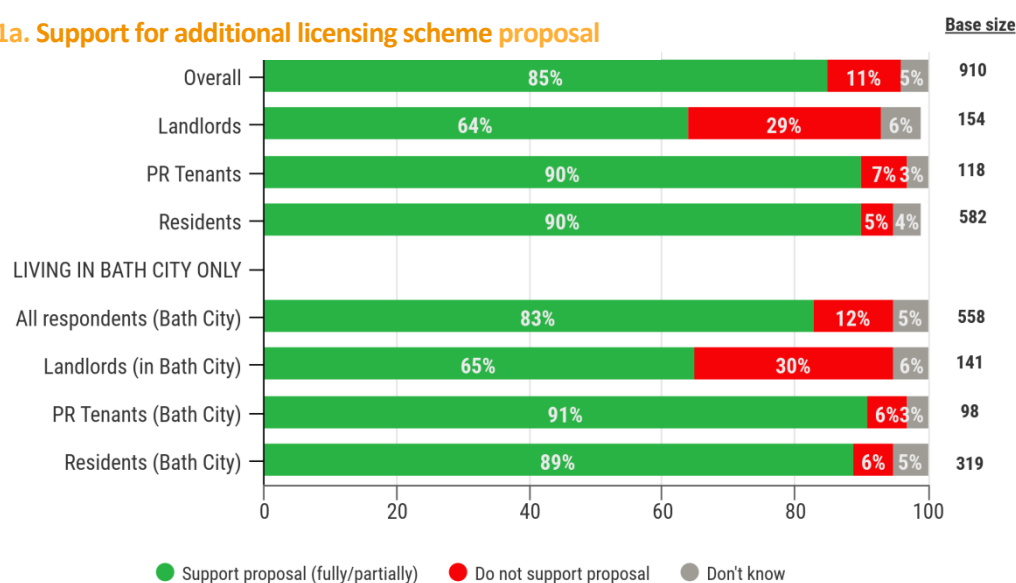
This summary shows the headline findings from a consultation that was undertaken in Bath and North East Somerset on a proposal to introduce Additional (HMO) Licensing in Bath City. In total, 910 respondents took part in the survey with further feedback gathered from two public meetings, stakeholder interviews and written responses. The consultation period spanned 10 weeks (16th March to 25th May 2018). The main methods of consultation were an online survey and a door to door residents' survey with a representative sample of residents from across the local authority area, undertaken by M·E·L Research.

Key headlines

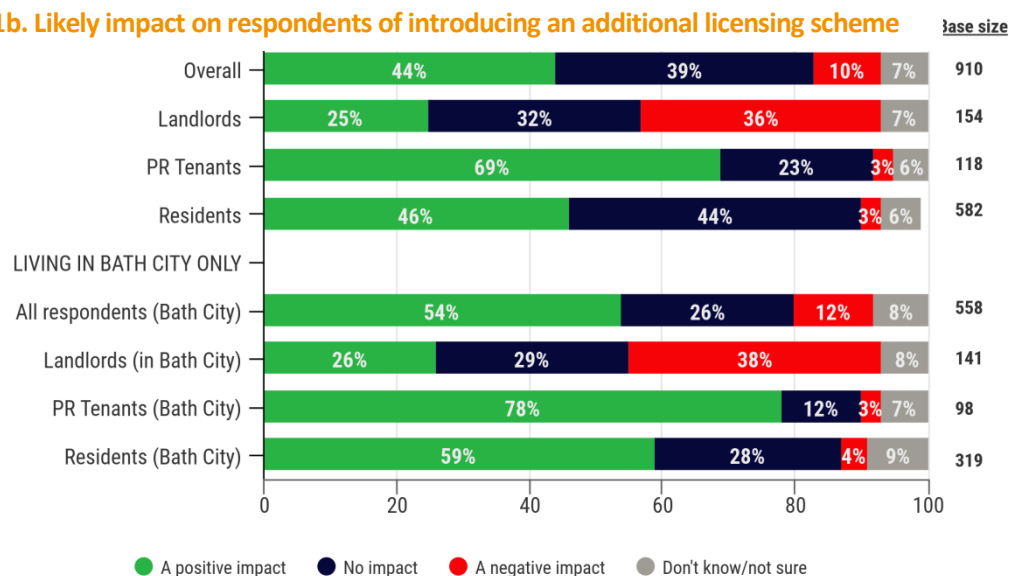
Proposal for Additional (HMO) Licensing in Bath City

Figure 1: Headline responses to Additional (HMO) licensing proposal (overall/ by respondent group)

1a. Support for additional licensing scheme proposal



1b. Likely impact on respondents of introducing an additional licensing scheme



Overall, support for an Additional Licensing scheme in Bath City is very strong (85% in support). Opposition to the scheme is highest amongst landlords (29%), although more than twice as many support the proposal (64%) than those who do not. Residents and private rented tenants are most in favour (90% each). Respondents were then asked what impact they feel the proposal will have on them as an individual (will it have a positive impact or a negative impact). Under half of all respondents (44%) feel Additional Licensing will have a positive impact on them, whilst only one in ten (10%) feel it will have a negative impact on them. Landlords are most negative in terms of the impact, with over a third (36%) saying it will negatively impact them. This is most likely because the landlords who are responding will need to licence their properties. Seven out of ten (69%) private rented tenants feel it will have a positive impact on them, which could be because they are likely to see an improvement in their rented accommodation through the licensing scheme.

If we look at respondents who live, privately rent or own properties within Bath City, results are fairly similar for levels of support for Additional Licensing. In contrast, results around the impact of Additional Licensing on them as individuals, is higher for private rented tenants and residents within Bath City. Over three quarters (78%) of private rented tenants and 59% of residents living in Bath City feel Additional Licensing will have a positive impact on them. 38% of landlords owning properties in Bath City feel Additional Licensing will have a negative impact on them, whilst around a quarter (26%) feel it will have a positive impact on them.

Executive summary

This summary provides the main findings from the consultation undertaken in Bath and North East Somerset on a proposal to introduce Additional Licensing for Houses in Multiple Occupation (HMOs) across the Bath City area. An online survey, a residents survey, two public meetings and stakeholder interviews were the main methods of consultation, undertaken independently by M·E·L Research. The consultation ran for 10 weeks from 16th March to 25th May 2018. In total, we received 910 survey responses. On top of this, qualitative feedback was recorded at two different public meetings, through stakeholder interviews and from written responses submitted by interested parties.

The results show the level of support and likely impact on respondents for the Council's proposal to introducing an Additional (HMO) Licensing scheme, which the Council hopes will improve HMO properties in the Bath City area. The consultation also looked at views on the proposed licensing costs and conditions.

Key findings

1. Additional (HMO) Licensing scheme in Bath City

- **Support for an Additional (HMO) Licensing scheme is very strong**, with over eight out of ten (85%) respondents in support of the Scheme and more than four out of ten (44%) feeling it will have a positive impact on them as individuals. Although impact is not as high as the levels of support for the scheme, licensing may not affect them personally.
- When we look at support for Additional (HMO) Licensing by the different respondent types, we find that:
 - Residents and private rented tenants across BANES are very supportive of the scheme (both groups 90% in support), with almost seven out of ten private rented tenants (69%) and 44% of residents feeling it will have a positive impact on them. The differences are likely to be that residents may not see a positive impact to them personally because of licensing, whereas it is much more likely to have a direct impact on tenants.
 - Residents and tenants who live in Bath City are more positive about the impact that licensing will have on them than results across the whole of BANES, with 78% of private rented tenants and 59% of residents feeling it will be positive.
 - Landlords are less in favour of licensing; almost two thirds (64%) are still in support, whilst around three out of ten (29%) say they do not support it. Over a third of landlords (36%) say it will have a negative impact on them. In contrast, a third (32%) say that it will have no impact on them and a quarter (25%) feel it will have a positive impact. This could be because they may not be within the Bath City area or because they feel they already comply with the licence conditions.
- Around six out of ten (63%) believe the **licence fee is reasonable**, whilst just under three out of ten (29%) feel the licence fee is unreasonable.
 - Private rented tenants and residents are again most positive about the licence fee, with 75% and 71% respectively saying it is reasonable.

- Landlords are significantly more negative, with around six out of ten (61%) saying it is *unreasonable*.
- Eight out of ten respondents (80%) agree that the **licensing conditions are reasonable**, and that they will help improve the standard of HMO properties in Bath City.
 - Both residents and PRS tenants are supportive of the conditions (86% each feel they are reasonable).
 - Landlords aren't as positive, though around six out of ten (61%) do agree the conditions are reasonable, whilst 29% do not agree.

2. Deal with HMOs on a reactive basis (keep things as they are)

The consultation gave respondents the opportunity to say whether they prefer that the Council deal with HMOs on a reactive basis (i.e. when issues are reported).

- Over six out of ten (63%) do not support the Council taking a reactive approach, whilst only a quarter (26%) are in support.
 - Landlords are more supportive of dealing with HMOs on a reactive basis (54% in support) than residents (15% in support and 75% against) and private rented tenants (55% against).
- Over half of all respondents (55%) feel that the Council taking a reactive approach will have no impact on them as individuals, whilst a quarter (25%) feels it will have a negative impact on them.
 - Landlords are more positive than others, with 21% saying it will have a positive impact on them, although 57% feel it will have no impact.
 - Private rented tenants are slightly more negative, with a third (31%) saying it will have a negative impact on them. However, 45% feel it will have no impact.

3. Feedback from the public meetings

Attendance was mainly by landlords and agents. Although most do not support licensing, there is some agreement that something is needed and that licensing does help to improve standards. A number of landlords were concerned about the **increase in fees** from the previous scheme and questioned why this would be the case (economies of scale used as the reason). Some questioned the conditions putting the **onus on landlords to deal with rubbish/litter issues**, they felt it was unfair and unjustified as tenants are the ones that live in the properties. Some queried the **evidence used for the business case** – some of the figures in the background document need further clarification and some more detail on what the existing scheme has achieved. Others felt that **rogue landlords won't be found** through the scheme itself, and that **licensing is another penalty on landlords** that they are being forced to suffer, firstly by national policy and now at a local level. Some wanted some further information on **how the scheme costs have been calculated** in terms of the

resources needed, such as the number of staff needed for inspections/licensing and whether it will be feasible to have them in place by January 2019.

4. Stakeholder views

Other stakeholders, such as landlords, agents, third sector organisations and Avon and Somerset Fire and Rescue, are generally supportive of something being done to create a level playing field for HMO properties in Bath, with the majority in support of the Council's proposal. The majority feel that **Bath City and HMOs are the correct focus for a scheme**, although some query why other housing in the private rented sector is not also being targeted. Others think that the Council should really **focus their efforts on finding bad properties and landlords** rather than waste time on licensing. Landlords and agents generally feel that the **licence fee should be lower** or there should be much **greater incentives for those who comply**, whilst **those that don't comply and need more inspections/support from the Council should have to pay more**. However, one agent feels that there **are lots of landlords who simply are ignorant** about what they need to do as landlords, never mind understand licensing and whether they need a licence or not.

Most stakeholders feel that **fees will be passed onto tenants**, but the impact of these will be minimal on most renters, other than those on the **Local Housing Allowance**, who will be affected most with rising rental incomes across the market more generally as a result of standards being raised. There is concern amongst many landlords about the licence conditions including things like **rubbish and litter which are significant problems for HMOs** but where landlords have very little influence over. Some suggest that the Council needs to **make tenants, not landlords, more accountable** for these issues and things like gardens, whilst there should be **more support for HMOs around waste disposal in general**, such as more frequent collections or more communal bins for areas where there are large numbers of HMOs.

Introduction

Background

Bath and North East Somerset Council (BANES) is proposing to introduce an Additional (HMO) Licensing scheme across the Bath City Area. Additional (HMO) licensing would extend the scheme to licence properties where 3 or more people, from 2 or more households live in a property (of any size), with a shared amenity. This would require all HMOs in the Bath City area to be licensed (with some exceptions*).

As part of the licensing considerations, BANES Council commissioned M·E·L Research, as an independent research organisation, to produce an independent report on the consultation, along with running two public meetings to present the proposals to interested parties, and gather feedback on the proposals along with stakeholder interviews from a number of organisations working in and with the sector.

* Exceptions: Buildings converted entirely into self-contained flats (s257 HMOs), although the individual flats maybe licensable in their own right. Purpose built student accommodation where the organisation which manages the building is subject to a national approved code of practice and the building in question is subject to that code. A building occupied by the owner(s) and their household and no more than 2 other persons is not regarded as an HMO under current legislation and therefore would not be required to be licensed under this proposal.

Proposal

The consultation asked respondents the degree to which they support the proposal being considered by the Council, along with the likely impact it might have on respondents directly in regards to implementing an Additional (HMO) licensing scheme within the Bath City area.

The consultation also looked at views on the proposed licensing costs and conditions.

Public consultation

The public consultation took place over a 10-week period (6th March to the 25th May 2018). There were four key methods of gathering views for the consultation: an online survey, a residents' survey, 2 public meetings and stakeholder interviews.

The survey was promoted by the Council to interested parties within the district, such as landlords, agents, tenants, residents, local businesses and third sector organisations. It was also promoted to neighbouring local authorities and encouraged them to promote the survey to landlords, residents, tenants and other businesses

who may wish to take part in the consultation. A full list of all activities taken to promote the consultation is below:

- Email to around 1,200 landlords/Letting Agents operating in BANES, with follow up reminders
- Email to around 60 local organisations and businesses, including equalities groups and the universities, asking them to take in the survey and send the invitation onto members to take part
- Email to West of England Landlords Forum, ALL Wessex, local NLA groups and other national and local landlords associations
- Email to around 30 local stakeholders inviting them to a telephone interview, or alternatively provide a written response or complete the survey
- Leaflets, Posters and paper questionnaires distributed to Libraries and Council offices
- Consultation advertised on home page of the Council's website, with link to webpage containing the consultation information
- Details of the consultation emailed to all neighbouring local authorities to share with their landlord' forums/letting agents
- Council officers attended a public meeting held by local councillors to present information on the proposal.

1. Online consultation

M·E·L Research hosted and administered the online consultation, which was also promoted by the Council. M·E·L Research sent out email invitations to landlords, agents, organisations and other interested parties who the Council wanted to participate in the consultation. Paper copies of the questionnaire and a telephone helpline were also available for those who wished to complete the survey in a different format. An email address was also provided to gather any written comments or feedback. These have been analysed and included in the appendices.

Overall, 293 responses were received to the online consultation.

2. Residents survey across BANES

A door-to-door survey was undertaken with 617 residents from across the local authority area. Results are broadly representative by ward, gender and age. A breakdown by ward, age and gender is shown in the table on the following page.

Table 1: Breakdown of respondents to the Residents Survey (counts by ward, gender and age)

Ward name	Ward	Age							Gender	
		18-24	25-34	35-44	45-54	55-64	65 and over	Prefer not to say	Male	Female
Abbey	21	7	5	2	2	1	4	-	11	10
Bathavon North	24	2	3	4	5	4	6	-	11	13
Bathavon South	9	2	1	1	2	2	1	-	4	5
Bathavon West	10	4	1	1	1	1	2	-	5	5
Bathwick	23	14	1	-	2	2	2	2	11	12
Chew Valley North	9	1	1	3	2	1	1	-	6	3
Chew Valley South	8	1	1	2	2	1	1	-	5	3
Clutton	8	1	1	1	2	1	2	-	4	4
Combe Down	18	2	3	2	3	1	6	1	9	9
Farmborough	7	2	1	-	1	1	2	-	3	4
High Littleton	10	1	1	-	5	-	3	-	5	5
Keynsham East	19	2	2	2	3	3	7	-	9	10
Keynsham North	17	2	3	3	3	2	4	-	9	8
Keynsham South	17	2	3	2	2	5	3	-	9	8
Kingsmead	24	6	4	2	2	2	3	5	13	11
Lambridge	17	1	3	3	3	1	3	3	8	9
Lansdown	15	3	2	2	2	2	2	2	7	8
Lyncombe	18	2	2	2	3	4	4	1	9	9
Mendip	10	1	1	1	2	3	2	-	4	6
Midsomer Norton North	19	2	3	3	4	2	5	-	10	9
Midsomer Norton Redfield	17	2	3	2	4	1	5	-	8	9
Newbridge	19	3	3	4	4	1	4	-	9	10
Odd Down	19	3	5	3	3	-	5	-	10	9
Oldfield	21	11	2	2	3	1	2	-	10	11
Paulton	20	2	5	1	2	5	5	-	10	10
Peasedown	22	2	5	4	5	3	3	-	9	13
Publow and Whitchurch	11	2	1	1	2	2	3	-	5	6
Radstock	18	2	3	3	3	3	4	-	10	8
Saltford	14	1	1	2	2	3	5	-	7	7
Southdown	18	3	2	4	2	2	5	-	7	11
Timsbury	10	1	1	2	1	2	3	-	6	4
Twerton	18	3	4	3	3	2	3	-	11	7
Walcot	20	4	4	3	3	3	3	-	10	10
Westfield	20	3	3	2	5	3	4	-	9	11
Westmoreland	27	14	2	4	2	2	3	-	13	14
Weston	19	2	2	4	2	3	5	1	11	8
Widcombe	21	8	4	2	2	2	2	1	12	9
TOTAL	617	124	92	82	99	77	127	16	309	308

3. Public meetings

Two public meetings were hosted by M·E·L Research, to introduce the proposal to anyone interested in finding out more and to share their views. Council officers were present at both of the meetings, with a Question and Answers session included as an opportunity for attendees to ask the Council any questions about the proposals, as well as provide them with an opportunity to feedback views and concerns. The dates, times, venue and approximate number of attendees for each meeting are presented below.

Table 2: Public meeting attendees

Date/time	Venue	Approx. no of attendees
19 th April 2018 (5.30-7pm)	Guildhall, Bath	16
25 th April 2018 (3.30-5pm)	All Saints Centre, Weston	8
TOTAL	-	24

4. Stakeholder consultation

Interviews with a number of stakeholders were undertaken by M·E·L Research staff, as part of the consultation. The Council provided a list of potential stakeholders and although attempts were made to contact all organisations, eleven took part in the consultation - nine via telephone interviews and two via written responses. The table below shows the range of stakeholders who took part. In addition, the National Landlords Association (NLA) submitted a written response to the consultation. All written responses are included in the Appendices.

Table 3: Stakeholder profile

Respondent profile	No of stakeholders spoken to
Portfolio landlords	2
Avon and Somerset Fire and Rescue	1
Letting agents	2
Councillors	1
Third sector organisations	2
Landlords associations/organisations	2
Council qualities team	1
TOTAL	11

Statistical significance and profile of respondents

Based on a total estimated population (2016 mid-year estimates - over 18s) of 152,612 in the local authority, results are accurate to a margin of error of +/-3.2% based on a 50% statistic at the 95% confidence level. This means that if 60% of the sample said they support the proposal, had all adults across the whole local authority area been interviewed, the actual response lies somewhere between 56.7% and 63.3%. The data has not been weighted.

A breakdown of respondent types is provided in the table over the page. Within the sample, 121 respondents are private rented tenants.

Table 4: Respondent profile to the survey

Respondent profile	Number	% of responses
A resident of BANES	777	85%
A landlord with a property (or number of properties) in BANES	146	16%
An agent, managing properties in BANES	14	2%
A business operating in BANES	23	3%
A community group or charity operating in BANES	11	1%
A resident / landlord / business in a neighbouring local authority	13	1%
Other	3	0%
Not answered	41	5%

(multiple answers possible)

Reporting conventions

We have used the term 'landlord' in this report to collectively refer to both landlords, their managing agents or both.

Owing to the rounding of numbers, percentages displayed on graphs or charts in the report may not always add up to 100% and may differ slightly when compared with the text. The figures provided in the text should always be used. For some questions, respondents could give more than one response (multiple choice), so the total won't add up to 100%.

The consultation findings have been analysed overall and by type of respondent landlord/agent, private rented tenant, resident – please note that respondents are only in one of these groups when analysed - and method of completion (online or residents' survey). Results for those living in neighbouring local authorities are included in the overall figures, and provided separately as Appendix 7 responses (13 responses in total). Results by the different protected characteristics groups were also analysed, but no significant findings of concern have been found to suggest that any groups would be negatively impacted by the proposal. These results have been provided separately to the Council.

Results

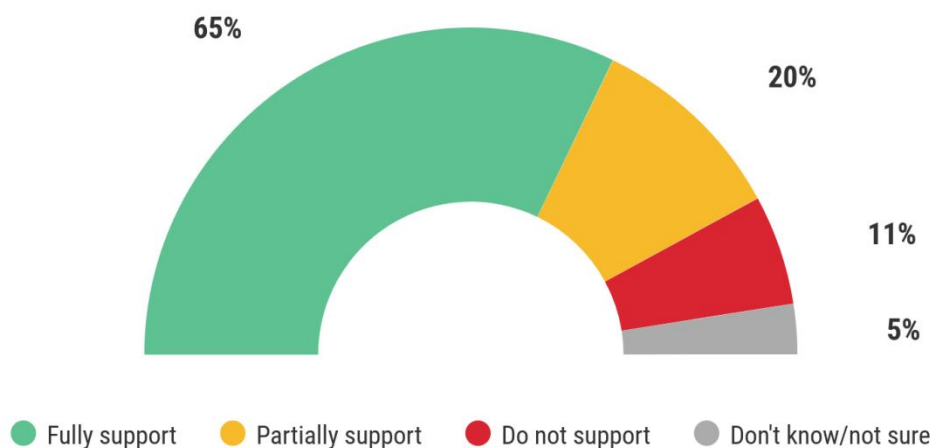
This section of the report presents the results from the consultation.

Introduce Additional (HMO) Licensing across Bath City

The Council is proposing to introduce an Additional (HMO) Licensing scheme across Bath City, which would require all Houses in Multiple Occupation (HMOs) in the city to be licenced.

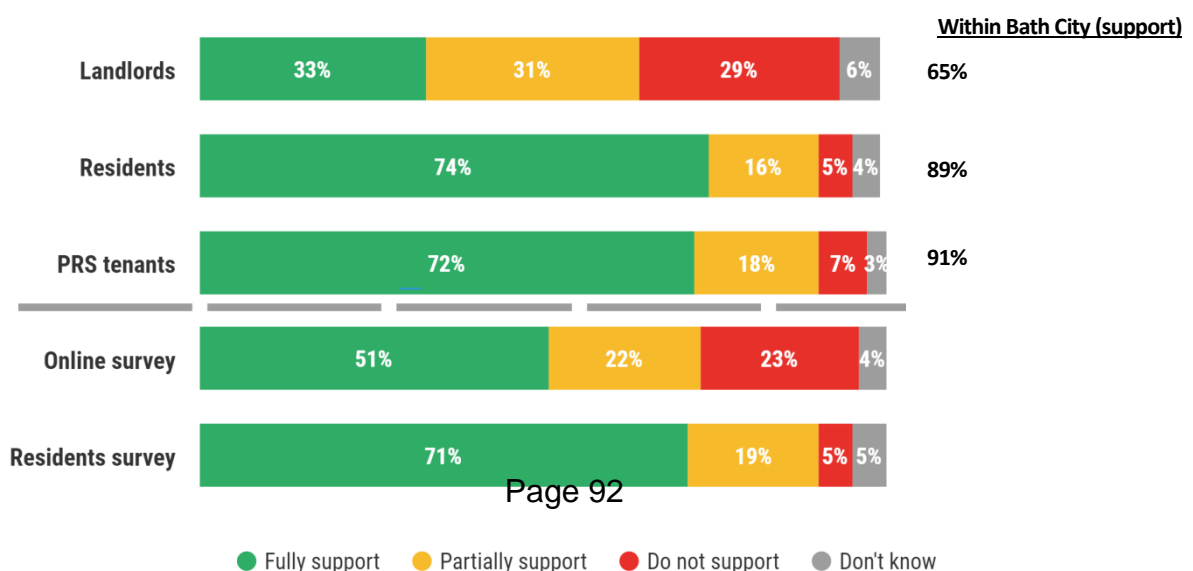
The majority of respondents (85%) support the proposal to introduce an Additional (HMO) Licensing scheme in Bath City, whilst around a tenth (11%) do not support it. Of those who support the proposal, around two thirds say they fully support it (65%).

Figure 2: Support for introducing Additional (HMO) Licensing across Bath City (overall) (base 910)



Residents and private rented tenants are very supportive of a scheme being introduced (90% in support). Landlords are much less in favour, with 64% in support, although a much higher proportion are in support of the proposal than those who do not support the proposal (29%).

Figure 3: Support for introducing Additional (HMO) Licensing across Bath City (by respondent type/method)



Support levels for those living, privately renting or owning properties within the Bath City area are fairly similar to the overall response levels.

Respondents to the residents' survey are more supportive of the proposal, than those who completed the online survey (71% compared to 51%). This is primarily due to the number of landlords, who almost solely took part in the online survey. As we would therefore expect to find, a higher proportion of respondents to the online survey do not support the proposal, when we compare results to the residents' survey (23% compared to 5%).

The survey asked respondents to give their key reasons for supporting or not supporting the proposed scheme. All literal responses have been provided separately to the Council. Key reasons for not supporting the scheme are provided below (125 individual comments in total). The most common response is that the scheme will have a **negative impact on the area** in terms of things like rent increases, reducing the supply of housing and driving up house prices (27 comments). This was followed by comments around **not needing a scheme** (24 comments) and that it is just **more bureaucracy/money making for the Council** (16 comments).

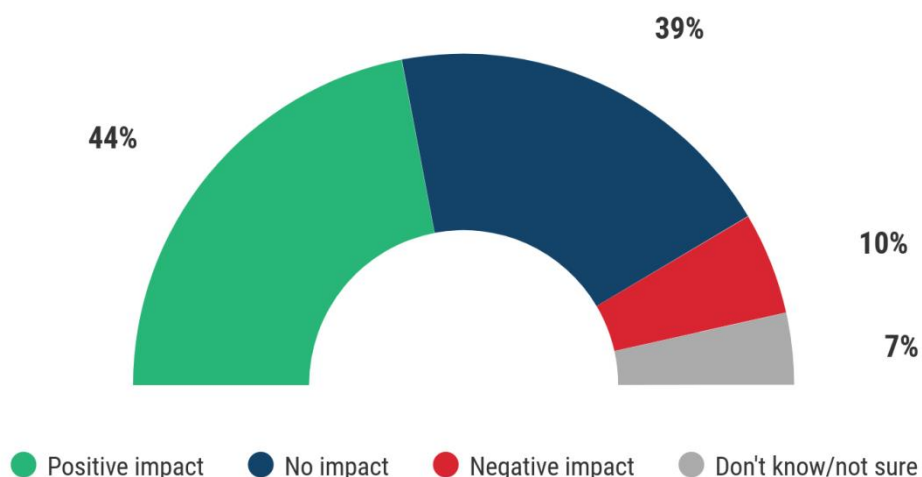
Table 5: Reasons for not supporting Additional (HMO) Licensing across Bath City (literal responses)

Themes	No of individual comments
Negative impact - increase rents, reduce no of houses available, house prices, increase homelessness etc..	27
Don't need scheme	24
More bureaucracy/money making for Council	16
Penalising good landlords	13
Existing scheme not working/not being enforced	12
Tenants should be more accountable	11
Costs should be proportionate for landlords	5
All PRS/HMOs should be licensed	1
Other	16
TOTAL	125

Likely impact on respondents

Respondents were asked what they feel the likely impact of introducing licensing would be on them (as individuals, not on the local area.) Under half of respondents (44%) feel that introducing Additional Licensing will have a positive impact on them, whilst one in ten (10%) feel it will have a negative impact. Around four out of ten (39%) feel it will have no impact. This could be because they may not be in the licensing area or may not be a landlord or tenant affected directly by licensing.

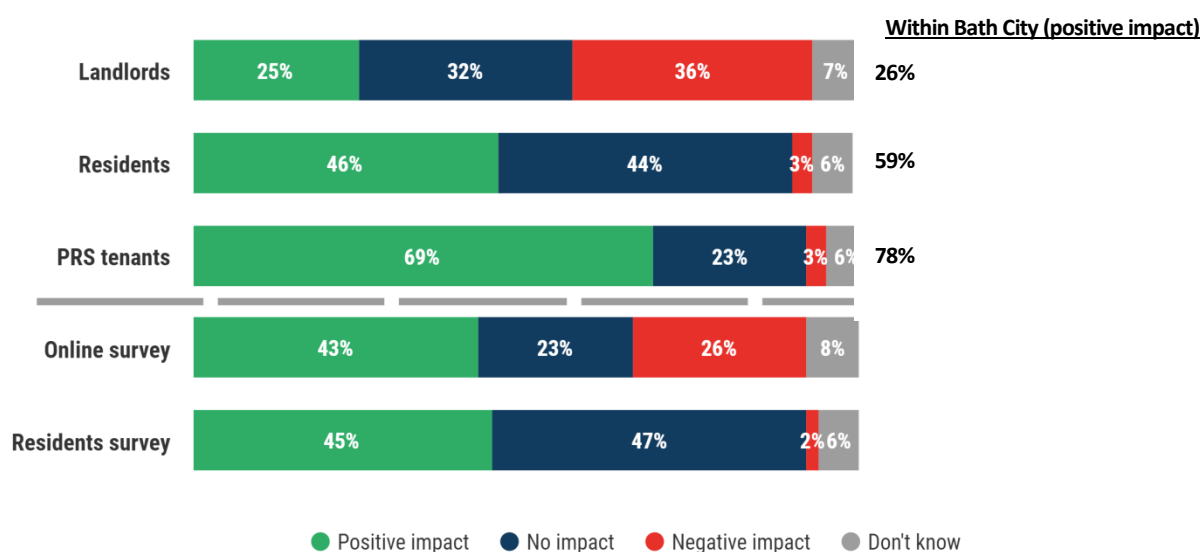
Figure 4: Likely impact of introducing Additional Licensing on respondents (overall) (base 910)



Private rented tenants are again most positive, with just under seven out of ten (69%) saying Additional Licensing will have a positive impact on them (as they may see improvements), and only 3% saying it will have a negative impact. Just under half of residents (46%) are in support, whilst over four out of ten (44%) feel it will have no impact on them as they do not live in this accommodation, or they may not live in an area with HMO properties. Landlords are more negative, with over a third (36%) saying it will have a negative impact on them.

If we look at respondents who live, privately rent or own properties within Bath City, positive impact is higher for private rented tenants and residents than those across the whole district. Over three quarters (78%) of private rented tenants and 59% of residents living in Bath City feel Additional Licensing will have a positive impact on them. 38% of landlords owning properties in Bath City feel Additional Licensing will have a negative impact on them, whilst around a quarter (26%) feel it will have a positive impact on them.

Figure 5: Likely impact of introducing Additional Licensing on respondents (by respondent type/method)

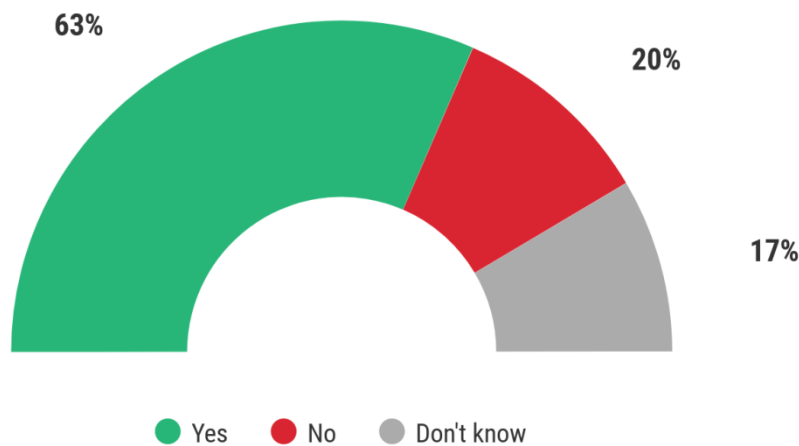


The proportion of respondents who feel additional licensing will have a positive impact on them is similar between the online and residents survey results. However, a higher proportion of those responding to the online survey feel it will have a negative impact (26% compared to 2%). Just under half of those who took part in the residents' survey (47%) feel it will have no impact on them.

Scheme design

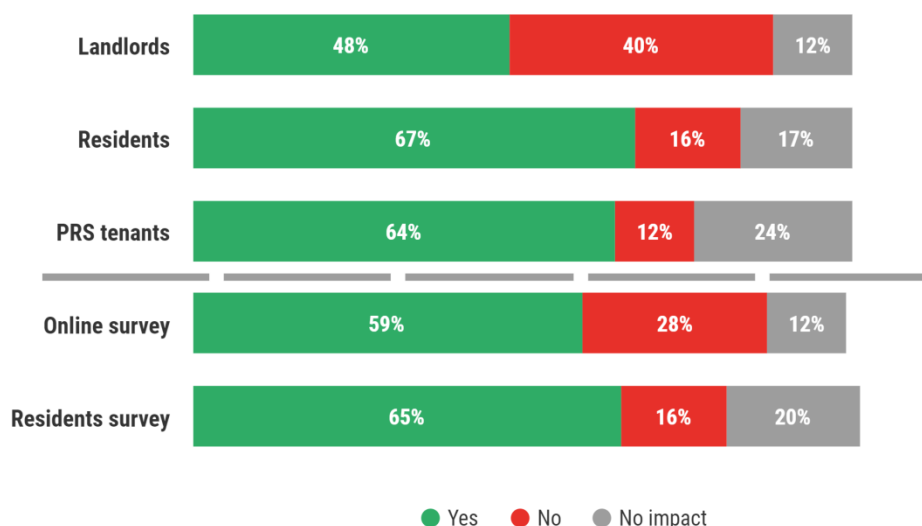
Respondents were asked a number of questions about the scheme design. They were firstly asked whether they feel that the types of HMOs proposed for the scheme are correct. Over six out of ten (63%) respondents feel they are correct, whilst a fifth (20%) feel they are not.

Figure 6: Are the types of HMOs targeted correct (overall)?



Around two thirds of residents and private rented tenants feel that the HMOs are the correct property types to target (67% and 64% respectively), whilst a higher proportion of landlords do not feel that they are correct (40%) compared to these other groups.

Figure 7: Are the types of HMOs targeted correct (by respondent type/method)?



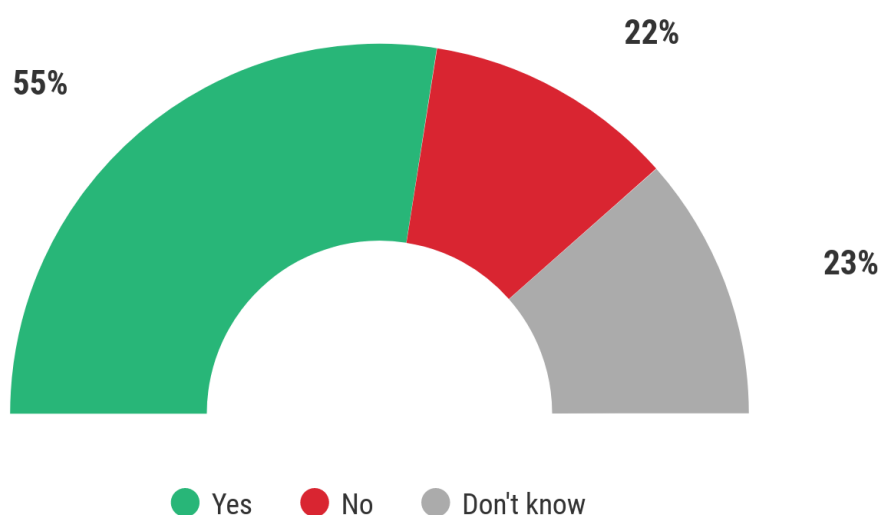
Respondents were given the opportunity to say what types of properties should be targeted. The results analysed are only for those who commented 'No' to the previous question. The most common response was that the scheme should be for **all privately rented properties** (78 comments), followed by the scheme **should not target such a small number of sharers** (i.e. 3 or more) (19 comments) or that in general they do not support the scheme (11 comments).

Table 6: Are HMOs the correct type of property to target?

Themes	No of individual comments
Should be for all rented property	78
No of sharers is too low	19
Unfair scheme	13
Generally do not support proposal	11
Too broad	4
Mandatory scheme is only thing needed	3
Not just for sharers	2
Should be across all of BANES	2
Student blocks should be included too	2
For 2 or more people	1
For landlords with small no of properties	1
Other	32
TOTAL	168

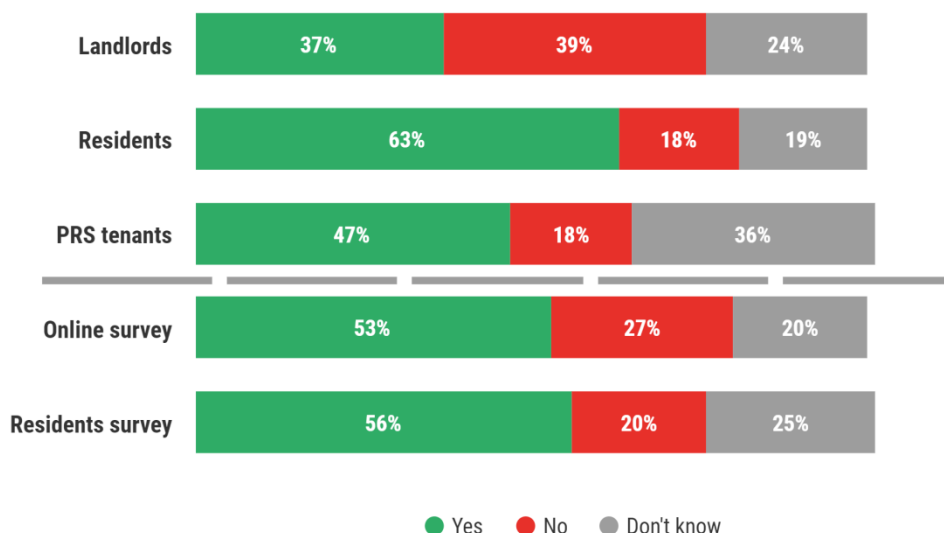
Next, respondents were asked whether Bath City should be the focus for the scheme. Over half (55%) feel Bath City should be the focus, whilst around a fifth again (22%) feel that it should not.

Figure 8: Should Bath City be the focus for the licensing scheme (overall)?



Over six out of ten residents (63%) feel that Bath City should be the focus, which is higher than landlords (37%) and private renting tenants (47%). Results are fairly similar for those who responded online or to the residents' survey.

Figure 9: Should Bath City be the focus for the licensing scheme (by respondent type/method)?

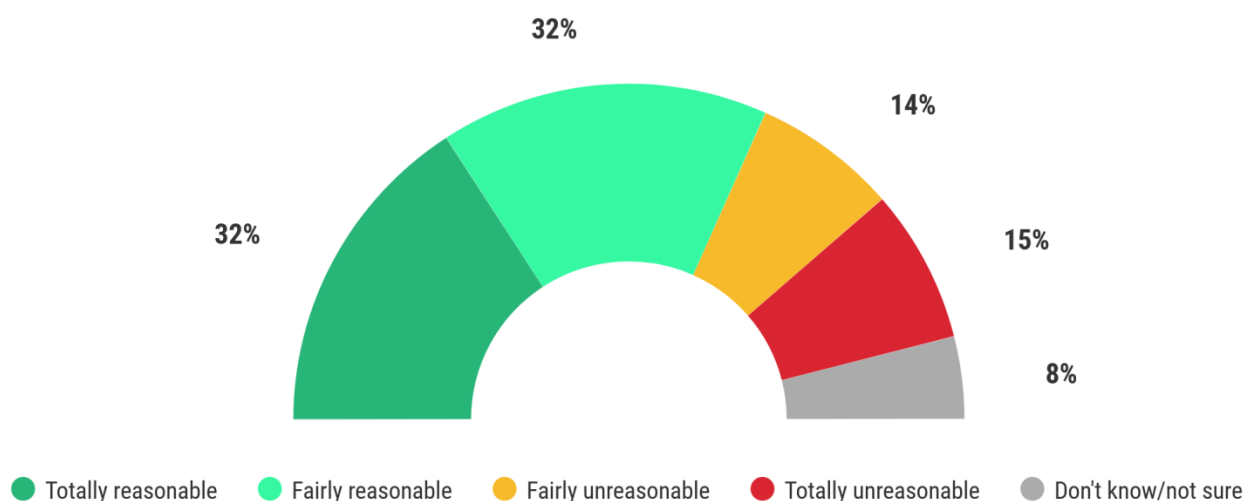


Additional Licensing fees

As part of the consultation, respondents were asked to comment on the proposed fees for the Additional Licensing scheme of £800 for a five-year licence (excluding any discount or additional charges/penalties). Further information on how the fees were calculated, was provided in the consultation document.

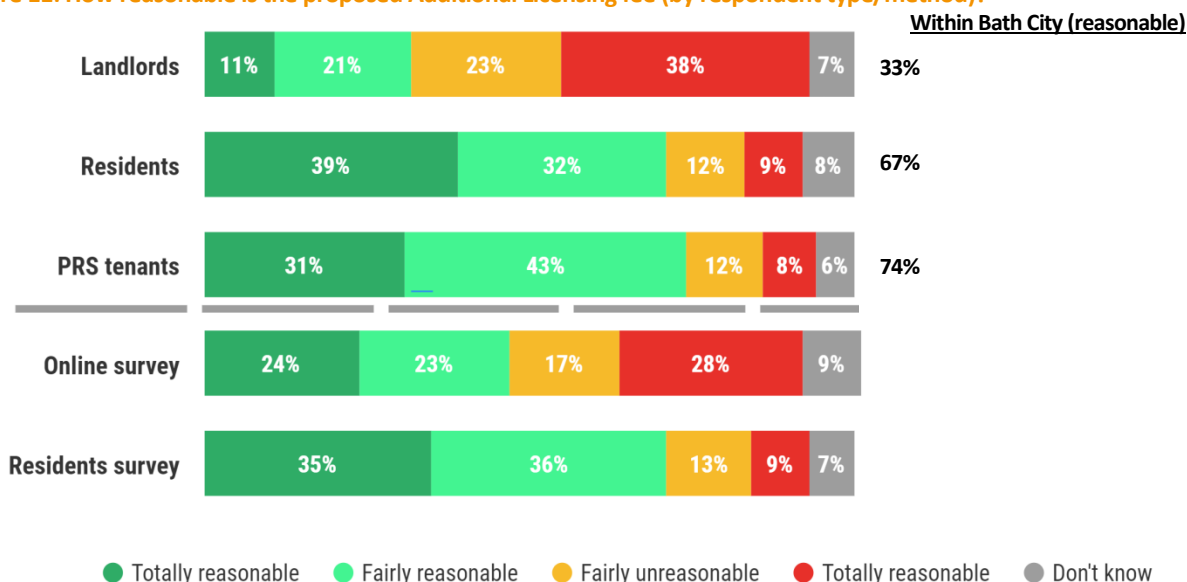
Respondents were asked a number of questions around the licensing fee. Overall, around six out of ten (63%) respondents feel that the proposed Additional Licensing fee is reasonable. Around three out of ten (29%) think it is unreasonable.

Figure 10: How reasonable is the proposed Additional Licensing fee (overall)?



Private rented tenants and residents are most positive about the licence fee, with 75% and 71% saying it is reasonable. Landlords are significantly more negative about the proposed licence fee, with six out of ten (61%) saying it is unreasonable. Around a third of landlords (32%) feel it is reasonable. Results are similar for those within Bath City.

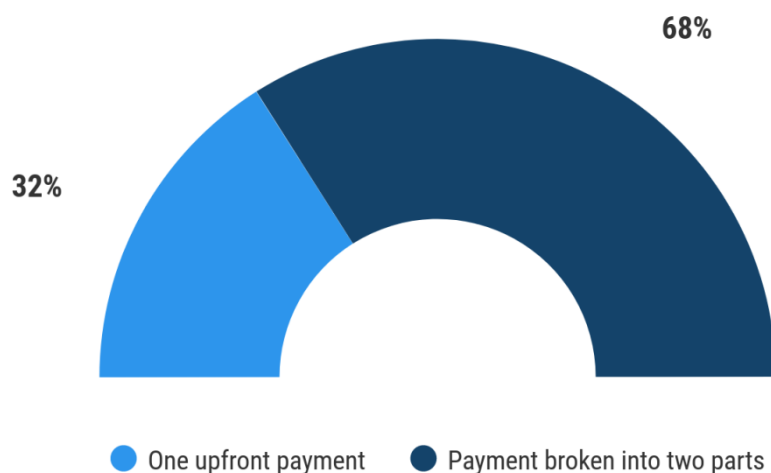
Figure 11: How reasonable is the proposed Additional Licensing fee (by respondent type/method)?



As part of the consultation, the Council is considering how payment of the license is made. Respondents were therefore asked whether they feel the license fee would be better paid upfront in one sum, or in two separate payments. Around a third (32%) feel it should be one upfront payment, whilst just under seven out of ten (68%) feel it should be in two stages.

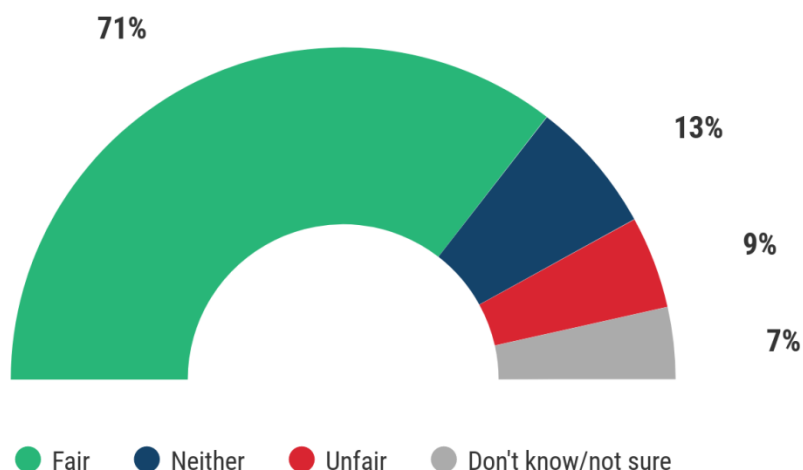
Interestingly, results are fairly similar, with a third (32%) of landlords preferring one upfront payment, compared to 27% of private renting tenants and 32% of residents. Around two thirds of landlords, however, prefer payment broken in two parts (68%).

Figure 12: How should payment of the license fee be made (overall)?



Respondents were then asked whether they feel it would be fair to give a discount for applicants who complete an online application form, submitting the correct documentation. Seven out of ten (71%) feel it is fair, whilst one in ten (9%) feel it is unfair.

Figure 13: How fair is the discount (overall)?



Results are relatively similar across the groups, with 74% of tenants, 71% of residents and 68% of landlords feeling the discount is fair.

Respondents were invited to add any additional suggestions for discounts (236 comments in total). Those with fewer than 5 comments are not included as a theme in the table. The most common responses were in support of the suggested discount (31 comments), followed by costs **should be variable according to the work needed** (i.e. those who comply pay less than those who don't) (26 comments).

Table 7: Alternative ideas for discounts

Themes	No of individual comments
Support the suggested incentive of £50 discount	31
Variable cost of license acc to work/inspections required	26
Do not support scheme in general/no licence fee	24
No incentive	20
Ratings/star related payments e.g. rating by tenants	13
Reduce overall fee	12
Reduce price for renewals for those in current scheme	12
Raise fines/costs for non-compliance	11
Reduced fee for those who have several properties	10
Payments on a spread out basis (e.g. one or two payments, annual or monthly)	10
Discount for membership of associations	6

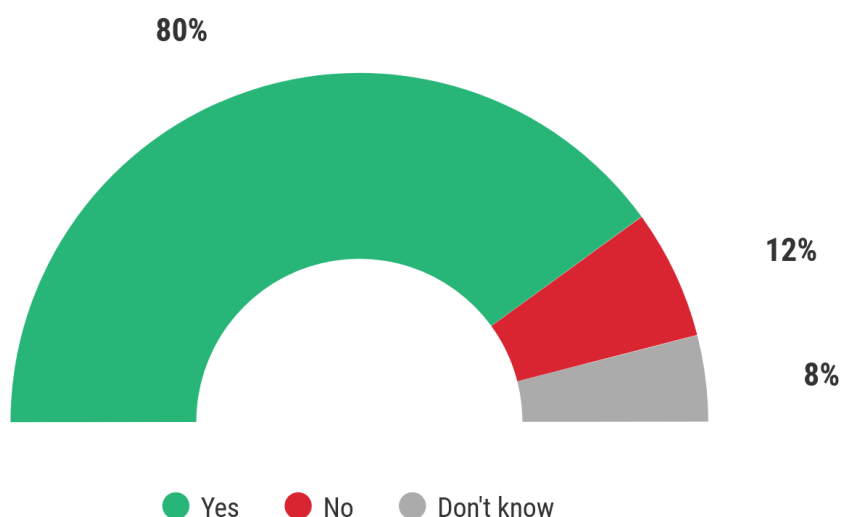
Early bird	5
Support the suggested incentive of £50 discount	54
Other	31
TOTAL	168

Additional Licensing conditions

Respondents were asked whether they feel the Additional Licensing conditions (provided as a separate document) are reasonable, and whether they will help to improve the standard of this type of housing.

Eight out of ten respondents (80%) agree that the conditions are reasonable, and that they will help improve the standard of HMOs, whilst only one in eight (12%) do not agree.

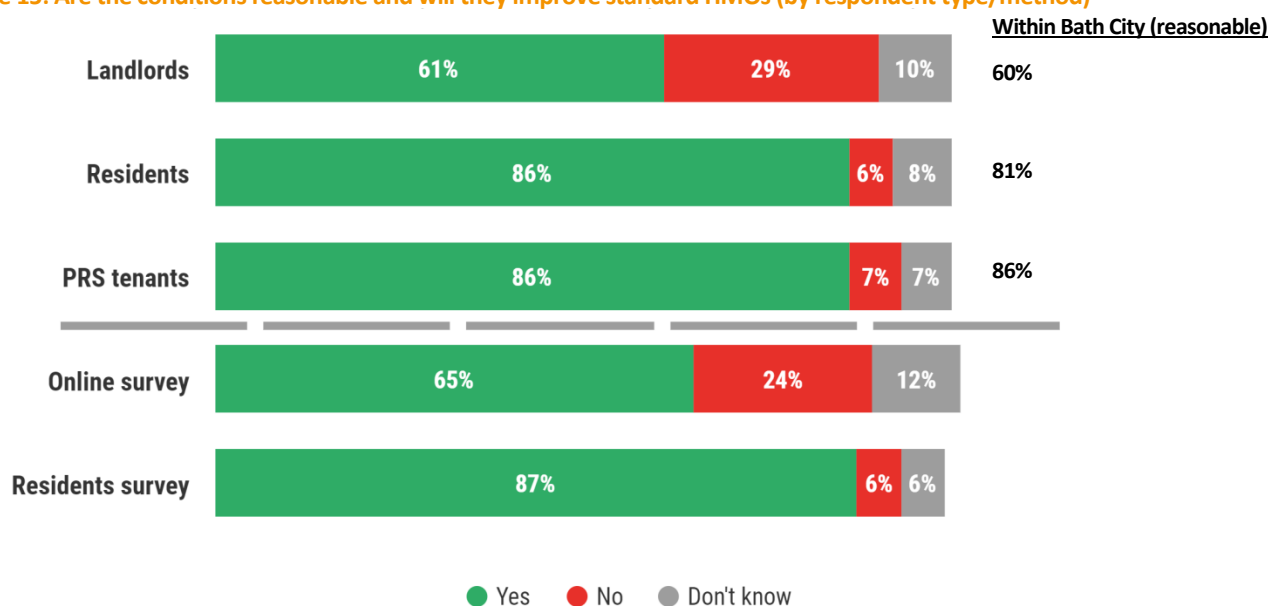
Figure 14: Are the conditions reasonable and will they improve the standard of HMOs (overall)?



Over eight out of ten residents and private rented tenants (86% each) feel that the conditions are reasonable and will improve HMO houses. Landlords are more negative, with around six out of ten (61%) agreeing they are reasonable/will help improve HMOs, whilst 29% do not agree. Results are similar for those within Bath City, although slightly fewer residents (81%) feel the conditions are reasonable than residents from across the whole of the district.

Respondents to the online survey are more negative than those responding to the residents' survey, with two thirds (65%) saying they are reasonable and 24% not reasonable, compared to 87% and only 6% who do not feel they are reasonable.

Figure 15: Are the conditions reasonable and will they improve standard HMOs (by respondent type/method)



The survey asked respondents to give their key reasons for saying that the conditions are/are not reasonable and will/will not improve the standard of HMOs. All literal responses have been provided separately to the Council. Key reasons for saying the conditions are not reasonable/will not have an impact are provided below (108 separate comments in total). The most common response is that the **scheme is not needed/respondents oppose it generally** (27 comments). This was followed by comments around the scheme needing to be effectively enforced to have any impact (10 comments).

Table 8: Conditions are not reasonable/ will not improve HMO standards (literal responses)

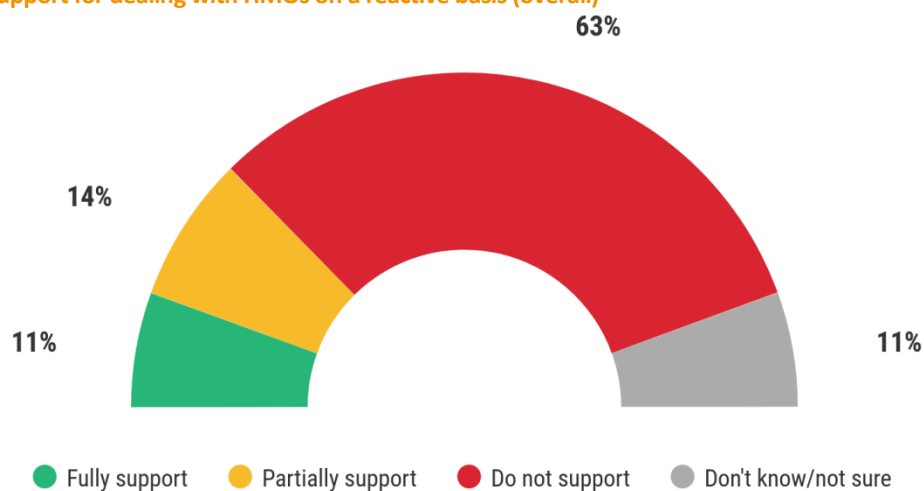
Themes	No of individual comments
Scheme not needed/generally opposed	27
Needs to be enforced to have an impact	10
Already covered by existing legislation	9
Will have negative impacts e.g. rent increases etc...	9
Too bureaucratic/many unnecessary for these properties	8
Conditions will not have direct impact on raising standards	8
Tenants should be more accountable rather than landlords e.g. recycling/waste/gardens/ASB	7
Should apply to all rental properties	6
Existing scheme not working/not being enforced	4
Legal standards change too frequently	3
Proposed Conditions not harsh/strict enough	3
Conditions open to interpretation	2
Other	12
TOTAL	108

Deal with HMOs on a reactive basis (keep things as they are)

The consultation also provided respondents with the option for the Council to deal with HMO properties on a purely reactive basis. The same questions were asked as with the other options – to what extent respondents support this option, and what impact, if any, this will have on them. Please note that as there is only a small additional licensing scheme in place in 3 wards in Bath City, most respondents will not have either knowledge or experience of the scheme.

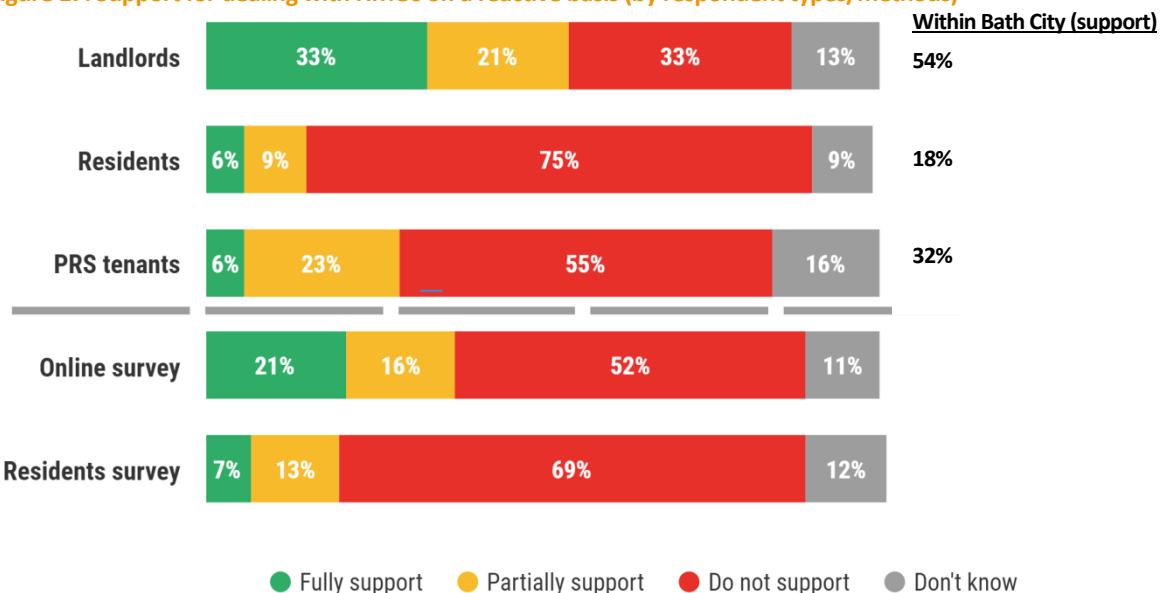
Support for dealing with HMOs on a reactive basis is not very strong, with over six out of ten (63%) saying they do not support the Council doing this. Around a quarter of all respondents (26%) are in support.

Figure 16: Support for dealing with HMOs on a reactive basis (overall)



Over half of landlords (54%) are in support of this, significantly more than other respondents, whilst a third do not support it (33%). Residents are least positive, with only 15% in support, whilst three quarters are against (75%). Just over half of private rented tenants (55%) do not support keeping things as they are. Results are similar for those living, privately renting or owning property within Bath City.

Figure 17: Support for dealing with HMOs on a reactive basis (by respondent types/methods)

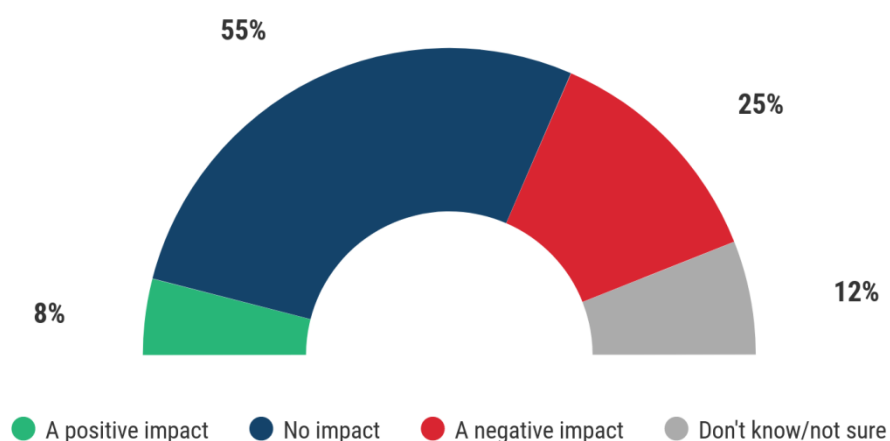


Respondents to the online survey are more supportive (38%) than those who took part in the residents survey (20%).

Likely impact on respondents

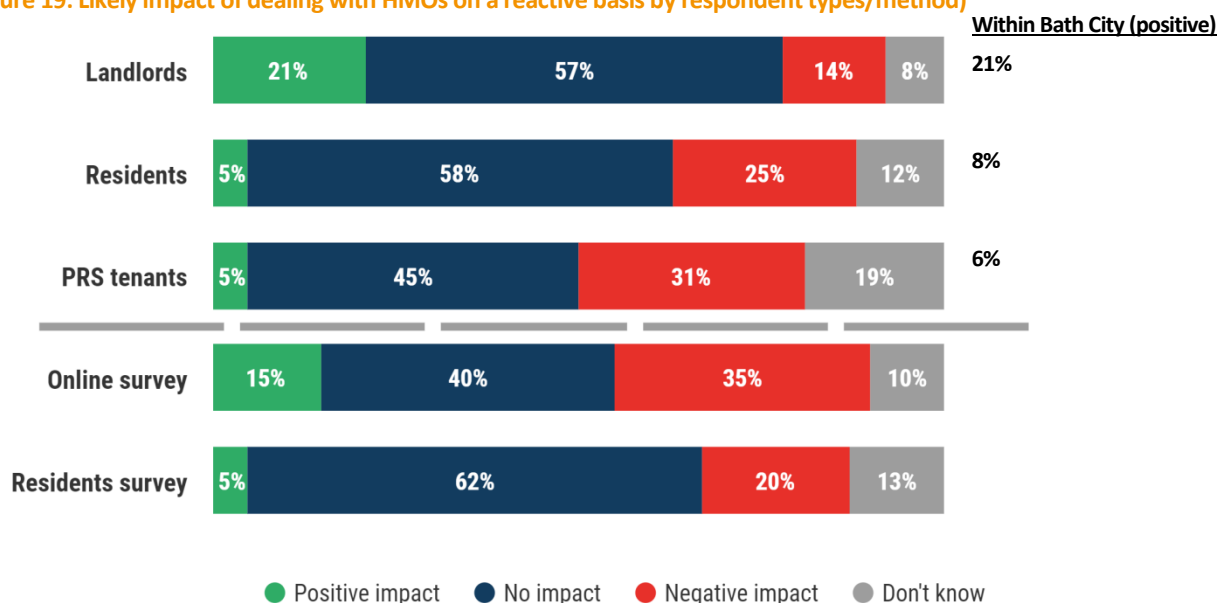
Over half of respondents (55%) feel that there will be no impact on them if the Council deals with HMOs on a reactive basis. A quarter of respondents (25%) feel that this will have a negative impact on them, whilst 8% feel it will have a positive impact.

Figure 18: Likely impact of keeping things as they are on respondents (overall)



Landlords are slightly more positive than other respondent groups about the Council dealing with HMOs on a reactive basis, with around one in five (21%) saying it would have a positive impact. However, only 14% feel it will have a negative impact on them. The most popular response from landlords is that it will have no impact on them (57%). Private rented tenants are slightly more negative, with a third (31%) saying that it will have a negative impact on them, but more feel it will have no impact (45%). Results are similar for those within Bath City.

Figure 19: Likely impact of dealing with HMOs on a reactive basis by respondent types/method



Other ideas/comments

Respondents were invited to add any comments or ideas they may have about how the Council could improve HMO properties in the private rented sector. These have been analysed and common themes identified. In total around 168 individual comments have been identified. The most common suggestion is for the Council to **investigate and target non-complaint landlords only** (22 comments) rather than adopt a licensing scheme. This is followed closely by comments around a need for **better/tough enforcement of problems** (19 comments) and the issues around **rubbish and recycling needing to be tackled** (17 comments). There were a large range of different suggestions or comments which had fewer than 5 comments, which are included under 'other'.

Table 9: Other suggestions and comments (literal responses)

Themes	No of individual comments
Investigate and target non -compliant landlords	22
Better enforcement of problems	19
Rubbish and litter to be tackled	17
All HMO tenants should pay council tax	12
Accreditation/star based system for properties	9
Better utilisation of current regulations and resources	9
More inspections	8
Other	72
TOTAL	168

A final question asked respondents for all other comments they may have about the scheme or the consultation. These have been provided to the Council, along with all literal responses to the survey in a separate file.

Feedback from public meetings & other written responses

M·E·L Research facilitated two public consultation meetings during the consultation period, one in Bath and one in Weston. There were also a small number of written responses to the consultation. Below is a summary of the views from both the written responses and the feedback from the public meetings. It should be noted that the Council addressed most queries directly at the public meetings; however, comments made by the Council are not included below.

Overall support for/against licensing

- All landlords/agents in the first public meeting said that they do not support licensing. However, views were more mixed in the second public meeting, with one against, whilst all others had mixed views. Most recognised the need for standards, but were cautious about extension, looking for clarifications and what value there is for landlords.

Business case for licensing

- Some felt that licensing should not just be focused on HMOs, or just those where people are sharing. A property that is occupied by a family would be exempt from the scheme, whilst it would need to be licensed if people are not related. Likewise, if a house were converted into self-contained flats, they would not need a licence but may be at further risk.
- Most felt that the licensing really only solves issues with standards. It does not address/aid landlords around anti-social behaviour, rubbish etc.
- The NLA and Association of Local Landlords (Wessex) query the business case claim that the current licensing scheme has been a success, but that there is little quantitative evidence of this, and also that if it was a success why is it still needed in those three wards.
- One suggested that there is a conflict of interest between Council and landlords. The Council would tell problem tenants to remain in the property, as they would have to re-house. Landlords face lengthy time frames and costs to evict tenants. Landlords need reassurance that the Council will not be working against a landlord's interests. Licensing would not help address this issue.
- Many feel that the business case requires further detail or strengthening. The original scheme was based on issues related to student areas. The proposed extension is to areas that do not have such problems and therefore is the scheme needed e.g. Larkhill, Weston.
- One suggestion is that the scheme may have unexpected consequences. If there is a drop in demand, properties may be left empty rather than return to residential status. This would reduce the available rented housing stock.
- The NLA also suggested that rising house prices and rent for tenants will price more and more people out of the private rented market (particularly those renting via local housing allowance) and if there is no social housing available, they may become homeless. This would also have implications for not only tenants/residents, but for the Council to foot the costs.
- One landlord asked that the Council proves the value of the existing scheme and that the business case does not go far enough to evidence this.
- Landlords Associations and a number of landlords questioned the evidence in the business case and felt it was lacking. One questioned the use of statistics and why these have changed since the previous scheme was introduced (suggesting that the number of properties with hazards has increased) and a figure of 31%

quoted about failures identified with HMOs – they wanted clarification about whether these were major or minor failings e.g. one piece of paper not being provided at the time, a fire blanket being in the wrong place, or were they a major safety/fire issue? They felt that the figures presented in the business case are misleading if it is not the latter.

- It was suggested that the Council should be setting targets about what it wants to achieve from the scheme.

Licensing conditions

- Some landlords are worried that the conditions of the licence are going to make landlords scapegoats for things that are outside of their control and that the Council will over-police this.
- The main concern mentioned was around rubbish:
 - HMOs are generating too much rubbish for the capacity of bins due to the new two weekly collection scheme.
 - One landlord said that he is physically taking rubbish himself to the HWRC as there isn't enough space/storage for his tenants to throw rubbish/recycling away. He doesn't think it's fair that landlords should be held accountable for this
 - Thinks that there should be bigger bins as a minimum for HMOs.
- However, the NLA also suggested the landlords cannot manage tenants' behaviour and therefore this cannot be a condition of the licence. They asked for guidance to be produced by the Council on how they will help landlords deal with/remove anti-social tenants. Likewise, ALL Wessex calls for a set of legally compliant guidelines about how landlords deal with ASB.
- ALL Wessex suggested that landlords should not be responsible for dealing with pest infestations, as they tend to arise from tenants actions.
- A few landlords commented on fire safety conditions and whether they should be needed – one landlord felt that there were things being asked of landlords that aren't in the interests of either tenants or the Council.
- One written response queried the need for carbon monoxide detectors in every bedroom and agreed that there has to be a detector in every rented property where a gas appliance exists, but questioned why every bedroom would need one unless there is a gas emitting device.

Licence fees

- Most landlords were generally accepting of the fee as they couldn't do much about it. However, several landlords questioned why the cost of a license has increased from the current additional licensing scheme (suggested that it was £500 and has now increased to £800) when there should be more economies of scale with a larger number of licence fee payers, even if the number of staff needs to increase.
- Landlords said that they were paying an awful lot for only receiving one inspection over the 5 years.
- Several landlords said that they will pass the costs onto tenants, but one said that if tenants feel it is worth the additional rent then that is fine.
- There was a question around providing a more detailed breakdown on what the fee will be spent on, e.g. the number of Council staff recruited.

- Suggestions on discounts were around:
 - Membership of an accredited landlord scheme, such as the RLA/NLA, as they already have to attend training/courses etc.... and so are far more up to speed with requirements placed on landlords;
 - Lower fee for renewals;
 - An option for monthly direct debit payment, rather than lump sum to help with cash flow;
 - A discount for those with larger portfolios, e.g. 6 – 10, 10+ properties;
 - A discount for early/on time payments.

Licensing scheme management

- There was concern about how the scheme will be staffed and how the Council is going to prepare to deal with the amount of admin and number of inspections. One landlord felt that the Council will not have time to recruit a team of inspectors ready to start in January 2019 and said that they will need to inspect 1,000 properties.
- One suggestion was that landlords would benefit from an accessible, single point of contact at the Council, who has background knowledge and understanding of the issues and wider context.
- A suggestion was made that the Housing team keeps its current approach to licensing which allows inspectors to exercise discretion and common sense. There are concerns that this will disappear if the scheme is extended.
- One resident suggested that the Council needs to be careful about how the scheme is publicised and promoted to the public/tenants, as the licensing team may be overrun with complaints that should go to other Council teams, such as rubbish issues, parking problems, planning queries etc. They suggested that the Council should be clear in their publicity about what the licensing team does and doesn't do and where to go for other issues.
- There was a query about what type of floor plan needs to be submitted – does it have to be a detailed architectural drawing or just a rough sketch and queried why this was needed.

Scheme inspection regime inadequate

- One resident was concerned that there should be a wider investigation into properties – they felt that potentially only one visit in five years is not enough. Property standards and conditions can deteriorate rapidly in that time, particularly if they are visited at the beginning of a scheme.
- The same resident also suggested that the Council should inspect properties when they are void (or when there is a turnover of tenants) to see whether standards are being met, as they could insist on changes being made whilst the property is vacant rather than whilst there are tenants there. This will also make sure properties aren't inspected only once over the life of the scheme.

Legislative changes for landlords

- There was general criticism about the way landlords are being treated and unfairly penalised, on both a national scale and now also a local scale.
- There were concerns over constant changes in regulations that landlords are expected to keep up with and often have to spend a lot of money on putting into place.

- Landlords said that they want to be kept informed about changes in legislation, safety etc. before they are inspected – a number felt they were doing what was needed but had subsequently been told a year later by an inspector that they no longer need to do it (which had cost them money to do what they were advised to do previously, such as door closers or fire extinguishers), or that they needed to now do something because legislation had changed e.g. safety, fire blankets, rubbish changes etc.... They felt that the Council should be feeding back to them any changes that are required so that they can do them.
- Landlords asked that the Council feedback their concerns to government e.g. around constant changes in what is required of landlords which are then changed back or changed to something else one year later, which has resulted in costs by landlords.

Dealing with rogue landlords

- Many felt that the proposal will not deal with rogue landlords and questioned how the Council will go about finding out where unlicensed properties are.
- Many felt that the Council should not go down the route of licensing but should focus its efforts on the worst landlords, e.g. Those who are sub-letting, Airbnb, and the more criminal elements.

Planning

- There were a number of comments around having planning restrictions for HMOs, particularly around the number of student properties in Bath. A written response highlighted that the Council has let the number of students increased dramatically over the years, with little regard for the impact on the property market. They suggested the university population needs to be capped.
- There was a query around the change of use from HMO to residential, e.g. it could be every 6 months as the market changes. Will landlords need planning consent and re-licencing every time this happens? Further clarification is needed around planning, particularly around switching between residential (C4) and a HMO.
- The NLA suggested that housing prices are significantly higher for shared usage housing than identical housing rented out to families therefore the Council should allow them to keep shared usage if they change the use to families, otherwise landlords would more than likely allow them to sit empty until they can be filled with sharers.

University role

- A number of attendees felt that the Council should push universities to help with issues around student occupancy, as more often than not it is the students and therefore the universities that generate the problem and therefore they should contribute to the solution. One landlord requested data on student occupancy vs others in private rented property.

Support/added value for landlords

- Many questioned the degree to which landlords have been supported under the existing additional licensing scheme. Although email addresses have been captured, there has been little information provided to landlords and they have been asked to keep up to date with any changes via the Council's

webpage. Therefore, more support and communication on matters that affect landlords should be more direct from the Council to landlords.

- One suggestion was that the fee should include a number of free visits to the tip to address the rubbish issue.
- Another suggestion was around parking permits/exemption for landlords/agents e.g. In resident parking areas.
- One suggestion was that there should be some form of quality award: some sort of star rating scheme, to recognise landlords/property that is beyond standard requirements.

Other

- One resident felt that the Council should look closer to home at the state of some of the social housing owned by the Council (clarified that the Council does not have its own housing stock, it is housing association owned).
- One respondent suggested having a star rating for all Buy to Let investment properties from 1-5. Good landlords who maintain their properties, look after their client's needs should get 4/5 stars. Any property with a one or two star rating should not be able to let the property until work is carried to bring the property up to scratch.
- Suggestions are that HMOs that require more Council input to achieve the licensing standard are charged more than those who don't.

Stakeholder views on proposal

This section draws together the headline findings from the Stakeholder interviews. In total, 11 Stakeholders responded to the consultation invitation, either via telephone interviews or via a written response. Some of the key themes from the semi-structured stakeholder interviews are shown below with anonymised quotes.

Support for licensing

Generally speaking, stakeholders agree that there is a need for all properties that are rented to be safe places for people to live in, and that this may not be the case at present. Landlords and agents are generally in support of something being done by the Council, although to varying degrees. Landlords Associations are generally not supportive of licensing, as they feel that existing powers are already there for Councils to use to deal with irresponsible landlords and compliant landlords are being penalised for the sake of a small minority of landlords.

Most feel that licensing would help to improve conditions and safety and therefore would be supportive:

“Anything that raises the standards of housing stock, can only be a good thing”.

“It will have a positive impact. will make landlords have to make improvements to make those particular properties better standard and better quality for people who live in them... whether its fire regulations or general wear and tear”.

A number of stakeholders feel that there are different standards/rules within Bath at the moment and therefore having a city-wide scheme will help to remove confusion and level the playing field so that all HMO landlords will have to abide by the same set of rules for Additional Licensing properties.

“What I’d like is a level playing field...we’re all letting the same type of properties”.

Many landlords are ignorant

A number of stakeholders feel that the biggest challenge with schemes like this is that many landlords are not easily reachable and therefore are generally quite ignorant, particularly landlords with one property who may be incidental landlords, or those who live abroad or outside of BANES.

“I think there are an element of rogue landlords but I think there are far more landlords managing their own properties or what they think is managing that isn’t compliant with legislation. So things like right to rent, ensuring all the compliances are up to date, smoke alarms are in the property and properties are hard wired etc... I think there are a lot of landlords that are ignorant of what they need to do, as there’s no one monitoring”.

Existing scheme has seen some improvements

A number of stakeholders are aware of the existing Additional Licensing scheme (within the 3 wards in Bath). Some feel that it has had a positive impact. However, others question how far some of the conditions have been enforced and therefore something that any scheme needs to consider.

"I think it has improved things for the residents of the HMOs... It has perhaps helped in the management of housing a little bit. I would like to see the Council pinned down about the front and back gardens, which is the thing that affects people not living in the house".

Drive up rents

Most stakeholders feel that the licensing scheme will result in rents being increased and passed onto tenants.

"The more regulation you put on, the higher the rent and the rent is now very, very high".

Price tenants out on local housing allowance

Two stakeholders are concerned about the impact rising rents will have on tenants who are on the Local Housing Allowance, as there are currently an extremely limited number of properties that they can look at in Bath and present without licensing being in place.

"My main reservation is that it's an increased cost for landlords and the lack or shortage of accommodation at the Local Housing Allowance rate, I can't see it helping that. ..I really struggle to see it fitting in with the Local Housing Allowance..."

Displacement of landlords to other areas

A number of stakeholders are concerned about the impact licensing will have on landlords. One consequence of introducing the additional licensing scheme was for some landlords (particularly those the scheme is trying to identify) to sell up and move to other areas in Bath where licensing was not in place.

"Within the first 2 years [of the existing licensing scheme], landlords, and those landlords that the Council are probably interested in, started migrating to other areas of Bath".

Drive out landlords

One landlord said that he is considering whether to continue in the profession because of the continued pressure on landlords operating costs and requirements, with licensing just adding to them.

“If you cut the supply off too much and make it too difficult for landlords, you won’t have any. They’ll put their money in something else”.

Rogue landlords will find ways around scheme – downsize/outside of areas

A few stakeholders feel that licensing is unlikely to tackle rogue landlords, as most will either look to buy smaller properties to rent or move to areas where licensing isn’t in place:

“A lot of the rogue landlords are avoiding a lot of these details – mandatory, additional, HMO, so they are going into smaller units where they are completely under the radar”.

Scheme design

Stakeholders were asked their views on the design of the scheme, which includes the proposed area of Bath City as the focus for the scheme and smaller HMO properties.

Geographical focus

Most stakeholders feel that Bath City is the right place for the scheme to focus, as it is where there are the majority of HMO properties. Some feel that the existing scheme was a test of whether a licensing could work and now it needs to be rolled out to the wider Bath area.

“I think the rationale originally for putting in the 3 wards was good 5 years ago when we did it, rather than the whole city. The evidence shows that it’s the right thing to do across the whole city”.

However, a number feel that it makes sense to roll it out further afield, even across the whole of BANES, with some saying that it should be the whole of the private rented sector rather than just HMO properties.

“I agree that it’s the whole of the city now, but I think that the trick is going to be missed now...It doesn’t take 5 years but it should be rolled out across BANES . I think it should be all of the commuter belt”.

“If they are going to do it, I think they should do it across the BANES area. I think there would be a degree of fairness to do it across the entire area that are covered by the BANES area”.

Queried why lives of tenants who don’t know each other more important than others?

One stakeholder queries why the focus is on HMO properties rather than similar sized family properties, or other sized properties if improving health and safety and conditions is a driver.

"It should not be HMOs. What is the difference between an HMO and a one bedroom flat. The people in the one bedroom flat, should their health and safety be any less than 3 people sharing just because they don't know each other?"

Licence fees and incentives

Stakeholders were asked to give their feedback on the proposed fees and incentive. Many feel that they are reasonable in terms of the actual costs to landlords when the fee is broken down on what it means on a weekly or monthly basis.

"In the grand scheme, in terms of the amount of yield those properties bring in, I think it's peanuts in the grand scheme of things..."

However, a small number query why the proposed fee is higher than the fee for the existing scheme, when economies of scale should be reducing the fees.

"You would like to think the numbers of doing more would bring the cost down".

Fees passed onto tenants

There was a general consensus that the fees would more than likely be passed onto tenants, although the majority feel it would have only a very minor impact.

"Even if it's passed onto the residents, if you're talking about £150 a year divided by 5 people to have some assurance of quality, I don't think that's an excessive amount of money on top of what is already rather a lot of money".

However, stakeholders working with more vulnerable tenants, particularly those on the local housing allowance are concerned that they would be impacted more significantly, not just because the fees may be passed on, but because landlords may have to do work for their properties to meet standards they are not currently meeting and therefore rents would have to increase.

"My main reservation is that it's an increased cost for landlords and the lack or shortage of accommodation at the Local Housing Allowance rate, I can't see it helping that. ...I really struggle to see it fitting in with the Local Housing Allowance..."

"I think the risk is that they won't just put it up by that but will use this as an excuse for I need a new boiler, I need a new smoke alarm and before you know it the whole package will be expensive..."

Enhanced incentives

In terms of incentives, many feel that an incentive is needed for those who are compliant and don't need much support/intervention from the Council. However, some feel that the incentives should be much more significant for those who already comply or have properties that meet the standards and therefore only may need one inspection for the Council to verify this.

"It's quite a lot of money for what a normal landlord wouldn't see any return for I don't think it's a big enough number".

One landlord suggests that fees should be proportionate to the amount of time/resources that the Council needs to spend in dealing with them, so those who meet the standards would need to pay less than those who need more time spent on inspections etc...

"Really it should be done on a time basis or a no problem basis. It's quite unfair that no one says 'well done'. Landlords that try hard and don't cause hassle should be rewarded in some way. If you have an inspection for instance, you shouldn't have to pay £700 if all goes well".

One stakeholder suggests that there should be a much greater incentive or even an exemption for those who rent to LHA tenants or via letting agencies such as Home Turf Lettings who focus on properties just let at the LHA rate, otherwise properties will more than likely disappear.

"... ideally a waiver for people letting at LHA rate, not just because of the potential impact on Home Turf Lettings and people that we are already working with, but it might be an incentive for landlords to consider letting their property at the local housing allowance rate... they would still need to be licensed so the standards will hopefully improve overall, but I don't think we could support it unless landlords at local housing allowance rate were exempt from it".

Licensing conditions

Stakeholders were asked to comment on the conditions of the licence and also about any conditions they think should be included for dealing with rubbish and garden issues. Many feel that the licence conditions are okay, but that enforcement is needed to ensure compliance:

"It all looks very sensible... those are things that I would already expect to be standard when we have anyone renting out property to anyone

Tenants should be responsible for certain things, not landlords

The majority of stakeholders feel that tenants need to be accountable, with some saying that landlords should not be held accountable at all for tenant behaviour, particularly around things like gardening and rubbish/recycling collections.

“They have a place in some other Council officiousness.. If they have a problem with the garden or rubbish, they should tell the tenant. They are living there, not the landlord. The landlord has no stick to beat them with...the Council does. Any other homeowner...what is it about landlords... Health and safety fine, but gardens and rubbish, no”.

“I think its tenant responsibility...they generate the waste and sit in the garden...I wouldn't want landlords to become mum and dad”.

Rubbish and litter issues

Rubbish and litter issues are cited as being big problems by a number of stakeholders and not something that landlords should be accountable for or able to resolve, or even tenant. Many mentioned that rubbish is an ongoing issue in the city and that with recent changes to collection schemes with reduced collections, which have made the problems worse.

“Rubbish is a really tricky business. On one hand, you've got the Council cutting back on collecting rubbish. So, what are people expected to do with it? It's in their own hands. If you collect the rubbish more often you have less rubbish lying around. They are the people responsible for collecting rubbish... Why don't they collect from HMOs more often. If someone causes trouble they have to have mandatory collections every day and they have to pay for it”.

A number of stakeholders suggested the Council needs to do more to help with rubbish/litter issues, with things like more frequent collections for HMOs or bigger bins suggested.

“I think the waste issue is a real problem here...we talked about in high density HMO areas, having like in continental areas, having a larger bin on wheels where you lift up the lid like in Spain or France...Kids today, yes they are recycling, but you might have 8 people in a house, 8 20 year olds in a house. The amount of stuff they generate is unbelievable. Yes I think something ought to be done on a collective basis for waste disposal rather than the fortnightly basis for black bins...”

Room size changes

One landlord/agent is concerned about the room size allowances which have been fine for years for certain sizes of bedrooms where additional space was provided for storage elsewhere, which are now not going to be allowed under the list of conditions. This could result in landlords losing a lot of money and having to spend a lot of money to recoup that (where it is possible for loft conversions for example).

“...that leaves me with an awful lot of properties which I’ve got to do something with. These bedrooms are worth about £100,000 per bedroom...”

Landlords won’t license if the work will cost them too much

A small number of stakeholders feel that the conditions may make some landlords try to evade licensing if it’s going to cost them too much to bring things up to scratch.

“They will just go under the radar and not license them I would imagine and hope they don’t get caught out...It doesn’t sound very healthy for the vulnerable people that we’re talking about, particularly the people at the bottom of the housing ladder.”

Enforcement concerns

Several stakeholders mention the need for enforcement to take place, not just licensing of properties, otherwise nothing will change. However, a couple of stakeholders are concerned about enforcement and the feasibility of enforcing against groups of tenants like students who may have left a property by the time the Council can actually try to take action against them.

the reality is that if someone is only going to be somewhere for a year, they haven’t got that investment ..and if any action was going to be taken against them then they’d have probably left by the time that finished anyway, so I’m not sure it’d be that effective in those cases.

Other considerations/ideas

During the interviews, a number of consideration or ideas were mentioned by stakeholders. These are detailed below.

Target only bad landlords

A small number of stakeholders feel that the Council should focus their efforts/resources on dealing with bad landlords and finding those properties, rather than trying to take a broad approach via licensing, as this will have the biggest impact on the sector.

“If I was in charge of the Council... I would basically do a door to door search for every property that was let, then you find out who they are”.

Another suggested that the Council needs the help of the local community to identify those landlords who are evading licensing, by building better relationships with them and encouraging whistleblowing.

“We are going to have to build a better relationship with people in our communities, who will trust us enough to tell us if their neighbour or someone in their road has got an interesting set of people coming in and out – we’re going to have to rely on that and then go for enforcement. Which is also good because it means we will also get roguish landlords who are making properties good or getting in the system altogether. But there is a risk”.

Limit growth of universities/make them more accountable for where students live

A number of stakeholders mention the significant uncapped growth of the student population as a major area for concern, that licensing is partly trying to address. Some suggested that the Universities need to take more accountability in terms of the student living accommodation and that the Council needs to work with them to try to manage this more effectively.

“There’s less properties in this area and we’ve had a huge influx and increase in both universities, so its now made it quite difficult for anyone to find accommodation...its hugely put up the rents in those areas...its eye watering in those areas and it’s not going to get any better...I do feel the universities need to have more plans in place”.

Promotion of any future scheme

One agent is concerned that the Council needs to do a significant promotional work with the local community to get the message spread about licensing, otherwise there will be a huge amount of ignorance about what will be required of landlords and agents.

“It’s going to be a nightmare for the Council to implement it. My concern is that there are a number of landlords, agents, individuals, owners that really haven’t got a clue about this additional licensing now, no matter if its phased out. They don’t understand the change of use and its getting that information out there would be my concern, you’ve got a lot of the city not knowing. I met a landlord at a property the other day asked if this is a registered HMO and she said ‘well no why should it be, it’s not more than 5’ and that’s 5 years on...”

Number of inspections

A small number of stakeholders are concerned about the number of inspections that are proposed (minimum of 1) over the 5 year period and think it should be more.

“One thing reading through it was the length of time that places would be inspected just once, but I suspect it could be a slow process if some aren’t going to be inspected until towards the end of the 5 year period... it’s a slight concern”.

Consistency of inspectors

One landlord/agent said they are concerned about ensuring inspectors take a consistent approach to the inspections, or that the same inspector is used to reinspect a property where improvements need to be made, as they have experienced a number of issues around one inspector telling them they need something done, and another saying something else.

“Consistency of the person doing the visit – if you just had one person doing a visit then why are you getting someone else turn up.... They’ve all been trained, they’ve all had the same training, but they’ve all got different views on things... You can’t really do anything about that, but it’s not joined up”.

The same landlord gave example of an HMO property that was licensed 3 months previously, and they made a decision to purchase based on the fact that it has been licensed. When it was relicensed on purchase, they were told that it needed £3,000 worth of work which hadn’t been flagged previously.

Use licensing alongside enforcement tools

A number of stakeholders suggest that the Council needs to use enforcement and other tools alongside licensing, rather than just licence properties. One asks that the Council publish a plan of what powers/tools it intends to use to improve standards, alongside licensing.

“There are a number of enforcement tools already available to the Council, so to complement any licensing plans, it would be good to see a clear plan set out to see how existing powers would be deployed alongside HMO licensing to improve standards... HMO licensing is part of the bigger picture”.

Appendices

Appendix 1: Map of proposed Additional (HMO) Licensing area

Appendix 2: Consultation document

Appendix 3: Survey

Appendix 4: Email and written responses to consultation

Appendix 5: National Landlords Association response

Appendix 6: ALL Wessex response

**Appendix 7: Neighbouring local authority responses to survey
(marked up questionnaire)**



m.e.l
research



Equality Impact Assessment / Equality Analysis

Title of service or policy	Implementation of Additional Licensing of Houses in Multiple Occupation (HMOs) in Bath City.
Name of directorate and service	Directorate: Economy & Growth Service: Housing Services
Name and role of officers completing the EIA	Chris Mordaunt, Team Manager (Housing Standards & Improvements)
Date of assessment	Updated: 3 rd August 2018

1.	Identify the aims of the policy or service and how it is implemented.	
	Key questions	Answers / Notes
1.1	<p>Briefly describe purpose of the service/policy including</p> <ul style="list-style-type: none"> • How the service/policy is delivered and by whom • If responsibility for its implementation is shared with other departments or organisations • Intended outcomes 	<p>Implementation of Additional Licensing for Houses in Multiple Occupation (HMO). A licence would be required for all HMOs¹ with shared facilities in Bath City. This would be managed and enforced by the Housing Standards and Improvement Team.</p> <p>The intended outcomes of this scheme are to ensure all HMOs comply with higher standards of safety, quality and management. It is intended this should lead to :</p> <ul style="list-style-type: none"> • Improved quality of life for residents; • Safer and healthier homes; • Higher quality HMOs making it easier to attract and keep employees in Bath: and • Better quality housing will be available for potentially vulnerable people.
1.2	<p>Provide brief details of the scope of the policy or service being reviewed, for example:</p> <ul style="list-style-type: none"> • Is it a new service/policy or review of an existing one? • Is it a national 	<p>Additional licensing of HMOs is an extension to the existing Mandatory licensing scheme. This is already required for all properties with 5 or more occupants living as two or more households.</p> <p>It is not a national requirement. Local Housing Authorities are given the flexibility to implement additional licensing where there is the need in a specific local area.</p>

¹ A House in Multiple Occupation (HMO) can be defined as a house with 3 or more people from 2 or more households (a full definition can be found in the 2004 Housing Act).

	<p>requirement?).</p> <ul style="list-style-type: none"> How much room for review is there? 	<p>A ten week consultation was undertaken from 16th March to 25th May 2018 where much of the detail of the additional licensing proposals was available for review and comment. The Council cabinet will make the final decision on implementation expected September 2018.</p>
1.3	<p>Do the aims of this policy link to or conflict with any other policies of the Council?</p>	<p>The scheme will link and support a range of corporate priorities including: the Corporate Strategy (particularly the focus on prevention theme); the Economic Strategy; planning controls on HMOs and waste polices. Additional licencing will improve energy efficiency and so also contribute towards the corporate vision of low carbon communities by ensuring, where needed, energy ratings are improved.</p> <p>Potential challenges identified include:</p> <ul style="list-style-type: none"> The costs of additional licensing could, at least theoretically, be passed on to tenants through increased rental prices; conflicting with objectives around affordability It could lead to a disparity of standards of HMO across the city; conflicting with equality objectives If the approach taken leads to a perception that HMOs are not welcome in Bath, then this may lead to a shortage in affordable private rented property. This may make it harder for employers to attract lower paid employees, particularly those at the start of their careers, including new graduates. This could damage economic development objectives for the city.
2. Consideration of available data, research and information		
	Key questions	Data, research and information that you can refer to
2.1	<p>What is the equalities profile of the team delivering the service/policy?</p>	<p>Please see appendix A.</p>
2.2	<p>What equalities training have staff</p>	<p>Housing Standards and Improvement Team members have received equalities training,</p>

	received?	including training on the Equality Act 2010, and the 9 protected Characteristics. This is updated every three years.
2.3	What is the equalities profile of service users?	<p>No specific information is available on the equalities profile of the landlords and tenants of HMOs that will be subject to Additional Licensing. However, we do know that students make up a large proportion of occupants of HMOs in Bath. Data is available from the Higher Education Statistics Agency, on the age, gender and socio-economic profile of students at the Higher Education Institutions in Bath (http://www.hesa.ac.uk/index.php?option=com_content&task=view&id=2060&Itemid=141)</p> <p>In broad terms, and given the large numbers of properties involved, around 2,000, it is reasonable to suspect that characteristics will be broadly similar to the wider population, as detailed in the appendix, with the notable exception of: age, where the tenants are likely to be younger; and income where the tenants are likely to have lower incomes.</p>
2.4	What other data do you have in terms of service users or staff? (e.g. results of customer satisfaction surveys, consultation findings). Are there any gaps?	None

2.5	<p>What engagement or consultation has been undertaken as part of this EIA and with whom?</p> <p>What were the results?</p>	<p>Whilst the EqIA has not been subject to any consultation the proposal to introduce Additional Licensing in Bath City has been subject to extensive public consultation.</p> <p>M.E.L Research was commissioned to undertake public consultation on the proposal to introduce an Additional Licensing scheme covering Bath City. In total, 910 respondents took part in the survey with further feedback gathered from two public meetings, stakeholder interviews and written responses. The consultation period spanned 10 weeks (16th March to 25th May 2018). The main methods of consultation were an online survey and a door to door residents' survey with a representative sample of residents from across the LHA area.</p> <p>The Council's Equalities Team were specifically consulted, and contributed, as part of the consultation exercise.</p> <p>Overall, support for an Additional Licensing scheme in Bath City is very strong with over eight out of ten (85%) respondents in support of the scheme and more than four out of ten (44%) feeling it will have a positive effect on them as individuals.</p>	
2.6	<p>If you are planning to undertake any consultation in the future regarding this service or policy, how will you include equalities considerations within this?</p>	n/a	
3. Assessment of impact: 'Equality analysis'			
		Examples of what the service has done to promote equality	Examples of actual or potential negative or adverse impact and what steps have been or could be taken to address this
3.1	Gender – identify the impact/potential impact of the	The process of requiring a licence will mean that action will be taken to raise the	This could lead to a disparity of standards across B&NES with HMOs outside of the

	<p>policy on women and men. (Are there any issues regarding pregnancy and maternity?)</p>	<p>quality of private rented accommodation, resolve hazards and ensure higher standards. The improved standards will be particularly beneficial for the most vulnerable tenants, who perhaps currently live in sub-standard accommodation. These more vulnerable residents often fall into one or more equality groups.</p> <p>NB this positive impact will apply to all the groups considered below.</p>	<p>proposed areas becoming poorer quality (e.g. in relation to energy efficiency, fire safety etc).</p> <p>Action: <i>On-going monitoring of impacts of licensing to be used to consider whether it might be appropriate to extend the scheme in due courses.</i></p>
3.2	Transgender – – identify the impact/potential impact of the policy on transgender people	<p>There is no evidence of a positive or negative impact on this Equalities group, due to lack of data and knowledge about HMO landlords and HMO dwellers in B&NES. Officers should be sensitive when investigating occupancy of rooms and inspecting properties.</p>	
3.3	Disability - identify the impact/potential impact of the policy on disabled people (ensure consideration of a range of impairments including both physical and mental impairments)	<p>As in 3.1 above; and</p> <p>The higher standards applied with the additional licensing will mean that provision with respect to disabled persons is improved.</p> <p>A paragraph has been added to enforcement notices, informal and formal, stating that reasonable adjustments may be required.</p> <p>Note: Care homes are exempt from licensing.</p>	<p>As in 3.1 above; and</p> <p>The completion of a licence application form can be difficult for those with certain impairments. There can also be communication difficulties if legal action is taken for noncompliance with the HMO licence provisions.</p> <p>Action: <i>Assistance to be offered to all landlords to complete the application form and on-going help and advice will be given.</i></p> <p><i>A strapline will added to standard letters and notices saying that they are available in other formats.</i></p>

3.4	Age – identify the impact/potential impact of the policy on different age groups	<p>As in 3.1 above</p> <p>More choice of high quality HMOs will make it easier to attract young professionals/lower paid employees to Bath.</p> <p>The requirements for greater energy efficiency will reduce fuel poverty amongst the elderly and other age groups such as younger people on lower incomes.</p> <p>Young families and elderly people are more likely to be attracted to and enjoy certain areas.</p> <p>Note: Childrens homes and care homes are exempt under the Housing Act 2004.</p>	<p>It has been argued that licensing may push up rental prices if landlords can pass the costs on to tenants which would disproportionately affect those with lower salaries and students that tend to be younger people.</p> <p>However, it is impossible to ascertain whether this is true, not least given that in relation to average rental costs the cost of the licence is marginal, typically around 0.6% of rent.</p>
3.5	Race – identify the impact/potential impact on different black and minority ethnic groups	<p>As in 3.1 above and</p> <p>Increasing availability of HMOs that reach minimum standards.</p> <p>The imposition of a framework for good management, the provision of a good basic level of standard amenities and the subsequent remedying of actionable hazards in licensed HMOs has a positive impact for all ethnic groups. This would particularly be the case where a property is used for asylum seekers and migrant</p>	As in 3.1 above

		workers. Any cultural issues will be considered before enforcing standards.	
3.6	Sexual orientation - identify the impact/potential impact of the policy on lesbians, gay, bisexual & heterosexual people	There is no evidence of a positive or negative impact on this Equalities group, due to lack of data and knowledge about HMO landlords and HMO dwellers in B&NES. Officers should be sensitive when investigating occupancy of rooms and consider that same sex couples may be living as a household.	
3.7	Religion/belief – identify the impact/potential impact of the policy on people of different religious/faith groups and also upon those with no religion.	As in 3.1 above Note: Certain buildings occupied by a religious community are exempt from additional licensing.	As in 3.1 above
3.8	Socio-economically disadvantaged – identify the impact on people who are disadvantaged due to factors like family background, educational attainment, neighbourhood, employment status can influence life chances	As in 3.1 above The requirements for greater energy efficiency will reduce fuel poverty amongst those on lower income as it should reduce energy bills. Better quality housing will be provided to tenants on lower incomes. Good quality housing is important for people to achieve their educational and professional potential. Note: Properties managed by a social landlord are exempt.	As in 3.1 and 3.4 above; and Action: <i>On-going monitoring of impacts of licensing to be used to consider whether it might be appropriate to extend the scheme in due courses.</i>

3.9	Rural communities – identify the impact / potential impact on people living in rural communities	Increasing the quality of affordable areas within the city to live, e.g. young people living at home in rural areas, may be able to move out.	As in 3.1 above. Action: <i>On-going monitoring of impacts of licensing to be used to consider whether it might be appropriate to extend the scheme in due courses.</i>
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4. Bath and North East Somerset Council & NHS B&NES Equality Impact Assessment Improvement Plan

Please list actions that you plan to take as a result of this assessment. These actions should be based upon the analysis of data and engagement, any gaps in the data you have identified, and any steps you will be taking to address any negative impacts or remove barriers. The actions need to be built into your service planning framework. Actions/targets should be measurable, achievable, realistic and time framed.

Issues identified	Actions required	Progress milestones	Officer responsible	By when
The completion of a licence application form can be difficult for those with certain impairments or for whom reading & writing English is a challenge. There can also be communication difficulties if legal action is taken for noncompliance with the HMO licence provisions.	Assistance to be offered to all landlords to complete the application form.	Assistance available from when the licensing requirements are implemented.	Housing Standards and Improvement Team	When licensing requirements are implemented
May make those outside the areas where additional licensing is proposed more vulnerable to lower standards in shared housing (this	On-going monitoring and consideration as to whether the scheme should be extended in due course.	Ad-hoc monitoring reports	Housing Standards and Improvement	Post implementation of additional licensing

may impact adversely on a number of equality groups)			Team	scheme.
Potential for people to be uncomfortable or give inaccurate information when asked about living arrangements.	Sensitive consideration will need to be undertaken by Housing Officers when asking questions of people about their living arrangements when seeking to establish if a property is an HMO.	Customer Service standards.	Housing Standards and Improvement Team	Ongoing

5. Sign off and publishing

Signed off by: Graham Sabourn, Head of Housing

Date: 7th August 2018

Appendix A

Equalities profile of Housing Services and B&NES residents

Gender	Male	Female				
HS	25%	75%				
B&NES	49%	51%				
Ethnicity	White*	Mixed	Not known	Asian/Asian British	Black/Black British	Chinese or other ethnic
HS	93.88%	4.08%	2.04%	0%	0%	0%
B&NES	95%	2.5%	0%	0%	2.5%	0%
Religion	Christian	Buddhist	Not revealed	Muslim	No religion	Other
HS	50%	0%	7.5%	0%	40%%	7.5%
B&NES	71.01%	0.33%	8.03%	0.39%	19.50%	0.71%
Sexuality	Heterosexual	Lesbian/Gay/Bisexual	Not stated			
HS	77.5%	2.5%	20%			
B&NES	93%	7%	0%			
Disability	Disabled	Not revealed	Not disabled			
HS	5%	5%	90%			
B&NES	15% (3.1% aged under 65)	0%	85%			
Age	Under 24	25-44	45-64	65+		
HS	0	25%%	75%	0%		
B&NES	17.19%	26.03%	24.04	17.24%		

* Split 82.5% White British; 12.5% White – European/other

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Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	On 5 th September 2018	EXECUTIVE FORWARD PLAN REFERENCE:
		E3088
TITLE:	Pilot scheme to increase enforcement activity in relation to environmental crimes.	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: None included		

1 THE ISSUE

- 1.1 The Council has recently adopted the newer higher level of £150 permitted for a Fixed Penalty Notice ("FPN") under the Environmental Offences (Fixed Penalties) (England) Regulations 2017 for litter dropping.
- 1.2 The Council has limited enforcement resource and cannot cover the whole district 7 days per week. Current enforcement activity is focussed in the city centre in partnership with the BID. The public would, however like us to take a much more proactive stance throughout the whole district with a view, to reducing environmental crime and have cleaner, greener communities.
- 1.3 The proposal is to enter into a pilot scheme with a private sector enforcement provider at zero cost to the Council, to increase the amount of enforcement activity that is undertaken in relation to environmental crime such as litter dropping, dog fouling, fly tipping, waste Duty of Care breaches and to ensure that an enforcement presence is available 7 days per week in the district including parks and public spaces.

This report seeks approval for officers to enter into a 12 month pilot scheme with a private sector provider in consultation with the Cabinet Member for Development & Neighbourhoods

2 RECOMMENDATION

The Cabinet is asked to;

- 2.1 To agree that the Group Manager for Neighbourhood Environmental Services, in consultation with the Cabinet member for Development and Neighbourhoods to enter in to a 12 month pilot scheme to increase the enforcement of environmental crime throughout the district with the following provision:
- a) the contract is at zero cost to the council
 - b) the contract is flexible to include additional enforcement activity as deemed appropriate
 - c) the providers take a proportionate approach in accordance with the legislation
 - d) that education and awareness raising of the consequences of environmental crime are prioritised
 - e) that if successful, proposals for a more permanent arrangement are developed towards the end of the trial.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 The authority has limited in-house resource to enforce against environmental crime such as litter dropping, dog fouling, fly tipping and Duty of Care waste management issues.
- 3.2 Other local authorities (including our neighbours Bristol City Council) have successfully entered into pilot schemes to engage private sector providers to enforce against environmental crime on their behalf. These pilots are undertaken at no cost to the Council and have had a significant impact in raising the awareness of the need to reduce environmental crimes. The schemes have proved popular with the public who wish to see a cleaner environment.
- 3.3 Officers have researched schemes elsewhere and determined that on average 75% of FPNs issued are paid without the need to refer cases to the magistrates' court. The uniformed officers on the streets act as a deterrent, and also as ambassadors for the Council. They usually work closely with other enforcement bodies, Council departments and third parties to share intelligence and tackle cross-cutting issues also.
- 3.4 The Council will usually provide welfare facilities and an operating base for the enforcement officers, who are largely mobile for the period of the trial. Whilst this could be accommodated within one of the Council's waste operational depots the details will be finalised if accommodation proves necessary.
- 3.5 The private sector partner for the pilot, although nil cost to the Council, will be selected through an informal procurement process and monitored by the Council's Waste & Strategy & Contracts team, working closely with the Waste Operational Service. Following the pilot any ongoing contract would be subject to a formal procurement exercise.
- 3.6 The private sector provides all of the enforcement and administrative support required to ensure successful issue of FPN's including all of the mobile technology requirements and access to identify verification information in accordance with statutory requirements.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 Fixed Penalty Notices for leaving litter

- 4.1.1 Section 87 of the Environmental protection Act 1990 states that it is an offence to throw down, drop or otherwise deposit any litter in any place which is in the area of a principal litter authority and is open to the air.
- 4.1.2 Section 88 (1) of the Environmental Protection Act 1990 provides for an authorised officer to issue FPN's for littering offences.
- 4.1.3 The Environmental Offences (Fixed Penalties) (England) Regulations 2017 and section 88(6A)(a) of the Environmental Protection Act 1990 provides that the amount of a FPN payable in respect of a FPN issued for Litter shall be not less than £50 and not more than £150, with £100 being the default if no amount is specified. If the FPN is not paid within the specified period, then the person it was issued to will be liable to conviction for the original offence in the Magistrates' Court.

4.2 Fixed Penalties for other Environmental Issues

- 4.2.1 Section 34A, 47ZA and 47ZB of the Environmental Protection Act 1990 provides for an authorised officer to issue a FPN's for failures of waste duty or care and incorrect presentation of commercial and domestic waste for collection.
- 4.2.2 The Unauthorised Deposit of Waste (Fixed Penalties) Regulations 2016 provides for an authorised officer to issue a FPN for incidents of fly tipping
- 4.2.3 The Dogs (Fouling of Land) Act 1996 provides for an authorised officer to issue a FPN for incidents of dog fouling.
- 4.3 The above mentioned legislation are the primary areas that will be considered as part of the trial, but others could be included during the trial where appropriate.
- 4.4 Once appointed enforcement operatives of the 3rd Party Provider will be authorised to issue FPNs under delegated authority in accordance with the Environmental Services Delegation scheme.
- 4.5 Should offenders chose not to discharge their liability through payment of the FPN, or where a case involves persistent offenders or more serious incidents, the matter will be referred to the council's Legal Services for consideration of criminal proceedings.

5 THE REPORT

- 5.1 In common with all local authorities, our district suffers from incidences of littering, fly tipping, dog fouling and poor presentation of waste by commercial operators and by domestic residents.
- 5.2 Litter includes items such as cigarette butts, chewing gum and crisp packets, and can cause harm to the environment and can be hazardous to humans and wildlife.
- 5.3 This Council is determined to reduce littering by carrying out an awareness raising campaign to stress the harm caused by this anti-social behaviour, encouraging people to take personal responsibility for their waste, and also by making best use of the of legislation available to us to enforce against littering behaviour
- 5.4 Where perpetrators of littering are identified, it is appropriate that they receive a penalty reflecting the damage to the environment, local community and cost to the Local Authority

for clearing the litter and enforcing the offence. The penalty should also act as a deterrent against future offending.

5.5 This Council has adopted the maximum amount of fixed penalty that can be used in relation to a FPN issued for littering and flytipping. FPNs offer the opportunity for an individual to discharge any liability to conviction for the offence to which it relates, by payment of a FPN. FPNs are ordinarily used to deal with an incident initially, as an appropriate and proportionate way of dealing with the offending behaviour.

5.6 When individuals choose not to discharge their liability through payment of an FPN, or where a case involves a persistent offender then prosecution action can be taken through the courts.

5.5 The Council wishes to increase its enforcement capabilities to make a positive impact on the reduction of environmental crime, but does not have the capability in-house to do this in the current financial climate. The Council is therefore seeking a private sector provider to assist at zero cost to the Council.

5.6 The Council will seek to enter into a flexible pilot scheme to determine success and to ultimately shape the procurement of a longer term enforcement contract developed using lessons learned throughout the pilot.

5.7 Now that Bristol City Council have reached the end of their pilot, they are currently planning a procurement exercise for a 4 year contract for the provision of these services, Bath & North East Somerset will be a named party on the procurement exercise, giving us the option to join it at a later date if it is suitable for our needs. By being named there is no commitment to have to use the contract in future.

6 RATIONALE

6.1 Fixed Penalty Notices are a valuable enforcement tool for dealing with the unauthorised deposit of litter, dog fouling flytipping and specific Duty of Care offences. They help to further the Council's commitment to take enforcement action against those who cause litter.

6.2 By entering into a contract with a third party provider the Council can significantly increase its enforcement activity in relation to environmental crime as requested by residents, and help to keep the District cleaner and reduce pollution.

6.3 Cleaner greener healthier communities form part of the Councils key priorities.

7 OTHER OPTIONS CONSIDERED

7.1 To directly employ additional enforcement officers in-house. This option has been discounted due to the increased overhead costs and administrative support that will be required to implement a significant increase in FPN's and to prepare files for prosecution. Outsourcing this function reduces financial risk to the Council whilst increasing capability.

8 CONSULTATION

8.1 The Council's Monitoring Officer, Section 151 Officer and Corporate Director have had the opportunity to input to this report.

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.

Contact person	<i>Sarah Alder 01225 394187</i>
Background papers	
Please contact the report author if you need to access this report in an alternative format	

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Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	5 September 2018	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3091
TITLE:	Sub-National Transport Bodies	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix A- Draft Sub-National Transport Body Prospectus Appendix B- Draft Heads of Terms and Constitution agreement		

1 THE ISSUE

- 1.1 To consider Bath and North East Somerset Council's membership of the Western Gateway Shadow Sub-National Transport Body. The Council has recognised that on strategic transport issues there are mutual and shared interests with other transport authorities and that working more closely together will strengthen our case when lobbying Government for future funding and scheme prioritisation.

2 RECOMMENDATION

The Cabinet is asked to;

- 2.1 To approve Bath and North East Somerset Council's participation in a Shadow Sub-National Transport Body.
- 2.2 To agree the Shadow Sub-National Transport Body prospectus and note the emerging transport priorities (Appendix A).

2.3 To enter into a Heads of Terms and Constitution agreement with other Transport Authorities (Appendix B).

2.4 To appoint the Cabinet Member for Transport and Environment to represent the Council on the Shadow Sub-National Transport Body's Partnership Board and for a fellow Cabinet Member to act as a nominated deputy in the absence of the Cabinet Member for Transport and Environment .

2.5 To delegate authority to the Corporate Director, in consultation with Cabinet Member for Transport and Environment, to represent the Council on the Shadow Sub-National Transport Senior Officer Group.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

3.1 There is no direct cost to participating in the Shadow Sub-National Transport Body. However, each authority would incur indirect costs in officer time, travel and Member attendance in participating board meetings

3.2 The Government has already awarded funding to other Shadow Sub-National Transport Body's in England and the proposals to Department for Transport will include a resource plan to enable host authorities to support more detailed work by the officer working groups and provide administrative and democratic support to the Shadow Body.

3.3 Failure to participate in the Shadow Board would reduce the Council's ability to influence regional scheme funding decisions, prioritisation of Department for Transport schemes and future investment in Bath and North East Somerset's Major Road Network (expected to be announced by Government in the Autumn)

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 There is no statutory requirement for the Council to be part of a Shadow Sub-National Transport Body

5 THE REPORT

Local Authorities across England are responding to Government's request for more strategic thinking about transport investment priorities to improve regional productivity and sustainable economic growth by joining up to become Sub-National Transport Bodies (SNTB).

5.1 The role of a SNTB is to provide the strategic leadership by providing one single voice when discussing strategic transport infrastructure requirements with Government. This will be supported by the production of a robust regional evidence base and a long-term Strategic Transport Plan.

- 5.2 In response, Government has said SNTB's will be given 'unprecedented access' to decision-making processes when developing national investment strategies and have a 'key role' in advising on the allocation of monies from the National Roads Fund (established from 2020/21) to the Major Road Network (MRN). Roads identified as part of the MRN will remain local authority roads and continue to be managed by the local Highway Authority
- 5.3 Bath and North East Somerset Council officers have been working with other local authorities to establish the principle of establishing a SNTB. Joining up with other local authorities in the West of England, Wiltshire, Gloucestershire, Poole and Bournemouth strengthens our working on wider travel and transportation issues
- 5.4 The creation of a Shadow SNTB will have clear wider economic benefits in the longer term by working with adjacent Bodies, including the West Midlands, South West Peninsula and England's Economic Heartland (to the east of our region)
- 5.5 The Shadow SNTB will also work closely with other Agencies and bodies to influence the strategic transport priorities including, LEPs, Highways England, Homes England and Network Rail
- 5.6 The West of England Combined Authority is also proposed as a Member of the Shadow Board.

Western Gateway Shadow SNTB

5.7 The Western Gateway area is home to over 2.6 million people and is set for a step change in prosperity and productivity through an ambitious growth agenda over the next 20 years delivering 260,000 new homes and over 150,000 new jobs. It is both a highly desirable destination as well as a facilitator of movement through nationally significant travel corridors. The Gateway area links England's South Coast to the Midlands; London and the South East to South Wales and the South West Peninsula to the rest of the UK.

5.8 The strength of the Western Gateway area will be its ability to speak with one voice to Government on strategic transport priorities. This will be achieved through increased collaborative working between research institutions, the Local Enterprise Partnerships and local government which will ensure that transport is not a barrier but an accelerator of growth.

Emerging Transport Priorities of the Shadow Sub-National Transport Body

5.9 A Shadow Sub-National Transport Body officer group has been formed to discuss the emerging SNTB and the challenges the Strategic Transport

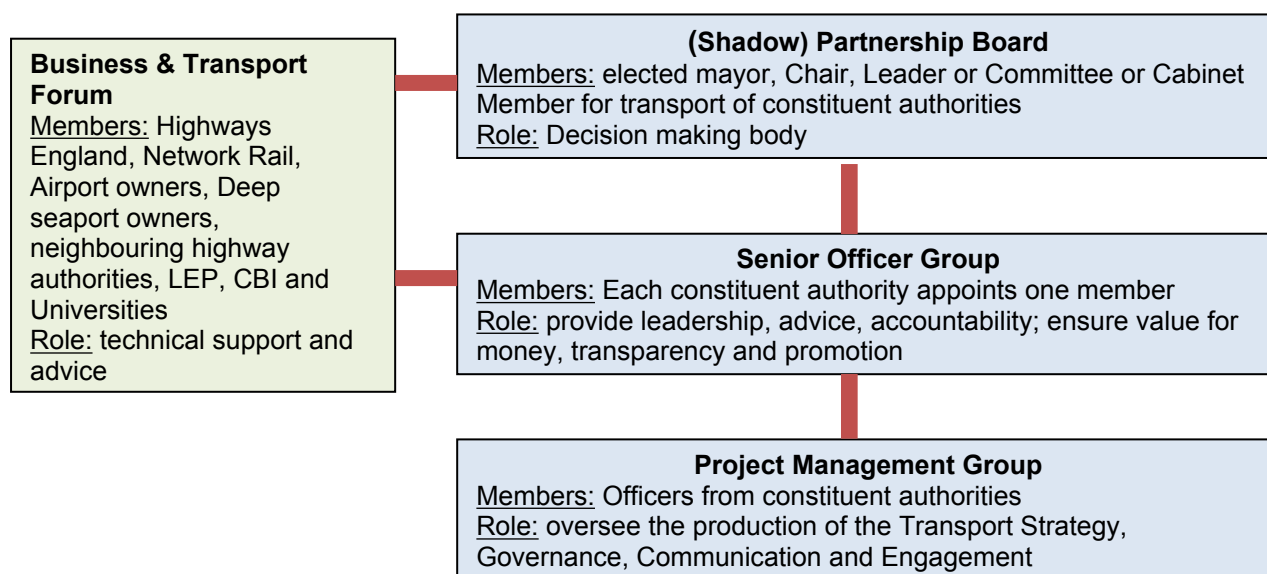
Strategy will need to address. The emerging challenges identified are outlined in the draft prospectus included in Appendix A. This includes:

- 5.10 Improving metro connectivity - As the population of the Western Gateway area grows there will be increased need to travel within the area. Servicing local connectivity is vitally important and will include the opening up of passenger transport routes, increasing service frequencies and ensuring new communities have access to a full range of travel choices.
- 5.11 Improving network resilience - Resilience in this context is broadly described in terms of journey time reliability on strategic travel corridors and the opportunity to manage existing and forecasted demand.
- 5.12 Improving connectivity to the South and South west including access to Bournemouth Airport and the Port of Poole - Addressing this challenge and providing better connectivity with the Port of Bristol and other South Coast ports, such as Southampton, will benefit the Western Gateway authorities by improving access to international markets, better supporting local businesses.
- 5.13 Improving access to Bristol International Airport - Bristol International Airport is the largest regional airport in the South West. Connectivity is a major issue for the airport. It has no direct access onto the motorway network. Addressing this challenge will benefit Gloucestershire as it improves international connectivity and enhances tourist potential for the county.
- 5.14 Improving strategic connectivity - The Western Gateway area is a crossroads of national connectivity. Prioritising local transport investments to remove pinch points within these strategic corridors creates gateways of economic activity by opening up new and improving existing pathways to local, national and international markets resulting in economic success and prosperity for all.
- 5.15 Improving digital technology and innovation - The Western Gateway area will take a collective approach to the development and delivery of transformational technology to provide for the transport systems of the future and potentially reduce the set-up cost of providing transformational technologies.

Governance arrangement for the Shadow SNTB

- 5.16 Appendix B outlines the draft Heads of Terms and Constitution for the Shadow SNTB.

Proposed Western Gateway Sub-National Transport Body Structure:



5.17 The Shadow Partnership Board is the ‘decision making’ body for the Western Gateway Sub-National Transport Body. The scope of decision making will be limited and require reference back to the individual decision making processes of the individual partner authorities. Each Constituent Authority will therefore appoint one person as a member of the Shadow Board. It is recommended that the Cabinet Member for Transport and Environment represents the Council. Each Constituent Authority will have one vote and decisions will be made unanimously. The Constituent Authorities will also have a substitute and it is recommended that a fellow Cabinet Member substitutes. The membership of the Western Gateway Shadow Partnership Board includes:

Voting Members	Co-opted members:
Bath and North East Somerset Council	Chair Business & Transport Forum
Bristol City Council	Highways England
Borough of Poole	Network Rail
Bournemouth Borough Council	Department for Transport
Gloucestershire County Council	Homes England
North Somerset Council	

South Gloucestershire Council	
West of England Combined Authority (WECA)	
Wiltshire Council	

5.18 Each Constituent Authority will also appoint one person as member of the Senior Officer Group. It is recommended that the Corporate Director, in consultation with Cabinet Member for Transport and Environment, to represent the Council.

5.19 Over the summer (July to September 2018) other member authorities will formally confirm their own commitment to the formation of a Western Gateway Sub-National Transport Body. The Senior Officer group will then write to the Department for Transport to confirm this and formally establish a new Sub-National Transport Board to oversee the work of the Sub-National Transport Body.

5.20 Subject to approval, the first Shadow Partnership Board is scheduled to meet in September 2018. At this meeting the Chair of the group will be nominated and the Board will be asked to agree its 'asks' of Government to improve quality of sub-national evidence base to inform the Strategic Transport Strategy.

5.21 Longer term the Sub-National Transport Body will stay in shadow form for a number of years as its formal constitution will require an Act of Parliament. The Department for Transport have indicated that the earliest there is likely to be parliamentary time for this is 2021/22. This period will allow the Sub-National Transport Body to establish working practices and Governance, which will need to be formally confirmed over the next few years, before any Statutory Instrument is laid before parliament and also provides Bath and North East Somerset Council opportunity to consider future participation in the Body

6 RATIONALE

6.1 Through its consultation on the proposed Major Road Network and from briefings at Association of Directors of Environment, Planning and Transportation (ADEPT) the Department for Transport has given a clear steer that it is looking to work with Sub-National Transport Bodies. The South West is one of the last parts of the Country to form a Body and it is important to show Government that Council's can work collaboratively. Joining the Sub-National Transport Body will help demonstrate joined up working and maximise the Council's ability to influence regional transport policy, scheme prioritisation and lobby for funding.

OTHER OPTIONS CONSIDERED

- 6.2 The Council does not engage with Transport Authorities across the South West to form a Shadow Sub-National Transport Authority. There is no statutory requirement to be part of the Body; however this was rejected as it may negatively impact future funding opportunities and the ability to influence strategic regional transport policy and scheme prioritisation
- 6.3 The Council becomes an associate member of an existing Sub-National Transport Body only; however this is rejected as it would not align with the shared regional challenges and mutual benefits of the Western Gateway grouping. This option could also impact future funding within Bath and North East Somerset as well limiting our ability to influence strategic transport issues within our own area.
- 6.4 The option of one Body for the entire South West was explored by the Officer group but rejected on the basis that the South West Peninsula group of authorities did not share the same transport issues and collaborative agreement is more difficult to achieve across a wider group.

7 CONSULTATION

- 7.1 All Highway Authorities across the South West have been consulted on the proposal for the Western Gateway grouping.
- 7.2 Highways England have been consulted and written a letter of support for the proposal.

8 RISK MANAGEMENT

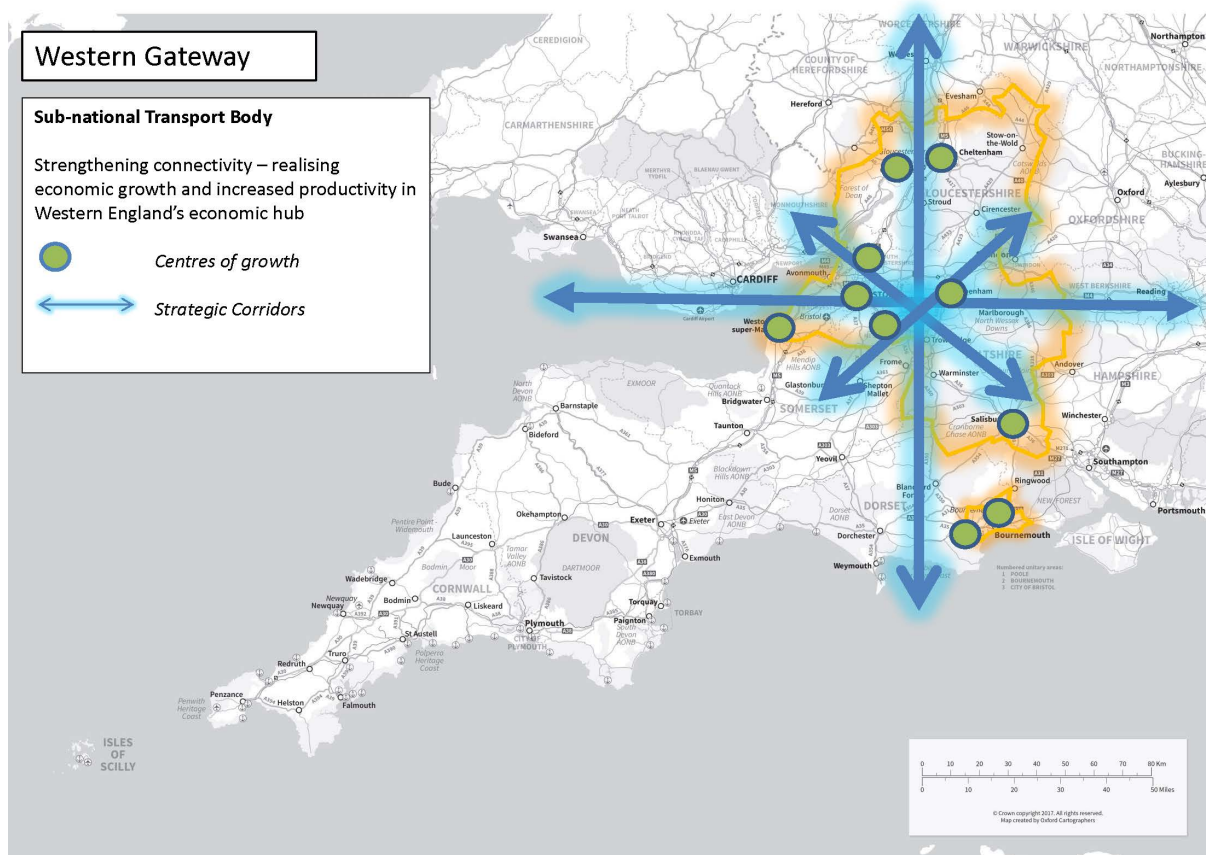
- 8.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

Contact person	<i>Kelvin Packer – Group Manager Highways and Traffic.</i> <i>01225 394339</i>
Background papers	<i>None</i>
Please contact the report author if you need to access this report in an alternative format	

Western Gateway

Sub-national Transport Body

Strengthening connectivity – realising economic growth and increased productivity in Western England’s economic hub



The Western Gateway is formed by an alliance of the following Local Authorities:

- Bath and North East Somerset Council
- Borough of Poole Council
- Bournemouth Borough Council
- Bristol City Council
- Gloucestershire County Council
- North Somerset Council
- South Gloucestershire Council
- Wiltshire Council
- West of England Combined Authority

An outline case for the establishment of a Sub-national Transport Body in Western England

The Western Gateway

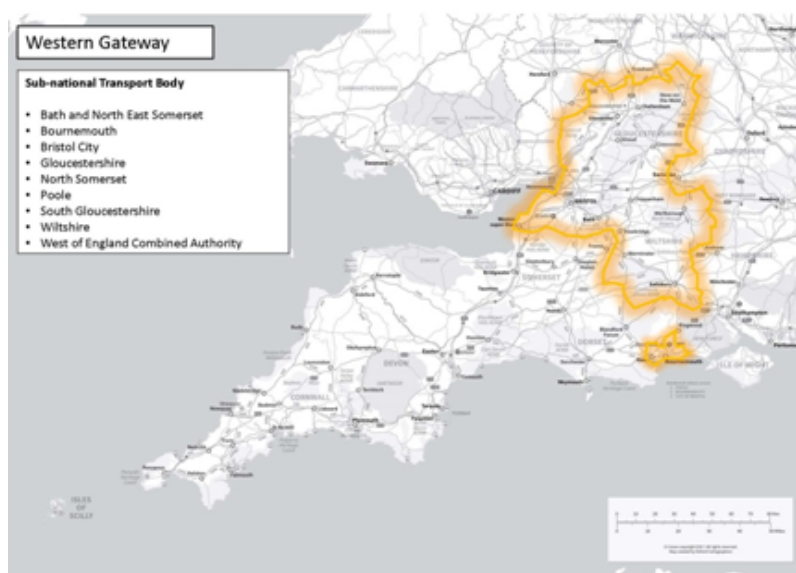
The Western Gateway Sub-National Transport Body is formed by an alliance of local authorities that have made a commitment to work together to drive innovation, maximise economic growth and improve industrial productivity by strengthening travel connections to local, national and international markets.

The Gateway area is home to over 2.6 million people and is set for a step change in prosperity and productivity through an ambitious growth agenda over the next 20 years delivering 260,000 new homes and over 150,000 new jobs. It is both a highly desirable destination as well as a facilitator of movement through nationally significant travel corridors. The Gateway area links England's South Coast to the Midlands; London and the South East to South Wales and the South West Peninsula to the rest of the UK.

Together with the South West Peninsula (Somerset, Devon, Dorset and Cornwall), the Western Gateway forms part of South West England. The relationship with the South West Peninsula is very important and there are a number of shared priorities between the two areas including the M5, A303 & A350 and the Peninsula rail improvements. But, there are clear distinctions between the two areas in terms of transport need reflecting the different economies and markets they serve.

The Western Gateway alliance is predominantly focused on maximising capacity and resilience of the strategic travel corridors within its geography. Prioritising transport investment within the Gateway area will not only benefit local connectivity, but improve connectivity to and for an area much wider than the immediate Western Gateway boundaries. This will open new and improved existing pathways to local, national and international markets resulting in economic success and prosperity for all. Investment in strategic travel corridors will enable the Western Gateway to connect:

- Local centres through our ambitious Metrobus and MetroWest public transport networks
- National markets through our strategic cross roads of highway and railway links
- International markets through our Airports and Deep Sea Ports



The strength of the Western Gateway area will be its ability to speak with one voice to Government on strategic transport priorities. This will be achieved through increased collaborative working between research institutions, the Local Enterprise Partnerships and local government which will ensure that transport is not a barrier but an accelerator of growth.

Our Growth Story

By 2036 the Western Gateway area will help to deliver.....

- **Over 260,000 new homes**
- **Over 150,000 new jobs**

The Western Gateway area offers a prosperous and resilient economy set in highly desirable areas of outstanding natural beauty and world heritage sites which are recognised globally. Collectively the Gateway area offers a place to live, work and invest that can compete with any place in the world.

As a body we will build on our existing strengths of strong leadership from both political, research and business sectors while seeking to establish new relationships outside the Gateway area. As a collective we have a strong and growing expertise in world leading industries including advanced engineering, high-value manufacturing, aerospace, financial and professional services, and digital information and communications technology, cyber security and defence. We have the right business environment, people and skills to support growth and productivity. The Western Gateway STB will enable us to work together to deliver the right transport infrastructure to deliver this.

The **Bournemouth, Christchurch and Poole city region** is planning for growth of circa 30,000 homes and 20,000 jobs will be created across the city region by 2026, with 80 hectares of new employment land delivered through the Bournemouth International Growth (BIG) Programme. Improved connectivity to Bournemouth Airport, Port of Poole and the town centres will unlock key strategic sites developing the region's presence in internationally competitive sectors including Advanced Manufacturing, the largest Financial Services sector outside London and a national leading start-up location for creative and digital businesses.

Gloucestershire aims to deliver over 60,000 new homes and over 35,000 new jobs by 2031. The growth is focused around unlocking employment and housing land within the M5 Growth Zone. This includes delivery of a new Cyber Business Park near Cheltenham and extensions to Gloucester's Southern Fringe. The District Planning Authorities have embarked on review of their local plans. The County Council will support this by facilitating a coordinated approach to secure improvements to transport networks that provide safe, reliable and convenient transport choices.

West of England's growth aims to deliver over 100,000 new homes and create over 80,000 jobs by 2036. The majority of the new jobs will be at Enterprises areas/ zones close to the strategic transport network. Bristol is at the heart of the regions transport networks and the removal of key congestion pinch points is a priority as this impacts connectivity to all parts of the region. Bristol International Airport and the Port of Bristol are recognised as vitally important to enhance the region's national and global standing.

Wiltshire aims to deliver over 73,000 new homes and over 27,500 new jobs by 2036. This will support local innovation, promote the growth of skills and businesses, and improve transport connectivity in three priority growth zones: Swindon-M4, Salisbury-A303 and along the North/South A350 corridor. The Council has embarked on an ambitious review of the local plan, proposing to accelerate growth in key locations. Unlocking that potential requires upfront investment in infrastructure, and a strategic approach to delivery, which the Council proposes to lead.

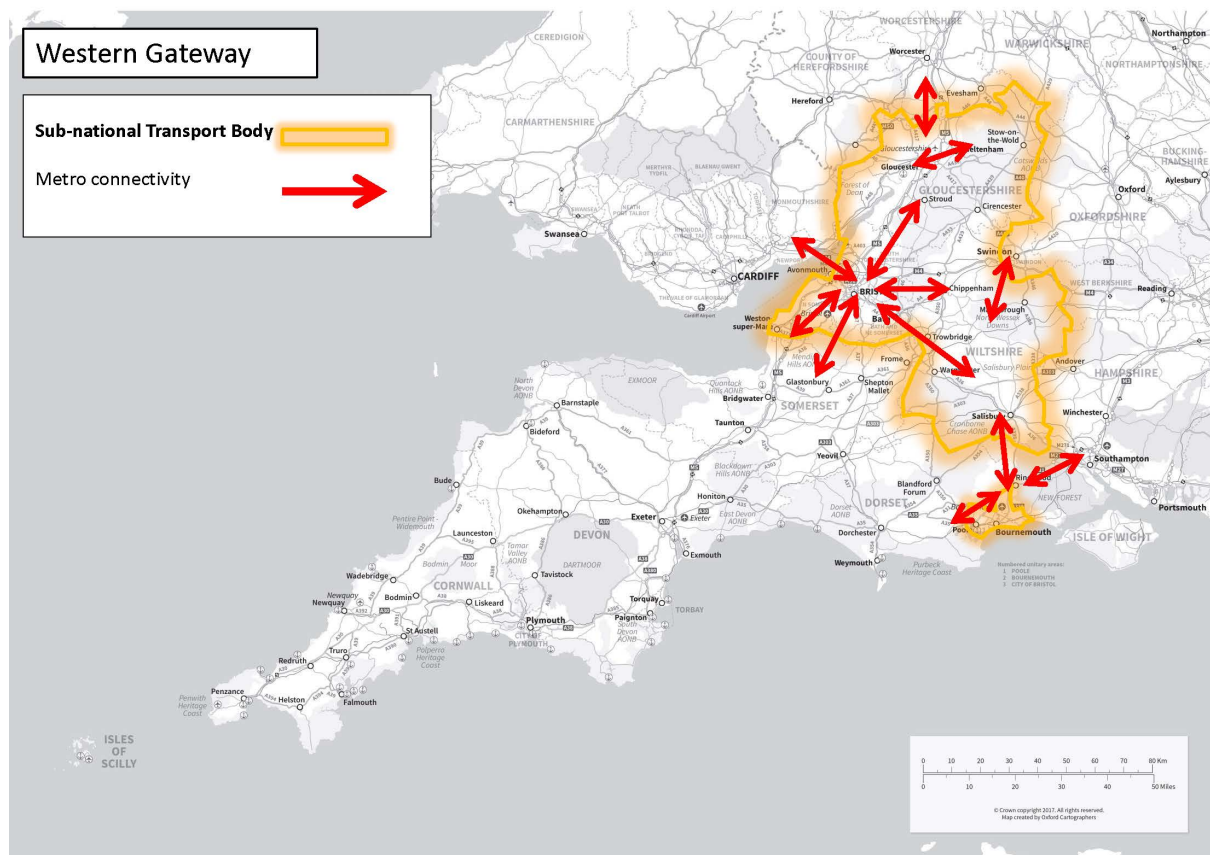
Our Challenges:

Improving metro connectivity

As the population of the Western Gateway area grows there will be increased need to travel within the area. Servicing local connectivity is vitally important for business to business, employees to employers and leisure trips. This will include the opening up of passenger transport routes, increasing service frequencies and ensuring new communities have access to a full range of travel choices by delivering:

- MetroBus network within the West of England area
- Extending MetroWest rail services from the West of England area to Gloucester & Westbury
- Improving connections around Bournemouth and Poole.

By delivering real alternatives to car use within and between urban areas this will mitigate the impacts of growth and help improve the quality of place for our communities.



Expected outcomes:

- Multi-modal travel that unlocks the wider economic benefits associated with improved access and increased economic activity
- Minimised increase in car based travel demand derived from the scale of planned growth
- The move to a low carbon transport network resulting in less journey delay and improved air quality

Improving network resilience

Resilience in this context is broadly described in terms of journey time reliability and the opportunity to manage existing and forecasted demand. If not addressed a failing transport network with poor journey times and network saturation is harmful to productivity and growth. Poor journey times and network saturation will have a detrimental impact on local business activity and undermines inward investment.

By improving the reliability of the Major Road Network it reduces reliance on the existing motorway network including strategic junctions and river crossings. Any incident occurring at the following pinch points has a wide spread impact across the Western Gateway areas:

- Avonmouth Bridge (M5)
- Severn Bridges (M4)
- Almondsbury Interchange (M4 and M5 interchange)
- A31 Bournemouth/Poole

Further work will be required to identify other strategic pinch points and identify investment priorities.

Expected outcomes:

- A transport network resilient to extreme events
- Increased journey time reliability
- The smart operation and management of the transport network through increased use of technology and live travel information

Improving access to Bristol International Airport

Bristol International Airport is the largest regional airport in the South West and one of the top 10 largest UK airports. It primarily serves a mixture of UK and European destinations on both a scheduled and chartered basis. It is also increasing its non-European destination including North America and the Middle East. The airport has planning consent to handle up to 10m passengers per annum. This is likely to be reached in the early 2020's. Future growth is supported by the designation of a strategic employment zone.

Connectivity is a major issue for the airport. It has no direct access onto the motorway network and is served by the single-carriageway A38. There is also no direct rail access. This lack of access impacts negatively on the reputation of the airport and increases leakage to Birmingham and the South East airports.

Expected outcomes:

- Improved multi-modal access improvements linking Bristol International Airport to national and sub-regional transport networks
- Bristol International Airport fulfils its potential to become a leading national airport
- Business operational benefits provided by better connectivity with international markets

Improving Access to Bournemouth Airport and the Port of Poole

There are no motorway connections to Bournemouth Airport or the Port of Poole and the existing strategic road network connection experiences resilience issues. Significant growth is planned for both,

with the Port of Poole recently opening its new £10m South Quay cruise berth, significantly increasing its capacity for conventional cargoes and cruise ships. The Bournemouth International Growth programme (BIG) aims to transform accessibility to the airport and Wessex Fields sites; releasing 70 hectares of employment land with the potential for creating up to 10,000 new jobs over the next decade. In alignment with the government's Industrial Strategy, it is imperative our international gateways are well connected to the market and that access is not a barrier to growth and enhanced productivity.

Expected outcomes:

- Improved highway connectivity improvements linking Bournemouth Airport and the Port of Poole to national and sub-regional transport networks enabling growth at our international gateways.

Improving strategic connectivity

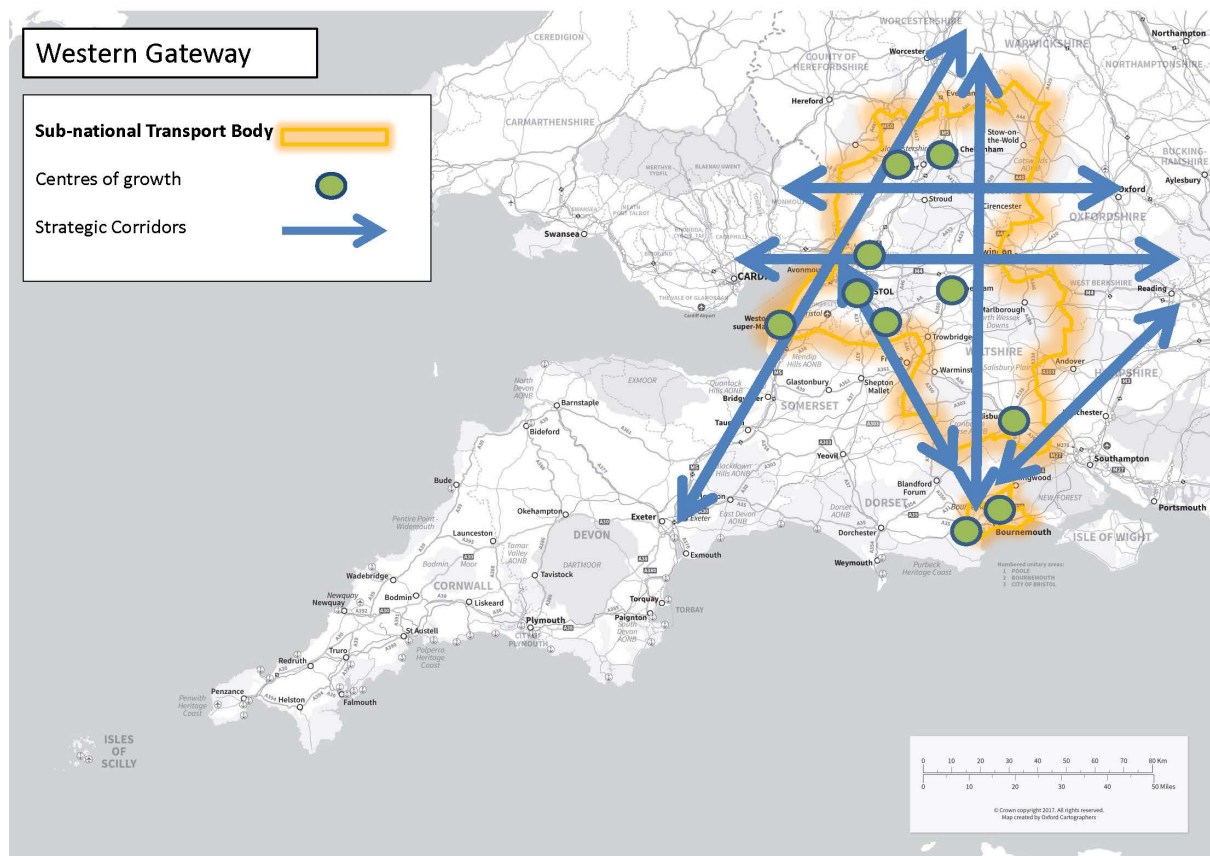
The Western Gateway area is a crossroads of national connectivity. Prioritising local transport investments to remove pinch points within these strategic corridors creates gateways of economic activity by opening up new and improving existing pathways to local, national and international markets resulting in economic success and prosperity for all. Better connectivity will help close current 'productivity gaps' by maintaining and enhancing external transport linkages through a number of strategic corridors including:

- Midlands to the South West Peninsula
- South Coast to the West of England and the M4 corridor
- London and the South East to South Wales
- Oxfordshire and South Wales

Further work will be required to understand the role of these corridors and the economic benefits they bring the Western Gateway area.

Expected outcomes:

- An efficient, safe and resilient transport network which enables the delivery of residential and employment growth by minimising its impacts on the transport network.
- Managed vehicle movements on strategic corridors to improve access and journey time reliability
- The separation of local and strategic traffic which will significantly improve the quality of place and reduce community severance.
- Delivery of new and enhance sections of highway through the removal of network pinch points
- A thriving tourist industry which benefits from ease of access to the Sub-regions built and historic environmental assets enhancing its desirability as a destination



Improving digital technology and innovation

The Western Gateway area will take a collective approach to the development and delivery of transformational technology to provide for the transport systems of the future. This recognises that technology has a major role to play in helping to address our current congestion/transport issues. The Gateway area wants to be the forefront of global digital technology and innovation to ensure our transport networks are digitally enabled and ready to meet the needs of private travel and the transition from petrol and diesel powered vehicles. This would include a range of technological improvements where their development would benefit from economies of scale including shared research development.

- A strategic approach to the installation of electric vehicle charging points
- The delivery of smart city technology
- The use of smart technologies to manage urban transport environments and assets
- Embrace other emerging technologies, such as the integration of autonomous and semi-autonomous vehicles onto the network

Expected outcomes:

- Supports delivery of the Government's Clean Growth Strategy
- Enables investment in transport innovation with research and business sectors
- Reduces the risk of piecemeal delivery across the Gateway areas
- Improves highways assets, network management and user experience

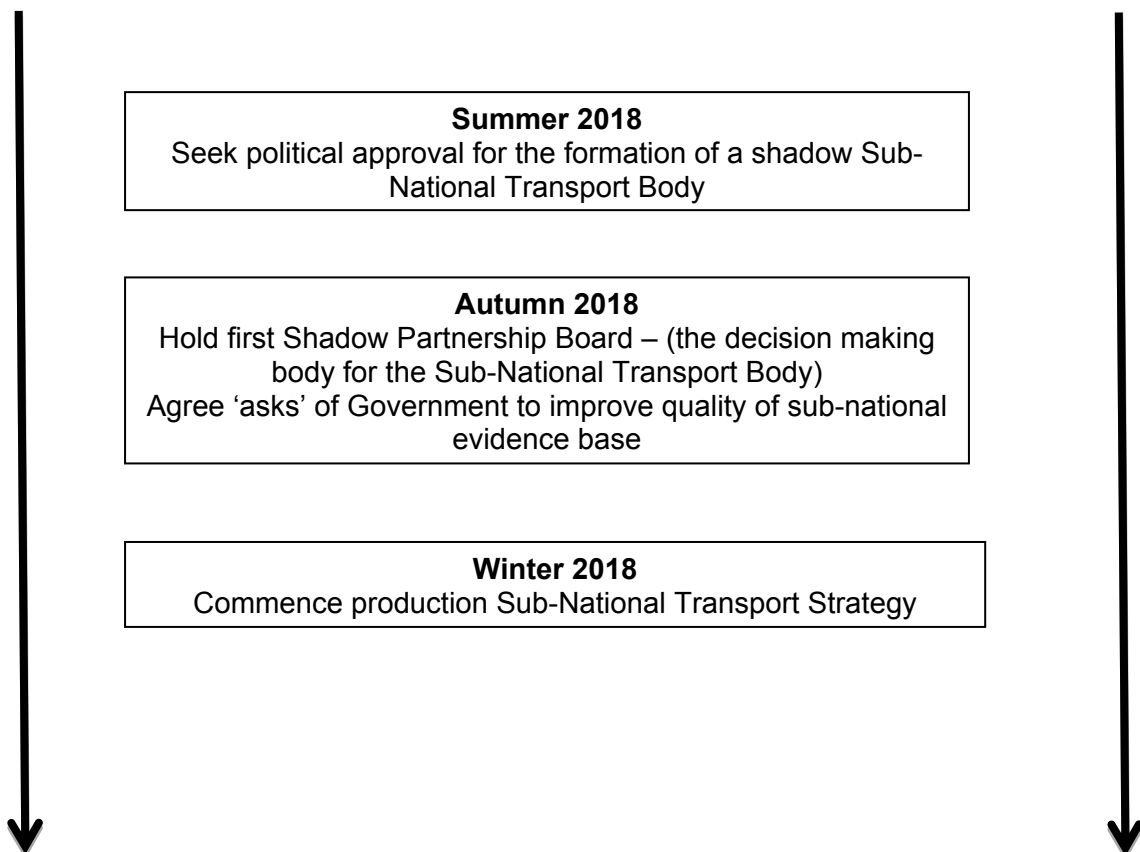
The Western Gateway Sub-National Transport Body

The Sub-National Transport Body is not about taking decisions and responsibilities away from local communities. It is about strengthening delivery by demonstrating strategic leadership and working collaboratively for material advantage for the Western Gateway area.

The Western Gateway enables big picture visioning to be expressed in a way that collectively benefits the area through the development of shared priorities. It enables our collected resources and expertise to be shared. This will benefit the area by having a larger more influential lobbying base. It makes working with Department for Transport, Highways England and Network Rail easier by having fewer, but more coordinated conversations and removing the risk of competing local priorities and enhancing the areas ability to attract national investment. By working together to address our transport challenges this will strengthen local and strategic connectivity and improve the desirability of the Western Gateway area as a destination to live, work and invest in.

A Western Gateway Transport Strategy will be required to identify sub-national transport priorities and enable the delivery of sustainable economic growth. Developing a long-term strategic transport plan and delivery programme across a wider area brings greater certainty for investors from both, the public, as well as the private sector. Our Transport Strategy will emphasise the importance of minimising adverse impacts of development to ensure an efficient, safe and resilient transport network. It will recognise the role of 'place' and the need to remove strategic traffic from local networks. Addressing our shared transport challenges identified will be instrumental in creating high quality, vibrant and successful communities.

Our Timescales:



WESTERN GATEWAY SHADOW SUB-NATIONAL TRANSPORT BODY (SSTB)

Terms of Reference [DRAFT]

1. Context

- 1.1 The Western Gateway Shadow Sub-National Transport Body (SSTB) is formed by an alliance of local authorities that have made a commitment to work together to drive innovation, maximise economic growth and improve industrial productivity by strengthening travel connections to local, national and international markets.
- 1.2 The SSTB is not about taking decisions and responsibilities away from local communities. It is about strengthening delivery by demonstrating strategic leadership and working collaboratively for material advantage for the Western Gateway area.
- 1.3 The Western Gateway enables big picture visioning to be expressed in a way that collectively benefits the area through the development of shared priorities. It enables our collected resources and expertise to be shared. This will benefit the area by having a larger more influential lobbying base. It makes working with Department for Transport, Highways England and Network Rail easier by having fewer, but more coordinated conversations and removing the risk of competing local priorities and enhancing the areas ability to attract national investment. By working together to address our transport challenges this will strengthen local and strategic connectivity and improve the desirability of the Western Gateway area as a destination to live, work and invest in.
- 1.4 A Western Gateway Transport Strategy will be required to identify sub-national transport priorities and enable the delivery of sustainable economic growth. Developing a long-term strategic transport plan and delivery programme across a wider area brings greater certainty for investors from both, the public, as well as the private sector. The Transport Strategy will emphasise the importance of minimising adverse impacts of development to ensure an efficient, safe and resilient transport network. It will recognise the role of 'place' and the need to remove strategic traffic from local networks creating high quality, vibrant and successful communities.
- 1.5 The Gateway area is home to over 2.6 million people and is set for a step change in prosperity and productivity through an ambitious growth agenda over the next 20 years delivering 260,000 new homes and over 150,000 new jobs. It is both a highly desirable destination as well as a facilitator of movement through nationally significant travel corridors. The Gateway area links England's South Coast to the Midlands; London and the South East to South Wales and the South West Peninsula to the rest of the UK.
- 1.6 Together with the South West Peninsula (Somerset, Devon, Dorset and Cornwall), the Western Gateway forms part of South West England. The relationship with the South West Peninsula is very important and there are a number of shared priorities between the two areas including the M5, A303 & A350 and the Peninsula rail improvements. But, there are clear distinctions between the two areas in terms of transport need reflecting the different economies and markets they serve.
- 1.7 The Western Gateway alliance is predominantly focused on maximising capacity and resilience of the strategic travel corridors within its geography. Prioritising transport investment within the Gateway area will not only benefit local connectivity, but improve connectivity to and for an area much wider than the immediate Western Gateway boundaries. This will open new and improved existing pathways to local, national and international markets resulting in economic success and prosperity for all.

- 1.8 The strength of the Western Gateway area will be its ability to speak with one voice to Government on strategic transport priorities. This will be achieved through increased collaborative working between research institutions, the Local Enterprise Partnerships and local government which will ensure that transport is not a barrier but an accelerator of growth.

2. Statement of Purpose

2.1 The Western Gateway SSTB will:

- Provide the opportunity to share technical expertise and resources across the partners to assist with the development, assessment and implementation of proposals
- Enable a more effective and meaningful engagement with the Department for Transport, infrastructure agencies (such as Highways England and Network Rail), service providers (such as bus and train operating companies) and Homes England
- Provide the focus for a single conversation on strategic transport and infrastructure related activities
- Agree objectives for the region for Network Rail and Highways England to ensure that their priorities clearly reflect the needs of the Western Gateway area
- Agree the needs of the South West in future specifications for Cross Country and Great Western rail franchises
- Develop an evidence base for the Western Gateway SRN and MRN to identify and prioritise schemes for consideration by the Department for Transport

2.2 In this way the partners will be able to:

- Identify and maintain a single overview of strategic transport priorities in liaison with stakeholders as appropriate
- Manage the resources available to establish project teams as a means of providing the leadership required to develop strategic proposals, including engagement with business and the wider community
- Establish joint teams to undertake and commission work (including the development of business cases) to secure investment funding to enable the delivery of strategic proposals
- Work with Government and its agencies to co-design nationally delivered transport investment programmes
- Utilise the joint view of investment priorities for the Western Gateway SSTB to influence funding processes including Network Rail's Control Periods; Highways England's Road Investment Strategy and in respect of the Major Road Network, the Department for Transport's National Roads Fund
- Explore the rationalisation of existing groups associated with transport investment prioritisation across the geographic area

2.3 The Western Gateway SSTB will enable the partners to realise:

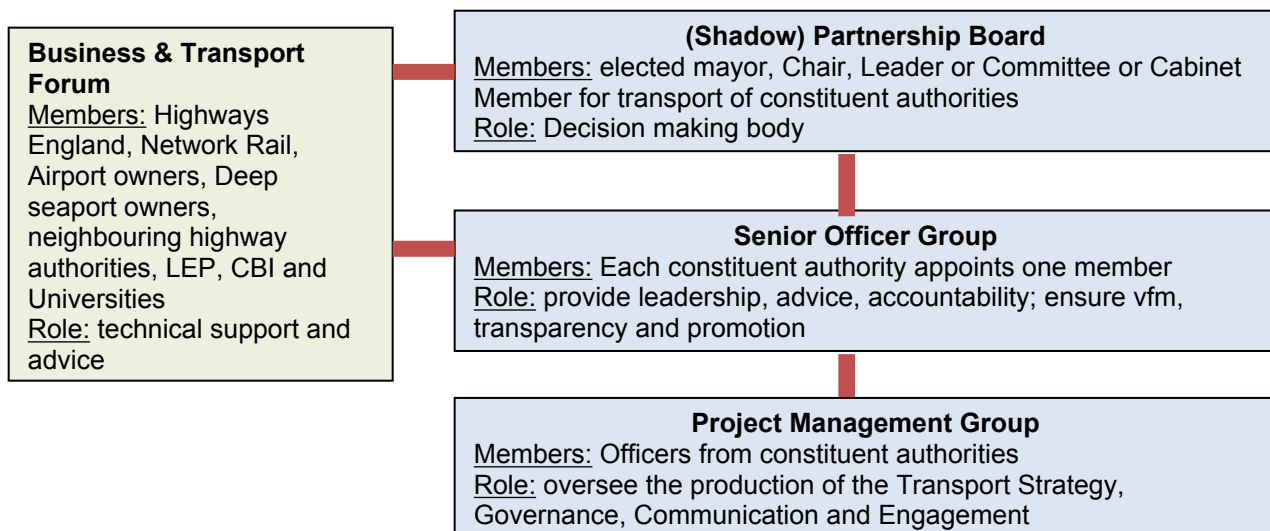
- Greater added value through the sharing of knowledge, skills and resources
- More efficient operation of the strategic and major road networks
- Improved resilience and reliability of the transport system, particularly during periods of disruption (both planned and unplanned)
- More efficient and effective delivery of infrastructure, with schemes delivered faster and at less cost

- More effective engagement with, and influence over, decision making at the national level
- Enhanced job opportunities and housing delivery, better access to education, improved local public services and better supported tourism and recreation through an improved transport system
- Improved national and international connection in to, out of and across the region, supporting commerce
- Improved links across the Western Gateway area, including to our ports and airports to enable freight and goods to move more efficiently
- In addition and whilst in shadow form a key task of the SSTB Board will be to prepare a submission to Government in relation to the creation of a statutory STB for the Western Gateway area.

3 Governance Structure of the Western Gateway SSTB

3.1 The structure of the Shadow SSTB and the expected member and role is outlined below:

Proposed Western Gateway Sub-National Transport Body Structure:



- 3.2 The Shadow Partnership Board is the decision making body for the Western Gateway SSTB. Each Constituent Authority will appoint one person as a member of the Shadow Partnership Board (elected mayor, Chair, Leader or Committee or Cabinet Member for transport of constituent authorities). Substitutes may attend meetings of the SSTB board if the nominated representative is unable to attend. They should have an equivalent level of authority to the nominated member.
- 3.3 The Senior Officer Group will provide expertise and recommendations to the Board and will oversee delivery of the Western Gateway SSTB programme. Each Constituent Authority will also appoint one person as member of the Senior Officer Group.
- 3.4 The Business and Transport Forum will be an advisory body to the Senior Officer Group and Shadow Partnership Board, comprising a wider group of representatives from: the CBI, LEPs, Universities, transport operators, District and Borough Councils as well as Government and National Agency representatives. It will be chaired by an independent representative, who will be a co-opted member to the Shadow Partnership Board. The Transport Forum will provide technical expertise, intelligence and information to Senior Officer Group and the Shadow Partnership Board.
- 3.5 The Project Management Group will comprise officers from the Constituent Authorities.

4.1 The SSTB board brings together representatives of Local Transport Authorities with representatives from Government, infrastructure agencies and transport service providers in a collaborative partnership that enables a single co-ordinated conversation.

4.2 The members of the SSTB board are set out below:

<p>Constituent Members: -</p> <ul style="list-style-type: none"> • Bath and North East Somerset Council • Bristol City Council • Borough of Poole • Bournemouth Borough Council • Gloucestershire County Council • North Somerset Council • South Gloucestershire Council • West of England Combined Authority (WECA) • Wiltshire Council 	<p>Co-opted members:</p> <ul style="list-style-type: none"> • Chair Business & Transport Forum • Highways England • Network Rail • Department for Transport • Homes England
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4.3 It is for each Partner to nominate their representative on the SSTB board.

4.4 A Business and Transport Forum will be established. The chair of this group will represent their views at STB board meetings.

4.5 Individual members of the STB board will be responsible for ensuring their organisation is kept briefed on the work of the STB.

4.6 The Chair of the STB board will be a representative from a Local Transport Authority, who will serve in the role for one year. A Vice-Chair will also be appointed from the STB board Local Transport Authority members.

4.7 The Chair and Vice-Chair will rotate annually amongst its elected membership. The rotation will be defined alphabetically by Local Authority with no single organisation holding the chair for successive years.

4.8 In the absence of the Chair, the Vice-Chair will Chair the meeting.

4.9 Additional organisations may be invited to join at any time where their membership and participation is seen as adding value to the SSTB board.

4.10 Membership of the STB board will be reviewed on a regular basis.

4.11 Members of the SSTB board retain their existing accountabilities and responsibilities for transport. During the Board's shadow operating phase they will also be responsible for ensuring that necessary approvals for SSTB Board decisions are obtained within their organisation.

4.12 Membership of the STB board:

- Does not oblige partners to be involved in all activities, projects or proposals
- Does not preclude any member from working cross-boundary with other Local Transport Authorities or strategic transport organisations

5.1 Meetings of the SSTB board will be held quarterly. The date and time of the meetings will be fixed by the secretariat in consultation with constituent organisations. All papers and meetings will be in public, with all interested parties able to attend meetings.

5.2 Written notice of meetings, along with the agenda and associated papers will be sent to members at least five working days in advance of any meeting. Late items will be distributed or tabled only in exceptional circumstances with the agreement of the Chair.

5.3 Where required, extraordinary meetings can be held with the agreement of the Chair.

- 5.4 The quorum for the meetings will be at least five members.
- 5.5 In principle, decisions and recommendations will be reached by consensus.
- 5.6 Where there are equal votes, the Chair of the meeting will have the casting vote.
- 5.7 Third parties may be invited to participate in meetings of the SSTB Partnership board and invited to be members of project teams established by the SSTB.
- 5.8 Third parties may request to address the SSTB board on a specific issue or proposal. The Chairman of the SSTB board will determine whether to grant the request.
- 5.9 The SSTB Partnership board may decide to establish sub-groups where this is appropriate in order to address specific issues: sub-groups may be either time-limited in their duration or standing sub-groups where the issue is on-going.
- 5.10 The secretariat for meetings of the SSTB Partnership board will be provided by the Local Transport Authority that provides the Chairman of the SSTB board, supported by the programme team.
- 5.11 The work of the STB board will be supported by an Senior Officers Group. The Senior Officer Group will be required to attend meetings of the SSTB Partnership board as necessary.
- 5.12 The Senior Officers Group will maintain an overview of the activities taken forward as part of the SSTB and ensure that the work programme adopted by the STB is delivered.
- 5.13 It is not proposed to establish stand alone scrutiny arrangements for the SSTB during the shadow phase of operation but as formal proposal for a statutory body is developed for submission to Government, consideration shall be given in consultation with the DfT, as to what formal scrutiny requirements will be required once the STB is fully operational. During the shadow phase it will be for each of the Constituent Authorities to scrutinise the activities of the Board through their own scrutiny arrangements.
- 6.1 The Constituent members must make a contribution in respect of any reasonably incurred costs of the Western Gateway SSTB if they all agree on the need for a contribution and the amount required. The amount of any contribution must also be agreed.
- 6.2 Each constituent authority may contribute to the costs of the Western Gateway SSTB individually if it chooses to do so.
- 6.3 The SSTB will seek funding from the Department for Transport to accelerate the development and delivery of its transportation plans.
- 6.4 The SSTB budget will be held and administered by the lead authority.

4 Lead Authority

- 7.1 During the shadow phase, the STB has no statutory standing, cannot enter contracts and cannot employ staff. Therefore, for the shadow phase of operation, the STB will need to appoint a Lead Authority to:
 - co-ordinate and administer the project and meetings of the Board
 - manage the budget for, and the sound financial management of, the Project. The budget will be allocated in accordance with the decisions of the Board as authorised by the Constituent Authorities
 - claim, draw down and account for all funds due from the Constituent Authorities and any other body
 - provides procurement services to all contracts let on behalf of the SSTB
 - keep appropriate accounting and operational records; and
 - procure on behalf of the Constituent Authorities such external support, advice or consultancy services that are considered necessary by the Shadow Partnership Board or the Senior Officer Group
 - oversee the preparation of the proposal to the Secretary of State to transition to a statutory Sub-National Transport Board

- prepare a communications and marketing strategy for the project for the approval of the Board and then to implement the strategy.
- 7.2 The full detail of the Lead Authority role will be set out in an Inter-Authority Agreement to be agreed by all Constituent Organisations.

5 Information Governance

- 8.1 Each Party shall in connection with the performance of its obligations under this Partnering Agreement comply with their duties and responsibilities under all applicable data protection legislation in the performance of this Partnering Agreement and shall not unlawfully process or disclose information subject to such legislation and clauses 8.1 and 8.2 below.
- 8.2 The Parties shall co-operate with, and supply to, each other all information properly required in connection with any request received by a Party under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.
- 8.3 Each Party acknowledges that in responding to requests received under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004, the Parties will be entitled to provide information relating to this Partnering Agreement.

6 General

- 9.1 The Parties shall each act in the utmost good faith towards each other in relation to this Heads of Terms document.
- 9.2 All Parties shall keep confidential, both during and after termination of this Heads of Terms document, all information received from the other relating to this document, unless that information was already lawfully known to that party independently, the information came into the public domain other than due to wrongful use or disclosure by that party, or disclosure is required by law or in the context of legal or appeal proceedings or as evidence in any compulsory purchase procedure or public inquiry or examination in connection with the Sub Regional Area.
- 9.3 Any consent required or otherwise sought pursuant to this Heads of Terms document on behalf of a Party to this document shall only be valid if it is in writing and signed by the relevant Party's authorised representative.

Notes – also need to include provisions in respect of dispute resolution and withdrawal/termination arrangements.

THE WESTERN GATEWAY CONSTITUTION OF THE SHADOW SUB-NATIONAL

TRANSPORT BODY (SSTB)

1. Introduction

- 1.1. The Cities and Local Government Devolution Act makes provision for the establishment and constitution of Sub-National Transport Bodies (STBs) for any area in England (outside of Greater London).
- 1.2. An STB can prepare a Transport Strategy for an area which would set out proposals for the promotion and encouragement of safe, sustainable, integrated, efficient and economic strategic transport facilities and services to and from the area of the STB.
- 1.3. The establishment of an STB as a statutory body requires approval from Government and a Statutory Instrument must be agreed by Parliament. It has been agreed by each of the Constituent Authorities to establish a shadow body which will operate until a statutory body is approved.
- 1.4. This Constitution for the shadow body will govern the running of the shadow body, and will form the basis of the proposal to the Secretary of State for Transport for a statutory body which will be developed over the coming months and presented to the Shadow Partnership Board for consideration. The proposal to the Secretary of State will also set out the powers that the body will be seeking, which will be informed by the vision of The Western Gateway STB, the Transport Strategy The Western Gateway STB will develop and negotiations with the Department for Transport (DfT).

2. Constituent Authorities

The Constituent Authorities are the following Local Transport Authorities:-

- Bath and North East Somerset Council
- Bristol City Council
- Borough of Poole
- Bournemouth Borough Council
- Gloucestershire County Council
- North Somerset Council
- South Gloucestershire Council
- West of England Combined Authority
- Wiltshire Council

3. Area of the Shadow Sub-National Transport Body

The area of the Shadow Sub-National Transport Body (SSTB) is the area of the Constituent Authorities

4. Name of the Shadow Sub-National Transport Body

The name of the SSTB will be the Western Gateway SSTB.

5. Terms of Reference

- 5.1. The Terms of Reference of The Western Gateway SSTB will be those that The Western Gateway SSTB may from time to time at its discretion determine but will include:

- Developing an overarching Transport Strategy for the area of the Western Gateway STB
- Developing responsibilities and accountabilities (including their delegation) for the Western Gateway STB including governance and assurance arrangements
- Preparing a submission to Government in relation to the creation of a statutory Sub-National Transport Body for the area of the Western Gateway STB

5.2. Any amendments to the Terms of Reference will be considered a change to the Constitution for the purposes of the voting arrangements set out in paragraph 6.1.

6. Membership

6.1. Each Constituent Authority will appoint one person as a member of the Western Gateway SSTB and shall be entitled to one vote. Should the administrative boundaries of any of the Constituent Authorities change, the SSTB will review the votes allocated to this Authority. The person appointed shall be that organisations elected mayor, Chair, Leader or Committee or Cabinet Member for transport

6.2. New membership applications will be considered and determined by the SSTB.

6.3. The Constituent Authorities will appoint another of their Councilors as a substitute to act as a member of the Western Gateway SSTB in the absence of the person appointed. Such appointments will reflect the levels of representation set out in paragraphs 6.1.

6.4. Decisions will be made unanimously by all voting members meaning every constituent authority has a veto right

7. Co-opted Members

7.1. The Western Gateway SSTB can appoint persons who are not elected members of the constituent authorities to be co-opted members of the Western Gateway SSTB.

7.2. Persons who may be appointed as co-opted members will include:

- (a) the person appointed by the Western Gateway SSTB as Chair of the Business and Transport Forum, Highways England, Network Rail and other appropriate Government agencies.

7.3. Co-opted members will be able to appoint a substitute to act as a member of the Western Gateway SSTB in the absence of the person appointed.

8. Election and role of Chairman and Vice-Chairman

8.1. The Chair and Vice-Chair will be elected for a term of one year.

8.2. The first election will take place at the inaugural meeting of the Western Gateway SSTB and at the meeting scheduled nearest to the 12 month anniversary of the inaugural meeting, every year thereafter.

8.3. In the absence of the Chair, the Vice-Chair will Chair the meeting

8.4. In the event of a tied vote, the Chair will have a casting vote.

9. Voting

9.1. The Quorum shall be five voting members of the Western Gateway SSTB.

9.2. The Shadow Partnership Board shall operate on a consensus basis.

- 9.3. If a member is unable to attend a meeting, then they may provide a named alternate member to attend in their place, who will be able to speak and vote. The Western Gateway SSTB chair should be notified of any absence and/or substitution.

10. Transparency and Public Accountability

- 10.1. The meetings will be held in public. However, some meetings, or parts of meetings, may not be open to the public where the associated reports contain confidential or exempt information which should not be disclosed to the public. It is also proposed that the Shadow Partnership Board adhere to the publication and access to information requirements as set out in the Local Government Act 1972. Therefore, at least five clear working days' notice will be given, in writing, to each member of every ordinary meeting of the Shadow Partnership Board, to include any agenda of the business to be transacted at the meeting and accompanying reports.
- 10.2. The agendas, minutes and reports for the Western Gateway SSTB will be made publicly available. The only exception to this relates to material of a confidential or commercially sensitive nature.
- 10.3. It is not proposed to establish stand alone scrutiny arrangements for the shadow body, but as the proposal to Government for a statutory body is developed, consideration shall be given, in consultation with the DfT, as to what will be required in the future. It is therefore proposed that each of the Constituent Authorities use their own governance arrangements for reporting on progress and any necessary approvals.
- 10.4. The Constituent Authorities shall comply with their duties and responsibilities under the Data Protection Act 1998 in the performance under this constitution and shall not unlawfully process or disclose information subject to those Acts.
- 10.5. The Constituent Authorities shall co-operate with, and supply to, each other all information properly required in connection with any request received by a Party under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.
- 10.6. The Constituent Authorities acknowledge that in responding to requests received under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004, the Constituent Authorities will be entitled to provide information relating to this constitution.
- 10.7. The Constituent Authorities shall keep confidential, both during and after termination of the SSTB, all information received from the other relating to the work of the SSTB, unless that information was already lawfully known to that party independently, the information came into the public domain other than due to wrongful use or disclosure by that party, or disclosure is required by law or in the context of legal or appeal proceedings or as evidence in any compulsory purchase procedure or public inquiry or examination in connection with the Sub Regional Area.

11. Executive Arrangements

- 11.1. The Western Gateway SSTB will not operate formal statutory executive arrangements.
- 11.2. The Western Gateway SSTB may delegate the discharge of its functions to a Committee, Sub-Committee or officer, or to another Local Authority. As such, the Western Gateway SSTB may establish a Committee(s) to discharge any functions.
- 11.3. The functions of agreeing a budget and the Transport Strategy of the Western Gateway SSTB will not be delegated functions and will only be determined by a meeting of the full the Western Gateway SSTB.

12. Executive Body

- 12.1. The Western Gateway SSTB may establish an executive officer body of its own, but may also delegate the discharge of agreed functions to the officers of the Constituent Authorities.

13. Governance Structures

- 13.1. The structure for the Western Gateway STB in its shadow form is attached as Appendix 1, and includes:

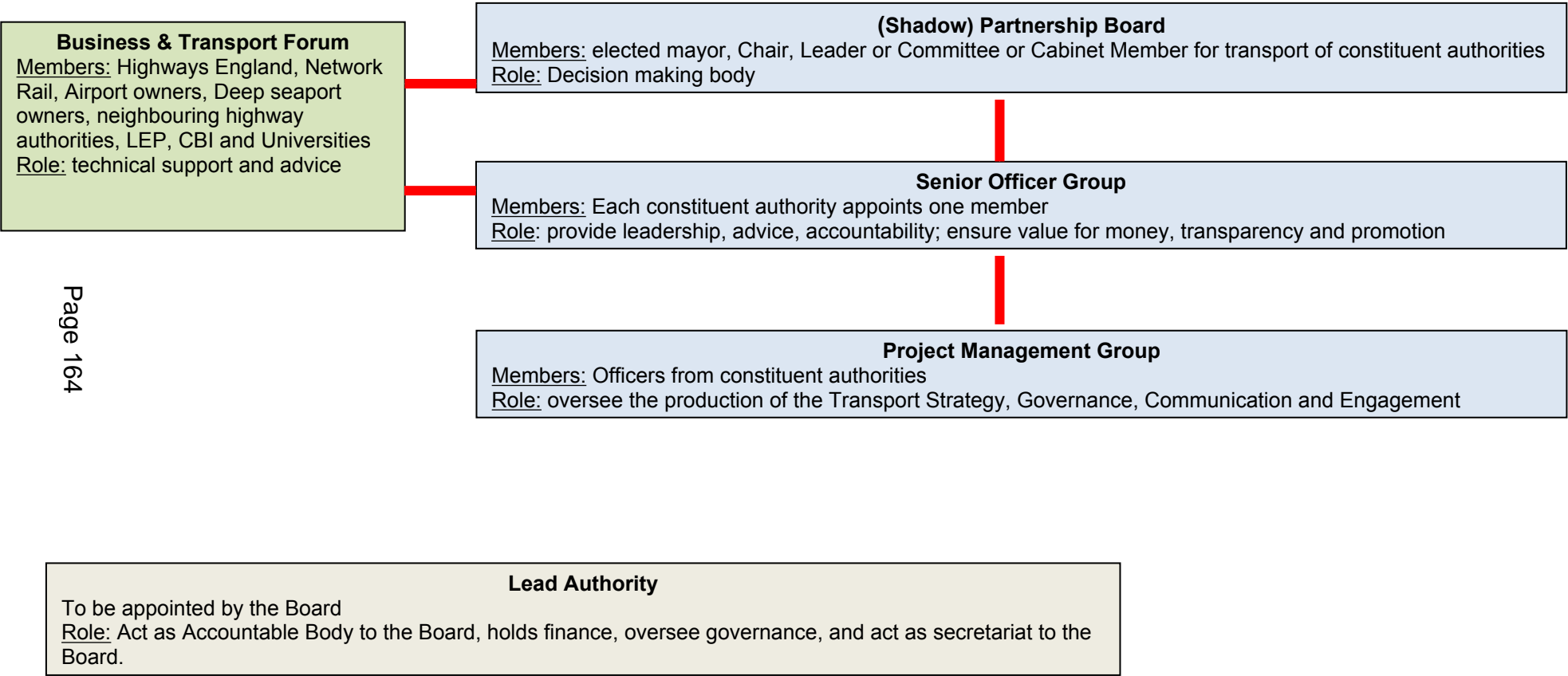
- **Shadow Western Gateway STB Board** – this will be the decision making body for the Western Gateway SSTB.
- **SSTB Senior Officer Group** – this will comprise senior officers from the Local Authorities. It will provide expertise and recommendations to the Board and will oversee delivery of the programme.
- **Business and Transport Forum** – this will be an advisory body to the Senior Officer Group and Shadow Partnership Board, comprising a wider group of representatives from: the CBI, LEPs, Universities, transport operators, District and Borough Councils as well as Government and National Agency representatives. It will be chaired by an independent representative, who will be a co-opted member to the Shadow Partnership Board. The Transport Forum will provide technical expertise, intelligence and information to Senior Officer Group and the Shadow Partnership Board.
- **Project Management Group** – the Project Management Group will comprise officers from the Local Authorities.

- 13.2. During the shadow period, The Western Gateway SSTB will not have the statutory standing that it will once formally constituted by the Secretary of State. Consequently, the Western Gateway SSTB will not be able to enter into contracts or employ staff in its own right. It is therefore proposed that the Western Gateway SSTB appoints a Lead Authority, which in summary will:

- Coordinate and, where necessary, undertake the administrative arrangements in relation to the project and Board administration;
- Facilitate the operation of the Project and, if required, recruit additional staff;
- Claim, draw down and account for all funds due from the Constituent Authorities and any other body;
- Be responsible for the managing of the budget for, and the sound financial management of, the Project;
- Keep appropriate accounting and operational records; and
- Procure on behalf of the Constituent Authorities such external support, advice or consultancy services that are considered necessary by the Shadow Partnership Board or the Senior Officer Group.

Where such an arrangement is in place it is usual for the Constituent Authorities to enter into an Inter-Authority Agreement which will govern this.

Proposed Western Gateway Sub-National Transport Body Structure:



Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	5 th September 2018	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3070
TITLE:	Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2018 to July 2018	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report		
Appendix 1: Revenue Monitoring Commentary		
Appendix 2: Key Scheme Capital Monitoring Commentary		
Appendices 3(i) & 3(ii): Proposed Revenue Virements & Revised Revenue Cash Limits 2018/19		
Appendices 4(i) & 4(ii): Capital Virements & Capital Programme by Portfolio 2018/19		

EXECUTIVE SUMMARY

a) Revenue budget

The Revenue budget outturn is currently forecast to be £2.6m over budget. This is mainly due to unmitigated delays in savings delivery of net £1.7m and additional demand in Children's Services £0.9m. This forecast has been made early in the financial year and can be rectified through a continued focus on the delivery of savings to ensure that either the savings currently planned can be delivered or through the current savings exercise to bring forward specific savings plans for the remaining £0.9m target. The report below highlights which savings are delayed and which are considered high risk and may not be delivered – those that are delayed £0.4m can be supported through the smoothing reserve but this will utilise all of the reserve allocation for 2018/19.

A Recovery Plan is also in place within Children's Services to mitigate the over budget position in placements, however, the budget is very sensitive to demand and the number of children in care.

b) Capital budget

The capital budget is currently showing slippage and or re-phasing into 2019/20 of £8.09m. There are currently no expected overspends on key schemes.

c) Council tax and Business rates

The current forecast Council's share of the year end Collection Fund position is:

- Council Tax – Surplus of £0.581m (2017/18 Deficit £0.154m)
- Business Rates – Deficit of £0.036m (2017/18 Deficit £1.473m)

Business rates collection is currently slightly lower than target and will be monitored closely over the next few months but can fluctuate early in the year because of varying payment patterns

d) Council Reserves

Council reserves are sufficient to mitigate the current position without requiring any unplanned use with the exception of the Budget Contingency Reserve which has been set up to mitigate budget risk. If this Reserve becomes depleted it will need replenishing when the budget is set for 2019/20.

1 THE ISSUE

- 1.1 This report presents the financial monitoring information for the Authority as a whole for the financial year 2018/19 to the end of July 2018.

2 RECOMMENDATION

The Cabinet agrees:

- 2.1 To note the 2018/19 forecast over budget of £2.6m (as at the end of July 2018) and the recovery plan actions outlined in Appendix 1;
- 2.2 To note the mitigations that will be required shown in paragraph 5.6, if the over budget position cannot be reduced by the end of the financial year
- 2.3 To note the capital year end forecast detailed in paragraph 5.16 of this report;
- 2.4 To note the revenue virements listed for information in Appendix 3(i);
- 2.5 To note the changes in the capital programme including capital schemes that have been agreed for full approval under delegation listed in Appendix 4(i)

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

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

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The annual medium term financial planning process allocates resources across services with alignment of these resources towards the Council's corporate priorities. This report monitors how the Council is performing against the financial targets set in February 2018 through the Budget setting process.

5 THE REPORT

REVENUE BUDGET

- 5.1 The Budget Management Scheme requires that the Cabinet consider the revenue and capital monitoring position four times per year.
- 5.2 Service Directors have been asked to outline the actual expected outturn for the year and the reasons to date for over / under budget forecasts. For revenue budgets which are forecast to be over budget, the Directors are expected to seek compensating savings to try and bring budgets back to balance.
- 5.3 A summary by Portfolio of the revenue position as at 31st July 2018 is shown in the table below:

Portfolio	Revised Budget £'m	Year End Forecast £'m	Variance Over / (Under) £'m
Leader	2.28	2.41	0.13
Finance & Efficiency	3.45	4.09	0.64
Transformation & Customer Services	5.77	6.07	0.30
Adult Care, Health & Wellbeing	62.99	62.03	(0.96)
Children & Young People	27.53	28.43	0.90
Economic & Community Regeneration	(5.54)	(5.41)	0.13
Development & Neighbourhoods	18.47	19.00	0.53
Transport & Environment	(1.66)	(0.70)	0.96
Total	113.29	115.92	2.63

Note1: Some of the figures in this table are affected by rounding.

- 5.4 The current **year-end** forecast is an over budget position of £2.63m, which equates to 0.98% of gross budgeted spend (excluding Schools).

Portfolio Commentary

- 5.5 Key variances and associated actions by Member portfolio are as follows, a more detailed breakdown can be found in Appendix 1.

Leader (£0.13m over budget)

The variance is due to implementation of savings plans for sharing legal services re-phased into 2019/20. Other savings options are being considered to address the over budget position.

Finance & Efficiency (£0.64m over budget)

Portfolio variances are mainly attributable to some slippage against the Commercial Estate revised income target, new property acquisitions are planned that will create additional part year income and generate full year income from 2019/20. The performance of commercial estate income will continue to be closely monitored.

Transformation & Customer Services (£0.30m over budget)

The over budget position is due to salary costs from slippage against savings targets in Customer Services and Strategy & Performance. Achievement of these savings will need to be managed through the delivery of the agreed service review and re-design proposals.

Adult Care, Health & Wellbeing (£0.96m under budget)

The Adult Care, Health & Wellbeing portfolio has a forecast under budget position of £0.96m; this is as a result of a favourable variance of £0.5m due to the improvement in the 2017/18 year end outturn from £3m to £2.5m over budget, where £3m in growth was applied to rebase the Adult Social Care budgets for 2018/19.

In addition, the £0.46m Adult Social Care Support grant is being held as a contingency budget for further in year pressures in purchased care. Current forecasts are indicating the Adult Social Care costs are manageable within the 2018/19 rebased budgets.

Children & Young People (£0.90m over budget)

The over budget position is made up of £0.7m due to increased costs in residential placements, where there has been increased demand through a shortage of foster care that can meet individual needs, and also an increase in vulnerable adolescents. It is also anticipated that there will be increased demand for Home to School transport creating a £0.2m budget pressure. Both this and the Children's placements will be closely monitored and reviewed to establish whether the cost increase can be managed by alternative care provision and demand management.

Economic & Community Regeneration (£0.13m over budget)

The over budget position is part due to short term borrowing costs of £72k whilst key capital schemes are in development phase, alternative funding sources are being reviewed to mitigate this in year pressure. Within the Economy and Culture cash limit, there is an over budget position of £81k from contract payments which will need to be mitigated through a review of contracts to ensure payments can be managed within the available budget envelope.

Development & Neighbourhoods (£0.53m over budget)

The over budget position is from operational pressures £0.3m within Waste from increased volumes on the recycling service. Whilst this has created additional cost, the service are now reviewing income generated to establish whether this will mitigate the additional costs.

Current forecasts are indicating under performance in Development Management £0.24m from planning income, as a result of a reduction in planning applications and one off legal costs.

Transport & Environment (£0.96m over budget)

There is a reported pressure in Highways and Traffic Management of £0.5m due to under performance against savings targets requiring a reduction in the annual highways maintenance cost. This will need to be reviewed against activity levels to explore mitigation options.

In addition, it is currently forecast that the challenging savings in Public and Passenger transport will not be fully achieved in 2018/19, this is alongside a

base budget pressure from concessionary fares, resulting in an over budget position of £0.53m. The Portfolio total is part mitigated by a small favourable variance in Parking Services.

REVENUE BALANCES, CONTINGENCY AND RESERVES

5.6 Use of Reserves to Mitigate the Over Budget Position

If the current forecast position is not reduced by year-end, the following earmarked reserves will be utilised:-

Mitigation	Amount £'m
Financial Planning & Smoothing Reserve	£0.90m
Revenue Budget Contingency Reserve	£1.73m
Total	£2.63m

Key Reserves

The following table shows the balances of key reserves at the beginning of the year, planned use, and expected balance at the year-end based on current forecast including the mitigations outlined in the table above:-

	Unallocated Balance as at 1/4/18 £'m	Projected Use in Year £'m	Current Estimated Balance 31/3/19 £'m
Revenue Budget Contingency	2.38	1.73	0.65
Financial Planning and Smoothing Reserve*	6.41	4.07	2.34
Transformation Investment Reserve*	2.38	1.74	0.64
Restructuring & Severance Reserve	2.23	-	2.23

Note * Use of these reserves are in line with budget plans agreed in February 2018

5.7 The 2019/20 budget will need to factor in any requirement to replenish the Revenue Budget Contingency reserve to £1.5m in line with the approved Medium Term Financial Strategy. There is currently no requirement to use non-earmarked reserves as part of these mitigations.

Reserves and Flexible Capital Receipts

Flexible Capital Receipts are being utilised for revenue spend that results in ongoing revenue savings. A target of £14.0m was agreed as part of budget setting in February 2018. This has now been updated to reflect the re-profiled requirement as follows:-

	Actual Usage 2017/18 £'m	Estimated Usage 2018/19 £'m	Estimated Usage 2019/20 £'m
Flexible Capital Receipts	3.301	6.699	4.0

At present £0.9m has been received in 2018/19 with a further £2.5m expected shortly and this will continue to be closely monitored to identify and profile receipts required.

General Fund Unearmarked Reserve

The General Fund Unearmarked Reserve is retained to meet the Council's key financial risks. In removing and capping the "Invest to Save" element the reserve is retained purely to meet those risks. The risk assessment has set a range of between £11.9m and £13.1m to meet those risks. The current estimate is that as at 31/7/18 the reserve will total £12.3m and will remain sufficient to meet those risks.

SAVINGS PERFORMANCE

5.8 The 2018/19 revenue budget approved savings of £17m, with £7.1m of these savings to be found through service re-design and restructuring. The table below shows forecast performance against the savings targets.

Cabinet Portfolio	RED £'000	AMBER £'000	GREEN £'000	TOTAL £'000
	£000	£000	£000	£000
Leader	157	0	92	249
Finance and Efficiency	813	650	2,029	3,492
Transformation and Customer Services	321	517	540	1,378
Adult Care, Health & Wellbeing	0	3,008	649	3,657
Children & Young People	307	43	1,221	1,571
Development and Neighbourhoods	121	202	1,635	1,958
Economic & Community Regeneration	242	103	2,076	2,421
Transportation and Environment	432	689	1,148	2,269
Total	2,393	5,212	9,390	16,995

% By Risk Rating	14%	31%	55%	100%
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The above table shows that significant progress has been made with £9.4m forecast to be fully delivered, £5.2m of savings have further work to be delivered and £2.4m are identified as high risk and may not be achieved during 2018/19. The Council's management team is currently reviewing in-year options for mitigations

Savings items that have been identified as high risk in 2018/19 and will require further action, mitigation or smoothing reserve are as follows:

- **Transport moving people from A to B - £312k.** Year 3 of a 4 year programme with some savings but primarily meeting additional demand hence not cashable. There is an action to carry out a mid-year review of the project savings targets against the remaining implementation plans.
- **Consolidation of Performance / intelligence function - £50k.** Only 50% achievable as savings have already been accounted for via management savings.
- **Corporate Travel Plan - £80k.** Options for delivery to be presented to and agreed by Senior Management Team (SMT) before implementation, delayed saving requiring smoothing reserve.
- **Commercial Estate - £574k.** Part of overall target of £1.025m linked to acquisition of investment properties has been delayed as it is fundamental to acquire the most suitable properties and complete the high level due diligence required.
- **Management arrangements and staffing - £900k** Briefs identifying savings have now been submitted by all Directors, these have identified £6.3m of savings with the majority of savings to be delivered in 2018/19. There is some slippage into April 2019 from identified savings of c£400k requiring use of the smoothing reserve. There remains a savings gap of £500k; Directors are considering areas of further savings that can be delivered in 2018/19 to mitigate this pressure but some additional smoothing reserve may be required.
- **Property development company - £150k.** In year shortfall resulting from delays in property transfers from the Council. Delayed saving requiring one off use of reserves to mitigate.

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

5.10 Any revenue budget virements which require Cabinet approval are listed in Appendix 3(i). Technical budget adjustments are also shown in Appendix 3(i) for information purposes, as required by the Budget Management Scheme.

COUNCIL TAX & COUNCIL TAX SUPPORT

- 5.11 The current overall forecast outturn position on the Council Tax Collection Fund is for a surplus of around £0.581m for the Council's share, this represents a 0.65% variance against target income. The reason for the surplus is mainly due to the number of chargeable dwelling being slightly higher than forecast. For 2018/19, the tax base included an adjustment of £8.9m for the estimated costs of the Local Council Tax Support Scheme and current estimates are in line with this amount. The one-off impacts of the Council Tax collection fund projected outturn position will be built into the financial planning assumptions for the 2019/20 budget.
- 5.12 The collection rate for Council Tax was 39.29%, compared to the target of 39.17% at the end of July 2018.

NON DOMESTIC RATES

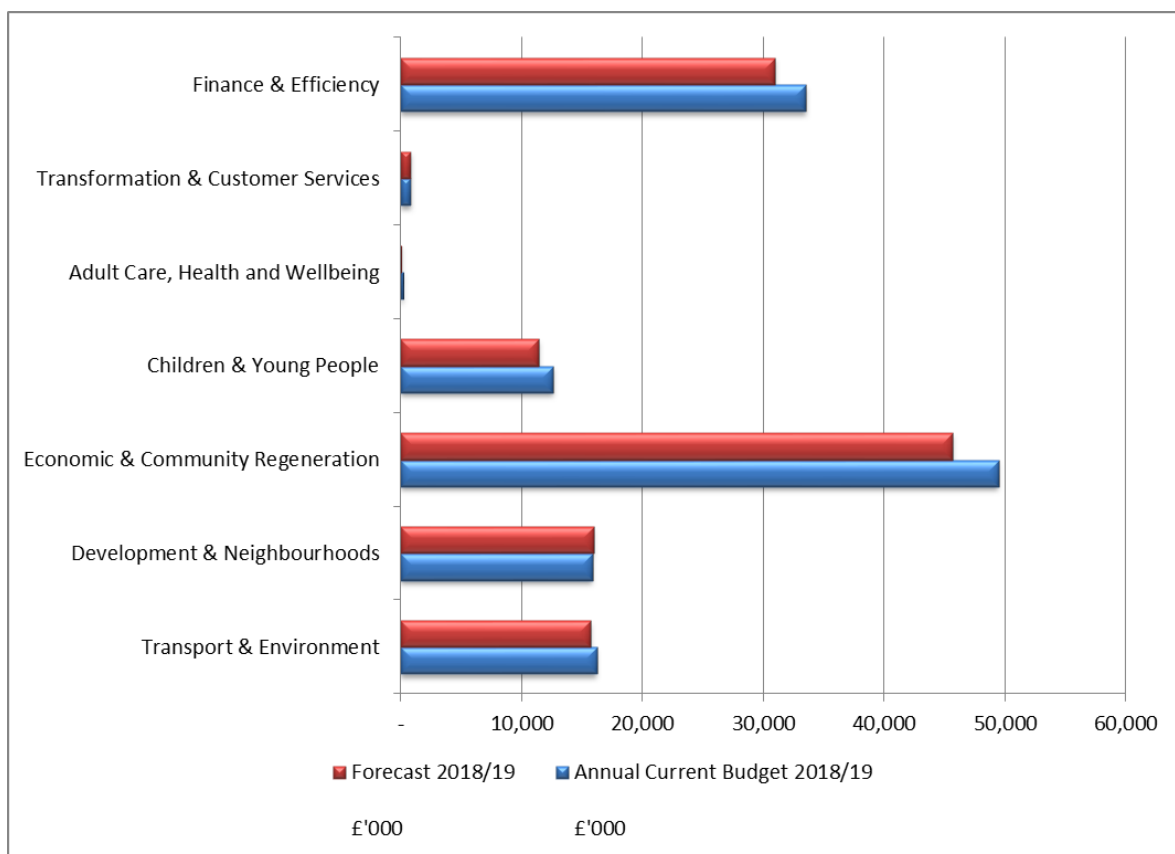
- 5.13 The current year-end forecast is for the Council's overall share of Business Rate income relating to 2018/19 to be approximately £0.294m less than estimated, which will impact on the Collection Fund. The overall Collection Fund deficit position, including the element relating to the 2017/18 outturn, is forecast at £0.036m. As set out in the Budget Report, the Business Rates Reserve will be utilized to fund any residual deficit and this position will be reflected in the 2019/20 budget. The main factors impacting on Business Rates are higher than forecast empty property and small business rate reliefs, partly offset by a reduced forecast appeals provision requirement following a number of appeals against the 2010 Rating List being withdrawn.
- 5.14 The collection rate for Business Rates was 40.46% at the end of July 2018, compared to the target of 41.55%.
- 5.15 As previously highlighted, there continues to be a future risk relating to NHS Trusts claims that they are entitled to mandatory charitable relief from Business Rates. This claim will ultimately be subject to a legal ruling, with the Local Government Association co-ordinating legal support on behalf of Local Authorities. Whilst the Council's view remains that the relief is not applicable in this case, if this position were to change, the granting of such a relief would present a significant challenge to the ongoing financial viability of the Council.

CAPITAL BUDGET

- 5.16 The current position for the 2018/19 Capital budget of £128.58m (excluding contingency) is for a forecast spend of £120.48m, which is £8.09m less than the budget. The full breakdown of the Capital Programme by Portfolio can be found in Appendix 4(ii) with key scheme commentary in Appendix 2.

Portfolio Summary Monitor Capital Monitor April 2018 to July 2018	Current Year 2018/2019 Forecast Outturn		
	Annual Current Budget £'m	Forecast Actual Expenditure £'m	Forecast In-Year Variance £'m
Finance & Efficiency	33.48	30.93	(2.55)
Transformation & Customer Services	0.80	0.80	0
Adult Care, Health & Wellbeing	0.22	0.08	(0.14)
Children & Young People	12.61	11.42	(1.19)
Economic & Community Regeneration	49.45	45.64	(3.81)
Development & Neighbourhoods	15.84	15.94	0.10
Transport & Environment	16.18	15.68	(0.5)
TOTAL	128.58	120.48	(8.09)

The graph below illustrates the value and forecast against budget for all in year capital budgets by Cabinet Portfolio:



Capital Commentary

The key variances are outlined below:

Finance & Efficiency

£2.5m slippage on planned drawdown of ADL Loan support reduced in current year reflecting fewer transfers (this will require re-phasing as part of 2019/20 budget setting).

Children & Young People

£1m slippage on Capital Planned Maintenance, relating to previous programme underspends where budget adjustment is required to realign funding back to provisional approval pending reallocation. (This will require re-phasing as part of 2019/20 budget setting).

Economic & Community Regeneration

£4m slippage on Bath Quays programme, where re-profiling of the multi-year programme is required reflecting change in the delivery timetable.

Transport & Environment

£0.5m slippage relating to Go Ultra Low West programme, scheme requires re-profiling to reflect delivery timetable and feasibility works on hold pending progression of the MetroWest project.

Previously approved changes to the capital programme are listed in Appendix 4(i) including schemes that have moved from Provisional Approval to Full Approval under delegated authority, while Appendix 4(ii) provides the updated capital programme allocated by Portfolio.

BUDGET RISKS

5.17 The key risks to the budget were outlined in the Councils 2018/19 Budget Report, in compliance with the Council's decision making risk management guidance. These have been reviewed with current risks identified in the table below:

Risk	Likelihood	Potential Impact	Risk Management Update
Further demands on service continue to escalate beyond current estimates	Possible	High	This is certainly a risk within Children's Services requiring ongoing monitoring of spend and controls. Ensure reserves are sufficient to manage in-year pressures
Interest rates increase	Likely	Medium	Interest rates rose by 0.25% in August 2018. A measured approach to our borrowing requirements has been made with £30m borrowed at the end of 2017/18. A reserve is available for borrowing to manage market risk and has also been factored into the longer-term MTFS.

Risk	Likelihood	Potential Impact	Risk Management Update
The authority is currently underwriting part of £2.1m (over three years) in revenue costs from 2020/21 for the Metrowest Project. There also remains a risk of revenue reversion if the scheme does not go ahead	Possible	High	It is proposed that a programme approach is adopted, which will remove the potential revenue reversion risk. In order to try to avoid any future revenue operational costs, discussions are taking place to include the project within the new franchise process.
There may be a requirement for further funding in Adult Social Care community services, as a result of the re-assessment of existing community services contracts identifying on-going cost pressures	Likely	High	Costs are currently contained within the overall Adult Social Care budget and work will continue to assess these for future years
Volatility and uncertainty around business rates	Likely	High	Current monitoring shows that business rates income is expected to be £0.294m less than budget, and that the specific reserve is sufficient to manage in-year volatility. However, the retail sector may impact on income and we are closely monitoring any arrears, CVAs, and liquidations.
The Business Rates 100% pilot ceases	Possible	High	It has been confirmed that the 100% pilot will continue for 2019/20, but there will need to be discussions regarding retention in 2020/21 as the 75% retention scheme would add an estimated £3.9m pressure.
Anticipated savings not delivered or cannot be delivered because of external challenge	Possible	High	Ensured equalities impact assessments were completed and robust. Monitoring delivery plans and continuing to assess on a regular basis. Ensured Budget Contingency Reserve sufficient to meet in-year issues.
Reduction in staffing impacts on service delivery	Possible	High	Plans are in place to minimise the impact in key front line delivery areas. Ensuring regular communication is made to minimise the impact on staff morale.

Risk	Likelihood	Potential Impact	Risk Management Update
Capital projects not delivered resulting in revenue reversion costs or liabilities from underwriting agreements	Possible	High	The Council has a number of projects within this category. These risks will continue to be monitored and reported. Ensure that revenue reserves are sufficient to meet these risks. The new capital programme methodology looks to de-risk projects wherever possible.
Capital receipts in the areas identified are insufficient to meet target	Possible	High	Reviewing receipts regularly – prioritising to meet requirements.
Adult Social Care and Children's Service spend continue to have an adverse impact on the 18/19 budget	Possible	High	Implement enhanced level of operational and financial monitoring in 2018/19. Children's Services experiencing higher than expected demand in 2018/19 and work is underway to mitigate this. Need to continue to highlight the demand pressures to central Government regarding Adult Social Care and Children's Services
Changes to Government Policy that affects future funding	Likely	High	Key issues will be for funding from 2020/21 with changes expected through Fairer Funding, New Homes Bonus, and Business Rates. There is no clarity currently for any of these funding streams.
Economic downturn impacts on commercial income	Possible	High	Portfolio has been diversified to manage some of this risk – currently a need for enhanced monitoring of the retail sector.
Brexit risks	Likely	Medium	This will be dependent on the outcome of negotiations with the EU. Need to monitor any economic impact as could affect commercial, heritage and other key income streams, business rates, council tax, and council tax support.
Funding pressures through partner organisations	Possible	Medium	Ensure good communication links with partner organisations
The additional income from Heritage may not be sustained	Possible	Medium	Numbers of visitors and income slightly down on projections but budget is currently still on track overall - continue to monitor income levels over the next few months.

6 RATIONALE

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

7 OTHER OPTIONS CONSIDERED

- 7.1 None

8 CONSULTATION

- 8.1 Consultation has been carried out with the Cabinet Member for Finance & Efficiency, Strategic Directors, Section 151 Finance Officer, Chief Executive and Monitoring Officer.

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

Contact person	<i>Donna Parham - 01225 477468 ; Jamie Whittard - 01225 477213</i> Donna_Parham@bathnes.gov.uk Jamie_Whittard@bathnes.gov.uk
Background papers	<i>Budget Management Scheme</i>
Please contact the report author if you need to access this report in an alternative format	

Apr - July 2018 Revenue Monitoring Portfolio by Cashlimit - Appendix 1

							Director Narrative	
Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Forecast £000	Outturn Variance Over / (Under) £000	Outturn Narrative	Outturn Recovery Plan
Detailed Analysis of Budgets for the Leader								
P04	Leader	1053	Council Solicitor & Democratic Services	2,283	2,413	130	The variance is related to the phased implementation of the savings from the sharing of Legal services, planned implementation 2019/20.	The service is taking a variety of steps to find further savings and anticipates that these will ensure the budget is balanced by year end.
P04	Leader Total			2,283	2,413	130		
Detailed Analysis of Budgets for Finance and Efficiency								
P10	Finance and Efficiency	1032	Information Technology	4,422	4,422	()	On Budget	
P10	Finance and Efficiency	1037	Property Services	2,032	2,081	50	Additional security staff at the Guildhall. This is an insurance requirement. There is also a shortfall in recoveries from projects due to an inability to fill vacancies and income generating staff being diverted to non recoverable activities.	Vacancy management within other areas
P10	Finance and Efficiency	1038	Corporate Estate Including R&M	2,479	2,479	()	On Budget	
P10	Finance and Efficiency	1039	Traded Services	216	274	58	Shortfall in income within Print Services due to decreasing demand.	Review long term print requirements in light of the Digital Print/Post project
P10	Finance and Efficiency	1040	Finance	2,017	2,017	()	Service underspend required to offset known delay in achievement management savings	
P10	Finance and Efficiency	1042	Risk & Assurance Services	1,024	996	(28)	Procurement team underspend due to current salary savings and other small service underspends	
P10	Finance and Efficiency	1047	Human Resources	1,122	1,053	(69)	Favourable forecast due to some temporary staffing vacancies (about to be filled) and reduction in staffing contracted hours". HR and Finance are working together to rebase the budget to reflect recent HR restructure	
P10	Finance and Efficiency	1054	Hsg / Council Tax Benefits Subsidy	(195)	(195)		On budget	
P10	Finance and Efficiency	1055	Capital Financing / Interest	5,468	5,468		On budget	
P10	Finance and Efficiency	1056	Unfunded Pensions	1,679	1,589	(90)	Forecast underspend based on current cost profile	

							Director Narrative	
Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Forecast £000	Outturn Variance Over / (Under) £000	Outturn Narrative	Outturn Recovery Plan
P10	Finance and Efficiency	1057	Corporate Budgets including Capital, Audit and Bank Charges	(5,278)	(5,417)	(139)	Main variances relate to underspends on pension deficit contributions (£150k) reflecting transfer of academies and bank charges (£20k), partly offset by a pressure on E-transaction costs (£50k) due to increased volumes and removal of charges for payments by credit card following changes to legislation.	
P10	Finance and Efficiency	1058	Magistrates	17	11	(6)	Reduced contribution to historic Magistrates Court Costs debt charges	
P10	Finance and Efficiency	1059	Coroners	305	305		On budget	
P10	Finance and Efficiency	1060	Environment Agency	231	231		On budget	
P10	Finance and Efficiency	1061	West of England Combined Authority Levy	4,273	4,411	138	Increase in Levy charge to reflect actual 2017/18 outturn costs of concessionary fares	
P10	Finance and Efficiency	1081	Commercial Estate	(16,388)	(15,814)	574	Timing of new acquisitions. In addition, there is also a minor shortfall in existing commercial estate.	Continue to identify secure long term, low risk investment opportunities.
P10	Finance and Efficiency	1095	Strategic Director - Resources	466	466		On Target	
P10	Finance and Efficiency	1096	Corporate Items	(309)	(309)		Process now in place for holding posts however we need to adapt a simple way of capturing the corresponding savings	
P10	Finance and Efficiency	1097	People Services	323	306	(17)	Current underspend due to salary saving	
P10	Finance and Efficiency	1112	Housing Delivery Vehicle	(450)	(284)	166	Property transfers from the Council to ADL/ACL are running a little behind projected time.	2019/20 is expected to see a significant positive contribution as sales at Riverside View commence with Virtual show apartment launching 25th July 2018.
P10	Finance and Efficiency Total			3,452	4,091	639		

Detailed Analysis of Budgets for Adult Care Health and Wellbeing

P11	Adult Care Health and Wellbeing	1027	CRC & Community Equipment contracts	6,557	6,628	71	Additional forecast payment to Sirona re Extra Care contract	
P11	Adult Care Health and Wellbeing	1036	Adults Substance Misuse (DAT)	535	535		On budget	
P11	Adult Care Health and Wellbeing	1071	Management Information & Support System	45	43	(2)	Salary saving	
P11	Adult Care Health and Wellbeing	1073	Adults & Older People- Mental Health Commissioning	9,789	9,789		On budget	
P11	Adult Care Health and Wellbeing	1083	Supporting People & Communities Commissioning	1,313	1,284	(29)	Salary savings	

							Director Narrative	
Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Forecast £000	Outturn Variance Over / (Under) £000	Outturn Narrative	Outturn Recovery Plan
P11	Adult Care Health and Wellbeing	1086	Adult Care Commissioning	2,652	1,655	(998)	This is as a result of a favourable variance of £500k due to the improvement in the 2017/18 year end outturn from £3m to £2.5m over budget where £3m in growth was applied to rebase the Adult Social Care budgets for 2018/19. In addition the £456k Adult Social Care support grant is being held as a contingency budget to off-set any further in year pressures in purchased care.	
P11	Adult Care Health and Wellbeing	1088	Older People & Physically Disabled Purchasing	12,837	12,837		On budget although potential financial risk with planned closure of a care home.	
P11	Adult Care Health and Wellbeing	1090	CRC's and Extra Care	(1,733)	(1,733)		On budget	
P11	Adult Care Health and Wellbeing	1091	Learning Disabilities Commissioning	17,169	17,169		Forecast on budget, although identifying trend of increased costs of meeting the needs of people with Autistic Spectrum Conditions, and considering implications for contributions from the CCG and Council.	
P11	Adult Care Health and Wellbeing	1093	Physical Disability, Hearing & Vision	4,573	4,573		On budget.	
P11	Adult Care Health and Wellbeing	1094	Public Health	(118)	(118)		No variances identified; service fully identified and delivered in year management savings	
P11	Adult Care Health and Wellbeing	1110	Better Care Fund	7,935	7,935		On budget	
P11	Adult Care Health and Wellbeing	1111	Safeguarding, MCA and DOLS support	1,236	1,229	(7)	Salary savings	
P11	Adult Care Health and Wellbeing	1114	Community Equipment	203	203		On budget	
P11	Adult Care Health and Wellbeing Total			62,993	62,028	(965)		

							Director Narrative	
Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Forecast £000	Outturn Variance Over / (Under) £000	Outturn Narrative	Outturn Recovery Plan
Detailed Analysis of Budgets for Children & Young People								
P12	Children & Young People	1076	Children, Young People & Families	14,480	15,160	679	The overspend on our key budgets is largely due to an increase in cost of our residential placements – this relates both to a number of children (4) moving from foster care into residential and to unavoidable increases in the costs for existing residential placements. There is also a pressure from the increased use of independent fostering placements where we have not had sufficient/appropriate in-house foster carers available. We are also identifying an increased number of vulnerable adolescents requiring support to ensure their safety and wellbeing.	We have reviewed and tightened the panel process for approval of placements and are also reviewing our recruitment strategy for in house carers to reduce the need to use more costly independent fostering agencies.
P12	Children & Young People	1077	Learning & Inclusion	4,296	4,296		On budget	
P12	Children & Young People	1078	Health, Commissioning & Planning	10,237	10,457	220	The home to school travel budget is under pressure as it is having to meet increasing demand in relation to both SEND transport, and an increase in the number of children who are entitled to transport support to attend their nearest mainstream school. Despite a rising child population and significant increase in children who have SEND, the school transport budget has not increased to meet demand	We are continuing to scrutinise the costs of Home To School Transport, to understand the apparent pressures in this area despite a number of positive initiatives developed under the Getting from A to B strategy.
P12	Children & Young People	1079	Schools Budgets	(1,482)	(1,482)		On budget	
P12	Children & Young People Total			27,531	28,431	900		
Detailed Analysis of Budgets for Development & Neighbourhoods								
P15	Development & Neighbourhoods	1005	Building Control & Land Charges	120	120		On budget	
P15	Development & Neighbourhoods	1008	Place Overheads				All budgets vired out, residual costs covered by reserves	
P15	Development & Neighbourhoods	1013	Public Protection & Health Improvement - Regulatory & Active Lifestyles	1,448	1,448		On budget	
P15	Development & Neighbourhoods	1019	Public Protection & Health Improvement - Leisure	652	652		On budget	

						Director Narrative		
Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Forecast £000	Outturn Variance Over / (Under) £000	Outturn Narrative	Outturn Recovery Plan
P15	Development & Neighbourhoods	1089	Community Safety	41	41		On budget	
P15	Development & Neighbourhoods	1101	Neighbourhoods & Environment - Waste & Fleet Services	14,062	14,345	283	Material variances include unachieved savings £88k from Recycling centre opening hours reduction, £50k delays in depot rationalisation s and £102k increased fuel costs relating to recycling collections.	Monitoring of over achievement of income targets across Neighbourhood services as well as reconsidering the reinstatement of the plan to reduce opening hours at the Recycling Centres. All non-essential spend to be stopped. Consideration being given to increasing cremation fees. N.B. waste income streams fluctuate and are monitored within a tolerance of £250k.
P15	Development & Neighbourhoods	1102	Neighbourhoods & Environment - Parks & Bereavement Services	1,086	1,085	(1)	On budget	
P15	Development & Neighbourhoods	1106	Development Management	1,063	1,306	242	The Council has no control over the type and number of applications submitted and application fee income has not met the ambitiously high fee income target resulting in this shortfall. Discretionary fee income has been very strong but this has been offset by legal costs related to two judicial reviews which were lodged.	
P15	Development & Neighbourhoods Total			18,472	18,997	525		
Detailed Analysis of Budgets for Economic & Community Regeneration								
P16	Economic & Community Regeneration	1018	Heritage	(7,624)	(7,624)	()	On budget	
P16	Economic & Community Regeneration	1029	Housing	1,013	993	(20)	There is an overspend on remedial repairs but this is offset by an underspend in the HMO Licensing team and the over-recovery of housing benefit / universal credit income for people in B&B accommodation.	
P16	Economic & Community Regeneration	1052	Regeneration	(198)	(125)	72	One-off in year borrowing costs following review of regeneration capital programme.	Alternative funding sources to be identified corporately.
P16	Economic & Community Regeneration	1108	Economy and Culture	1,115	1,196	81	This relates to unachieved income targets from previous years relating to the Christmas market'.	The mitigation will be to explore further commercial opportunities for Visit Bath, which will generate income for them and enable the Council to further reduce the destination management commission contract sum.
P16	Economic & Community Regeneration	1109	World Heritage	153	153		On budget	
P16	Economic & Community Regeneration Total			(5,541)	(5,408)	133		

							Director Narrative	
Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Forecast £000	Outturn Variance Over / (Under) £000	Outturn Narrative	Outturn Recovery Plan
Detailed Analysis of Budgets for Transformation & Customer Services								
P17	Transformation & Customer Services	1014	Customer Services	2,345	2,489	144	CCTV Income target not achieved, and slight underachievement of management savings	Opportunities to recover shortfall are being considered across the Directors wider portfolio
P17	Transformation & Customer Services	1015	Libraries & Information	1,461	1,456	(5)		
P04	Leader	1045	Strategy & Performance	1,961	2,120	159	The service has inherited a series of savings targets where the plans, many of which required changes in practice to be made elsewhere in the organisation such as Corporate travel, communications and marketing and business intelligence. The targets were based on activity and spend in 2016/17 with some knowledge of changes in 2017/18.. As the savings have been made to deliver the 2018/19 budget across the Council have come through a number of these assumed savings have been taken in other services to meet their service targets and left a shortfall for P&CS.	A number of these are being picked up now in the work on Centralisation. The service is actively looking at alternatives savings and restricting spend but has limited scope to offset all this amount
P17	Transformation & Customer Services Total			5,767	6,065	298		

					Director Narrative			
Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Forecast £000	Outturn Variance Over / (Under) £000	Outturn Narrative	Outturn Recovery Plan
Detailed Analysis of Budgets for Transport & Environment								
P18	Transport & Environment	1006	Highways & Traffic Management	6,920	7,424	505	There are two unachieved savings targets £145k carried forward from 2017/18 and current year target of £125k. There are also budget pressures around service growth including increased energy costs £65k, - £117k consultants cover, £50k unachievable capital income and other minor variances. Further work is required on implementing the delivery of 18/19 savings to reduce the pressures and balance the service's budget.	Officers will work with the Cabinet Member for Transport and Environment to agree a package of mitigation measures to be delivered through the course of financial year based on a review of the current planned expenditure. The package is likely to include some vacancy management, cancellation of planned work, a reduction in service standards and operational changes to the way the service is delivered.
P18	Transport & Environment	1103	Transport & Parking Services - Parking	(7,549)	(7,620)	(71)	Revised income targets are challenging and whether price increase yields target amount remains to be seen.	Officers will monitor the actual income against the forecasted income targets since implementation of the new parking charges on the 13th August. Any areas income shortfalls will be highlighted for consideration for further investigation and analysis.
P18	Transport & Environment	1104	Transport & Parking Services - Public & Passenger Transport	(1,035)	(505)	531	Budget pressures due to unachieved Transport Savings £309k, £176k from previously identified concessionary fares budget gap and £111k unachieved income offset by temporary staffing vacancies.	The Getting from A to B Strategic review savings target was set as a stretch target over a 4 year period. Some savings have been offset against growth in Children's and SEND Services reducing overspends within these areas. Further opportunity to recover savings against the target are challenging but Officers will continue to work with the Cabinet Members and Officers in relevant areas to redesign and reduce services and costs where appropriate.
P18	Transport & Environment Total			(1,665)	(700)	965		
	Council Total			113,291	115,916	2,625		

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FINANCE BUDGET MONITORING MONTHLY DASHBOARD - April to July 2018

CAPITAL APPENDIX 2 - KEY SCHEME VARIANCE ANALYSIS

RISK RATING	PROJECT NAME	NARRATIVE	PROV' BUDGET TOTAL £'000	FULL BUDGET TOTAL £'000	IN-YEAR BUDGET 2018/19 £'000	IN-YEAR SPEND £'000	CURRENT FORECAST £'000	IN-YEAR VARIANCE TO BUDGET £'000
Children & Young People								
Fully Approved	Basic Need School Improvement/Expansion (incl Feasibility)	<p>Various schemes are moving forward, including:</p> <p>Castle Primary - Phase 4 new build classrooms and associated outside landscaping and playground as the final phase of work to expand the school from 210 to 420 places, to complete October 2018.</p> <p>Whitchurch Primary expansion to a 315 place school. A new 4 classroom block to complete for 2019. Planning application submitted and the target date for decision is 20th August 2018. Next step, once planning determined, procurement of project contractor. Currently on target to complete for September 2019.</p> <p>St Nicholas Primary expansion to a 420 place school. A new 4 classroom block and internal remodelling to complete for September 2019 intake. Planning application permitted. Contractor appointed and start on site 23rd July 2018. Currently on target to complete for the September 2019 intake.</p> <p>Longvernal Primary – Phase 2 of a remodelling scheme to accommodate a bulge class in 2017 (Phase 1) and address the issue of undersized classrooms. Phase 2: Planning application permitted. Procurement of project contractor underway. Start on site October/November 2018 to complete April 2019. Currently on schedule to complete April 2019.</p> <p>Swainswick Primary and Twerton Infants – Replace poor condition temporary buildings. Planning consent given. Contractor appointed. Start on site 23rd July 2018, Twerton to complete September 2018 and Swainswick to complete February 2019.</p> <p>Westfield Primary – Disability access works to toilet and create an outside ramped access to playground. Start on site 23rd July 2018 to complete by September 2018.</p>	-	23,364	10,873	2,481	9,937	936
Finance & Efficiency								
Fully Approved	Digital by Choice	Current Digital projects include 1) the redesign of the Council's website to better serve the public and provide an improved platform for increased online transactions, 2) the implementation of a corporate Print&Post contract to achieve savings on current print&post spend and shift to digital channels and 3) the implementation of improved online 'Report-It' capabilities, which are now live with Highways, Waste Services and Parks&Grounds.		324	324	222	324	0
	Commercial Acquisitions - Future Revenue Regeneration	An additional budget was approved to pursue further acquisitions by Council in support of the Investment Strategy annexed to the February Council budget. Currently several potential acquisitions are being progressed. We are currently tracking them with our agent with a view to wherever possible securing off-market purchases		194	194	-	194	-
	Commercial Estate Investment Fund	Forecast to be fully utilised following business case for investment being brought forward.		316	316	-	316	-
	Corporate Capital Planned Maintenance	In year plan to be implemented in full subject to review by Property Board.	-	3,725	2,943	730	2,943	-
	Cleveland Pools Grant	Spend to date includes grant to CPT, plus legal costs linked to lease works. The 2018/2019 budget is to support the Trust with a second grant funding bid to the HLF (3 x payments of £25k), this is as guided by the HLF. The bid is due to be made in August 2018. There is a risk of revenue reversion on costs incurred to date should there ultimately be no asset improvements made.		275	107	40	107	-
Transport & Environment								
Fully Approved	Highways Maintenance Block	Major Carriageway Maintenance Challenge Funding project on A4 Keynsham Bypass substantially complete, all on programme and within budget. Carriageway Resurfacing and Surface Treatment sites now all programmed and schemes progressing for completion end of October 2018. All other remaining projects are progressing within their individual programmes with intention of completion within the financial year.	-	7,463	7,463	4,317	7,463	-
	Transport Improvement Programme	<p>The detailed design and procurement has been completed for improvement works at A39/A368 (Bences Garage/Marksbury junction) and a contractor appointed with construction due to take place at the end of August following the Bank holiday.</p> <p>Mulberry Park/North Road pedestrian/cycle improvement scheme design is complete – works package handed over to BANES design team for implementation. Several new feasibility studies underway as per approved Transport Improvement Programme.</p> <p>The safer routes to school programme has identified a number of concept schemes that has the potential to provide safe routes. These have been programmed over a 3 year delivery timescale.</p> <p>The following schemes have been completed during 18/19: Rossiter Road remedial works, Weston Cycle route, Odd Down bus lane improvements, Bathampton road safety improvements.</p>	-	4,692	3,743	689	3,743	-
	York Street Beam Remediation	<p>The first phase is the need to remediate the beams that support the road structure. These works have just started with a contract having commenced on 23 July 2018.</p> <p>The second phase will follow on towards the end of January 2019. This will entail the complete reconstruction of the York Street road structure along this section from Swallow Street to Abbey Street.</p>		589	510	97	510	-
	GULW (OLEV)	An Inter Authority agreement is being drafted which will set out the maintenance and revenue liabilities, for the public charging points. This will be informed by a business case. The inter authority agreement needs to be approved in early September to allow the delivery of the public charge points. This is important as it demonstrates progress to GULW who control the grant funding.	-	944	255	9	(25)	279
Economic & Community Regeneration								
Fully Approved	Archway Centre - Development Works	The Archway Project will deliver a World Heritage Centre and Roman Baths 'Clare Learning Centre'. The appointment of the main contractor will be made in September; the tenders have been received and are currently undergoing detailed financial and quality evaluation. It is anticipated that the main construction works will commence once the repair of the beams supporting York Street and also the reinstatement of the waterproof membrane are completed.		5,317	5,130	156	5,130	-
	Affordable Housing	Platform for Life - plans underway for final property; The Lodge - Chew Stoke - completion due 2018/2019; Ensleigh Extra Care completion due 2019/2020; HOLD - client identified for final property; St Chad's completion due 2019/2020 2018/2019 S106 income due - Ensleigh South 1st Phase - £1.65m and Warminster Road - £465k		4,768	786	(35)	534	252

RISK RATING	PROJECT NAME	NARRATIVE	PROV' BUDGET TOTAL £'000	FULL BUDGET TOTAL £'000	IN-YEAR BUDGET 2018/19 £'000	IN-YEAR SPEND £'000	CURRENT FORECAST £'000	IN-YEAR VARIANCE TO BUDGET £'000
Fully Approved	Bath Quays	<p>Bath Quays South: Initial archaeology works completed in June 2018. The Contractor has entered into contract and works are now underway to deliver the site access road and the office piling. The design and tendering of the flood defences are well advanced. Progressing new SMD for office investment to address cost inflation and revised programme milestones.</p> <p>Bath Quays Bridge and Infrastructure: Project has now secured full funding via external grant sources. Negotiations continue with preferred contractors to enter into the contracts to build Bath Quays Bridge. The Council is taking steps to avoid cost inflation including placing early orders for steelwork.</p> <p>Bath Quays North: The OJEU (Official Journal of the European Union) procurement process to select a development partner for the Bath Quays North site continues on schedule. Three bidders were selected to progress to the next stage (Competitive Dialogue). Final tenders are due Oct 2018.</p> <p>Budget will be reviewed and reprofiled to reflect delivery timetable going forward.</p>	-	37,613	37,613	8,825	34,315	3,298
	Cattlemarket Disposal	The Cattle Market disposal to be reviewed and agreed by administration. Currently on the capital receipt forecast for 19/20. Currently held for car parking spaces and car parking income.		22	22	-	22	-
	Major Projects NRR Infrastructure - HCA	Final retention payment to contractor held pending completion of outstanding defects. 20 year Ecological Mitigation plan to be implemented; alternative options (eg disposal of relevant land) to be considered to ensure the scheme is manageable within the available capital funding		2,769	122	0	122	-
Development & Neighbourhoods								
Fully Approved	Waste Programme	The overall Waste Infrastructure relocation programme is progressing, with land acquisition completed in August. A full business case on the whole programme is being brought together for relevant approval and budgetary adjustment. Design and development for the relocation of Refuse and Recycling collection operations, Commercial Waste Services and Waste Transfer Station has recommenced with a detailed programme plan, cost plan and cash flow refresh leading to pre-application submissions and planning application in due course. Options for a suitable location for a replacement Reuse & Recycling Centre have been re-considered, in order to gain the benefit of potential HIF grant funding and capital receipts from release of sites, and this also forms part of the Full Business Case to be presented.	-	12,701	4,813	1,358	4,814	(1)

2018/19 Revenue Virements for Information

REF NO	REASON / EXPLANATION	CABINET MEMBER	TRANSFER FROM	Income	Expenditure	CABINET MEMBER	TRANSFER TO	Income	Expenditure	DESCRIPTION	ONGOING EFFECTS
			CASHLIM	(£'s)	(£'s)		CASHLIM	(£'s)	(£'s)		
The following virements have either been previously approved, are technical in nature or are below limits within BMS that require approval, and therefore are reported for information only.											
INFO 18#01	DSG Reserves Transfers	Finance & Efficiency	Balances & Reserves		20,008	Children & Young People	Schools Budgets		20,008	Transfer from reserves to reflect automatic carry forward of 2017/18 year end DSG underspend	Budget virement is one off.
INFO 18#02	Company Financial Assessments	Finance & Efficiency	Corporate Budgets incl. Capital, Audit & Bank Charges		20,000	Finance & Efficiency	Risk & Assurance Services		20,000	Transfer of Company Financial Assessment budget to Risk and Assurance Services following the move of responsibility.	Budget virement is on going.
INFO 18#03	IT Photocopier Centralisation	Finance & Efficiency	Information Technology		1,500	Children & Young People	Children, Young People & Families		1,500	Budget requires transferring to Children's Centre as the responsibility for managing the stand-alone photocopier did not transfer to IT Services as part of the centralisation process.	Budget virement is on-going.
Page 189 INFO 18#04	2017/18 Service Supported Borrowing Recharges	Finance & Efficiency	Finance		29,315	Finance & Efficiency	Capital Financing / Interest		164,479	Centralisation of relevant Service Supported Borrowing recharge budgets.	Budget virement is on-going.
			Corporate Estate Including R&M		34,032						
		Transformation & Customer Services	Customer Services		32,637						
		Transport & Environment	Highways & Traffic Management		65,231						
		Development & Neighbourhoods	Neighbourhoods & Environment - Parks & Bereavement Services		3,264						
INFO 18#05	Executive Support Team	Finance & Efficiency	Finance		16,854	Transformation & Customer Services	Strategy & Performance		45,254	Centralisation of Executive Support Team	Budget virement is on-going.
		Development & Neighbourhoods	Place Overheads		28,400						
INFO 18#06	Property Services Savings Target Allocation	Finance & Efficiency	Commercial Estate	100,000		Finance & Efficiency	Property Services		100,000	Correction to mis-allocation of savings target within Property Cash Limits at budget setting.	Budget virement is on-going.

2018/19 Revenue Virements for Information

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REF NO	REASON / EXPLANATION	CABINET MEMBER	TRANSFER FROM	Income (£'s)	Expenditure (£'s)	CABINET MEMBER	TRANSFER TO	Income (£'s)	Expenditure (£'s)	DESCRIPTION	ONGOING EFFECTS
INFO 18#07	Courier Services	Finance & Efficiency	CASHLIM Human Resources		2,932	Finance & Efficiency	CASHLIM Risk & Assurance Services		8,791	Elimination of Passenger Services internal income recharge budget following the transfer of Courier Service responsibility, which will now be carried out using Risk & Assurance Service's Records Management van.	Budget virement is on-going.
			Property Services		3,250						
			Corporate Estate Including R&M		4,041						
		Children & Young People	Learning & Inclusion		606	Transport & Environment	Transport & Parking Services - Public & Passenger Transport	11,013			
		Transformation & Customer Services	Libraries & Information		606						
			Strategy & Performance		1,918						
		Development & Neighbourhoods	Place Overheads		4,849						
		Economic & Community Regeneration	Regeneration		1,602						
INFO 18#08	Wansdyke Business Centre	Economic & Community Regeneration	Regeneration		15,000	Economic & Community Regeneration	Economy & Culture		15,000	Amalgamation of concessionary rent budget for Wansdyke Business Centre, which was previously split across two budgets.	Budget virement is on-going.
INFO 18#09	Staff Parking Permits	Finance & Efficiency	Various		80,459	Transport & Environment	Transport & Parking Services - Parking		408,647	Centralisation of budget for Staff Car Parking Permits for parking within Council car parks.	Budget virement is on-going.
		Transformation & Customer Services	Various		15,682						
		Adult Care, Health & Wellbeing	Adult Services		12,452						
		Children & Young People	Various		86,534						
		Development & Neighbourhoods	Various		138,623						
		Economic & Community Regeneration	Various		33,325						
		Transport & Environment	Various		41,572						

2018/19 Revenue Virements for Information

REF NO	REASON / EXPLANATION	CABINET MEMBER	TRANSFER FROM	Income	Expenditure	CABINET MEMBER	TRANSFER TO	Income	Expenditure	DESCRIPTION	ONGOING EFFECTS
			CASHLIM	(£'s)	(£'s)		CASHLIM	(£'s)	(£'s)		
INFO 18#10	Restructuring Savings Allocation	Finance & Efficiency	Various		1,626,700	Finance & Efficiency	Corporate items (incl Council Restructuring saving)		5,769,640	Distribution of Corporately held restructuring savings target to specific services.	Budget virement is on- going.
		Transformation & Customer Services	Various		551,720						
		Adult Care, Health & Wellbeing	Adult Services		302,650						
			Public Health		117,550						
		Children & Young People	Various		329,990						
		Development & Neighbourhoods	Various		2,101,800						
		Economic & Community Regeneration	Regeneration		490,460						
		Leader	Council Solicitor & Democratic Services		248,770						
INFO 18#11	Film Office	Economic & Community Regeneration	Economy & Culture		46,075	Economic & Community Regeneration	Heritage		46,075	Transfer of responsibility to Heritage Services for management of Film Office.	Budget virement is on- going.
INFO 18#12	IT Services Centralisation	Development & Neighbourhoods	Neighbourhoods & Environment - Waste & Fleet Services		12,579	Finance & Efficiency	Information Technology		39,543	Transfer of service IT budgets in line with IT Services centralisation.	Budget virement is on- going.
			Public Protection & Health Improvement - Regulatory & Active Lifestyles		100						
			Building Control & Land Charges		576						
		Transport & Environment	Transport & Parking Services - Public & Passenger Transport		14,331						
		Children & Young People	Children, Young People & Families		11,957						
INFO 18#13	Supported Lodgings	Children & Young People	Children, Young People & Families		4,212	Economic & Community Regeneration	Housing		4,212	Increase in Children's Services contribution for supported lodgings.	Budget virement is on- going.

2018/19 Revenue Virements for Information

REF NO	REASON / EXPLANATION	CABINET MEMBER	TRANSFER FROM	Income	Expenditure	CABINET MEMBER	TRANSFER TO	Income	Expenditure	DESCRIPTION	ONGOING EFFECTS
			CASHLIM	(£'s)	(£'s)		CASHLIM	(£'s)	(£'s)		
INFO 18#14	Environmental Services Savings Allocation	Development & Neighbourhoods	Public Protection & Health Improvement - Regulatory & Active Lifestyles		310,000	Development & Neighbourhoods	Neighbourhoods & Environment - Parks & Bereavement Services		1,531,200	Distribution of Environmental Services savings target throughout the service.	Budget virement is on- going.
			Neighbourhoods & Environment - Waste & Fleet Services		613,395						
			Neighbourhoods & Environment - Parks & Bereavement Services		20,405						
		Transport & Environment	Highways & Traffic Management		353,400						
			Transport & Parking Services - Parking		234,000						
INFO 18#15	2017/18 Business Rate Tariff Adjustment	Finance & Efficiency	Retained Business Rates – Tariff Payment	59,767		Finance & Efficiency	Business Rates Reserve		59,767	Technical Adjustment to 2017/18 Business Rate Tariff Payment to reflect impact of Business Rate Revaluation as notified by Government	Budget virement is one- off.
INFO 18#16	Children's Services Savings Target	Children & Young People	Learning & Inclusion		30,000	Children & Young People	Children, Young People & Families		30,000	Children's Centres contribution to overall Children's Services savings target.	Budget virement is on- going.
INFO 18#17	Digital Transformation Programme	Finance & Efficiency	Customer Services		88,270	Finance & Efficiency	Information Technology		88,270	Transfer for budget for two posts, where staff are temporarily moving from Customer Services for 12 months to work on the Digital Transformation Project.	Budget virement is one- off.
INFO 18#18	Environmental Services Savings Achieved	Development & Neighbourhoods	Building Control & Land Charges		74,707	Development & Neighbourhoods	Neighbourhoods & Environment - Waste & Fleet Services		204,166	Realignment of Environmental Services following achieved savings.	Budget virement is on- going.
			Place Overheads		4,497						
			Public Protection & Health Improvement - Leisure		45,000		Development Management		59,542		
			Neighbourhoods & Environment - Parks & Bereavement Services		243,406		Public Protection & Health Improvement - Regulatory & Active Lifestyles		67,627		
		Transport & Environment	Highways & Traffic Management		8,682	Transport & Environment	Transport & Parking Services - Parking		48,598		
			Transport & Parking Services - Public & Passenger Transport		53,114	Finance & Efficiency	Corporate Budgets incl. Capital, Audit & Bank Charges		49,473		

2018/19 Revenue Virements for Information

REF NO	REASON / EXPLANATION	CABINET MEMBER	TRANSFER FROM	Income	Expenditure	CABINET MEMBER	TRANSFER TO	Income	Expenditure	DESCRIPTION	ONGOING EFFECTS
			CASHLIM	(£'s)	(£'s)		CASHLIM	(£'s)	(£'s)		
INFO 18#19	Abbey Chambers Concessionary Rent	Finance & Efficiency	Commercial Estate	168,000		Finance & Efficiency	Corporate Estate Including R&M		168,000	Correction of mis-allocated savings target within Property Services.	Budget virement is on-going.
INFO 18#20	Workforce Team	Finance & Efficiency	People Services		138,927	Finance & Efficiency	Human Resources		138,927	Transfer of management of the Workforce Team from People Services to Human Resources.	Budget virement is on-going.
INFO 18#21	Corporate Training Team	Transformation & Customer Services	Customer Services		87,175	Finance & Efficiency	Human Resources		87,175	Centralisation of training salary budgets to create Corporate Training Team.	Budget virement is on-going.
INFO 18#22	Corporate Performance Savings Target Distribution	Finance & Efficiency	Human Resources		88,474	Transformation & Customer Services	Strategy & Performance		88,474	Human Resources contribution to Corporate Performance savings target.	Budget virement is on-going.
INFO 18#23	2018/19 Service Supported Borrowing Recharges	Transport & Environment	Highways & Traffic Management		108,952	Finance & Efficiency	Capital Financing / Interest		108,952	Centralisation of Street Lighting Service Supported Borrowing recharge budget.	Budget virement is on-going.
INFO 18#24	Place Overheads	Development & Neighbourhoods	Place Overheads		58,982	Economic & Community Regeneration	Regeneration		58,982	Transfer of Regeneration element of Place Overheads budget to Regeneration service, prior to Place Directorate overheads dissolution.	Budget virement is on-going.
INFO 18#25	Communications & Feedback Advisors	Transformation & Customer Services	Customer Services		55,108	Transformation & Customer Services	Strategy & Performance		55,108	Transfer of budgets for Communications & Feedback Advisors following service restructure.	Budget virement is on-going.
INFO 18#26	Place Overheads Dissolution	Development & Neighbourhoods	Place Overheads		387,669	Finance & Efficiency	Strategic Director - Resources		387,669	Transfer of remaining budget for Place Directorate overheads into overall Corporate Director cash limit.	Budget virement is on-going.
INFO 18#27	Local Area Librarian	Transformation & Customer Services	Libraries & Information		38,628	Economic & Community Regeneration	Heritage		38,628	Transfer of management of budget for Local Area Librarian.	Budget virement is on-going.

2018/19 Revenue Virements for Information

REF NO	REASON / EXPLANATION	CABINET MEMBER	TRANSFER FROM	Income	Expenditure	CABINET MEMBER	TRANSFER TO	Income	Expenditure	DESCRIPTION	ONGOING EFFECTS
			CASHLIM	(£'s)	(£'s)		CASHLIM	(£'s)	(£'s)		
INFO 18#28	Customer Services Savings Target	Transformation & Customer Services	Libraries & Information		85,937	Transformation & Customer Services	Customer Services		85,937	Allocation of Libraries proportion of Customer Services savings.	Budget virement is on-going.
INFO 18#29	Library Delivery Service	Transformation & Customer Services	Libraries & Information		41,024	Finance & Efficiency	Risk & Assurance Services		41,024	Transfer of budget for library delivery service to Records Management Team.	Budget virement is on-going.
INFO 18#30	2017/18 Revenue Carry Forwards	Finance & Efficiency	Balances & Reserves		155,000	Economic & Community Regeneration	Economy & Culture		120,000	Carry forwards from 2017/18 underspends, as approved by July'18 Cabinet in Outturn report.	Budget virement is one-off.
						Transformation & Customer Services	Customer Services		35,000		
OVERALL TOTALS				327,767	9,878,914			11,013	10,195,668		
					10,206,681				10,206,681		

Portfolio Cash Limits 2018/19 - Revenue Budgets

Appendix 3(ii)

CABINET PORTFOLIO	Service	2018/19 Approved Budget £'000	Technical Adjustments, below BMS limits or already agreed - shown for information £'000	Total Virements for Approval £'000	Sep'18 Revised Cash Limits £'000
Leader	Council Solicitor & Democratic Services	2,531	(249)		2,283
	PORTFOLIO SUB TOTAL	2,531	(249)		2,283
Finance & Efficiency	Finance	2,676	(660)		2,017
	People Services	462	(139)		323
	Risk & Assurance Services	1,088	(64)		1,024
	Information Technology	4,708	(286)		4,422
	Human Resources	988	134		1,122
	Property Services	2,333	(301)		2,032
	Corporate Estate Including R&M	2,349	130		2,479
	Commercial Estate	(16,120)	(268)		(16,388)
	Housing Delivery Vehicle	(450)			(450)
	Traded Services	221	(5)		216
	Strategic Director - Resources	234	232		466
	Corporate items (incl Council Restructuring saving)	(6,079)	5,770		(309)
	Hsg / Council Tax Benefits Subsidy	(195)			(195)
	Capital Financing / Interest	5,195	273		5,468
	Unfunded Pensions	1,679			1,679
	Corporate Budgets incl. Capital, Audit & Bank Charges	(517)	29		(488)
	New Homes Bonus Grant	(4,790)			(4,790)
	Magistrates	17			17
	Coroners	305			305
	Environment Agency	231			231
	West of England Combined Authority Levy	4,273			4,273
	PORTFOLIO SUB TOTAL	(1,394)	4,846		3,452
Transformation & Customer Services	Libraries & Information	1,626	(165)		1,461
	Customer Services	2,849	(470)		2,380
	Strategy & Performance	2,015	(54)		1,961
	PORTFOLIO SUB TOTAL	6,491	(689)		5,802
Adult Care, Health & Wellbeing	Adult Services	62,890	(315)		62,575
	Adult Substance Misuse (Drug Action Team)	535			535
	Public Health		(118)		(118)
	PORTFOLIO SUB TOTAL	63,425	(433)		62,993
Children & Young People	Children, Young People & Families	14,741	(261)		14,480
	Learning & Inclusion	15,617	(45)		15,573
	Health, Commissioning & Planning	(105,913)	(126)		(106,039)
	Schools Budget	103,498	20		103,518
	PORTFOLIO SUB TOTAL	27,943	(412)		27,531
Development & Neighbourhoods	Development Management	1,631	(568)		1,063
	Building Control & Land Charges	209	(89)		120
	Place Overheads	521	(521)		
	Public Protection & Health Improvement - Regulatory & Active Lifestyles	1,711	(262)		1,448
	Public Protection & Health Improvement - Leisure	697	(45)		652
	Neighbourhoods & Environment - Waste & Fleet Services	14,485	(423)		14,062
	Neighbourhoods & Environment - Parks & Bereavement Services	1,352	(266)		1,086
	Community Safety	41			41
	PORTFOLIO SUB TOTAL	20,646	(2,174)		18,472
Economic & Community Regeneration	Economy & Culture	1,147	87		1,235
	World Heritage	155	(2)		153
	Heritage	(7,695)	71		(7,624)
	Housing	1,025	(11)		1,013
	Regeneration	251	(448)		(198)
	PORTFOLIO SUB TOTAL	(5,118)	(304)		(5,421)

Portfolio Cash Limits 2018/19 - Revenue Budgets
Appendix 3(ii)

CABINET PORTFOLIO	Service	2018/19 Approved Budget £'000	Technical Adjustments, below BMS limits or already agreed - shown for information £'000	Total Virements for Approval £'000	Sep'18 Revised Cash Limits £'000
Transport & Environment	Highways & Traffic Management	7,492	(572)		6,920
	Transport & Parking Services - Parking	(7,768)	219		(7,549)
	Transport & Parking Services - Public & Passenger Transport	(978)	(57)		(1,035)
	PORTFOLIO SUB TOTAL	(1,254)	(411)		(1,665)
	NET BUDGET	113,271	175		113,446
	Sources of Funding				

Council Tax	86,732			86,732
Retained Business Rates*	27,620	60		27,680
Collection Fund Deficit (-) or Surplus (+)	(1,773)			(1,773)
Balances	692	115		807
Total	113,271	175		113,446

Capital Virements - Additions & Reductions 2018/2019

Appendix 4 (i)

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP17#003-2018	Adult Social Care Database	Grant	211,799		People and Communities - Adult Social Care		211,799	Technical Adjustment - agreed by Strategic Director. Further support and improvements to the Liquid Logic asset.
CAP17#004-2018	St Nicholas' Primary expansion	Grant	-290,000		People and Communities - Children's Services		-290,000	Technical Adjustment - to realign the budget to the original E3015 SMD approval to expand St.Nicholas to a 420 place school.
CAP17#005-2018	Office for Low Emission Vehicles (OLEV) Bid	Grant	247,400		Place - Environmental Services		247,400	E3026 SMD approval for conversion of up to 17 of the Council's fleet vehicles to Ultra Low Emission Vehicles. E3029 SMD full approval of provisionally approved budgets for Go Ultra Low West Charging Hub, Last Mile Delivery, Electric Cycle Hire and Business Charge Points
CAP17#007-2018	Affordable Housing	Capital receipts/Section 106	-300,000		Place - Adult Care, Housing and Commissioning		-300,000	Technical Adjustment - agreed by Director of Economy and Growth. Affordable housing for the Ensleigh Extra Care Scheme due to complete in 2019/20.
CAP17#011-2018	Visitor & Till Management System	Service Supported Borrowing	-100,000		Place - Tourism, Leisure and Culture		-100,000	Technical Adjustment - agreed by Director of Economy and Growth. Visitor and Till Management System to be deferred until 2022/23.
CAP17#014-2018	Basic Needs Feasibility / Option Appraisal	Grant	-15,000		People and Communities - Children's Services		-15,000	ODD provided by Corporate Director for Keynsham New East School legal and professional fees for heads of terms and land purchase.
CAP17#015-2018	Bath Area Forum – CIL funded Schemes	CIL	186,900		Resources - Strategy and Performance		186,900	E3047 SMD approval for contributions toward the road junction at Marlborough Buildings and Julian Road, Bath Festival of Nature 2018, restoration works at Free Fields site in Foxhill and Bathscapes Walking Festival 2018. E3067 SMD approved contributions toward road safety speed sign situated at the junction of Claverton Down Road/Oakley, vehicle access improvements to the entrance at Brickfields, Shophouse Road, provision of connecting access paths in Alice Park and purchase of a Community Workboat for the Bath area.
CAP17#016-2018	Highways Schemes (CIL)	CIL	50,000		Place - Environmental Services		50,000	E3060 SMD approval to fund the submission of a grant application to fund the construction of the Chew Valley Recreational Trail.
CAP17#017-2018	Keynsham East New School Feasibility Study - Cost	Grant	15,000		People and Communities - Children's Services		15,000	ODD provided by Corporate Director for Keynsham New East School legal and professional fees for heads of terms and land purchase.
CAP17#018-2018	New Enterprise Zone – Infrastructure Plan	Corporate Supported Borrowing/Grant/Section 106	220,000		Place - Community Regeneration		220,000	E3058/ SMD approval of provisionally approved budget for Bath and Somer Valley Enterprise Zone for Business Case to make improvements to the A362.
CAP17#019-2018	Heritage Infrastructure Development	Service Supported Borrowing	-87,000		Place - Tourism, Leisure and Culture		-87,000	Technical Adjustment - agreed by Strategic Director. Reversal of 17-18 Carry Forward approved by Cabinet in July 2018.
CAP17#020-2018	Parks s106 Capital projects	Section 106	-1,671		Place - Environmental Services		-1,671	Technical Adjustment - agreed by Strategic Director. Realignment of s106 funding to Weston s106 for provision of green space and allotments.

CAP17#021-2018	Parks Service Schemes	Section 106	8,330		Place - Environmental Services		8,330	Technical Adjustment - agreed by Strategic Director. Capital Carry Forwards approved by Cabinet in July 2018.
CAP17#022-2018	IT Asset Refresh	Service Supported Borrowing	502,000		Resources - Head of Transformation		502,000	SMD full approval of provisionally approved budget for IT Asset Refresh (Servers and Network).
CAP17#023-2018	First Steps Moorlands Redevelopment - Section 106 contribution	Section 106	79,000		People and Communities - Children's Services		79,000	E3080 SMD approved contribution towards the new build childcare provision based at Moorlands Infants School.
OVERALL TOTALS			726,758	0		0	726,758	
				726,758			-726,758	

Capital Virements - Additions & Reductions Future Years

Appendix 3 (i)

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP18#004-FY	GULW Funding 19/20	Grant	671,800		Place - Environmental Services		671,800	E3029 SMD full approval of provisionally approved budgets for Go Ultra Low West Charging Hub, Last Mile Delivery, Electric Cycle Hire and Business Charge Points.
CAP18#005-FY	GULW Funding 20/21	Grant	437,200		Place - Environmental Services		437,200	E3029 SMD full approval of provisionally approved budgets for Go Ultra Low West Charging Hub, Last Mile Delivery, Electric Cycle Hire and Business Charge Points.
CAP18#006-FY	GULW Funding 21/22	Grant	220,600		Place - Environmental Services		220,600	E3029 SMD full approval of provisionally approved budgets for Go Ultra Low West Charging Hub, Last Mile Delivery, Electric Cycle Hire and Business Charge Points.
CAP18#007-FY	Affordable Housing 19/20	Capital receipts/Section 106	300,000		Place - Adult Care, Housing and Commissioning		300,000	Technical Adjustment - agreed by Director of Economy and Growth. Affordable housing for the Enleigh Extra Care Scheme due to complete in 2019/20.
CAP18#008-FY	Roman Baths Development Plan 22/23	Service Supported Borrowing	100,000		Place - Tourism, Leisure and Culture		100,000	Technical Adjustment - agreed by Director of Economy and Growth. Visitor and Till Management System to be deferred until 2022/23.
OVERALL TOTALS			1,729,600	0		0	1,729,600	
				1,729,600			-1,729,600	

	2018/19				
	Total Approved Budget 2018/2019	Adjustments & Approval Requested at July 2018 Cabinet & Council	Re-phasing Request at July 2018 Cabinet	Approvals to September 2018 Cabinet	Budget at September 2018 Cabinet
CAPITAL SCHEME	£'000	£'000	£'000	£'000	£'000
<u>Finance & Efficiency</u>					
Workplaces Programme Delivery	0	0	219	0	219
Keynsham Regeneration & New Build	0	0	330	0	330
Corporate Estate Planned Maintenance	1,357	0	1,586	0	2,943
Disposals Programme (Minor)	0	0	-122	0	-122
Commercial Estate Investment Fund 16/17	0	0	298	0	298
Commercial Estate Investment 17/18	0	0	127	0	127
Saw Close Development	0	0	40	0	40
Equality Act Works	0	0	274	0	274
Roseberry Place	16	0	12	0	28
1 - 3 James Street West	0	0	99	0	99
7 - 9 Lower Borough Walls	0	0	1	0	1
Desktop As a Service - VDI Technology	287	0	0	0	287
IT Asset Refresh (Servers and Network)	80	0	24	0	104
IT Asset Refresh	0	0	0	502	502
Corporate Capital Contingency	50	0	1,894	0	1,944
Bathampton Farmhouse	0	0	40	0	40
Cleveland Pools	100	0	7	0	107
Housing Delivery Vehicle	0	0	322	0	322
Property Company Investment	13,483	0	4,537	0	18,020
Acquisitions - Future Revenue Generation	0	0	194	0	194
Agresso System Development & 5.6 Upgrade	70	0	28	0	98
Income systems upgrade & associated works	0	0	45	0	45
Community Resource Centre Capital investment	210	0	323	0	533
Flexible Use of Capital Receipts	1,140	5,236	0	0	6,376
City Centre Protection Measures	0	0	194	0	194
Key Disposal - Keynsham K2 Charlton Road	0	0	-2	0	-2
Bath Area Forum – CIL funded Schemes	0	0	0	187	187
Digital Programme	0	0	324	0	324
Civica Income Management System Developments	0	0	-30	0	-30
	16,793	5,236	10,761	689	33,479
<u>Transformation & Customer Services</u>					
LAA Performance Reward Grant	0	0	87	0	87
Energy at Home	0	0	2	0	2
Warmth & Health Homes Programme	0	0	27	0	27
Modern Libraries & Workplaces	0	0	681	0	681
	0	0	796	0	796
<u>Adult Care, Health & Wellbeing</u>					
Adult Social Care Database replacement	0	0	11	212	223
	0	0	11	212	223
<u>Children & Young People</u>					
Schools Capital Maintenance Programme	0	0	206	0	206
Schools Capital Maintenance 18/19	500	0	0	0	500
Schools Devolved Capital	0	0	823	0	823
Weston All Saints Primary - Basic Need	0	0	66	0	66
Saltford Primary - Basic Need	0	0	144	0	144
Building adaptations to provide short breaks for Disabled Children	20	0	-0	0	20
Basic Needs Feasibility / Option Appraisal	9	969	254	-15	1,217
Schools LA Contribution to Capital / Private Capital / Seed Challenge / Travel Plans	0	0	45	0	45
Paulton Junior School - Basic Need	0	0	89	0	89
Youth Projects	19	0	-0	0	19
Children's Services Capital Schemes Managed by Property Services	0	0	196	0	196
Client Data System for Children's Social Services	2	0	-0	0	2
Bishop Sutton Primary School - Basic Need	0	0	152	0	152
Schools Minor Works and DDA Schemes	0	0	193	0	193
Westfield Primary School - Basic Need	0	0	113	0	113
Children's Centre Capital Schemes	0	0	6	0	6
Oldfield Park Junior School - Basic Need	16	0	46	0	62
St Marys Writlington BN Feasibility Study	0	0	53	0	53
Ensleigh - New Primary School Feasibility Study	258	0	-57	0	201
MOD Foxhill Mulberry Park - New School Feasibility Study	0	0	4	0	4
Bathampton School Basic Needs	0	0	10	0	10
Keynsham East New School Feasibility Study - Cost	0	0	5	15	20
Farmborough Primary - Basic Need	0	0	94	0	94
St Michaels Junior School Replace temporary building	0	0	-6	0	-6
Riverside Youth Hub Development	59	0	7	0	66
St Keyna Basic Need Feasibility Study	0	0	-4	0	-4
Somerdale New School Feasibility Costs	0	0	4	0	4
St Gregs, St Marks 6th Form	0	0	-1	0	-1
Bathwick St Mary New School Expansion	0	0	9	0	9
Ubley Primary Basic Needs	0	0	87	0	87
St Saviour's Junior - Bulge Year Feasibility Study	0	0	124	0	124

Children's Education Management System	347	0	337	0	684
Whitchurch Primary expansion	1,253	0	34	0	1,287
Swainswick Primary School	672	0	-3	0	669
Castle Primary expansion (Phase 4)	1,384	0	268	0	1,652
St Nicholas' Primary expansion	2,668	0	59	-290	2,437
Schools Capital Maintenance Grant 17/18 - Emergency Works	0	0	187	0	187
Schools Capital Maintenance Grant 17/18 - Minor works and DDA	0	0	597	0	597
Special Education Needs & Disability (SEND) Education Provision Loan	0	0	500	0	500
First Steps Moorlands Redevelopment - Section 106 contribution	0	0	0	79	79
	7,207	969	4,642	-211	12,606
<u>Economic & Community Regeneration</u>					
Visitor & Till Management System	100	0	0	-100	0
Heritage Infrastructure Development	0	0	87	-87	0
BWR - Council Project Team	0	0	40	0	40
BWR - Affordable Housing	0	0	-1	0	-1
BWR - Infrastructure	955	0	-0	0	955
NRR Infrastructure	0	0	122	0	122
London Road Regeneration	0	0	-49	0	-49
Enterprise Area - Flood Mitigation Phase 1	1,797	0	-0	0	1,797
BWR - Relocation of Gas Holders	0	0	2,056	0	2,056
Disabled Facilities Grant	1,150	0	59	0	1,209
River Corridor & ROSPA safety works	204	0	34	0	239
Digital B&NES	0	0	-85	0	-85
Somer Valley Business Centre	20	0	2	0	22
Affordable Housing	300	0	786	-300	786
PRMP Northumberland Place	0	0	10	0	10
PRMP Pattern Book	0	0	41	0	41
City Information Scheme Corporate Project	0	0	20	0	20
Bath Quays South	19,111	0	6,545	0	25,656
Bath Quays North	4,524	0	700	0	5,224
Cattlemarket/Cornmarket	0	0	22	0	22
Radstock and Westfield Implementation Plan	40	0	0	0	40
South Road Car Park	143	0	0	0	143
Roman Baths Archway Centre	5,006	0	124	0	5,130
Saw Close Development Works	586	0	54	0	640
Heritage: Victoria Art Gallery Air Conditioning	141	0	-3	0	138
Bath Quays Bridge & Linking Infrastructure	3,270	0	1,842	0	5,112
Innovation Quay - Economic Development Funding Enabling Infrastructure	0	0	-112	0	-112
BTP transitional funding	0	0	150	0	150
Pioneer Office Investment Block (quays) – LGF Funded	0	0	-72	0	-72
New Enterprise Zone – Infrastructure Plan	0	0	0	220	220
	37,347	0	12,373	-267	49,452
<u>Development & Neighbourhoods</u>					
Vehicle Replacement: Neighbourhoods	0	0	96	0	96
Beechen Cliff Woodland & Other Open Spaces Improvements	59	0	25	0	84
Neighbourhoods - Bin and Bench Replacement	0	0	21	0	21
Alice Park - Skate Park	0	0	126	0	126
Play Equipment	0	0	138	0	138
Waste Re-provision feasibility work	250	0	16	0	266
Environmental Protection Vehicles	0	0	26	0	26
Cleansing Vehicles	0	0	-16	0	-16
Sydney Gardens	0	0	350	0	350
Bath Leisure Centre Refurbishment	1,000	0	1,134	0	2,134
Parade Gardens Infrastructure for Business Development	4	0	8	0	12
Leisure - Council Client / Contingency	750	0	748	51	1,549
Bath Recreation Ground Trust - Leisure	1,000	0	-269	0	731
Parks Service Schemes	169	0	0	8	178
Waste Project - relocation of cleansing	0	0	157	0	157
Keynsham Leisure Centre - Land Assembly	74	0	-23	-51	0
Waste Operations - Relocation	514	0	3,891	0	4,405
Environmental Neighbourhood Services Vehicle Replacement Programme	702	0	0	0	702
Parks s106 Capital projects: Bloomfield Green Open	15	0	268	-2	281
Parks Equipment	41	0	0	0	41
Parks Action Response Work	136	0	-30	0	106
Leisure facility modernisation - Keynsham Sports Centre	4,417	0	-22	0	4,395
Leisure Bath - Car Park	0	0	12	0	12
Repair ponds at Royal Victoria Park	0	0	5	0	5
Odd Down Playing Fields Development	0	0	42	0	42
	9,131	0	6,703	7	15,841
<u>Transport & Environment</u>					
Bath Transport Package - Main Scheme	2,000	0	-158	0	1,842
Batheaston Bridge	0	0	-7	0	-7
Transport Improvement Programme	2,982	0	831	0	3,813
Victoria Bridge	0	0	28	0	28
Bus Lane Camera Replacement	0	0	67	0	67
Highways Maintenance Programme	7,274	0	189	0	7,463
Passenger Transport Vehicles	0	0	85	0	85
Parking - Vehicle Replacement Programme	85	0	15	0	100
Saltford Station - reopening feasibility work	250	0	0	0	250
Kennet & Avon Tow Path & Cycle Parking	0	0	9	0	9
Street Lighting - LED Replacement Programme	0	0	565	0	565
Keynsham Town Centre one way system	0	0	13	0	13
Bath Cycle Action Plan - Bath Quays Scheme	0	0	15	0	15
Kingsmead Square Improvements	8	0	-1	0	7
Dorchester Street, Traffic Review	28	0	68	0	96

Somerdale Bridge, Keynsham – Initial Options Study	6	0	5	0	11
London Road Modification	0	0	172	0	172
York Street Infrastructure works	0	0	510	0	510
Office for Low Emission Vehicles (OLEV) Bid	0	0	-25	247	223
A37 to A362 Improvements to access Somer Valley Enterprise Zone	0	0	268	0	268
Hicks Gate Roundabout Improvement	0	0	459	0	459
Pay & Display Machines - New Coin Acceptance	0	0	39	0	39
Parking - Radio System Replacement	0	0	28	0	28
Parking enforcement Hand Held Computer Terminal replacement	0	0	50	0	50
Body Worn Video Cameras for Civil Enforcement Officers	0	0	25	0	25
Highways Schemes (CIL)	0	0	0	50	50
	12,633	0	3,249	297	16,179

TOTAL CAPITAL SCHEME BUDGET	83,111	6,205	38,534	726	128,576
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Sources of Funding (£'000)					
EU/Government Grant	20,712	969	10,630	-35	32,275
Revenue	2	0	171	0	173
Other Council Support including Borrowing and Capital Receipts	56,320	5,236	25,202	381	87,139
s106 Contribution	1,084	0	1,375	41	2,501
CIL Contribution	790	0	415	340	1,545
Other 3rd Party	4,203	0	741	0	4,943
Total Sources of Funding (£'000)	83,111	6,205	38,534	726	128,576

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Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	5 th September 2018	
TITLE:	Treasury Management Monitoring Report to 30 th June 2018	EXECUTIVE FORWARD PLAN REFERENCE: E 3089
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – Performance Against Prudential Indicators Appendix 2 – The Council’s Investment Position at 30 th June 2018 Appendix 3 – Average monthly rate of return for 1 st 3 months of 2018/19 Appendix 4 – The Council’s External Borrowing Position at 30 th June 2018 Appendix 5 – Arlingclose’s Economic & Market Review Q1 of 2018/19 Appendix 6 – Interest & Capital Financing Budget Monitoring 2018/19 Appendix 7 – Summary Guide to Credit Ratings		

1 THE ISSUE

- 1.1 In February 2012 the Council adopted the 2011 edition of the CIPFA Treasury Management in the Public Services: Code of Practice, which requires the Council to approve a Treasury Management Strategy before the start of each financial year, review performance during the year, and approve an annual report after the end of each financial year.
- 1.2 This report gives details of performance against the Council's Treasury Management Strategy and Annual Investment Plan 2018/19 for the first three months of 2018/19.

2 RECOMMENDATION

The Cabinet agrees that:

- 2.1 the Treasury Management Report to 30th June 2018, prepared in accordance with the CIPFA Treasury Code of Practice, is noted
- 2.2 the Treasury Management Indicators to 30th June 2018 are noted.

3 RESOURCE IMPLICATIONS

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

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 This report is for information only.

5 THE REPORT

Summary

5.1 The average rate of investment return for the first three months of 2018/19 is 0.57%, which is 0.16% above the benchmark rate.

5.2 The Council's Prudential Indicators for 2018/19 were agreed by Council in February 2018 and performance against the key indicators is shown in **Appendix 1**. All indicators are within target levels.

Summary of Returns

5.3 The Council's investment position as at 30th June 2018 is given in **Appendix 2**. The balance of deposits as at 31st March 2018 and 30th June 2018 are also set out in the pie charts in this appendix.

5.4 Gross interest earned on investments for the first three months totalled £52k. **Appendix 3** details the investment performance, showing the average rate of interest earned over this period was 0.57%, which was 0.16% above the benchmark rate of average 7 day LIBID +0.05% (0.41%).

Summary of Borrowings

5.5 The Council's external borrowing as at 30th June 2018 totalled £175.7 million and is detailed in Appendix 4. £16.8m of loans matured during the quarter, and the cash flow position of the Council didn't require immediate replacement of this borrowing.

5.6 The Council's Capital Financing Requirement (CFR) as at 31st March 2018 was £247.1 million with a projected total of £434 million by the end of 2018/19 based on the capital programme approved at February 2018 Council. This represents the Council's underlying need to borrow to finance capital expenditure, and demonstrates that the borrowing taken to date relates to funding historical capital spend.

5.7 Following Local Government Reorganisation in 1996, Avon County Council's residual debt is administered by Bristol City Council. All successor Unitary Authorities make an annual contribution to principal and interest repayment, for which there is a provision in the Council's revenue budget. The amount of residual debt outstanding as at 31st March 2018 apportioned to Bath & North East Somerset Council is £12.3m. Since this borrowing is managed by an external body and treated in the Council's Statement of Accounts as a deferred liability, it is not included in the borrowing figures referred to in paragraph 5.6.

5.8 The borrowing portfolio as at 30th June 2018 is shown in **Appendix 4**.

Strategic & Tactical Decisions

5.9 As shown in the charts at **Appendix 2**, The Council mainly uses AAA rated Money Market funds to maintain very short term liquidity. The Council had £18.2M invested

in Money Market Funds as at 30th June 2018. The investment portfolio also included investments with Local Authorities, UK banks and very highly rated Foreign Banks.

5.10 The Council does not hold any direct investments with banks in countries within the Eurozone reflecting both on the underlying debt issues in some Eurozone countries and the low levels of interest rates. The Council's investment counterparty list does not currently include any banks from Portugal, Ireland, Greece, Spain and Italy.

5.11 The Council's average investment return is broadly in line with the budgeted level of 0.45%.

Future Strategic & Tactical Issues

5.12 Our treasury management advisors economic and market review for the first quarter 2018/19 is included in **Appendix 5**.

5.13 The Bank of England made no change to monetary policy at its meetings in May and June, however hawkish minutes and a 6-3 vote to maintain rates raised expectations of a rate hike at the August meeting. This was subsequently confirmed at its meeting on the 2nd August, where the rate was increased by a quarter of a percentage point, from 0.50% to 0.75%, the highest level since March 2009. The Bank of England cited very limited slack in the UK economy and a tightening in the labour market as the main reasons for the increase.

5.14 The benefits of the Council's current policy of internal borrowing are monitored regularly against the likelihood that long term borrowing rates are forecast to rise in future years. The focus remains on the rate of increase and the medium-term peak.

5.15 The borrowing forecast to take place in 2018/19 is likely to be driven by a need to maintain an appropriate working cash balance rather than any immediate changes to interest rates.

Budget Implications

5.16 A breakdown of the revenue budget for interest and capital financing and the forecast year end position based on the period April to June is included in **Appendix 6**. This is currently forecast to be on target for 2018/19.

5.17 This position will be kept under review during the remainder of the year, taking into account the Council's cash-flow position and the timing of any new borrowing required.

6 RATIONALE

6.1 The Prudential Code and CIPFA's Code of Practice on Treasury Management requires regular monitoring and reporting of Treasury Management activities.

7 OTHER OPTIONS CONSIDERED

7.1 None.

8 CONSULTATION

8.1 Consultation has been carried out with the Cabinet Member for Finance & Efficiency, Section 151 Finance Officer and Monitoring Officer.

8.2 Consultation was carried out via e-mail.

9 RISK MANAGEMENT

9.1 The Council's lending & borrowing list is regularly reviewed during the financial year and credit ratings are monitored throughout the year. All lending/borrowing transactions are within approved limits and with approved institutions. Investment and Borrowing advice is provided by our Treasury Management consultants Arlingclose.

9.2 The CIPFA Treasury Management in the Public Services: Code of Practice requires the Council nominate a committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies. The Corporate Audit Committee carries out this scrutiny.

9.3 In addition, the Council maintain a risk register for Treasury Management activities, which is regularly reviewed and updated where applicable during the year.

Contact person	<i>Donna Parham- 01225 477468; Giles Oliver- 01225 477209 Donna_Parham@bathnes.gov.uk ; Giles_Oliver@bathnes.gov.uk</i>
Background papers	<i>2018/19 Treasury Management & Investment Strategy</i>
Please contact the report author if you need to access this report in an alternative format	

APPENDIX 1

Performance against Treasury Management Indicators agreed in Treasury Management Strategy Statement

1. Authorised limit for external debt

These limits include current commitments and proposals in the budget report for capital expenditure, plus additional headroom over & above the operational limit for unusual cash movements.

	2018/19 Prudential Indicator	Actual as at 30th June 2018
	£'000	£'000
Borrowing	434,000	175,721
Other long term liabilities	2,000	0
Cumulative Total	436,000	175,721

2. Operational limit for external debt

The operational boundary for external debt is based on the same estimates as the authorised limit but without the additional headroom for unusual cash movements.

	2018/19 Prudential Indicator	Actual as at 30th June 2018
	£'000	£'000
Borrowing	403,000	175,721
Other long term liabilities	2,000	0
Cumulative Total	405,000	175,721

3. Upper limit for fixed interest rate exposure

This is the maximum amount of total borrowing which can be at fixed interest rate, less any investments for a period greater than 12 months which has a fixed interest rate.

	2018/19 Prudential Indicator	Actual as at 30th June 2018
	£'000	£'000
Fixed interest rate exposure	403,000	155,721*

* The £20m of LOBO's are quoted as variable rate in this analysis as the Lender has the option to change the rate at 6 monthly intervals (the Council has the option to repay the loan should the Lender exercise this option to increase the rate).

4. Upper limit for variable interest rate exposure

While fixed rate borrowing contributes significantly to reducing uncertainty surrounding interest rate changes, the pursuit of optimum performance levels may justify keeping flexibility through the use of variable interest rates. This is the maximum amount of total borrowing which can be at variable interest rates.

	2018/19 Prudential Indicator	Actual as at 30th June 2018
	£'000	£'000
Variable interest rate exposure	246,000	20,000

5. Upper limit for total principal sums invested for over 364 days

This is the maximum amount of total investments which can be over 364 days. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

	2018/19 Prudential Indicator	Actual as at 30th June 2018
	£'000	£'000
Investments over 364 days	50,000	0

6. Maturity Structure of borrowing

This indicator is set to control the Council's exposure to refinancing risk.

	Upper Limit	Lower Limit	Actual as at 30th June 2018
	%	%	%
Under 12 months	50	Nil	12.8*
12 months and within 24 months	75	Nil	5.7
24 months and within 5 years	75	Nil	0
5 years and within 10 years	100	Nil	0
10 years and above	100	Nil	81.5

* The CIPFA Treasury management Code now requires the prudential indicator relating to Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment, i.e. the next call date (which are at 6 monthly intervals for the £20m of LOBO's). However, the Council would only consider repaying these loans if the Lenders exercised their options to alter the interest rate.

7. Average Credit Rating

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the weighted average credit rating of its investment portfolio. A summary guide to credit ratings is set out at **Appendix 7**.

	2018/19 Prudential Indicator	Actual as at 30th June 2018
	Rating	Rating
Minimum Portfolio Average Credit Rating	A-	AA+

APPENDIX 2

The Council's Investment position at 30th June 2018

The term of investments is as follows:

Term Remaining as at 30th June 2018	Balance at 30th June 2018
	£'000's
Notice (instant access funds)	18,880
Up to 1 month	10,000
1 month to 3 months	0
Over 3 months	5,000
Total	33,880

The investment figure of £33.9 million is made up as follows:

	Balance at 30th June 2018
	£'000's
B&NES Council	29,238
Schools	4,642
Total	33,880

The Council had a total average net positive balance of £36.817m during the period April 2018 to June 2018.

Chart 1: Council Investments as at 30th June 2018 (£33.9m)

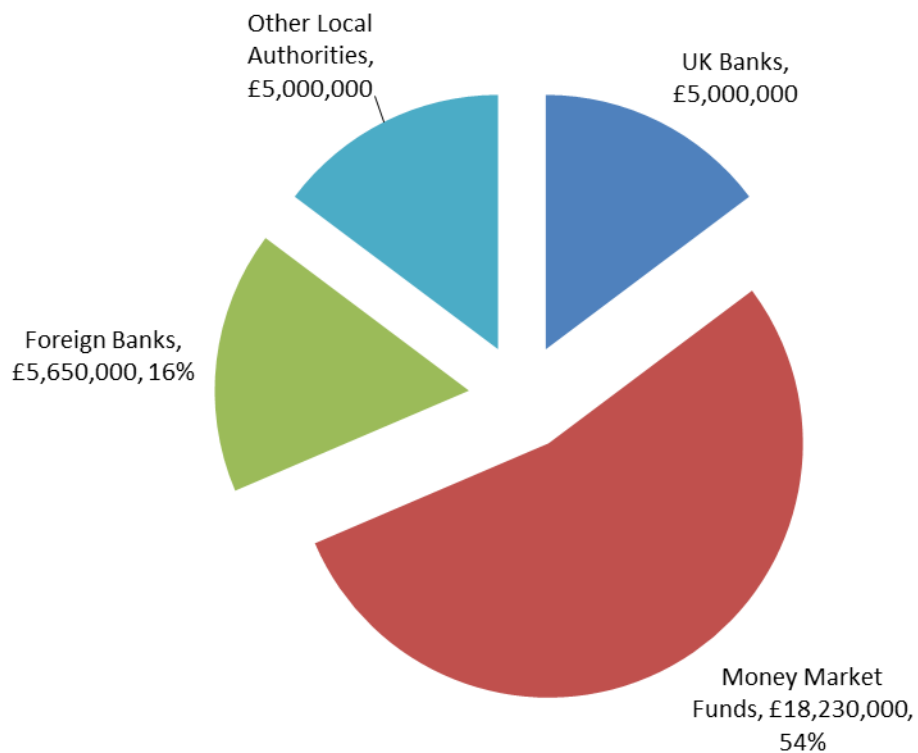


Chart 2: Council Investments as at 31st March 2018 (£37.7m)

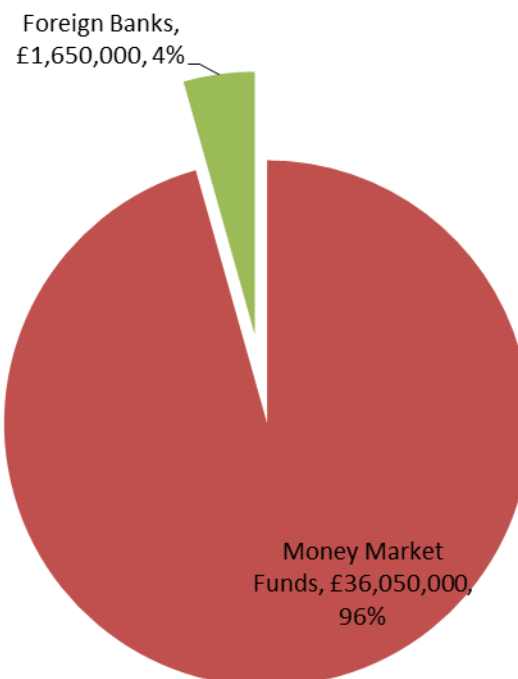


Chart 3: Council Investments per lowest equivalent Long Term credit rating (£33.9m) 30th June 2018

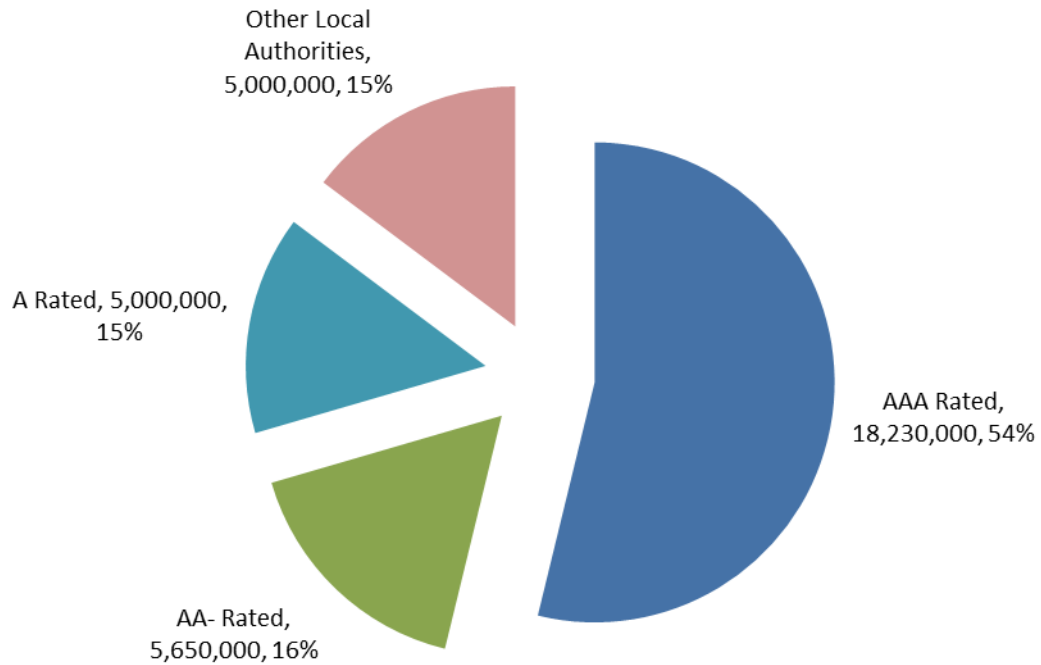
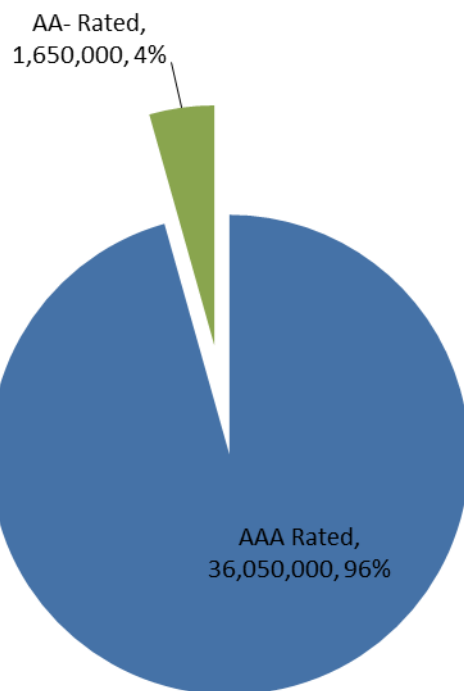


Chart 4: Council Investments per lowest equivalent Long Term credit rating (£37.7m) 31st March 2018



APPENDIX 3**Average rate of return on investments for 2018/19.**

	April %	May %	June %	Average for Period
Average rate of interest earned	0.50%	0.60%	0.61%	0.57%
Benchmark = Average 7 Day LIBID rate +0.05% (source: Arlingclose)	0.41%	0.41%	0.41%	0.41%
Performance against Benchmark %	+0.09%	+0.19%	+0.20%	+0.16%

APPENDIX 4
Councils External Borrowing at 30th June 2018

Borrowing	Amount (£)	Start	Maturity DaBte	Interest Rate
LONG TERM				
PWLB	10,000,000	15/10/04	15/10/34	4.75%
PWLB	5,000,000	12/05/10	15/08/35	4.55%
PWLB	5,000,000	12/05/10	15/02/60	4.53%
PWLB	5,000,000	05/08/11	15/02/31	4.86%
PWLB	10,000,000	05/08/11	15/08/29	4.80%
PWLB	15,000,000	05/08/11	15/02/61	4.96%
PWLB	5,300,000	29/01/15	08/04/34	2.62%
PWLB	5,000,000	29/01/15	08/10/64	2.92%
PWLB	18,795,590	20/06/16	20/06/41	2.36%
PWLB	9,655,424	24/02/17	16/02/40	2.28%
PWLB	9,698,525	04/04/17	16/02/43	2.26%
PWLB	8,243,412	08/05/17	15/02/42	2.25%
PWLB	6,931,389	10/08/17	10/04/67	2.64%
PWLB	9,851,890	13/12/17	10/10/42	2.35%
PWLB	9,855,212	06/03/18	10/10/42	2.52%
PWLB	9,889,305	06/03/18	10/10/47	2.62%
KBC Bank N.V*	5,000,000	08/10/04	08/10/54	4.50%
KBC Bank N.V*	5,000,000	08/10/04	08/10/54	4.50%
Eurohypo Bank*	10,000,000	27/04/05	27/04/55	4.50%
Gloucestershire C C	5,000,000	25/11/14	19/12/19	2.05%
Gloucestershire C C	5,000,000	19/12/14	19/12/19	2.05%
Sub Total	173,220,746			
TEMPORARY				
PCC for Hampshire	2,500,000	28/07/17	27/07/18	0.41%
Sub Total	2,500,000			
Overall Total	175,720,746			

*All LOBO's (Lender Option / Borrower Option) have reached the end of their fixed interest period and have reverted to the variable rate of 4.50%. The lender has the option to change the interest rate at 6 monthly intervals. Should the lender use the option to change the rate, then at this point the borrower has the option to repay the loan without penalty.

APPENDIX 5

Economic and market review for April to June 2018 **(provided by Council's Treasury Advisors Arlingclose)**

External Context

Commodity prices fell during the quarter, although oil prices rose, peaking at \$75 a barrel before falling slightly to just over \$73. The primary factor in the oil price's recent fall was the OPEC's (Organisation of Petroleum Exporting Countries) announcement that a deal had been reached with non-OPEC nations to increase nominal production by 1 million barrels a day.

UK Consumer Price Inflation (CPI) index fell over the quarter and the data released for May showed CPI at 2.4%, a 12-month low. The most recent labour market data for April 2018 showed the unemployment rate at 4.2%, a low last seen in 1975. However real wages (i.e. adjusted for inflation) grew only by 0.4%, a marginal increase unlikely to have had much effect for households. Q1 GDP data released in April and revised in May showed economic activity slowing to 0.1%. The Bank of England made no change to monetary policy at its meetings in May and June, however hawkish minutes and a 6-3 vote to maintain rates have raised expectations of a rate hike at the August meeting.

Having raised rates in March, the US Federal Reserve again increased its target range of official interest rates in June by 0.25% to between 1.75% and 2% and markets now expect two further rises in 2018.

Fears rose of a global trade war on the announcement of the Trump Administration implementing tariffs on \$200bn of imports, notably steel, aluminium, food and chemicals. Canada, the EU and China contemplated announced retaliatory tariffs as did Mexico. Many of these have since been instituted in early July. The announcements sparked a sell-off in global equity markets, with the major equity global indices falling.

The EU Withdrawal Bill, which repeals the European Communities Act 1972 that took the UK into the EU and enables EU law to be transferred into UK law, narrowly made it through Parliament, with a vote of 319 to 303, after the government gave assurances that Parliament would have a meaningful vote in the event of a no-deal Brexit. Very little progress was made in negotiating future trading arrangements, extending the period of uncertainty.

Financial markets:

Gilt yields displayed marked volatility during the quarter, particularly following Italy's political crisis in late May when government bond yields saw sharp moves akin to those at the height of the European financial crisis with falls in yield in safe-haven UK, German and US government bonds. The yield on the 5-year benchmark gilt fell from 1.13% to 1.04% during the quarter, the 10-year gilt fell from 1.36% to 1.28% and the yield on the 20-year gilt rose marginally from 1.71% to 1.72%. Money markets rates remained low: 1-month, 3-month and 12-month LIBID rates averaged 0.38%, 0.55% and 0.84% in the quarter respectively.

Credit background:

UK bank credit default swaps rose marginally over the quarter but the overall level was still low against historic averages.

There were a few credit rating changes during the quarter. Moody's downgraded Barclays Bank Plc's long-term rating to A2 from A1 after the banking group completed its restructure to be compliant with UK bank ring-fencing which comes into effect in 2019. The agency also downgraded Royal Bank of Scotland plc's (RBS plc) long-term ratings to Baa2 from A3 on its view that the credit metrics of RBS plc, which will become the non-ring-fenced NatWest Markets plc, will become weaker and less diversified and the main functions of the bank would be in higher risk activities. Moody's and Fitch also upgraded long-term ratings of NatWest Bank and Ulster Bank as under ring-fencing their credit profiles are expected to improve. The Authority had suspended RBS as an investment counterparty ahead of the downgrade as it no longer met the Authority's higher credit rating threshold of A- in its 2018/19 strategy. S&P revised the Royal Bank of Canada's outlook to stable from negative whilst affirming the long-term rating at AA- and Fitch revised the Commonwealth Bank of Australia's outlook to negative from stable, whilst affirming the bank's long-term rating at AA-.

APPENDIX 6

Interest & Capital Financing Costs – Budget Monitoring 2018/19 (Apr to June)

April to June 2018	YEAR END FORECAST			ADV/FAV
	Budgeted Spend or (Income) £'000	Forecast Spend or (Income) £'000	Forecast over or (under) spend £'000	
Interest & Capital Financing				
- Debt Costs	7,647	7,647	0	
- Internal Repayment of Loan Charges	(9,245)	(9,245)	0	
- Ex Avon Debt Costs	1,140	1,140	0	
- Minimum Revenue Provision (MRP)	6,230	6,230	0	
- Interest on Balances	(304)	(304)	0	
Sub Total - Capital Financing	5,468	5,468	0	

APPENDIX 7

Summary Guide to Credit Ratings

Rating	Details
AAA	Highest credit quality – lowest expectation of default, which is unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality - expectation of very low default risk, which is not likely to be significantly vulnerable to foreseeable events.
A	High credit quality - expectations of low default risk which may be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB	Good credit quality - expectations of default risk are currently low but adverse business or economic conditions are more likely to impair this capacity.
BB	Speculative - indicates an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.
B	Highly speculative - indicates that material default risk is present, but a limited margin of safety remains. Capacity for continued payment is vulnerable to deterioration in the business and economic environment.
CCC	Substantial credit risk - default is a real possibility.
CC	Very high levels of credit risk - default of some kind appears probable.
C	Exceptionally high levels of credit risk - default is imminent or inevitable.
RD	Restricted default - indicates an issuer that has experienced payment default on a bond, loan or other material financial obligation but which has not entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, and which has not otherwise ceased operating.
D	Default - indicate an issuer that has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business.

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