

# Cabinet

**Date: Thursday, 7th November, 2019**  
**Time: 6.30 pm**  
**Venue: Council Chamber - Guildhall, Bath**

## Agenda

**To: All Members of the Cabinet**

Councillor Dine Romero (Council Leader and Liberal Democrat Group Leader), Councillor Rob Appleyard (Cabinet Member for Adult Services), Councillor Tim Ball (Cabinet Member for Housing, Planning, and Economic Development), Councillor Neil Butters (Cabinet Member for Transport Services), Councillor Paul Crossley (Cabinet Member for Community Services), Councillor Kevin Guy (Cabinet Member for Children's Services), Councillor Richard Samuel (Deputy Council Leader and Cabinet Member for Resources), Councillor Sarah Warren (Cabinet Member for Climate Emergency and Neighbourhood Services), Councillor David Wood (Cabinet Member for Climate Emergency and Neighbourhood Services) and Councillor Joanna Wright (Cabinet Member for Transport Services)

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. We request that those filming/recording meetings avoid filming public seating areas, children, vulnerable people etc; however, the Council cannot guarantee this will happen.

The Council will broadcast the images and sounds live via the internet [www.bathnes.gov.uk/webcast](http://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**

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## 6. **Supplementary information for meetings**

Additional information and Protocols and procedures relating to meetings

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**Cabinet - Thursday, 7th November, 2019**

**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 - 16)

*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 17 - 20)

*A list of Cabinet Single Member decisions taken and published since the last Cabinet meeting to note (no debate).*

12. REVENUE AND CAPITAL BUDGET MONITORING, CASH LIMITS AND VIREMENTS - APRIL 2019 TO SEPTEMBER 2019 (Pages 21 - 58)

This report presents the financial monitoring information for the Authority as a whole for the financial year 2019/20 to the end of September 2019.

13. TREASURY MANAGEMENT 2019-20 QUARTER 2 PERFORMANCE REPORT (MID YEAR UPDATE) (Pages 59 - 72)

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 for 2019/20 for the first six months of 2019/20.

14. LGA PEER REVIEW ACTION PLAN (Pages 73 - 98)

The corporate LGA Peer Review took place in July 2019. This review was undertaken by a team of Councillors and Senior Officers from local authorities across the UK who examined the four elements of a corporate peer review which looks at the Council's leadership governance, financial planning and capacity to delivery.

15. HOMELESSNESS & ROUGH SLEEPING STRATEGY (2019-2024) UPDATE (Pages 99 - 104)

The Homelessness Act 2002 requires the Council to carry out a review of homelessness to inform the production of a homelessness strategy every 5 years. The draft Homelessness & Rough Sleeping Strategy 2019-24 meets this requirement.

16. COUNCIL HOUSE BUILDING PROGRAMME UPDATE (Pages 105 - 112)

Cabinet have informally expressed an ambition to deliver a council house building programme to support and complement the existing affordable housing programme. The rationale for this has been articulated principally as:

- increasing the delivery of affordable housing, particularly rented homes; and
- having greater control over the homes being delivered, including design and environmental standards, rent, allocations and management.

This report provides Cabinet with an update on the programme plan.

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.

Thursday, 12th September, 2019

#### **Present:**

Councillor Dine Romero	Council Leader and Liberal Democrat Group Leader
Councillor Rob Appleyard	Cabinet Member for Adult Services
Councillor Tim Ball	Cabinet Member for Housing, Planning, and Economic Development
Councillor Neil Butters	Cabinet Member for Transport Services
Councillor Paul Crossley	Cabinet Member for Community Services
Councillor Kevin Guy	Cabinet Member for Children's Services
Councillor Richard Samuel	Deputy Council Leader and Cabinet Member for Resources
Councillor Sarah Warren	Cabinet Member for Climate Emergency and Neighbourhood Services
Councillor David Wood	Cabinet Member for Climate Emergency and Neighbourhood Services
Councillor Joanna Wright	Cabinet Member for Transport Services

#### **15 WELCOME AND INTRODUCTIONS**

The Chair welcomed everyone to the meeting.

#### **16 EMERGENCY EVACUATION PROCEDURE**

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

#### **17 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

#### **18 DECLARATIONS OF INTEREST**

There were none.

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

There was none.

#### **20 QUESTIONS FROM PUBLIC AND COUNCILLORS**

There were 14 questions from Councillors and no 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.]*

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

There were none.

**22 MINUTES OF PREVIOUS CABINET MEETING**

**RESOLVED** that the minutes of the meeting held on 10<sup>th</sup> July 2019 be confirmed as a correct record and signed by the Chair.

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

There were none.

**24 MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES**

There were none.

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

The Cabinet agreed to note the report.

**26 BATH CLEAN AIR PLAN- SEPTEMBER 2019 UPDATE**

Councillor Sarah Warren introduced this item by reading out the following statement:

*'Today, we are launching a final consultation on Bath's Clean Air Zone. Air pollution causes 140 deaths per day in the UK, as well as being a contributory factor in the onset of heart disease and cancer. It particularly affects the most vulnerable: children and older people, those with heart and lung conditions; and new evidence continues to emerge of its adverse impacts on every organ of the body. Areas with poor air quality are often the least affluent areas. This is why Client Earth took the UK government to court to demand cleaner air, and why I marched with hundreds of others as part of the "Breathe in Bath" demo through the city centre on 16th August this year.*

*In response to Client Earth's action and the ruling in the supreme court, the UK government required councils with poor air quality to implement clean air zones. Last autumn, Bath and North East Somerset council consulted on introduction of a "Class D" zone, which would have charged not only HGVs, buses, vans, and taxis, but also private cars, to drive into the city centre. There was a huge response to the consultation, many respondents pointing out the adverse impacts on local families of charging cars, especially in the absence of convenient, affordable alternatives. This prompted the council to revisit the traffic and pollution modelling, and a way was found to avoid charging cars, by introducing traffic lights at Queen Square to limit*



traffic flows when pollution levels are high in that particular hotspot. This “Class C” scheme is the one on which we are currently inviting comments from the public. On being elected in May, the Liberal Democrat administration immediately commissioned a brief independent review of the work completed to date. This is a highly technical area at the cutting edge of modelling. Any responsible administration taking on such a project would check to ensure that decisions taken to date had been based on reliable assumptions and data, and that no opportunities had been missed, before spending millions implementing a clean air zone. For the record, the review cost £,9000 not the scaremongering figure of £100,000 cited by opposition parties.

The review confirmed that legally compliant nitrogen dioxide levels are likely to be met under the current proposal, ahead of the extremely challenging deadline imposed upon us by government, of 2021. To be on the safe side, we have stepped up nitrogen dioxide monitoring at numerous sites around the district, so that we can be sure that pollution levels do fall as projected, and will have early warning if they don't.

I want to emphasise that, as an administration, we would prefer not to charge local businesses, but the structure of the scheme, based around charging vehicles, has been defined by national government. The tight deadlines mean that since taking office in May, we have been unable to make the improvements to the scheme that we would have wished – at Queen Square, and to the boundaries.

Alongside the charging scheme, we have so far secured up to £10 million to invest in measures to mitigate the impact on local people and businesses. These funds will provide (1) financial support to help retrofit and upgrade business vehicles; (2) electric charge points to encourage uptake of electric vehicles; and (3) enforcement of anti-idling and weight restrictions. We have also received funding to employ travel advisors to help residents and businesses to access support, and encourage the switch to cleaner modes of transport. Later this year, we will submit further bids to government for funding for last mile delivery, and additional electric charge points.

I want to stress that this type of scheme represents a real missed opportunity by the national Conservative government. They could have given councils greater powers and funding to bring in improved and affordable, comprehensive public transport and cycle networks, the sort of measures you see in many continental cities. This is a huge source of frustration to me, as our aspiration, as an administration, is to see Bath become an exemplar of sustainable transport in a heritage setting. We certainly don't want our children choking on vehicle exhaust fumes. However, we would also prefer streets that were not choked with traffic, and this scheme alone has no ability to deliver that outcome.

We have declared a climate emergency as an authority, and have committed to providing leadership to achieve zero carbon emissions as a district by 2030. This is one of our highest priorities as an administration, and will necessitate a significant reduction in vehicle mileage, in order to reduce carbon emissions from transport. So, this clean air zone is just the start of our aspirations in relation to addressing both air pollution and the climate emergency. We will be following it up, using every tool at our disposal, to provide people with cheaper and more convenient alternatives to the car, and to encourage them to use these where possible.'

Councillor Sarah Warren moved the recommendations.

Councillor Richard Samuel seconded the motion by reading out the following statement:

*'They say that a week is a long time in politics. Well 2 years is even longer. That is how long it has taken to get to this point after the motion I put to council proposing the setting up of a zone to tackle the shocking vehicle caused air pollution in the city of Bath.*

*Two years ago, this vital issue was not even on the council's radar but today it most certainly is. I must thank the officers who have worked so hard on this project within the limitations imposed by the government and the courts and my colleague Councillor Warren for getting to grips with what is not only a political hot potato but also one that has levels of technical complexity.*

*Is it a perfect solution? No*

*Why do I say that?*

*Well for a start it only sought to tackle the problems caused by vehicle pollution in the narrowest way in that it only seeks to control levels of NOx. No action is possible to reduce PM2.5 and PM10 particulates emitted by vehicles, nor are the emissions of tyre and brakes dust regulated. Neither does the scheme tackle CO2 emissions or do anything to limit congestion. All these were ignored by the Conservative Environment Secretary when he approved this scheme.*

*So, what will happen?*

*I am hopeful that with all these limitations B&NES council will reach compliance with the NOx targets at the end of 2021. However, this aspiration has been heavily caveated because all the predictions are solely based on best case modelling because the business case approved by the last administration shows bare compliance. The independent review we have carried out – at a cost of £9000 by the way and not the £100k claimed by the Labour and Conservative groups – clearly shows that other measures may be needed to ensure we pass the finish line. Few additional measures were set out in the original business plan approved in March. Indeed, on many occasions the former Cabinet Member for Transport specifically disregarded my calls for additional traffic measures.*

*Thankfully the LD manifesto published in April set out a comprehensive set of traffic management measures which will ensure the council reaches its mandated air quality objectives.*

*The Queen Square conundrum.*

*I want to illustrate the problem by referring to what I describe as the Queen Sq problem.*

*When the last administration published its plans for Queen Sq in March I raised many objections to this scheme. The plans proposed 2 sets of traffic lights at the southern and eastern ends of the square whose explicit purpose is hold up traffic and encourage its diversion towards the west and thence through Lansdown ward. This is so that pollution levels at the corner of Gay St and George St can be brought down under legal limits. All this contortion was so that the last administration could avoid charging cars.*

*My colleagues and I have tried our best to avoid implementing this scheme in this way but sadly we have failed and it will have to go ahead. The reason for this is that every traffic model we have seen increases traffic elsewhere to unacceptable levels.*

*In other words no matter how you cut it the only answer in Bath is to reduce vehicle volumes overall and that is a massive challenge.*

*So, Queen Sq designed and built by John Wood the Elder will remain a glorious roundabout ruined by traffic until we can find a more sustainable solution.*

*That is the conundrum and the challenge. Do we as a community accept that the dominance of fossil fuel vehicles must continue with ever higher levels of congestion and emissions of toxins and climate changing gases or do we say enough is enough and try to do something about it.*

*Finally, I want to say halleluiah for the adoption of anti-idling enforcement powers 17 years late maybe but finally there. As a starting point I want to see these used at Bog Island where coaches continue to stand empty with their engines on summer and winter. Businesses in the area will at last welcome this change 2 years after I first proposed it at the then CTE.'*

The Chair thanked Councillors Warren and Samuel for their statements and for their contribution towards Clean Air Zone matter. The Chair also thanked officers for their hard work and outlined that this administration would not charge private vehicles for entering the Clean Air Zone.

Councillor Tim Ball reiterated that the Council would not charge private vehicles for entering the Clean Air Zone. Councillor Ball also said that this was about helping people with health problems caused by pollution, and was about the future of our children, and our children's children.

Councillor Rob Appleyard commented that the reasons for the Clean Air Zone were to allow people to breathe better air in Bath and for the future of our children.

**RESOLVED** (unanimously) that the Cabinet agreed to:

2.1 Note the progress on the delivery of the Clean Air Zone (CAZ) Project with a view to ensuring compliance in the shortest possible time, including;

- a) The revised project programme (Appendix 1).
- b) The outcome of the independent peer review and any recommended actions.

2.2 Approve the incorporation of the CAZ scheme into the Council's capital programme, with a total current cost budget of £17.996m, of which £5.944m is to be fully approved and £12.052m provisionally approved, subject to future grant awards.

2.3 Note the current estimates of revenue costs and funding as set out in paragraph 5.6 totalling £31.365m, of which £0.231m of grant funding has been awarded. The remainder is subject to future grant awards and Full Business Case approval.

2.4 Grant authorisation for officers to use the following powers:

- a) The use of anti-idling enforcement powers under The Road Traffic (Vehicle Emissions) (Fixed Penalty) (England) Regulations 2002;
- b) The use of environmental weight limit enforcement powers under the Road Traffic Regulation Act 1984.

2.5 Following an appropriate tender process, delegate to the Corporate Director and Director of Finance (s.151 Officer) in consultation with the Cabinet member for Resources and Deputy Leader, the decision to appoint a financial partner to administer the proposed financial assistance schemes on behalf of the Council.

2.6 Agree that the consultation on the CAZ Charging Order and scheme overview can commence on 23 September 2019.

2.7 Note the updated Equalities Impact Assessment (EqIA) as published at (<https://www.bathnes.gov.uk/bath-breathes-2021-overview/outline-business-case>)

## 27 MEDIUM TERM FINANCIAL STRATEGY & CORPORATE PLAN UPDATE

Councillor Richard Samuel introduced this item by saying that the Corporate Strategy and MTFS set out the aims this Administration wished to achieve for communities, and sets out how the Council intends to finance these.

Councillor Samuel read out the following statement:

*'Our starting points are the budget position we inherited from the previous administration, our clearly stated manifesto commitments on which we were elected to run the council, and the prospects for income both from government and sources of revenue that we can raise ourselves.*

*Our manifesto commitments are being shaped into a new corporate plan for the council and work is underway to cost these commitments. This work will conclude with the setting of the 2020/21 budget in February.*

*Members will be aware that the full details of central government allocations are rarely available until December and so the projections before the cabinet today are the best available at the time of writing. Recent spending review announcements have already changed working assumptions and these are currently being update. For example the government have announced a reduction in the council tax referendum cap from 2.99 to 2% which reduces the maximum tax raising possibility by 900k. So members can expect further adjustments as time proceeds. Fuller details have been issued in the recently circulated briefing note.*

*The MTFS confirms the continuing funding challenges facing the council in areas of children's and adult social services together with the continuing need to achieve economies. Whatever scenario is considered there will still be a need to generate economies through efficiencies or direct savings. I am proposing a change to previous practice. Previous savings have tended to be routed within departmental economies. In the future this is unlikely to be adequate to produce the levels of savings required. I am therefore intending to drive these programmes from the centre and reduce the number of savings plans accordingly. A new corporate transformation board will be established to oversee these programmes which I will chair.*

*The guiding principles behind the MTFS will remain largely unchanged:*

*Balancing the budget*

*Making provision for demographic and inflation and only adding new priorities where headroom is created.*

*Maximising every available source of income*

*Our manifesto means the competition for new resources is very crowded so we will be examining how we can create the headroom to deliver our programme as part of the 20/21 budget preparation and will report this at the time.*

*The high level estimates are set out in the report and I do not intend to repeat these but I need to emphasise that the assumed figures for council tax increases are only indicative and no decisions have been taken.*

*Turning to capital we need to ensure that the council can afford to run the same level of capital programme as in the past. Capital projects are funded either by use of external grant, receipts from asset sales, or by borrowing. The latter has a direct implication for revenue spending. We will therefore review all current capital schemes to assess their desirability and affordability, and prioritise those that meet our stated corporate priorities. However capital spending will still be required to support new investment and service improvement and key programmes with partners. To this end we will continue to work closely with WECA to deliver projects that meet both authorities' priorities.*

*Lastly turning to risk within the MTFs. There are many risks set out in the report and I will be working with officers to tackle and mitigate each risk to ensure we can deliver our programme to the electorate.*

*In November and December we will be talking to local communities across B&NES about the future funding of our priorities and how they can influence the decisions we will make in February.'*

Councillor Samuel concluded his statement by thanking officers for their hard work and commitment to take this matter forward.

Councillor Richard Samuel moved the recommendations.

Councillor Dine Romero seconded the motion by saying that this was essential strategy to enable this administration to deliver its priorities for the next four years. However, the document reflected the unprecedented scale of financial challenge that the Council was still under, and on the growing demand for services provided by Children Services and Adult Social Care. There would be a need for changes on how to create the headroom and where the funding would come from, and for that reason the Council would need to work with WECA to meet some of the funding opportunities. It was also good that the administration have set up how they would communicate with different parts of community and engage them in their vision.

**RESOLVED** (unanimously) that the Cabinet agreed to:

2.1 Approve the attached Corporate Strategy and Medium Term Financial Strategy.

## **28 REVENUE AND CAPITAL BUDGET MONITORING, CASH LIMITS AND VIREMENTS - APRIL 2019 TO JULY 2019**

Councillor Robin Moss made an ad-hoc statement. He expressed slight concern that the changes in savings would be centralised which could create a risk of unforeseen circumstances happening on the ground.

Councillor Richard Samuel introduced the report by saying that the Revenue budget outturn was currently forecast to be £1.68m over budget. The areas over budget were mainly due to additional demand in Children's Services and a shortfall in income from the Commercial Estate. Whilst the Children's Services budget was re-

based for 2019/20 there has been an unexpected increase in specialist Health and Social Care placements, the Commercial Estate was due to a slowing down of high street retail income. To provide mitigation Managers had been requested to develop cost reduction plans and to minimise spend wherever possible. That would further improve the year-end position. The capital budget was currently showing an expected under budget position of £30.5m mainly due to re-phasing of Bath Quays and ACL/ADL loan drawdowns into future financial years to reflect revised project spend profiles.

Council reserves would be required to mitigate the current position if the actions being put in place were not successful. The current position would require use of £1.68m of the Budget Contingency Reserve (which was set up to mitigate budget risk). Provision would need to be made within the 2020/21 budget to replenish the Budget Contingency Reserve for any drawdown made during 2019/20.

Councillor Richard Samuel moved the recommendations.

Councillor Dine Romero seconded the motion by thanking Councillor Samuel and the Section 151 Officer for the report.

Councillor Samuel thanked Councillor Moss for his statement, agreed with the comments he made in his ad-hoc statement, and encouraged Councillor Moss and other Members of the Council to question the new ways of managing savings in the Council through the scrutiny process.

**RESOLVED** (unanimously) that the Cabinet agreed to:

- 2.1 To note the 2019/20 forecast over budget of £1.68m (as at the end of July 2019) and the recovery plan actions outlined in Appendix 1;
- 2.2 To note the mitigations that will be required shown in paragraph 3.6, if the over budget position cannot be reduced by the end of the financial year;
- 2.3 To approve the revenue virements listed for approval in Appendix 3(i) and to note those virements listed for information only;
- 2.4 To note the capital year-end forecast detailed in paragraph 3.15 of this report;
- 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)

## **29 TREASURY MANAGEMENT 2019-20 QUARTER 1 PERFORMANCE REPORT**

Councillor Richard Samuel introduced the report by saying that the average rate of interest earned over the first quarter was 0.95%, which was 0.33% above the benchmark (7 day LIBID +0.05%). This reflected the placement of £3m long term strategic investment in the CCLA Local Authority's Property Fund during the quarter.

The Council's external borrowing as at 30th June 2019 totalled £225.1 million.

The Council's Capital Financing Requirement (CFR) as at 31st March 2019 was £300.7 million. The difference from actual borrowing reflected self-investment of

reserves and the savings from avoiding new borrowing were greater than the interest rate achieved on investments.

The report highlighted that the Strategic Diversified Income Funds the Council were considering investing in as part of the MTFS target to generate additional investment income from strategic longer terms investments, did have a small proportion of investments directly in Fossil Fuel related companies (4%-8% of investments). If these investments were not made it was estimated there would be a reduction in forecast income in the region of £100-£150k. The Council would look to seek to influence the investment managers to reduce the element of fossil fuel companies in their portfolios or the Council would withdraw gradually from investment in Fossil Fuel related companies over a period of time.

Councillor Richard Samuel moved the recommendations.

Councillor Dine Romero seconded the motion by welcoming the initiative of gradual movement away from investment in Fossil Fuel related companies.

Councillor Samuel added that he would involve Councillor Sarah Warren (with her Climate Change Emergency portfolio) in discussions on future long term investments in companies that were not Fossil Fuel related.

**RESOLVED** (unanimously) that the Cabinet agreed to:

2.1 The Treasury Management Report to 30th June 2019, prepared in accordance with the CIPFA Treasury Code of Practice, is noted.

2.2 The Treasury Management Indicators to 30th June 2019 are noted.

The meeting ended at 7.30 pm

Chair \_\_\_\_\_

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

**Prepared by Democratic Services**

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Bath & North East Somerset Council

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

published 3-Sep-2019 to 28-Oct-2019

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>

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### **Ward Councillors' Empowerment Fund**

*The Ward Councillors' Empowerment Fund is an 18 month funding programme commencing on the 1st of October 2019. Every B&NES Ward Councillor will be allocated the sum of £2,000 to distribute in their ward. There will be a need to show local engagement for the project. In the parished areas Councillors must demonstrate the support of their local Parish Councils in drawing up proposals. There are no limitations on members pooling funds and within the city of Bath there might be issues and projects that could benefit from such an approach.*

**Decision Maker:** Council Leader

**Decision published:** 28/10/2019

**Effective from:** 05/11/2019

**Decision:**

The Cabinet Member agrees to

- (1) Approve the introduction of the Ward Councillor Empowerment Fund as set out in the report
- (2) Agree a one-off sum of £118,000 for the initiative from the council's one-off budget allocation for 2019/20
- (3) Agree to the scheme details as set out in the Guidance Note for the delivery of the scheme set out in Appendix 2 of the report, with the exception that the phrase "Each application must be a minimum of £500" in 5 of the Guidance Note be replaced by "Each application must be a minimum of £200".
- (4) Agree the application process and timeframe for delivery set out in 3.4 of the report
- (5) Delegate to the Director of Partnerships and Corporate Services decisions relating to individual projects within the framework set out in this report and appendices

**Lead officer:** Dave Dixon

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**Public Health England Grant Award to Developing Health & Independence**

*Public Health England (PHE) have awarded a one off Grant of £248,500 to Developing Health & Independence (DHI) to refurbish a new Drug & Alcohol Treatment Centre in Bath. Process dictates that all PHE Grant Funding has to be paid from PHE to the Council's Public Health department before being paid over to Grant recipient (DHI).*

**Decision Maker:** Cabinet Member for Adult Services

**Decision published:** 25/10/2019

**Effective from:** 02/11/2019

**Decision:**

The Cabinet Member agrees the Capital Grant arrangement between Public Health England, B&NES Council and Developing Health & Independence for the refurbishment of a new Drug & Alcohol Treatment Centre in Bath.

**Lead officer:** Paul Scott

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**Replace the Permitted Development Questionnaire application process with self-serve and Lawful Development Certificate**

*Simplify the way customers get an answer to the question 'do I need planning permission' by removing the PDQ process and signposting to self-serve and Certificate of Lawful Proposed Use (CLPU).*

**Decision Maker:** Cabinet Member for Housing, Planning, and Economic Development

**Decision published:** 23/09/2019

**Effective from:** 01/10/2019

**Decision:**

The Cabinet Member agrees that B&NES Planning can replace the PDQ service with further promotion of self-serve (where appropriate) and the statutory LDC type application where customers require the answer to their question of 'do I need planning permission', thereby simplifying the Planning service offer.

**Lead officer:** Sarah Jefferies

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**Removal of Library fines**

*Proposal to remove library fines to make the library service more accessible to the more vulnerable of our community.*

**Decision Maker:** Cabinet Member for Community Services

**Decision published:** 19/09/2019

**Effective from:** 27/09/2019

**Decision:**

The Cabinet Member agrees that fines for overdue books are now formally removed and fines for overdue DVDs and talking books (and whilst still available, CDs) are replaced with repeat charges.

**Lead officer:** Clare Morris

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**Award of contracts for supported bus services**

*Results of procurement process for contracts for supported bus services and award of new contracts to replace those that expire on 31 August 2019.*

**Decision Maker:** Cabinet Member for Transport Services

**Decision published:** 04/09/2019

**Effective from:** 12/09/2019

**Decision:**

The Cabinet Member agreed:

- (i) To maintain the non-commercial bus network intact until the West of England Combined Authority (WECA) is resourced to manage, review and procure contracts jointly with the Council or until the West of England Bus Strategy is implemented;
- (ii) To make savings to achieve value for money from bus revenue support where there is no material impact on the bus network or where external factors – such as changes to the commercial bus network – render provision unnecessary;
- (iii) To delegate approval to the Corporate Director to award new contracts for non-commercial bus services in accordance with these objectives.

**Lead officer:** Andy Strong

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## Bath & North East Somerset Council

MEETING:	<b>Cabinet</b>		
MEETING DATE:	<b>7<sup>th</sup> November 2019</b>	EXECUTIVE FORWARD PLAN REFERENCE:	
		<b>E 3157</b>	
TITLE:	<b>Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2019 to September 2019</b>		
WARD:	All		
<b>AN OPEN PUBLIC ITEM</b>			
<b>List of attachments to this report:</b>			
<b>Appendix 1</b> – Revenue Monitoring Commentary			
<b>Appendix 2</b> – Key Scheme Capital Monitoring Commentary			
<b>Appendix 3 (i) &amp; 3 (ii)</b> – Proposed Revenue Virements & Revised Revenue Cash Limits 2019/20			
<b>Appendix 4 (i) &amp; 4 (ii)</b> – Capital Virements & Capital Programme by Portfolio 2019/20			

## **EXECUTIVE SUMMARY**

### **a) Revenue budget**

The Revenue budget outturn is currently forecast to be £0.08m under budget this is a favourable movement of £1.76m from Quarter 1.

Whilst the movement is favourable there continues to be further adverse movements in service revenue budgets, key areas of risk are additional demand in Children's Services £0.84m and £0.35m shortfall in income from the Councils Housing Delivery Vehicle. The Children's Services budget has a forecast £1.9m over budget position after 2019/20 budget rebasing, this is due to increases in specialist Health and Social Care placements, also Commercial Estate income has not increased in line with budgeted income levels due to a slowing down of high street retail income and fewer acquisition options creating a £1m budget pressure. Across all portfolios the forecast over budget position excluding corporate budgets is £2.68m.

This adverse position has been mitigated by a £2.76m favourable forecast on the Councils Corporate Budgets largely attributable to an under budget position on capital financing from re-phasing of capital expenditure and lower than budgeted cost of capital from beneficial interest rates for borrowing.

Of the overall savings target for 2019/20 of £8.9m, £0.9m (10%) will not be delivered and will impact on the 2020/21 budget; £5.1m (57%) is forecast to be delivered by the year-end and £2.9m (33%) has been delivered. To provide mitigation to delays in delivering savings and over budget areas Directors have put cost reduction plans in place to minimise spend wherever possible which will further improve the year-end position. These will need to continue to be reviewed to ensure that the Council remains within the approved budget by the year-end.

### **b) Capital budget**

The capital budget is currently showing an expected under budget position of £34.6m mainly due to re-phasing of Bath Quays, ACL/ADL loan drawdowns and Roman Baths Archway Project into future financial years to reflect revised project spend profiles.

Following a review of the Modern Library programme options for Central Bath which were paused last year, it is proposed not to proceed with the remodelling of the Podium site and closure of the existing one stop shop in Manvers Street due to financial viability. The Modern Libraries project has saved £0.45m in recurring savings to date but the further £0.35m outlined in the Medium Term Financial Plan for 2020/21 will no longer be delivered and will be reflected in next year's budget. The Capital Programme will be adjusted as a result to remove the £3.0m allocated to the scheme. Capital spend to date of £0.362m will revert to revenue and will be funded from the Capital Financing Reserve

### **c) Council Tax and Business Rates**

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

- Council Tax – Surplus of £0.82m (2018/19 Surplus £0.69m)
- Business Rates – Surplus of £1.21m (2018/19 Surplus £0.76m)

### **d) Council Reserves**

The current forecast revenue position would not require use of the Budget Contingency Reserve (which was set up to mitigate budget risk). The Council's reserve levels will continue to be monitored during the remainder of the financial year.

## **1 THE ISSUE**

- 1.1 This report presents the financial monitoring information for the Authority as a whole for the financial year 2019/20 to the end of September 2019.

## **2 RECOMMENDATION**

The Cabinet is asked :

- 2.1 To note the 2019/20 forecast under budget of £0.08m (as at the end of September 2019) and the recovery plan actions outlined in Appendix 1;
- 2.2 To note that Recovery Plans are in place and these will continually be reviewed to ensure that the Council remains within the approved budget.
- 2.3 To approve the revenue virements listed for approval in Appendix 3(i) and to note those virements listed for information only.
- 2.4 To note the capital year-end forecast detailed in paragraph 3.14 of this report;
- 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)
- 2.6 To approve the removal of £3.0m provisional capital scheme for Modern Libraries relating the Podium re-modelling as an integrated Library and One Stop Shop.
- 2.7 To note that the associated one-off revenue reversion costs of £0.362m of the Library scheme will be funded from the Capital Financing Reserve.
- 2.8 To note that the remaining savings target of £0.35m for the Modern Libraries programme will be removed as part of the 2020/21 revenue budget proposals.

### 3 THE REPORT

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

#### REVENUE BUDGET

3.2 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. To achieve this the Directors have been developing in year recovery plans, including:-

- Holding / deleting vacant posts;
- Centralising and reducing discretionary spend;
- Considering Voluntary Redundancy requests in service areas where there are planned staffing savings.

3.3 A summary by Portfolio of the revenue position as at 30<sup>th</sup> September 2019 is shown in the table below:

Portfolio	Revised Budget £'m	Year End Forecast £'m	Variance Over / (Under) £'m
Leader	(0.36)	(0.06)	0.30
Resources	7.38	6.46	(0.92)
Adult Services	62.45	62.40	(0.05)
Children's Services	28.99	30.86	1.87
Climate Emergency & Neighbourhood Services	15.92	15.91	(0.01)
Transport Services	(0.50)	(0.01)	0.49
Housing, Planning & Economic Development	3.23	3.35	0.12
Community Services	(3.55)	(4.03)	(0.48)
Smoothing reserve to be allocated		(1.40)	(1.40)
<b>Total</b>	<b>113.56</b>	<b>113.48</b>	<b>(0.08)</b>

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



- 3.4 The current **year-end** forecast is an under budget position of £0.08m, which equates to 0.03% of gross budgeted spend (excluding Schools).

### **Portfolio Commentary**

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

#### **Leader (£0.3m over budget, £0.35m adverse movement)**

The variance is mainly due to an adverse movement in the return to the Council from the Aequus group, this is from revisions to the company business plan projections which have resulted in the timing of the dividend payment to the Council being amended for 2019/20.

#### **Resources (£0.9m under budget, £2.9m favourable movement)**

There has been a material £2.5m favourable movement from last period in the capital financing corporate budgets this is due to re-profiling the delivery of capital schemes such as the Waste Relocation strategy into future years. In addition the Council has had the benefit of lower borrowing rates, both have contributed to a one-off reduction in the revenue budget required to repay capital borrowing costs.

There remains a £1m shortfall on Commercial Estate income; this is due to a slowing down of retail income and challenges in new acquisitions that will generate additional income. This reduction will be incorporated into the 2020/21 budget planning assumptions as an unavoidable pressure. To address this, the management of the commercial estate will continue to focus on the existing commercial assets, ensuring that void units are marketed at the earliest opportunity. The performance of commercial estate income will continue to be closely monitored.

There is also an adverse variance of c£1.4m as a result of the phased implementation of schemes within the Improving How We Work savings programme; this is being mitigated through the planned use of smoothing reserves with savings to be realised in full towards the end of the financial year. This is partially offset by service mitigations from other budget areas.

There are favourable variances of c£0.5m in Information Technology, Revenues & Benefits and Risk & Assurance Services that have partially mitigated a pressure in Legal Services alongside the above adverse variances. Variance narrative for these areas can be found in appendix 1.

#### **Adult Services (on budget)**

The Adult Service Portfolio is on budget. This current position has benefited from a review of the Improved Better Care funding, identifying £0.3m of available government grant that can be used to fund the protection of social care. This has mitigated the over budget forecast in Learning Disabilities from new transition placements. Some of the forecast increase in costs of care packages has also been offset through an updated forecast of appropriate service user contributions.

In addition there has been good progress on the delivery of Social Care savings plans which is reflected in the monitoring position, with savings commentary in section 3.6 of this report.

### **Childrens Services (£1.87m over budget, £0.84m adverse movement)**

The Childrens Services financial position is £1.9m over budget; this is £0.84m adverse movement from the last periods forecast due to ongoing pressures on the number and cost of individual placements. The main variances include:

- increases of £0.21m in joint Health and Care placement spend;
- increases in Inter-agency adoption fees creating a pressure of £0.2m, this cost results from supporting children to be adopted permanently;
- respite costs for disabled children are a new pressure of £0.5m, which arise from the support needed to keep these children at home.

Some of these pressures are as a result of the 'staying put' legislation that supports children to continue in their current care placement from 18 up to 25, and hence they do not leave care. These pressures are partially mitigated by a corresponding underspend for children leaving care of (£0.2m).

Management action includes all requests for children to come into care are subject to service manager scrutiny. Placement with family is always considered before care placement. We regularly review whether any children in care can return home. The Placements, Contracts and Commissioning Team use a preferred provider framework and dynamic purchasing system to negotiate the best value. We are refreshing our recruitment drive for in house foster carers to reduce the need to use more costly independent fostering agencies.

Further work is underway to identify ways to better support families at an earlier stage and reduce the growth in costly specialist interventions and placements.

In addition to the above there is an increase in SEND placements that is funded from the high needs block within the Dedicated Schools Grant (DSG), the above budget costs are £2.5m after utilising £2.1m of one off SEND grant funding. This cost pressure has been recognised by the Council with a contingency budget of £2.35m for SEND made available to help prevent a negative DSG balance; however the current forecast indicates a £0.12m pressure to the DSG that will not be funded by Council reserves and will require recovery plans. (NB Government is currently consulting on clarification of the rules which would mean the whole of this pressure would need to remain within the DSG and be carried forward to future years, rather than being a pressure to the Council. The pressure on DSG would be offset by an increase in DSG income.).

### **Climate Emergency & Neighbourhoods (£0.01m over budget)**

There are no material variances to report for the April – September monitoring report; services are forecast to be on budget at year end.

### **Transport Services (£0.49m over budget, £0.1m favourable movement)**

The favourable movement from last period is attributable to a budget virement approved at September Cabinet transferring corporate budget to fund supported bus routes. There is a reported pressure in Parking from income under recovery of £0.3m; this is largely attributable to early signs of behaviour changes following the new off street parking pricing structure. There has also been a reduction in PCN income from vacancies in enforcement officers that need

recruiting into, income levels are being monitored closely; this has been recognised as a potential financial planning pressure.

It is also forecast that CCTV income target of £0.15m will not be achieved; a service review of the Councils CCTV operations is planned in the coming months that will assess the technology and service configuration with a recommended set of options for implementation.

#### **Housing, Planning & Economic Development (£0.12m over budget, £0.2m adverse movement)**

There has been an adverse movement of in planning fee income due to lower than expected applications in August; this has been partially offset by savings in salary budgets resulting in a £0.17m pressure.

#### **Community Services (£0.42m under budget, £0.06 favourable movement)**

There has been further improvement from strong visitor performance in the Roman Baths resulting in favourable movement of £0.3m from the last period and above income target performance of £0.6m; this has offset adverse variances in Bereavement Services from a lower number of cremations to date than the previous year.

The strong performance in the Roman Baths is largely attributable to the new pricing strategy introduced in January 2019. This resulted in differentiated pricing depending on time of week and time of year, with a discount introduced for people who book their ticket online. The headline impact is that over the first 8 months of the year there has been a 2.5% increase in visitors.

### **REVENUE BALANCES, CONTINGENCY AND RESERVES**

The current forecast revenue position includes planned and approved use of earmarked reserves as set out in the table below.

#### **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:-

	<b>Unallocated Balance as at 1/4/19 £'m</b>	<b>Projected Use in Year £'m</b>	<b>Current Estimated Balance 31/3/20 £'m</b>
Revenue Budget Contingency	3.05	0.36	2.69
Financial Planning and Smoothing Reserve*	5.73	1.50	4.23
Transformation Investment Reserve *	2.15	1.85	0.30
Restructuring & Severance Reserve	2.18	0.00	2.18

Note \* Use of these reserves are in line with budget plans agreed in February 2019

## Reserves and Flexible Capital Receipts

Flexible Capital Receipts are being utilised for revenue spend that results in ongoing revenue savings. A three year target of £11.5m was agreed as part of budget setting in February 2019, this has now been updated to reflect the re-profiled requirement as follows:-

	<b>Actual Usage 2017/18 £'m</b>	<b>Actual Usage 2018/19 £'m</b>	<b>Estimated Usage 2019/20 £'m</b>	<b>Estimated Total Usage £'m</b>
Flexible Capital Receipts	3.12	3.45	4.92	11.50

Unapplied capital receipts of £1.25m were carried forward from 2018/19 and £1.10m has been received in 2019/20 so far with a further £4.40m expected by 31<sup>st</sup> March 2019.

## General Fund Un-earmarked Reserve

The General Fund Un-earmarked Reserve is retained to meet the Council's key financial 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 31/03/20 the reserve will remain at £12.3m and remains sufficient to meet those risks.

## SAVINGS PERFORMANCE

3.6 The 2019/20 revenue budget approved savings of £8.9m, with £2.2m of these savings to be found through service improvement, £3.2m from commissioning and contract management, £2m from additional income and the rest from service efficiencies. The table below shows forecast performance against the savings targets.

<b>Cabinet Portfolio</b>	<b>RED £'000</b>	<b>AMBER £'000</b>	<b>GREEN £'000</b>	<b>TOTAL £'000</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Leader	150	280	0	430
Resources	660	1,961	715	3,336
Community (Leisure, Tourism & Culture)	0	9	1,350	1,359
Adult Care & Health	0	2,535	55	2,590
Children & Young People	0	0	418	418
Environment & Climate Change	16	0	260	276
Planning, Homes & Economic Development	0	95	39	134
Transport	50	259	50	359
<b>Total</b>	<b>876</b>	<b>5,139</b>	<b>2,887</b>	<b>8,902</b>

The above table shows progress has been made with £2.89m forecast to be fully delivered, £5.14m are expected to be delivered and have associated budget risks

if not implemented in 2019/20 and £0.88m which will not be achieved during 2019/20.

Savings items that have been identified as high risk in 2019/20 and will require further action to ensure delivery in 2019/20 are as follows:

- **Improving How we work Programme £1.65m.**
  - **Consolidation of Performance / intelligence function £0.25m**  
The first stage of the project has been completed and £0.1m of the target above reported as delivered. The service are now focusing on delivery of the priorities for Children Service and improving resilience across the rest of the Council. The service will consider other opportunities for further consolidation and centralisation once the revised structure has been embedded.
  - **Office Accommodation £0.30m**  
The Programme will continue to explore the release of other buildings and income opportunities as the overall Programme progresses with staff working differently and more flexibly. Plans are in place to increase the footprint for the Police. Rental income will not start accruing until 20/21.
  - **Service redesign/digital business improvement £0.75m**  
The Digital projects are already in progress and as the Programme has only just mobilised some savings will be identified this financial year but only a proportion delivered.
  - **Training £0.35m**  
The centralisation of training budgets has delivered £0.1m and further budget reductions will leave an insufficient amount to fund mandatory and essential statutory training for 2,100 staff across the council. The savings balance requires re-allocation to alternative savings plans from within the IHWW programme.
  
- **Commissioning £2.59m**  
The 2019/20 savings target has been fully allocated to purchased care budgets with the monitoring showing positive performance with a on budget position for Adult Social Care. The focus is being placed on targeting and reducing existing placements and packages where appropriate. A Programme approach is in place which has identified a number of Projects that will achieve the longer term savings. However, some risks have been identified with realising cashable savings in 2019/20, due to phased implementation timescales.
  
- **Commissioning of Destination Management £0.150m**  
The Visit Bath saving is unlikely to be achieved in 2019/20. Destination Management review is being commissioned and financial recovery plan being implemented by the Visit Bath Board to reduce annual running costs.

3.7 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.

- 3.8 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**

- 3.9 The current overall forecast outturn position on the Council Tax Collection Fund is for a surplus of around £0.82m for the Council's share, this represents a 0.9% variance against target income. The reason for the surplus is mainly due to the number of chargeable dwelling being higher than forecast, with continued growth during the second quarter. For 2019/20, the tax base included an adjustment of £9.16m for the estimated costs of the Local Council Tax Support Scheme and current estimates continue to be 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 2020/21 budget.

- 3.10 The collection rate for Council Tax was 56.9%, compared to the previous year's figure of 57.0% at the end of September.

## **BUSINESS RATES**

- 3.11 The current year-end forecast is for the Council's share of Business Rate income relating to 2019/20 to be approximately £0.19m greater than estimated, creating a positive impact on the Collection Fund. The overall Collection Fund surplus position, including the element relating to the 2018/19 outturn, is forecast at £1.21m. As set out in the Budget Report, any surplus or deficit on the Business Rate Collection Fund and associated income will be transferred to or from the Business Rates Reserve for consideration as part of the Business Rates calculations for future years and this position will be reflected in the 2020/21 budget. Based on current forecasts, the projected balance on the Business Rate Reserve as at the end of 2019/20 is £3m, rising to £4.65m by the end of 2020/21, which represents c7.1% of annual business rates payable. The main in year factors impacting on Business Rates are new chargeable properties and lower than forecast empty property and retail reliefs, partially offset by higher than forecast small business and charitable reliefs. This reflects the position based on current reliefs, which includes an increase over the first quarter of £309k in respect of Empty Property Relief and £210k for Small Business Rate Relief. Any further relief granted during the remainder of the financial year would reduce the projected collection fund surplus position.

- 3.12 The collection rate for Business Rates was 58.3% at the end of September, compared to the previous year's figure of 56.8%.

- 3.13 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 a court hearing planned for November 2019, the Local Government Association is 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

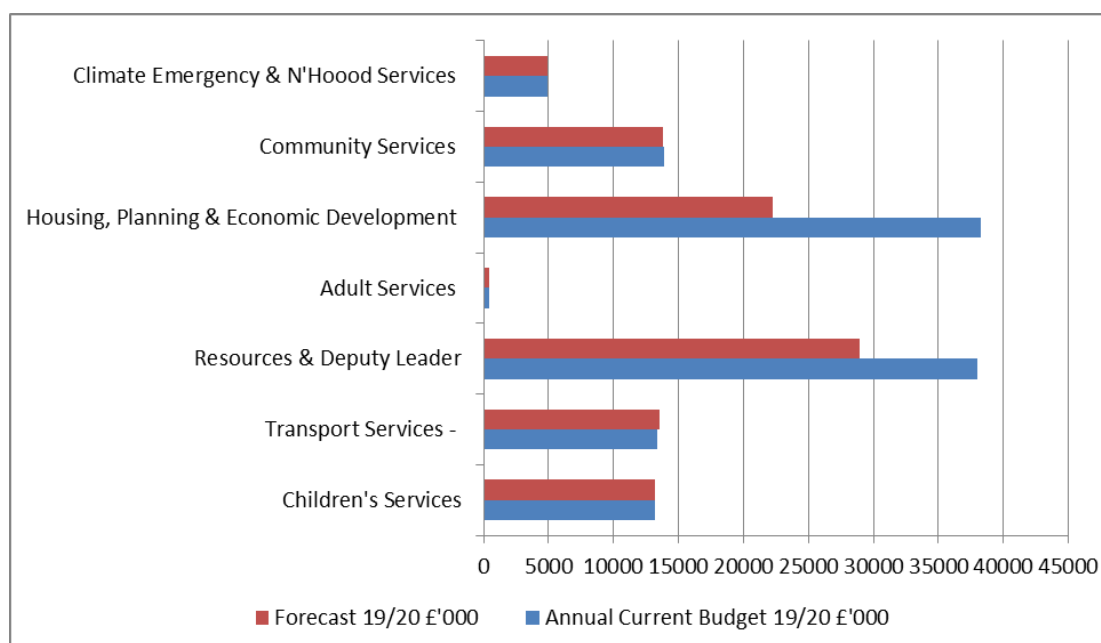
position were to change, the granting of such a relief would present a significant challenge to the ongoing financial viability of the Council.

## CAPITAL BUDGET

3.14 The current position for the fully approved schemes against the 2019/20 Capital budget of £125.9m is forecast at £91.3m, which is £34.6m 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	Annual Current Budget 2019/20 £'000	Forecast 2019/20 £'000	In-Year Variance 2019/20 £'000	Forecast Re-phasing to 2020/21 £'000	Other Variance 2019/20 £'000
Adult Services	433	433	-	-	-
Children's Services	15,808	15,808	-	-	-
Climate Emergency & Neighbourhood Services	4,899	4,899	-	-	-
Community Services	13,909	10,865	3,044	2,944	101
Housing, Planning & Economic Development	38,704	21,398	17,306	17,305	1
Resources & Deputy Leader	38,582	24,088	14,494	14,462	32
Transport Services -	13,592	13,792	(200)	-	(200)
<b>Grand Total</b>	<b>125,926</b>	<b>91,283</b>	<b>34,643</b>	<b>34,711</b>	<b>(67)</b>

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



## Capital Commentary

3.15 Key variances on the programme and updates on key project funding approvals by portfolio include:

- Community Services** – The Roman Bath Archway Project has completed the Roman Scheduled Monument and Victorian Archway, and drainage works in Swallow Street. The main contract commenced in July 2019 with strip out works complete. Forecast re-phasing of £2.596m reflects that construction works are due to end in September 2020 and will be followed by a period of exhibition installation. The forecast also reflects spend of £0.1m less than budget due to Bath Library re-modelling works currently being on hold.
- Resources and Deputy Leader** - £14.5m less than budget. The under budget mainly reflects re-profiling of loan drawdowns predicted by Aequus (the Council's property development company). The current projected total of loan drawdowns in respect of the Riverside View and Sladebrook Road developments for 2019/20 is £5.45m with further loan drawdowns of £2.4m anticipated in respect of property transfers. The remaining balance of the approved loan facility is forecast to be carried forward into 2020/21.
- Transport Services** - £0.2m more than budget. There is an overspend arising from the York Street Beam Remediation Phase 1 of £0.2m. This was mainly incurred in 18/19 and has been carried into this financial year for recovery. The liability for this sum will be transferring to Corporate Estate Maintenance to reflect the ownership of the vaults and resolution of options for funding.
- Housing, Planning & Economic Development** - £17.3m less than budget. This is predominately due to programme re-phasing to reflect contract awards to Legal & General on Bath Quays North and BAM on Bath Quays South, which have re-profiled cash-flow expenditure. Delivery programmes have been re-based to reflect revised reflecting timing of milestones including Planning Permission and contract award causing slippage from original 19/20 budgets.



## Modern Libraries Programme Review

- 3.16 In October 2017 following initial recommendation of proposed options presented to Cabinet in July 2017 and subsequent customer consultation, Cabinet approved the Podium as the chosen site for the central Bath integrated Library & One Stop Shop as part of the Modern Libraries Programme. The current provisional capital scheme allocated a budget of £3.0m.
- 3.17 In November 2018 the scheme was paused pending a review due to challenging budget pressures. This review has now completed and has concluded that the remodelling changes to Bath Library should not go ahead as the further savings required finance the investment and associated borrowing costs are not possible without delivery of further integrated services over and above the £0.45m of savings already delivered from the Modern Libraries programme. The one stop shop and its partners will remain in Manvers Street albeit in a smaller footprint as the Police will be extending their presence with council information and advice service moving to a more digital mediated and signposting service.
- 3.18 The remaining revenue savings target of £0.35m can no longer be delivered will be removed as part of the 2020/21 Budget proposals.
- 3.19 The halting of the Podium Scheme will require £0.362m of existing spend on the scheme to be reverted to revenue in 2019/20 as it no longer meets the accounting definition of capital expenditure leading to asset enhancement. It is proposed that these costs will be funded by a drawdown from the Council's Capital Financing Reserve.
- 3.20 The Council remains committed to a library at the Podium in Bath as part of the wider Modern Libraries programme to secure the sustainability of the library service in Bath & North East Somerset and recognises that the Library in the Podium would benefit from an internal refresh, however, the same level of capital investment is no longer required. A new capital investment proposal for these works will be considered as part of the capital programme approval process by Council in February 2020.

## BUDGET RISKS

- 3.21 The key risks to the budget were outlined in the Council's 2019/20 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	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 where service mitigations cannot be implemented or are delayed.
Pay awards will be higher than estimated	Unlikely	Medium	Agreement in place for 2019/20.
Interest rates reduce further impacting on investment income	Unlikely	Low	Shorter term rates are predicted to remain at current low levels although the impact on interest rates post Brexit

			remains a risk. A prudent view has been taken within the MTFP and cash is being utilised for purchase of assets while rates are low.
Interest rates increase	Possible	Medium	A reserve is available for borrowing to manage market risk and long term borrowing costs have been factored into the longer-term MTFS. The Government has recently increased PWLB rates by 1%, the Council will continue to consider alternative borrowing sources and options alongside the PWLB.
Volatility and uncertainty around business rates	Likely	High	Current monitoring shows that business rates income is expected to be £1.21m higher than budget. However, the retail sector may impact on income and we are closely monitoring any arrears, CVAs, and liquidations with a specific reserve held to manage in-year volatility.
The Business Rates 100% pilot ceases	Unlikely in 2019/20 or 2020/21	High	It has been confirmed that Combined Authorities will retain 100% of business rates in 2019/20 and 2020/21. It is anticipated the pilot will now cease in 2021/22 and an estimated £3.6m pressure will be added to the MTFS.
Anticipated savings not delivered	Possible	High	Ensure delivery plans are monitored and continue to assess on a regular basis. Where the monitoring has identified savings are at risk of slipping the project governance will need to escalate and resolve issues through Directors Group. Ensure Budget Contingency Reserve sufficient to meet in-year issues.
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. An assessment is made as part of the budget process to ensure that revenue reserves are sufficient to meet these risks. The capital programme methodology looks to de-risk projects wherever possible.
Changes to Government Policy that affects future funding	Likely	High	Need to monitor and continue to highlight impact
Economic downturn impacts on commercial income	Possible	High	Portfolio has been diversified to manage some of this risk especially within the retail sector. Where external factors cannot be mitigated the Council's future years budget will need to incorporate income pressures.
Brexit risks	Likely	Medium	With the likelihood of a no deal Brexit on the 31 <sup>st</sup> October there could be financial risks that will impact on the Council. A Council steering group has been set up to ensure the Council has

			taken all reasonable steps, in line with relevant guidance and messaging coming from Government and its agencies, to prepare for the exit from the EU on 31 October.
Funding pressures through WECA, CCG and other partners	Possible	Medium	Ensure good communication links with partner organisations.
The additional income from Heritage may not be sustained	Possible	Medium	Continue to monitor income levels and impact on business plan. Current performance has exceeded business plan targets; performance will be closely monitored for the rest of the financial year.
Capital receipts in the areas identified are insufficient to meet target	Possible	Medium	Currently £1.1m receipts have been received with a further £4.4m expected.

## **4 STATUTORY CONSIDERATIONS**

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 2019 through the Budget setting process.

## **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

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

## **6 RISK MANAGEMENT**

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

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

## **7 CLIMATE CHANGE**

7.1 With the exception of any virements for approval listed in Appendix 3(i), this is an information only report about the Council's financial performance against budgets set for April 2019 to September 2019, and therefore does not include any decisions that have a direct impact on Climate Change.

## **8 OTHER OPTIONS CONSIDERED**

8.1 None

## **9 CONSULTATION**

9.1 Consultation has been carried out with the Cabinet Member for Resources, Strategic Directors, Section 151 Finance Officer, Chief Executive and Monitoring Officer.

9.2 Consultation was carried out at meetings and via e-mail.

<b>Contact person</b>	<i>Donna Parham - 01225 477468</i> <a href="mailto:Donna_Parham@bathnes.gov.uk">Donna_Parham@bathnes.gov.uk</a>
<b>Background papers</b>	<i>None</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

April 2019 - September 2019 Revenue Monitoring Portfolio by Cashlimit - Appendix 1

				Director Narrative								
Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Actuals to date £000	Published Forecast £000	Change from previous months Variance Adverse / (Favourable) £000	2019/20 Outturn Variance Over / (Under) £000	Month Variance Narrative	Month Recovery Plan	Outturn Narrative	Outturn Recovery Plan
Detailed Analysis of Budgets for the Leader												
P04	Leader	1112	Housing Delivery Vehicle	(730)	(280)	(577)	347	153	The Aequus Group returns forecast to the Council have been updated to reflect the timetable changes to the Transfer Agreement for pipeline sites from the Council; this alongside a revised sales timeline for the Riverside development has resulted in the timing of the dividend payment to the Council being amended for 2019/20. Future years will be reviewed once the Transfer Agreement is in place and a revised Business Plan agreed with the Shareholder.		The Aequus Group returns forecast to the Council have been updated to reflect the timetable changes to the Transfer Agreement for pipeline sites from the Council; this alongside a revised sales timeline for the Riverside development has resulted in the timing of the dividend payment to the Council being amended for 2019/20. Future years will be reviewed once the Transfer Agreement is in place and a revised Business Plan agreed with the Shareholder.	
P04	Leader	1126	Visit Bath	367	515	515	(2)	148	No material movement		This adverse variance is due to slippage in delivering the destination management savings target which should be on target for delivery from 2020/21.	The Visit Bath Board is part way through implementing a cost recovery plan that is reducing operating costs whilst maintaining sales income which will improve the company's financial performance.
P04	Leader Total			(363)	235	(62)	345	301				
Detailed Analysis of Budgets for Resources and Deputy Leader												
P19	Resources and Deputy Leader	1032	Information Technology	4,789	3,072	4,552	(158)	(237)	Underspend reduced as needed to offset increases required for CCTV and mobile phone charges and provision for specialist support for market research for new technology		Underspend is due to various contract savings which have been achieved in year due to effective contract management	Additional resources will be recruited where possible to ensure BAU is maintained during tight timescales for Windows10 and Asset refresh which is putting the service under pressure
P19	Resources and Deputy Leader	1037	Property Services	670	986	651		(19)	No movement from previous forecast		Underspend due to current staff vacancies. Plan to fill posts in October	
P19	Resources and Deputy Leader	1038	Corporate Estate Including R&M	3,659	3,255	3,978	30	319	No material movement from previous forecast		This cash limit includes a corporate office accommodation savings target of £300k originally set for Lewis House rental of floors. An increased floor plate will be offered to the Police but this will not meet this savings target. The holding costs for the former BCA site are also unbudgeted.	Progress plans to rationalise and improve corporate office accommodation as part of the Improving How We Work programme. Guildhall retained as a seat of governance for elected members and ceremonial functions, St Martins will be programmed for closure and we will maximise Keynsham Civic centre as the main business base for the council and a fully flexible working environment for all staff and Lewis House, Hollies for staff delivering a service in that area
P19	Resources and Deputy Leader	1039	Traded Services	24	10	36	12	12	Forecasting for premises costs that we no longer use due to services ceasing.		Forecasting for premises costs that we no longer use due to services ceasing.	
P19	Resources and Deputy Leader	1040	Finance	2,588	1,612	2,588	(1)	()	No material movement from previous forecast		Forecast on budget	
P19	Resources and Deputy Leader	1041	Revenues & Benefits	993	570	887	(77)	(106)	Salary savings due to delay in recruitment in Revenues team		Salary savings due to delay in recruitment in Revenues team	
P19	Resources and Deputy Leader	1042	Risk & Assurance Services	961	763	777		(184)	No movement from previous forecast		Underspend mainly from salary budgets.	
P19	Resources and Deputy Leader	1045	Strategy & Performance	1,476	1,181	2,044	(112)	567	1.£40k lower than budgeted LEP contribution to WECA 2.£50k contingency budgets from Corporate Director budgets not required 3.£20k reduction in general overhead costs including chairs office £388k ISSUE WITH PROCUREMENT SAVINGS		£650k Digital Programme savings will not be delivered this financial year as originally planned due to slow pace of engagement and delivery of core capabilities for the organisation.	Now part of the Improving How We Work Programme which has not yet been fully engaged with or mobilised is being mitigated through the planned use of smoothing reserves with savings to be realised from alternative ways such as centralisation of printing & postage budgets, further IT centralisation of budgets, centralisation of business support functions, harvesting of in year discretionary budgets, possible recruitment & traning freezes in full towards the end of the financial year.
P19	Resources and Deputy Leader	1047	Human Resources	1,194	773	1,368	(8)	174			This budget was centralised from services w/e 1 April 2019 for the first time and is required to fund all training (including mandatory and essential statutory training) for 2,100 staff across the council. Based on April-July spend we are forecasting a total spend on training and development of around £180k that is a reduction in prior year expenditure which however does not deliver the £350k of savings causing an overspend. There is a further forecast overspend of £20k on OH and EAP.	Now re-based as part of the Improving How We Work Programme which has not yet been fully engaged with or mobilised is being mitigated through the planned use of smoothing reserves with savings to be realised from alternative ways such as centralisation of printing & postage budgets, further IT centralisation of budgets, centralisation of business support functions, harvesting of in year discretionary budgets, possible recruitment & training freezes in full towards the end of the financial year.

April 2019 - September 2019 Revenue Monitoring Portfolio by Cashlimit - Appendix 1

									Director Narrative			
Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Actuals to date £000	Published Forecast £000	Change from previous months Variance Adverse / (Favourable) £000	2019/20 Outturn Variance Over / (Under) £000	Month Variance Narrative	Month Recovery Plan	Outturn Narrative	Outturn Recovery Plan
P19	Resources and Deputy Leader	1053	Council Solicitor & Democratic Services	2,708	1,744	2,921	(37)	213			The forecast reflects unachievement of historic savings and adjustments relating to unachievable external income targets (mainly s106 agreements). The increase in childcare cases have required further temporary legal capacity in the Legal Childcare Team.	Plans relating to the previous year's savings are being progressed, and as far as possible, the vacancy savings will be absorbed into the existing Budgets.
P19	Resources and Deputy Leader	1054	Hsg / Council Tax Benefits Subsidy	(195)	1,958	(195)			No change		Forecast on budget	
P19	Resources and Deputy Leader	1055	Capital Financing / Interest	6,718	3,902	4,532	(2,186)	(2,186)	An overall underspend of £2.186m is currently forecast, mainly related to the re-phasing of capital spend and the reduction in PWLB interest rates leading to lower than forecast borrowing costs and minimum revenue provision (MRP) requirement. This is partly offset by lower internal income related to service charges for funding debt costs in relation to the re-phased capital projects.		An overall underspend of £2.186m is currently forecast, mainly related to the re-phasing of capital spend and the reduction in PWLB interest rates leading to lower than forecast borrowing costs and minimum revenue provision (MRP) requirement. This is partly offset by lower internal income related to service charges for funding debt costs in relation to the re-phased capital projects.	
P19	Resources and Deputy Leader	1056	Unfunded Pensions	1,598	776	1,588		(10)	No movement from previous forecast.		Small underspend forecast based on current spend to date.	

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									Director Narrative			
Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Actuals to date £000	Published Forecast £000	Change from previous months Variance Adverse / (Favourable) £000	2019/20 Outturn Variance Over / (Under) £000	Month Variance Narrative	Month Recovery Plan	Outturn Narrative	Outturn Recovery Plan
P19	Resources and Deputy Leader	1057	Corporate Budgets including Capital, Audit and Bank Charges	(8,041)	(6,627)	(8,606)	(420)	(565)	There is a £400k one-off underspend forecast for borrowing costs relating to the Waste Services Re-Design Project due to the phasing of the project spend. Also, small additional underspends have been identified in external audit fees and bank charges.		There is a £400k one-off underspend forecast for borrowing costs relating to the Waste Services Re-Design Project,due to the phasing of the project spend. In addition, there is a £100k underspend forecast on Pension Deficit Contributions, mainly due to reduced Council liabilities following transfer of staff to Academy Schools. There are also some smaller over and underspends forecast in apprenticeship levy contributions, external audit fees and bank & credit card transaction costs.	
P19	Resources and Deputy Leader	1058	Magistrates	12	5	12			No movement from previous forecast.		Forecast on budget	
P19	Resources and Deputy Leader	1059	Coroners	335	248	335			No movement from previous forecast.		Forecast on budget	
P19	Resources and Deputy Leader	1061	West of England Combined Authority Levy	4,259	2,919	4,259	155		The one-off underspend of £155k previously reported on the levy payment has now been vired to Concessionary Fares budget for 2019/20 only. This virement was approved by September Cabinet (ref LOG19#01).		Forecast on budget	
P19	Resources and Deputy Leader	1081	Commercial Estate	(16,223)	(9,092)	(15,207)		1,016	No movement from previous forecast		Portfolio variances are mainly attributable to a £1m shortfall on Commercial Estate income due to a corporate stretch target. The budget was predicated on buying new assets out of authority but there has been a change in policy which has led to reviewing our ability to acquire assets out of authority. This has been recognised as an ongoing risk and incorporated into the 2020/21 budget planning assumptions as an unavoidable pressure.	To off-set this, a re-balancing of the commercial estate is taking place into other sectors, capacity will be increased to more rapidly return voids to the market and the performance of commercial estate income will continue to be closely monitored. We are still seeking opportunities to purchase new assets within B&NES.
P19	Resources and Deputy Leader	1118	Procurement & Commissioning	218	1,299	200	(10)	(18)				
P19	Resources and Deputy Leader	1125	Improving The Way we work	(360)	13	(260)	(100)	100	£100k Prior Year Travel savings not exepcted to be achieved due to delay in Travel policy changes		Programme not yet fully engaged with or mobilised so further resources will be required so position will change	Improving How We Work Programme has not yet been corporately engaged with or mobilised the savings not delivered are being mitigated through the planned use of smoothing reserves with savings to be realised from alternative ways such as centralisation of printing & postage budgets, further IT centralisation of budgets, centralisation of business support functions, harvesting of in year discretionary budgets, possible recruitment & training freezes in full towards the end of the financial year.
P19	Resources and Deputy Leader Total			7,382	9,368	6,459	(2,910)	(923)				

April 2019 - September 2019 Revenue Monitoring Portfolio by Cashlimit - Appendix 1

Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Actuals to date £000	Published Forecast £000	Change from previous months Variance Adverse / (Favourable) £000	2019/20 Outturn Variance Over / (Under) £000	Director Narrative				
									Month Variance Narrative	Month Recovery Plan	Outturn Narrative	Outturn Recovery Plan	
Detailed Analysis of Budgets for Adult Care Health and Wellbeing													
P20	Adult Services	1027	CRC & Community Equipment contracts	88	(10)	88			No Movement from previous forecast			The budget is to be reviewed to establish the final funding requirement. No variance is expected.	
P20	Adult Services	1036	Adults Substance Misuse (DAT)	514	518	514			No Movement from previous forecast				
P20	Adult Services	1073	Adults & Older People- Mental Health Commissioning	10,346	5,769	10,392	46	46	Previous reporting period reflected the planned use of the social care reserve, an initial review of schemes funded via the Better Care Fund has realised underspends which will now be used to mitigate the budget position in ASC.	Continued challenge and review of placements by commissioners.	Adverse Variances are being seen in the commissioned purchasing budgets reflecting increased placement costs for this area. Home Care Package payments have been reviewed and forecasts reduced to reflect this. The resultant purchasing position is being offset by increased contribution income and underspends in service areas outside the purchasing budgets.	The forecast overspend will be mitigated by the planned use of underspend within BCF funded schemes.	
P20	Adult Services	1086	Adult Care Commissioning	1,643	1,064	1,578	(64)	(64)	Previous reporting period reflected the planned use of the social care reserve, an initial review of schemes funded via the Better Care Fund has realised underspends which will now be used to mitigate the budget position in ASC.		Variances are being seen in the non purchasing budgets, these are being used to offset the purchasing position.		
P20	Adult Services	1088	Older People & Physically Disabled Purchasing	13,063	5,780	13,116	53	53	Previous reporting period reflected the planned use of the social care reserve, an initial review of schemes funded via the Better Care Fund has realised underspends which will now be used to mitigate the budget position in ASC.	Continued challenge and review of placements by commissioners.	A review of homecare package payments has forecast a small year end underspend . Pressure is still being seen on residential care placements and this continues to be reviewed by commissioners. Positive variances are being seen on other areas of the purchasing budgets that offset this pressure.	The forecast overspend will be mitigated by the planned use of underspend within BCF funded schemes.	
P20	Adult Services	1091	Learning Disabilities Commissioning	17,374	7,223	17,847	472	472	Previous reporting period reflected the planned use of the social care reserve, an initial review of schemes funded via the Better Care Fund has realised underspends which will now be used to mitigate the budget position in ASC.	Continued challenge and review of placements by commissioners.	The forecast reflects changes to packages in the purchasing budgets which are across new clients, existing clients and transitional costs. These are being offset by increased contribution income and underspends in service areas outside the purchasing budgets and health funding from the BSW TCP to cover a complex placement.	The forecast overspend will be mitigated by the planned use of underspend within BCF funded schemes.	
P20	Adult Services	1093	Physical Disability, Hearing & Vision	4,323	1,802	4,290	(33)	(33)	Previous reporting period reflected the planned use of the social care reserve, an initial review of schemes funded via the Better Care Fund has realised underspends which will now be used to mitigate the budget position in ASC.	Continued challenge and review of placements by commissioners.	A review of package payments has forecast a small year end underspend. This will be used to offset the overall ASC purchasing position.		
P20	Adult Services	1094	Public Health	(175)	3,483	(175)	()	()	No Movement from previous forecast		Ring fenced funding, outturn will be within budget and is being managed accordingly.		
P20	Adult Services	1110	Better Care Fund	15,225	28,572	14,909	(316)	(316)	Following an initial review, underspends in schemes funded by the BCF have been identified and will be used to offset the purchasing position in ASC. A further review of scheme performance will be carried out over the next couple of months.		Scehemes will continue to be reviewed to establish in year funding requirements.		
P20	Adult Services	1113	CCG B&NES CHC and FNC Payments		1,324				No Movement from previous forecast				
P20	Adult Services	1114	Community Equipment	203	344	203			No Movement from previous forecast				
P20	Adult Services	1123	Safeguarding Adults	1,578	671	1,536	(43)	(43)	Previous reporting period reflected the planned use of the social care reserve, an initial review of schemes funded via the Better Care Fund has realised underspends which will now be used to mitigate the budget position in ASC.		Positive variances being seen from non-purchasing budgets will be used to offset the overall ASC purchasing budget position.		
P20	Adult Services	1124	Community Resource Centres & Extra Care Income	(1,733)	(595)	(1,896)	(163)	(163)	Previous reporting period reflected the planned use of the social care reserve, an initial review of schemes funded via the Better Care Fund has realised underspends which will now be used to mitigate the budget position in ASC.		The current budget was maintained at the same level as the previous year and despite a forecast to exceed, the current occupancy levels are below expectations.	The forecast over achievement will be used to offset overspend in other areas of purchasing care within ASC.	
P20	Adult Services Total			62,449	55,945	62,400	(48)	(48)					
Detailed Analysis of Budgets for Childrens Services													



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Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Actuals to date £000	Published Forecast £000	Change from previous months Variance Adverse / (Favourable) £000	2019/20 Outturn Variance Over / (Under) £000	Director Narrative			
									Month Variance Narrative	Month Recovery Plan	Outturn Narrative	Outturn Recovery Plan
P21	Childrens Services	1076	Children, Young People & Families	15,855	15,171	17,851	962	1,996	£210k increase in JAP Pooled spend, and £100k increase across other placement areas. Cost driver is increase in packages of support needed to match the complex needs of our children, and to keep them safe. Inter-agency adoption fees pressure is £190k. This costs result from supporting children to be adopted permanently. Respite costs for disabled children are a new pressure of £525k, which arise from the support needed to keep these children at home. These pressures are partially mitigated by an underspend for children leaving care of (£222k), spend is in line with last year, but costs are increasing as a result of the 'staying put' legislation that supports children to continue in their current care placement from 18 up to 25, and hence they do not leave care.	Enhanced review of the 6 most recent complex cases at JAP completed July 2019. Review of all other placements completed August 2019.	Spend in JAP pooled budget vs last year (LY) up £734k. This includes increased costs due to the closure of St Christophers. Cost increases versus LY as due to 5 additional children, plus annualised costs of further 10 children who's packages started mid-way through 2018/19. These are our children with the highest need, who also require the most complex care packages of those that we support. Residential Placement spend up £313k vs LY due to increase in support packages needed to keep children safe. Pressures from the other key placement budget areas are £283k, which means an over budget position for Key placement budgets of £1,306k. Numbers are increasing coming into care, which is a regional and national trend. The cost of respite and care packages for disabled children equates to a forecast total pressure of £612k. Inter-agency adoption costs are a pressure of £190k. There is a partial mitigation from under spend versus budget for Children Leaving Care of (£222k), the spend is still in line with LY spend though.	Enhanced review of the 6 most recent complex cases at JAP completed July 2019. Review of all other placements completed August 2019.
P21	Childrens Services	1077	Learning & Inclusion	5,930	1,093	3,580		(2,350)	£2.35m under budget position offsets the £2.35m over budget position in the schools budget cash limit. The 19/20 budget allowed for a contingency reserve that may be utilised to fund any overspends at year end once all other options including underspends within other DSG Blocks and the contribution from schools have been utilised. The Council can therefore plan over time to reduce the contribution from its General Fund.		£2.35m under budget position offsets the £2.35m over budget position in the schools budget cash limit. The 19/20 budget allowed for a contingency reserve that may be utilised to fund any overspends at year end once all other options including underspends within other DSG Blocks and the contribution from schools have been utilised. The Council can therefore plan over time to reduce the contribution from its General Fund.	
P21	Childrens Services	1078	Health, Commissioning & Planning	6,356	3,697	6,281	(76)	(76)	£75k under budget position as a result of reduction in schools business support team departmental costs.		£75k under budget position as a result of reduction in schools business support team departmental costs.	
P21	Childrens Services	1079	Schools Budgets	(2,166)	(11,087)	208	24	2,374		Planned local provision expansion through a capital strategy and lobbying of government for additional resources for schools and high needs	SEND over budget position £3.62m, due to increased demand and lack of local provision, requiring independent specialist provision which is expensive. This is partially offset by £987k of one-off funding for 2019/20, A further £2.35m is held in council funds to offset the SEND pressures. After further mitigations there remains a pressure on the Dedicated School Grant of approximately £100k.	Planned local provision expansion through a capital strategy and lobbying of government for additional resources for schools and high needs
P21	Childrens Services	1116	Integrated Commissioning - CYP	2,305	3,848	2,295	(10)	(10)	£10k underspends, spread across the cash limit.		£10k underspends, spread across the cash limit.	
P21	Childrens Services	1117	Safeguarding - CYP	708	340	644	(65)	(65)	£65k underspends, spread across the cash limit.		£65k underspends, spread across the cash limit.	
P21	Childrens Services Total			28,988	13,062	30,858	836	1,870				
Detailed Analysis of Budgets for Climate Emergency & Neighbourhood Services												
P22	Climate Emergency & Neighbourhood Services	1060	Environment Agency	236	176	236			No movement from previous forecast.		Forecast on budget	
P22	Climate Emergency & Neighbourhood Services	1101	Neighbourhoods & Environment - Waste & Fleet Services	15,207	5,843	15,207					No material variances showing at this early stage of the year, but prices for recycled materials are fluctuating	
P22	Climate Emergency & Neighbourhood Services	1120	Sustainability	285	184	302	2	17	No material movement from previous forecast		Our Power, which held this concession contract, ceased trading in January 2019 . As a result no income has been possible from referral fees.	No mitigation possible against this particular income stream as analysis of the current energy market suggests no viable approach to reprocurring this and generating income in this way. The Corporate and Community
P22	Climate Emergency & Neighbourhood Services	1127	Air Pollution	195	90	165	(21)	(30)	Further temporary salary savings and overachieved income		Temporary salary savings & overachieved income	
P22	Climate Emergency & Neighbourhood Services Total			15,923	6,293	15,910	(19)	(13)				
Detailed Analysis of Budgets for Housing, Planning & Economic Development												
P23	Housing, Planning & Economic Culture	1029	Housing	1,207	345	1,191	20	(16)	Adverse movement from last reporting due to staff car park permits budget removed but actuals remain £20k		Overachieved capital income, loan recoveries & staff vacancies offsetting all pressures leaving £16k favourable variance.	

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									Director Narrative			
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P23	Housing, Planning & Economic Culture	1052	Regeneration	289	465	250	8	(39)	No material movement from previous forecast		Residual arts budget not yet aligned to forecast expenditure.	
P23	Housing, Planning & Economic Culture	1106	Development Management	1,295	64	1,468	170	173	Further reduction in Application Fees income, as we have not seen the usual increase in applications through August		£261k Application Fees Income Shortfall partially offset by other overacheiving income budgets plus savings on salary budgets	There is very limited scope to plan for a recovery as income is reliant on the wider economy although there is always the possibility of large applications coming forward with associated fees.
P23	Housing, Planning & Economic Culture	1108	Economy and Culture	442	264	440	(1)	(2)	No material movement from previous forecast		Small Variance re Future Bright 1819 Q4 accrual - not material	
P23	Housing, Planning & Economic Culture Total			3,232	1,137	3,349	197	117				
Detailed Analysis of Budgets for Community Services												
P24	Community Services	1005	Building Control & Land Charges	825	154	830	(6)	5	Position improved slightly due to various small underspends helping to offset the £20k pressure on Land Charge Income, reducing overall adv variance to below £5k.		Some compensating variances with residual £5k adv variance, mainly due to low Land Charge Income - Housing market is still quiet and is unlikely to change in the short term therefore lower than expected income.	As far as is possible, these will be absorbed into the existing budgets of the service or offset with other portfolio underspend.
P24	Community Services	1018	Heritage	(8,782)	(7,328)	(9,401)	(273)	(618)	Strong Q2 performance, new pricing strategy delivering significant additional revenue. Film income also forecast to significantly exceed budget.  Vacancies and staff opting out of the pension scheme mean underspend of £120k (2.4%) on staff costs.		Strong Q2 performance, new pricing strategy delivering significant additional revenue. Film income also forecast to significantly exceed budget.  Vacancies and staff opting out of the pension scheme mean underspend of £120k (2.4%) on staff costs.	
P24	Community Services	1019	Public Protection & Health Improvement - Leisure	689	133	689					On budget	
P24	Community Services	1089	Community Safety	41	45	42	2	2	Small variance MoM		Small variance to budget	
P24	Community Services	1102	Neighbourhoods & Environment - Parks & Bereavement Services	1,119	903	1,227	108	108	£108k adv on Cremation income, 76 cremations down year to date. Death rates have been very low across the South West through the spring and summer. Approximately 2000 down across the South West region.		£108k adv on Cremation income, 76 cremations down year to date. Death rates have been very low across the South West through the spring and summer. Approximately 2000 down across the South West region.	
P24	Community Services	1109	World Heritage	152	76	153		1	No movement from previous forecast		Small variance - not material	
P24	Community Services	1115	Registrars Service	(85)	(179)	(87)	3	(1)	No material movement from previous forecast		Small variance to budget	
P24	Community Services	1121	Events & Active Lifestyles	171	(10)	195	25	25	Events Income and Wedding Income targets not expected to be achieved	Mitigating in service where possible	Events Income and Wedding Income targets not expected to be achieved	Working to absorb these within existing budgets where possible
P24	Community Services	1122	Customer Services (Including Libraries)	2,320	1,300	2,324	78	3	Delays in recruitment resulting in short term salary savings netting off increased utility charges and reduced income		Changes in Libraries West charging for all authorities resulting in increased charges to BANES resulting in overspend	Continue to balance underspend and overspends in year to keep balanced budget
P24	Community Services Total			(3,552)	(4,906)	(4,029)	(64)	(476)				

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Director Narrative													
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Detailed Analysis of Budgets for Transport Services													
P25	Transport Services	1006	Highways & Traffic Management	7,268	3,424	7,268			Ongoing work within the service to deliver existing savings targets		Shown on budget, review ongoing to deliver existing savings targets		
P25	Transport Services	1103	Transport & Parking Services - Parking	(7,771)	(3,441)	(7,438)	55	334	Pay and Display and PCN income reduced. Offset by vacancies and one off income	Mitigating in service where possible	Income remains above 2018/19 levels, however, behaviour change led by the price increase and poor weather in the peak summer months has had a negative impact on parking income, reducing the number of vehicles into car parks. This raises some uncertainty around future income. Bus gate income is lower than expected due to technical issues, writing off cases. PCN income reduced and offset by CEO vacancies.	Mitigating in Service where possible	
P25	Transport Services	1104	Transport & Parking Services - Public & Passenger Transport	(250)	141	(250)	(155)		The one-off underspend of £155k previously reported on the levy payment has now been vired from WECA (1061) budget for 2019/20 only. This virement was approved by September Cabinet (ref LOG19#01).		On budget		
P25	Transport Services	1119	Emergency Planning	258	202	414		157			CCTV income target not achieved		
P25	Transport Services Total			(495)	326	(5)	(100)	490					
			Financial Planning Reserve			(1,400)		(1,400)	The one-off underspend of £155k previously reported on the levy payment has now been vired from WECA (1061) budget for 2019/20 only. This virement was approved by September Cabinet (ref LOG19#01).		Use of reserve for phased implementation of savings.	For information, revenue budget will be adjusted for reserve drawdown at year end.	
Council Total				113,564	81,460	113,482	(1,763)	(82)					

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**FINANCE BUDGET MONITORING MONTHLY DASHBOARD - April to September 2019**
**CAPITAL APPENDIX 2 - KEY SCHEME VARIANCE ANALYSIS**

	NARRATIVE	19/20 BUDGET PER AGRESSO	19/20 CURRENT MONTH FORECAST	IN-YEAR VARIANCE FORECAST TO BUDGET Under/(Over) Spend	TO BE REPHASED TO FUTURE YEARS	19/20 UNDER / (OVER) SPEND.
		£'000	£'000	£'000	£'000	£'000
<b>Children's Services</b>						
<b>Basic Needs - School Improvement / Expansion</b>	<p>Various schemes are moving forward, including:</p> <p>Whitchurch Primary expansion to a 315 place school. A new 4 classroom block completed for September 2019 occupation within budget.</p> <p>St Nicholas Primary expansion to a 420 place school. A new 4 classroom block and internal remodelling completed for September 2019 occupation within budget. Further work to provide a pedestrian footbridge from new housing development to the school is scheduled to complete early 2020 as part of a S106 obligation.</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. Complete for September 2019 intake and to budget.</p> <p>Peasedown St John Primary expansion to a 630 place school. A new 4 classroom block with small hall and internal remodelling to the kitchen in the existing school building. Currently to budget and on target to complete for December 2020 occupation.</p> <p>A purchase was completed in September 2019 for land in at the former Withies Farm site for a new Keynsham Primary; this was funded by s106.</p>	11,763	11,763	0	0	0
<b>Schools Capital Maintenance Schemes</b>	<p>Various schools capital maintenance schemes are moving forward, including:</p> <p>Newbridge Primary - Window Replacement. Complete September 2019. On target and within budget. Phase 2 soffit works and hall windows on target for October completion.</p> <p>Paulton Infants – Roof Replacement. Phase 1 to complete by October 2019. Phase 2 to be carried out over Summer 2020.</p> <p>Pensford Primary – Access works. Accessible toilet complete to budget, lift to main school entrance scheduled for December 2019 completion.</p> <p>Programme of work to address Fire Safety and Emergency Lighting in maintained primary schools, progressing well, to complete in 2020.</p>	2,514	2,514	0	0	0
<b>Transport Services - GULW (OLEV)</b>	Go Ultra Low West (GULW) - An Inter Authority agreement is at the final draft stage, ready for a decision to be taken. This will agree the maintenance and revenue liabilities for the public charging points and approval is needed before the installation of infrastructure. Other packages being progressed under the GULW project include fleet electrification, satellite charging hubs and electric cycle hire.	485	485	0	0	0
<b>Highways Maintenance Block</b>	<p>The 2019/20 Highways Structural Maintenance Capital Programme is progressing well as follows:</p> <p>Resurfacing 100% completed with recent sites at the Phillis Hill, Paulton and Waterloo Road, Radstock successfully delivered.</p> <p>Surface Dressing 100% completed with road markings now replaced.</p> <p>Micro Asphalt site preparation works completed with full programme delivery scheduled for October 2019.</p> <p>Street Lighting Column replacement programme commenced delivery August 2019 for completion January 2020.</p> <p>Camden Crescent Arch Repairs progressing listed building consent for construction works to commence March 2020.</p>	5,315	5,315	0	0	0
<b>Transport Improvement Programme</b>	The 2019/20 programme is progressing, following completion of detailed design construction dates have been agreed for construction for a new Zebra Crossing on the Wellsway Keynsham, pedestrian improvements in Withies Park Midsomer Norton and Winterfield Road Paulton plus improvements to a signalised crossing at Upper Bristol Road, Bath. Engagement regarding the Mulberry Park Cycle and Pedestrian improvements continue.	2,910	2,910	0	0	0
<b>City Centre Security - Highways Scheme</b>	This project meets the Council's priorities in supporting public protection in the city centre by securing areas of high footfall, where adults and children congregate. Work will include the provision of fixed and moveable physical measures placed at key access points around the city centre, which will restrict vehicular access (deliveries etc) to a certain period of the day. Key stakeholder engagement is due to start in November with wider public consultation being undertaken in January 2020.	674	674	0	0	0
<b>York Street Vault Infrastructure Works</b>	The project comprises the first phase of work required to remediate the vault beams that support the road structure. The overspend of £200k was mainly incurred in 2018/19 and carried into this financial year for recovery by Corporate Estate and will transfer to Resources. Phase 2 works are required to waterproof beams and remediate the roadsurface, Occupation of the Archway undercroft is in accordance with HLF grant conditions.	( 107)	93	-200	0	-200
<b>Resources &amp; Deputy Leader</b>						
<b>Cleveland Pools Grant</b>	To support the Cleveland Pools Trust (CPT) £5.7 million project to bring the country's only surviving georgian lido back into use as a community pool. CPT secured £4.7m funding from National Lottery Heritage Fund and appointment of a contractor is due in October. The Council paid £50k grant in June and £125k grant to be paid subject to submission of monitoring reports.	180	180	0	0	0

**FINANCE BUDGET MONITORING MONTHLY DASHBOARD - April to September 2019**
**CAPITAL APPENDIX 2 - KEY SCHEME VARIANCE ANALYSIS**

	NARRATIVE	19/20 BUDGET PER AGRESSO	19/20 CURRENT MONTH FORECAST	IN-YEAR VARIANCE FORECAST TO BUDGET Under/(Over) Spend	TO BE REPHASED TO FUTURE YEARS	19/20 UNDER / (OVER) SPEND.
		£'000	£'000	£'000	£'000	£'000
<b>Corporate Estate Planned Maintenance</b>	The Project Delivery Team are recruiting to increase staffing and are setting up frameworks for delivery of work. Many purchase orders already raised with resulting commitments. Works on the Guildhall are expected to start in the Autumn. A review of year end project spend is underway.	4,387	4,387	0	0	0
<b>Digital Programme</b>	The Digital Programme through the Improving How We Work Programme will bring about efficiencies by changing business processes and systems to give capacity gains from handling high volume contacts, office rationalisation and reducing high manual effort and travel. Key projects being delivered in 2019/20 include major changes to the Website and complimentary capability for online payments, booking and reporting, general online forms for requests and a new corporate approach to printing and posting. Schemes are within or below budget.	568	568	0	0	0
<b>Housing Delivery Vehicle/ Schemes (Capital Disposals ADL)</b>	Disposal of 117 Newbridge Hill is expected in 2019. Work continues in support of bringing forward the Englishcombe Lane and Argyle Works development sites for potential disposal to ADL as well as several smaller refurbishment projects to flats returned to the Council by Curo.	1,486	1,486	0	0	0
<b>Property Company Investment - Council (Loan): Developments</b>	The current projected total of loan drawdowns to ACL in respect of the Riverside View and Sladebrook Road developments for 2019/20 is £5.45m with further loan drawdowns of £2.4m to ADL anticipated in respect of property transfers. The remaining balance of the approved loan facility will be carried forward into 2020/21.	22,131	7,835	14296	14296	0
<b>Housing, Planning &amp; Economic Development</b>						
<b>Affordable Housing</b>	Registered Providers continue to explore new development opportunities. There are significant levels of pre-development work underway to extend the temporary accommodation at Theobald House and options are being explored for the second phase of the joint project with the YMCA for Platform for Life Part 2.	1,190	798	392	392	0
<b>Digital BANES</b>	Within this programme of projects the city Wi-Fi installations are progressing well and will continue in 2019/20. The role out of the City Wi Fi APs being slower to deliver than anticipated due to the need for additional power infrastructure and funding is available in future years. This results in £150k of WECA grant being considered for diversion to another project.	221	221	0	0	0
<b>Radstock Healthy Living Centre</b>	The NHS has approved the Outline Business Case in May 2019 for the project and work continues to Full Business case. A review of costs, funding and the scope of B&NES involvement is currently underway with project stakeholders ahead of finalising the Councils grant offer letter to the Clinical Commissioning Group. Assumptions around capital receipts providing income for the project may not be realised resulting in an underfunding of £175k and a request for additional capital funds for the project in 2020/21.	1,905	1,905	0	0	0
<b>Bath Quays Bridge</b>	The contract for building Bath Quays Bridge is part of the Bath Quays South contract along with a contract with a Belgium company which is making the bridge itself. The works are now running to schedule with an estimated completion date is Q4 2020, with 19/20 slippage forecast. The project has secured full funding via external grant sources and to budget. A project risk of a no deal Brexit is identified with the potential for additional cost of import tariffs arising (c£100K).	3,592	2,142	1450	1450	0
<b>Bath Quays North</b>	The Development Agreement with Legal & General was signed in July 2019; the contract terms were agreed later than the original budget assumptions causing slippage from 19/20 budgets, reflecting the timing of milestones including Planning Permission and contract award. Full planning permission is now expected in August 2020 with a development Start of site expected February 2021, following completion of survey and site investigation works. Key activities over the quarter have been a pre-application with the Local Planning Authority and development of the site's marketing strategy. The Council's total cost for the project remains unchanged.	13,820	2,125	11695	11695	0
<b>Bath Quays South</b>	Delivery of the programme remains as previously reported with planned completion in the summer 2021. The spend for the total project has increased to £30.746m due to additional infrastructure requirements fully funded through additional £1.746m WECA grant funding.	10,738	9,277	1461	1461	0
<b>Community Services</b>						
<b>Modern Libraries &amp; Workplaces</b>	The proposals for the remodelling of Bath Central Library at the Podium are on hold by the Council leading to underspend in 2019/20 but with a risk of revenue reversion of £340K costs incurred in previous years. The opening of further new community run libraries are being supported and remaining branch libraries are being transferred to the community during 2019/20.	349	248	101	0	101
<b>Parks S106 Programme</b>	The S106 schemes are not time limited and several will complete in 2019/2020, to include Brickfields Park, Kensington Meadows and Innex Park. Works for a wildflower meadow creation and landscaping works at Hedgemoor park are programmed to begin this autumn. Works at Carrs Wood, Sullis Meadow and Kelston Road are subject to some further consultation; it is anticipated that works will begin this financial year but schemes are likely to slip into 20/21.	453	453	0	0	0

**FINANCE BUDGET MONITORING MONTHLY DASHBOARD - April to September 2019**

**CAPITAL APPENDIX 2 - KEY SCHEME VARIANCE ANALYSIS**

	NARRATIVE	19/20 BUDGET PER AGRESSO	19/20 CURRENT MONTH FORECAST	IN-YEAR VARIANCE FORECAST TO BUDGET Under/(Over) Spend	TO BE REPHASED TO FUTURE YEARS	19/20 UNDER / (OVER) SPEND.
		£'000	£'000	£'000	£'000	£'000
<b>Roman Baths Archway Project</b>	Following the completion of the York Street Phase 1 structural repairs, conservation of the Roman Scheduled Monument and Victorian Archway, and drainage works in Swallow Street, the main contract commenced in July 2019 with strip out works complete. Forecast rephasing reflects that construction works are due to end in September 2020 and will be followed by a period of exhibition installation. The new facilities will open towards the end of 2020.	5,096	2,500	2596	2596	0
<b>Climate Emergency &amp; N'Hood Services</b>						
<b>Waste Project</b>	Phase 1 of this project (service re-design) is complete. Phase 2 involves a review of the depot arrangements. A project officer with property expertise has recently been recruited and the depot options, project timeline and financial forecasts are in the process of being reviewed. The Project Board Terms of Reference have been reviewed and the newly constituted Board is focused on the delivery of Phase 2	2,864	2,864	0	0	0
<b>Clean Air Zone</b>	Development and implementation of the clean air zone in Bath. Project feasibility and implementation is fully grant funded by Joint Air Quality Unit. Project will go live at end of 2020 to achieve compliance with Ministerial Direction to achieve compliance with annual mean calculation in 2021.	0	0	0	0	0

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**2019/20 Revenue Virements for APPROVAL**

Appendix 3 (i)

<u>REF NO</u>	<u>REASON / EXPLANATION</u>	<u>CABINET MEMBER</u>	<u>TRANSFER FROM</u>	<u>Income</u>	<u>Expenditure</u>	<u>CABINET MEMBER</u>	<u>TRANSFER TO</u>	<u>Income</u>	<u>Expenditure</u>	<u>DESCRIPTION</u>	<u>ONGOING EFFECTS</u>
			<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		
The following virements are reported for approval under the Budget Management Scheme rules.											
LOG 19#03	2018/19 Budget Rebasing	Resources	Strategy & Performance		97,000	Resources	Corporate Estate Including R&M		97,000	The 2019/20 Budget provided £1m for budget rebasing to offset the 2018/19 staffing savings targets that were identified and reported in 2018/19 as not achievable, and this is the final allocation from that budget. This allocation has been validated by finance and agreed through Directors Group.	Budget virement is on- going.
<b>OVERALL TOTALS</b>				<b>0</b>	<b>97,000</b>			<b>0</b>	<b>97,000</b>		
					<b>97,000</b>				<b>97,000</b>		

# 2019/20 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 19#38	Weddings	Community Services	Neighbourhoods & Environment - Parks & Bereavement Services		5,475	Community Services	Events & Active Lifestyles		5,475	Transfer to Events Cash Limit of budget held in parks for weddings.	Budget virement is on-going.
INFO 19#39	Centralisation of Training Budgets	Resources	Human Resources		8,000	Resources	Council Solicitor & Democratic Services		8,000	Correction to remove Members' Training from transfer of individual service budgets for training to create a central training budget held by Human Resources.	Budget virement is on-going.
INFO 19#40	Print Services Internal Recharge Budgets	Resources	Traded Services		9,000	Resources	Finance		9,000	Removal of internal income budgets within support services, along with the corresponding internal expenditure budgets in Traded Services, following the cessation of Print Services.	Budget virement is on-going.
INFO 19#41	Development Savings Target	Climate Emergency & Environmental Services	Air Pollution (Environmental Monitoring)		2,188	Community Services	Building Control & Public Protection		2,188	Realignment of savings target within Development Directorate, following the recent creation of new Air Pollution Cash Limit.	Budget virement is on-going.
INFO 19#42	Events in Parks	Community Services	Neighbourhoods & Environment - Parks & Bereavement Services	106,000		Community Services	Events & Active Lifestyles	106,000		Transfer on income budget from Parks Team to Events Team, following realignment of team responsibilities.	Budget virement is on-going.
OVERALL TOTALS				106,000	24,663			106,000	24,663		
					130,663				130,663		

**Portfolio Cash Limits 2019/20 - Revenue Budget**
**Appendix 3(ii)**

CABINET PORTFOLIO	Service	Sep'19 Cash Limits £'000	Technical Adjustments, below BMS limits or already agreed - shown for information £'000	Total Virements for Approval £'000	Nov'19 Revised Cash Limits £'000
<b>Leader</b>	Housing Delivery Vehicle	(730)			(730)
	Visit Bath	367			367
	<b>PORTFOLIO SUB TOTAL</b>	<b>(363)</b>			<b>(363)</b>
<b>Resources</b>	Finance	2,579	9		2,588
	Risk & Assurance Services	961			961
	Procurement & Commissioning	218			218
	Revenues & Benefits	993			993
	Council Solicitor & Democratic Services	2,700	8		2,708
	Information Technology	4,789			4,789
	Strategy & Performance	1,573		(97)	1,476
	Human Resources	1,202	(8)		1,194
	Improving The Way We Work	(360)			(360)
	Property Services	670			670
	Corporate Estate Including R&M	3,562		97	3,659
	Commercial Estate	(16,223)			(16,223)
	Traded Services	33	(9)		24
	Hsg / Council Tax Benefits Subsidy	(195)			(195)
	Capital Financing / Interest	6,718			6,718
	Unfunded Pensions	1,598			1,598
	Corporate Budgets incl. Capital, Audit & Bank Charges	(2,902)			(2,902)
	New Homes Bonus Grant	(5,139)			(5,139)
	Magistrates	12			12
	Coroners	335			335
	Environment Agency	236			236
	West of England Combined Authority Levy	4,104			4,104
	<b>PORTFOLIO SUB TOTAL</b>	<b>7,463</b>			<b>7,463</b>
<b>Adult Services</b>	Adult Services	62,110			62,110
	Adult Substance Misuse (Drug Action Team)	514			514
	Public Health	(175)			(175)
	<b>PORTFOLIO SUB TOTAL</b>	<b>62,449</b>			<b>62,449</b>
<b>Children's Services</b>	Children, Young People & Families	15,855			15,855
	Integrated Commissioning - CYP	2,305			2,305
	Safeguarding - CYP	708			708
	Inclusion & Prevention	12,850			12,850
	Education Transformation	(106,228)			(106,228)
	Schools Budget	103,498			103,498
	<b>PORTFOLIO SUB TOTAL</b>	<b>28,988</b>			<b>28,988</b>
<b>Climate Emergency &amp; Environmental Services</b>	Neighbourhoods & Environment - Waste & Fleet Services	15,207			15,207
	Sustainability	285			285
	Air Pollution (Environmental Monitoring)	197	(2)		195
	<b>PORTFOLIO SUB TOTAL</b>	<b>15,689</b>	<b>(2)</b>		<b>15,687</b>
<b>Transport Services</b>	Highways & Traffic Management	7,268			7,268
	Transport & Parking Services - Parking	(7,771)			(7,771)
	Transport & Parking Services - Public & Passenger Transport	(95)			(95)
	Emergency Planning	258			258
	<b>PORTFOLIO SUB TOTAL</b>	<b>(340)</b>			<b>(340)</b>

CABINET PORTFOLIO	Service	Sep'19 Cash Limits £'000	Technical Adjustments, below BMS limits or already agreed - shown for information £'000	Total Virements for Approval £'000	Nov'19 Revised Cash Limits £'000
<b>Housing, Planning &amp; Economic Development</b>	Housing	1,207			1,207
	Regeneration	289			289
	Development Management	1,295			1,295
	Economy & Culture	442			442
	<b>PORTFOLIO SUB TOTAL</b>	<b>3,232</b>			<b>3,232</b>
<b>Community Services</b>	Building Control & Public Protection	823	2		825
	Heritage	(8,782)			(8,782)
	Health Improvement - Leisure	689			689
	Community Safety	41			41
	Neighbourhoods & Environment - Parks & Bereavement Services	1,018	101		1,119
	World Heritage	152			152
	Registrars Service	(85)			(85)
	Events & Active Lifestyles	271	(101)		171
	Customer Services (including Libraries)	2,320			2,320
	<b>PORTFOLIO SUB TOTAL</b>	<b>(3,554)</b>	<b>2</b>		<b>(3,552)</b>
	<b>NET BUDGET</b>	<b>113,564</b>			<b>113,564</b>
	<b>Sources of Funding</b>				

Council Tax	92,036			92,036
Retained Business Rates*	22,547			22,547
Collection Fund Deficit (-) or Surplus (+)	439			439
Balances	(1,458)			(1,458)
<b>Total</b>	<b>113,564</b>			<b>113,564</b>

**Capital Virements - Additions & Reductions 2019/2020**
**Appendix 4 (i)**

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP19#025-2019	Parks & Bereavement Services Infrastructure	St Marks Secondary	98,000		Children's Services		98,000	ODD 1281 - to provide an enhanced 3G AstroTurf sports pitch
CAP19#026-2019	Affordable Housing	Right to Buy Receipts	140,000		Housing, Planning and Economic Development		140,000	ODD 1283 - to support the provision of two shared-ownership affordable family homes within Southdown Ward
CAP19#027-2019	Capital Disposal Schemes	Capital Receipts	800,000		Housing, Planning and Economic Development		800,000	ODD 1288 - to fund the disposal costs of surplus property assets
CAP19#028-2019	Bathampton Primary	Grant	-10,275		Children's Services		-10,275	Technical Adjustment - agreed by Director of Finance. Re-alignment of completed Schools' Capital project
CAP19#029-2019	Mulberry Park Primary	Grant	-7,722		Children's Services		-7,722	Technical Adjustment - agreed by Director of Finance. Re-alignment of completed Schools' Capital project
CAP19#030-2019	Chandag Infant	Grant	15,000		Children's Services		15,000	Technical Adjustment - agreed by Director of Finance. Re-alignment of completed Schools' Capital project
CAP19#031-2019	Ubley Primary	Grant	-5,024		Children's Services		-5,024	Technical Adjustment - agreed by Director of Finance. Re-alignment of completed Schools' Capital project
CAP19#032-2019	St Mary's Primary - Writhlington	Grant	-1,441		Children's Services		-1,441	Technical Adjustment - agreed by Director of Finance. Re-alignment of completed Schools' Capital project
CAP19#033-2019	Westfield Primary	Grant	-10		Children's Services		-10	Technical Adjustment - agreed by Director of Finance. Re-alignment of completed Schools' Capital project
CAP19#034-2019	Parkside Children's Centre / Family Intervention Team Relocation	Revenue	5,000		Children's Services		5,000	Delegated Authority agreed by Corporate Director. Contribution towards furniture and fittings
CAP19#035-2019	Chew Valley Recreational Trail	Third Party Contribution	12,700		Transport Services		12,700	Technical Adjustment - agreed by Director of Finance. Uplift of budget to align to Third Party Contribution received
CAP19#036-2019	Disabled Facilities Grant	Grant	270,789		Housing, Planning and Economic Development		270,789	Technical Adjustment - agreed by Director of Finance. Uplift of budget to align to additional grant received from the Ministry of Housing, Communities & Local Government
CAP19#037-2019	Bath Spa Water Monitoring	Service Supported Borrowing	2,708		Community Services		2,708	Delegated Authority agreed by Director of Development. Re-alignment of scheme budget
CAP19#038-2019	Transport Improvement Programme	Revenue	3,450		Transport Services		3,450	Technical Adjustment - agreed by Director of Finance. Re-alignment of Road Safety Improvements (Speed Choice) budget
CAP19#039-2019	Heritage Infrastructure Development	Service Supported Borrowing	23,000		Community Services		23,000	ODD 1304 - to carry out essential repairs to Pump Room piano
CAP19#040-2019	Keynsham East Primary	S106	2,510,000		Children's Services		2,510,000	ODD 1301 - to fund land purchase for new school and associated costs.

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP19#041-2019	Bath Quays North	Grant	7,610,000		Housing, Planning and Economic Development		7,610,000	Delegated Authority agreed by Director of Economy & Growth. To consolidate BQN reporting
CAP19#041-2019	Innovation Quay - Economic Development Funding Enabling Infrastructure	Grant	-7,610,000		Housing, Planning and Economic Development		-7,610,000	Delegated Authority agreed by Director of Economy & Growth. To consolidate BQN reporting
CAP19#042-2019	Clutton Depot Refurbishment	Corporate Support Borrowing	200,000		Transport Services		200,000	Delegated Authority agreed by Director of Environment Services / Director of Economy & Growth. To reflect management arrangement for refurbishment
CAP19#042-2019	Capital Planned Maintenance for Corporate Estate	Corporate Support Borrowing	-200,000		Resources & Deputy Leader		-200,000	Delegated Authority agreed by Director of Environment Services / Director of Economy & Growth. To reflect management arrangement for refurbishment
OVERALL TOTALS			3,856,175	0		0	3,856,175	
			3,856,175				3,856,175	

**Capital Programme by Portfolio - 2019/2020**  
**Revised Capital Cash Limits by Portfolio**

**Appendix 4(ii)**

Capital Scheme	Cap Prog Number	Budget at September 2019 Cabinet	Approvals to November 2019 Cabinet	Budget at November 2019 Cabinet
		£'000	£'000	£'000
<b>Climate Emergency and Neighbourhood Services</b>				
Environmental Protection Vehicles	Cap1516028	34	0	34
Neighbourhood Services Vehicle Replacement Programme	Cap1718036	1,537	0	1,537
Neighbourhoods Bin & Bench Replacement	Cap1415029	34	0	34
Waste Baler	Cap1920024	350	0	350
Waste Project	Cap1617032	2,864	0	2,864
Waste Project - Relocation of Cleansing	Cap1617040	61	0	61
Waste Re-provision Feasibility Work	Cap1516011	18	0	18
		<b>4,899</b>	<b>0</b>	<b>4,899</b>
<b>Community Services</b>				
Alice Park - Skate Park	Cap1415035	125	0	125
Bath Leisure Centre Refurbishment	Cap1516006	645	0	645
Bath Recreation Ground Trust - Leisure	Cap1516050	466	0	466
Bath Spa Water Monitoring - CIP (Cleaning in Place) Hub	Cap1920023	77	3	80
Beechen Cliff Woodland & Other Open Spaces Improvements	Cap1415017	65	0	65
Leisure - Council Client / Contingency	Cap1516049	529	0	529
Leisure Bath - Car Park	Cap1718043	68	0	68
Leisure Facility Modernisation - Keynsham Sports Centre	Cap1516051	4,290	0	4,290
Neighbourhoods CCTV	Cap1819034	38	0	38
Parade Gardens Café Acquisition	Cap1819085	10	0	10
Parade Gardens Infrastructure for Business Development	Cap1617015	10	0	10
Parks Action Response Work	Cap1718028	50	0	50
Parks and Bereavement Infrastructure	Cap1819051	109	0	109
Parks Equipment	Cap1718029	49	0	49
Play Area Refurbishment / Equipment	Cap1415039	193	0	193
Parks S106 Projects	Cap1718037	453	0	453
Sydney Gardens	Cap1415030	687	0	687
Heritage Infrastructure Development	Cap1415052	0	23	23
Heritage Services Energy Capture Scheme	Cap1819030	350	0	350
Victoria Art Gallery Air Conditioning	Cap1617038	225	0	225
Roman Baths Archway Centre	Cap1617021	5,096	0	5,096
Modern Libraries & Workplaces	Cap1718058	349	0	349
		<b>13,883</b>	<b>26</b>	<b>13,909</b>
<b>Housing, Planning and Economic Development</b>				
Affordable Housing	Cap1415091	1,050	140	1,190
Bath Quays Bridge & Linking Infrastructure	Cap1617037	3,579	14	3,592
Bath Quays North	Cap1415114	6,210	7,610	13,820
Bath Quays South	Cap1415138	10,738	0	10,738
Bath Streetspace	Cap1920026	593	0	593
BWR - Council Project Team	Cap1415057	75	0	75
BWR - Infrastructure	Cap1415059	-151	110	-41
BWR - Relocation of Gas Holders	Cap1415065	1,706	-110	1,596
Digital B&NES	Cap1415069	221	0	221
Disabled Facilities Grant	Cap1415089	1,150	271	1,421
Innovation Quay - Economic Development Funding Enabling Infrastructure	Cap1516001	7,610	-7,610	0
Innovation Quay - Strategic Flooding Solution	Cap1415064	337	0	337
Keynsham High Street Public Realm Implementation	Cap1718011	1,750	0	1,750
Midsomer Norton Public Realm	Cap1819050	194	0	194
New Enterprise Zone – Infrastructure Plan	Cap1718067	216	0	216
North Keynsham SDL	Cap1819091	35	0	35
NRR Infrastructure	Cap1415062	115	0	115
Pioneer Office Investment Block (Quays) – LGF Funded	Cap1718073	398	0	398
Public Realm - City Information Scheme	Cap1415153	0	0	0
Public Realm - Pattern Book	Cap1415150	0	0	0
Radstock & Westfield Implementation Plan	Cap1516014	40	0	40
Radstock Healthy Living Centre	Cap1718061	1,905	0	1,905
Saw Close Works	Cap1516008	323	0	323
Waterspace	Cap1920029	185	0	185
		<b>38,280</b>	<b>424</b>	<b>38,704</b>
<b>Transport Services</b>				
A37 to A362 Improvements to Access Somer Valley Enterprise Zone	Cap1718084	175	0	175
Bath Cycle Action Plan - Bath Quays Scheme	Cap1617048	12	-12	0
Bath Transport Package Main Scheme	Cap1415001	1,760	0	1,760

**Capital Programme by Portfolio - 2019/2020**  
**Revised Capital Cash Limits by Portfolio**

Appendix 4(ii)

Capital Scheme	Cap Prog Number	Budget at September 2019 Cabinet	Approvals to November 2019 Cabinet	Budget at November 2019 Cabinet
		£'000	£'000	£'000
CCAF2 Cycle Parking	Cap1516055	1	-1	0
City Centre Security	Cap1920027	674	0	674
Clutton Depot Refurbishment	Cap1920032	0	200	200
Dorchester Street - Traffic Review	Cap1718023	78	0	78
Hicks Gate Roundabout Improvement	Cap1718085	401	0	401
Highways & Traffic Fleet Vehicle Renewal	Cap1920015	1,025	0	1,025
Highways Maintenance Programme	Cap1415184	5,315	0	5,315
Highways Schemes (CIL)	Cap1819077	0	13	13
London Road Modification	Cap1718022	62	0	62
Office for Low Emission Vehicles (OLEV) Bid	Cap1617008	485	0	485
Parking Vehicle Replacement Programme	Cap1415023	85	-1	84
Passenger Transport Vehicles	Cap1516007	46	0	46
Replacement Mopeds for Outer Area Parking Enforcement	Cap1718032	-1	1	0
Somerdale Bridge, Keynsham – Initial Options Study	Cap1718016	11	0	11
Street Lighting LED Replacement Programme	Cap1617011	380	0	380
Transport Improvement Programme	Cap1415009	2,986	3	2,990
York Street Infrastructure Works	Cap1718075	-107	0	-107
		<b>13,389</b>	<b>203</b>	<b>13,592</b>
<b>Children's Services</b>				
Alternative Education - Refurbishment & Equipment	Cap1819016	16	0	16
Basic Needs - School Improvement / Expansion	Cap1415135	9,173	2,590	11,763
Building Adaptations to Provide Short Breaks for Disabled Children	Cap1415078	20	0	20
Children's Education Management System	Cap1516009	209	0	209
Children's Centre Capital Schemes	Cap1415196	587	5	592
Schools' Capital Maintenance Schemes	Cap1415073	2,505	9	2,514
Schools Devolved Capital	Cap1920028	-49	0	-49
Special Education Needs & Disability (SEND) Education Provision Loan	Cap1718071	688	0	688
Youth Service Capital Schemes	Cap1415167	56	0	56
		<b>13,205</b>	<b>2,604</b>	<b>15,808</b>
<b>Adult Services</b>				
Adult Social Care Database Replacement	Cap1516005	183	0	183
Community Resource Centre Capital Investment	Cap1718076	250	0	250
		<b>433</b>	<b>0</b>	<b>433</b>
<b>Resources and Deputy Leader</b>				
City Centre Protection Measures	Cap1718066	0	0	0
City Centre Security	Cap1819070	0	0	0
Cleveland Pools	Cap1415130	180	0	180
Commercial Estate Investment Fund	Cap1415100	437	0	437
Corporate Estate Planned Maintenance	Cap1415097	4,587	-200	4,387
Equality Act Works	Cap1415104	224	0	224
Grand Parade & Undercroft	Cap1415103	138	0	138
Housing Delivery Vehicle	Cap1516042	1,481	0	1,481
Keynsham Regeneration & New Build	Cap1415094	75	0	75
Property Disposals	Cap1415098	-109	800	691
Workplaces Programme Delivery	Cap1415093	225	0	225
Agresso System Development & Upgrade	Cap1415125	95	0	95
Capital Contingency	Cap1415131	1,911	0	1,911
Flexible Use of Capital Receipts	Cap1819080	4,923	0	4,923
BTP Transitional Funding	Cap1718083	150	0	150
Property Company Investment	Cap1617027	22,131	0	22,131
Communications Hub (Microwave Link)	Cap1617029	17	0	17
Customer Payments Security and Channel Shift	Cap1920021	83	0	83
Digital Programme	Cap1718059	568	0	568
IT Asset Refresh	Cap1819061	867	0	867
		<b>37,982</b>	<b>600</b>	<b>38,582</b>
<b>TOTAL CAPITAL SCHEME BUDGET</b>		<b>122,070</b>	<b>3,856</b>	<b>125,926</b>



Capital Scheme	Cap Prog Number	Budget at September 2019 Cabinet	Approvals to November 2019 Cabinet	Budget at November 2019 Cabinet
		£'000	£'000	£'000
<b>Sources of Funding</b>		£'000	£'000	£'000
EU/Government Grant		42,995	141	43,136
Revenue		110	8	119
Other Council Support including Borrowing and Capital Receipts		75,950	966	76,916
S106 Contribution		1,376	2,529	3,905
CIL Contribution		1,277	200	1,477
Other Third Party		360	13	373
<b>Total Sources of Funding</b>		<b>122,070</b>	<b>3,856</b>	<b>125,926</b>

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Bath & North East Somerset Council		
MEETING	Cabinet	
MEETING DATE:	7 <sup>th</sup> November 2019	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3158
TITLE:	Treasury Management Performance Report to 30 <sup>th</sup> September 2019	
WARD:	All	
AN OPEN PUBLIC ITEM		
<b>List of attachments to this report:</b> <b>Appendix 1</b> – Performance Against Prudential Indicators <b>Appendix 2</b> – The Council's Investment Position at 30 <sup>th</sup> September 2019 <b>Appendix 3</b> – Average monthly rate of return for 1 <sup>st</sup> 6 months of 2019/20 <b>Appendix 4</b> – The Council's External Borrowing Position at 30 <sup>th</sup> September 2019 <b>Appendix 5</b> – Arlingclose's Economic & Market Review Q2 of 2019/20 <b>Appendix 6</b> – Interest & Capital Financing Budget Monitoring 2019/20 <b>Appendix 7</b> – 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 for 2019/20 for the first six months of 2019/20.

## **2 RECOMMENDATION**

The Cabinet agrees that;

- 2.1 The Treasury Management Report to 30<sup>th</sup> September 2019, prepared in accordance with the CIPFA Treasury Code of Practice, is noted.
- 2.2 The Treasury Management Indicators to 30<sup>th</sup> September 2019 are noted.
- 2.3 This Treasury Management Report and attached appendices are reported to November 2019 Council and Corporate Audit Committee.

### 3 THE REPORT

#### Summary

- 3.1 The average rate of investment return for the first six months of 2019/20 is 0.99%, which is 0.37% above the benchmark rate.
- 3.2 The Council's Prudential Indicators for 2019/20 were agreed by Council in February 2019 and performance against the key indicators is shown in **Appendix 1**. All indicators are within target levels.

#### Summary of Returns

- 3.3 The Council's investment position as at 30<sup>th</sup> September 2019 is given in **Appendix 2**. The balance of deposits as at 30<sup>th</sup> September 2019, compared to those as at 30<sup>th</sup> June 2019, are also set out in the pie charts in this appendix.
- 3.4 Gross interest earned on investments totalled £281k. **Appendix 3** details the investment performance, showing the average rate of interest earned over this period was 0.99%, which was 0.37% above the benchmark rate of average 7 day LIBID +0.05% (0.62%). This excess is mainly due to the £5m investment held in the CCLA Local Authority Property Fund, which is a long term strategic investment earning a higher rate of interest.

#### Summary of Borrowings

- 3.5 The Council's external borrowing as at 30<sup>th</sup> September 2019 totalled £234.4 million and is detailed in **Appendix 4**. This includes additional PWLB borrowing of £10 million that was taken out on 4<sup>th</sup> September 2019 following reductions in PWLB borrowing rates.
- 3.6 The Council's Capital Financing Requirement (CFR) as at 31<sup>st</sup> March 2019 was £300.7 million. 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.
- 3.7 The CFR represents the underlying need to borrow, and the difference between that and the current borrowing of £234.4 million represents re-investment of the internal balances including reserves, reducing the in-year borrowing costs in excess of the potential investment returns.
- 3.8 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 31<sup>st</sup> March 2019 apportioned to Bath & North East Somerset Council is £11.9m. 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 3.5.
- 3.9 The borrowing portfolio as at 30<sup>th</sup> September 2019 is shown in **Appendix 4**.

## Strategic & Tactical Decisions

- 3.10 The Council's 2019/20 savings and income generation proposals included an item for generating additional investment income through taking a longer term investment approach to £10 million of core investment balances. During the quarter, an additional £2 million investment was placed with the CCLA Local Authority's Property Fund as part of this investment approach, bringing the total investments of this type to £5 million. This also provides further diversification of the Council's commercial property investment portfolio, as set out in the approved Treasury Management Strategy for 2019/20.
- 3.11 As shown in the charts at **Appendix 2**, the investment portfolio of £61.2 million as at 30<sup>th</sup> September 2019 is diversified across Money Market Funds, Local Authorities, the CCLA Property Fund, highly rated UK and Foreign Banks and a UK Building Society. The Council uses AAA rated Money Market funds to maintain very short term liquidity.
- 3.12 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.
- 3.13 The Council's average investment return is currently slightly below the budgeted level of 1.20%, although the impact of this is offset by the Council investment balances being higher than forecast.

## Future Strategic & Tactical Issues

- 3.14 Our treasury management advisors economic and market review for the second quarter 2019/20 is included in **Appendix 5**.
- 3.15 The Quarterly National Accounts for Q2 GDP confirmed the UK economy contracted by 0.2% following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit. Only the services sector registered an increase in growth, a very modest 0.1%, with both production and construction falling and the former registering its largest drop since Q4 2012. Business investment fell by 0.4% (revised from -0.5% in the first estimate) as Brexit uncertainties impacted on business planning and decision-making.
- 3.16 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.
- 3.17 Any additional borrowing to take place in 2019/20 will therefore be balanced between a need to maintain an appropriate working cash balance and taking advantage of favourable movements in long term borrowing rates.

## PWLB Borrowing Rate Increase

- 3.18 On 9th October 2019, the PWLB increased the margin applied to loan rates by 100 basis points (1%) without warning; the new margin above gilts is now 180 basis points for certainty rate loans. This shift in policy was implemented by HM Treasury, who cite a substantial increase in the use of PWLB loans at some

authorities in recent months, as the cost of borrowing has fallen to record lows, and state that HM Treasury is therefore restoring interest rates to levels available in 2018, by increasing the margin that applies to new loans from the PWLB by 100bps (one percentage point) on top of usual lending terms.

- 3.19 In line with the Council's Treasury Management advisor's advice, the Council will continue to consider borrowing rates offered by alternative lenders, including other Local Authorities, alongside PWLB rates in order to minimise, where possible, its costs of borrowing.

### **Budget Implications**

- 3.20 A breakdown of the revenue budget showing interest and capital financing and the forecast year end position based on the period April to September is included in **Appendix 6**. An overall underspend of £2.186m is currently forecast, mainly related to the re-phasing of capital spend and the reduction in PWLB interest rates leading to lower than forecast borrowing costs and minimum revenue provision (MRP) requirement. This is partly offset by lower internal income related to service charges for funding debt costs in relation to the re-phased capital projects.

## **4 STATUTORY CONSIDERATIONS**

- 4.1 This report is for information only.

## **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

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

## **6 RISK MANAGEMENT**

- 6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.
- 6.2 The 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.
- 6.3 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.
- 6.4 In addition, the Council maintain a risk register for Treasury Management activities, which is regularly reviewed and updated where applicable during the year.

## 7 CLIMATE CHANGE

7.1 The Council will continue to review its investments to minimise direct investment in fossil fuel related companies.

## 8 OTHER OPTIONS CONSIDERED

8.1 None

## 9 CONSULTATION

9.1 Consultation has been carried out with the Cabinet Member for Resources, Section 151 Finance Officer and Monitoring Officer.

<b>Contact person</b>	<i>Donna Parham- 01225 477468; Jamie Whittard - 01225 477213</i> <a href="mailto:Donna.Parham@bathnes.gov.uk">Donna.Parham@bathnes.gov.uk</a> ; <a href="mailto:Jamie.Whittard@bathnes.gov.uk">Jamie.Whittard@bathnes.gov.uk</a>
<b>Background papers</b>	<i>2019/20 Treasury Management &amp; Investment Strategy</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

## APPENDIX 1

### Performance against Treasury Management Indicators agreed in Treasury Management Strategy Statement

#### 1. Authorised limit for external debt

These limits include current commitments and proposals in the budget report for capital expenditure, plus additional headroom over & above the operational limit for unusual cash movements.

	<b>2019/20 Prudential Indicator</b>	<b>Actual as at 30<sup>th</sup> September 2019</b>
	£'000	£'000
Borrowing	440,000	234,366
Other long term liabilities	2,000	0
<b>Cumulative Total</b>	<b>442,000</b>	<b>234,366</b>

#### 2. Operational limit for external debt

The operational boundary for external debt is based on the same estimates as the authorised limit but without the additional headroom for unusual cash movements.

	<b>2019/20 Prudential Indicator</b>	<b>Actual as at 30<sup>th</sup> September 2019</b>
	£'000	£'000
Borrowing	409,000	234,366
Other long term liabilities	2,000	0
<b>Cumulative Total</b>	<b>411,000</b>	<b>234,366</b>

#### 3. Upper limit for fixed interest rate exposure

This is the maximum amount of total borrowing which can be at fixed interest rate, less any investments for a period greater than 12 months which has a fixed interest rate.

	<b>2019/20 Prudential Indicator</b>	<b>Actual as at 30<sup>th</sup> September 2019</b>
	£'000	£'000
<b>Fixed interest rate exposure</b>	<b>409,000</b>	<b>214,366*</b>

\* The £20m of LOBO's are quoted as variable rate in this analysis as the Lender has the option to change the rate at 6 monthly intervals (the Council has the option to repay the loan should the 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.

	<b>2019/20 Prudential Indicator</b>	<b>Actual as at 30<sup>th</sup> September 2019</b>
	£'000	£'000
<b>Variable interest rate exposure</b>	<b>222,000</b>	<b>20,000</b>



## 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.

	<b>2019/20 Prudential Indicator</b>	<b>Actual as at 30<sup>th</sup> September 2019</b>
	£'000	£'000
<b>Investments over 364 days</b>	<b>50,000</b>	<b>5,000</b>

## 6. Maturity Structure of borrowing

This indicator is set to control the Council's exposure to refinancing risk.

	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual as at 30<sup>th</sup> September 2019</b>
	%	%	%
Under 12 months	50	Nil	12.8*
12 months and within 24 months	75	Nil	0
24 months and within 5 years	75	Nil	0
5 years and within 10 years	100	Nil	4.3
10 years and above	100	Nil	82.9

\* 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**.

	<b>2019/20 Prudential Indicator</b>	<b>Actual as at 30<sup>th</sup> September 2019</b>
	Rating	Rating
<b>Minimum Portfolio Average Credit Rating</b>	<b>A-</b>	<b>AA</b>

\* The calculation excludes the strategic investment in the CCLA Local Authority's Property Fund which is unrated.

## APPENDIX 2

### The Council's Investment position at 30<sup>th</sup> September 2019

The term of investments is as follows:

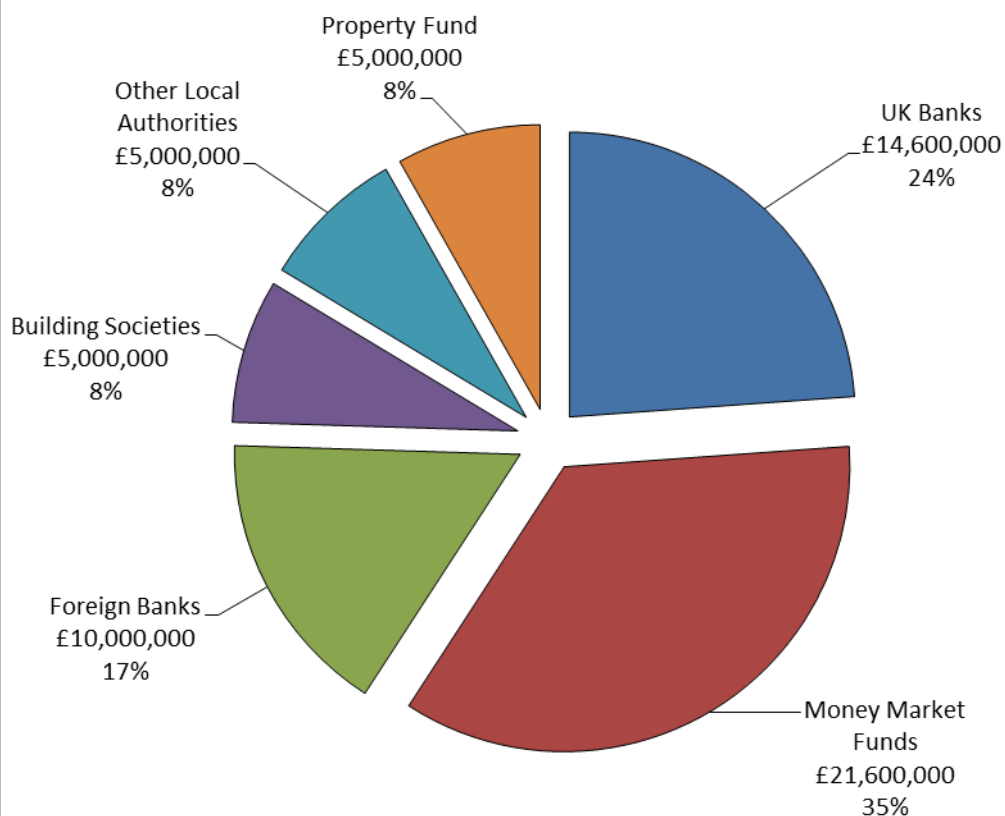
Term Remaining	Balance at 30 <sup>th</sup> September 2019
	£'000's
Notice (instant access funds)	26,200
Up to 1 month	10,000
3 month to 6 months	20,000
CCLA Property Fund (Strategic)	5,000
<b>Total</b>	<b>61,200</b>

The investment figure is made up as follows:

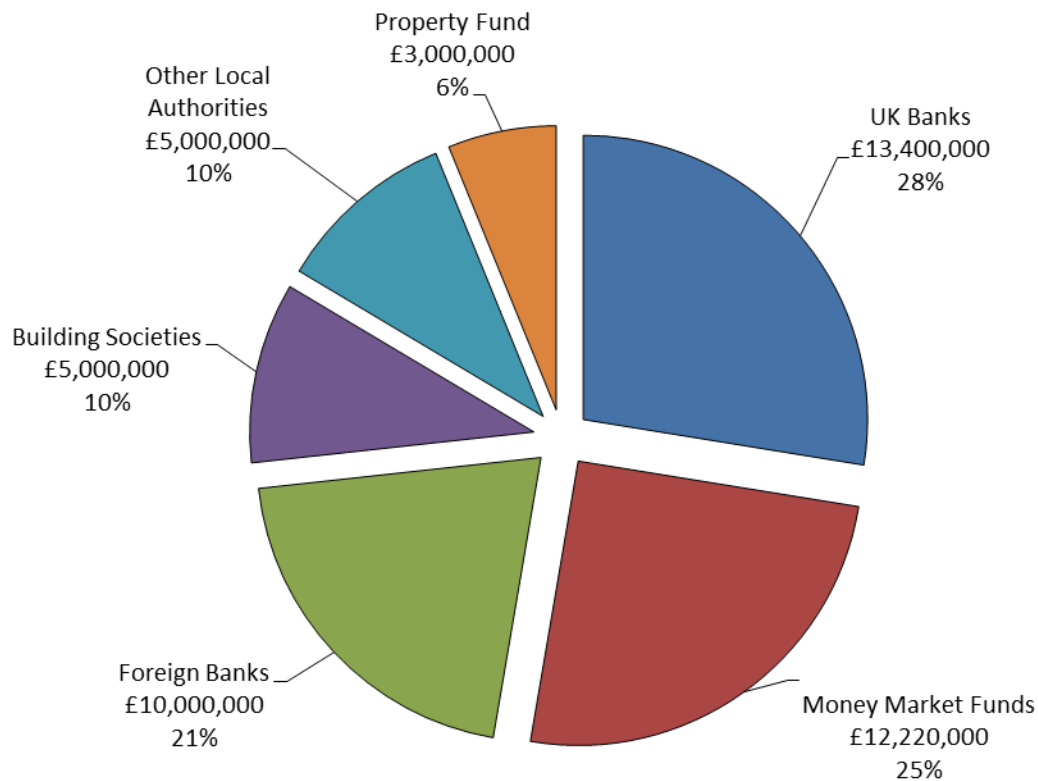
	Balance at 30 <sup>th</sup> September 2019
	£'000's
B&NES Council	58,018
Schools	3,182
<b>Total</b>	<b>61,200</b>

The Council had a total average net positive balance of £56.6m during the period April 2019 to September 2019.

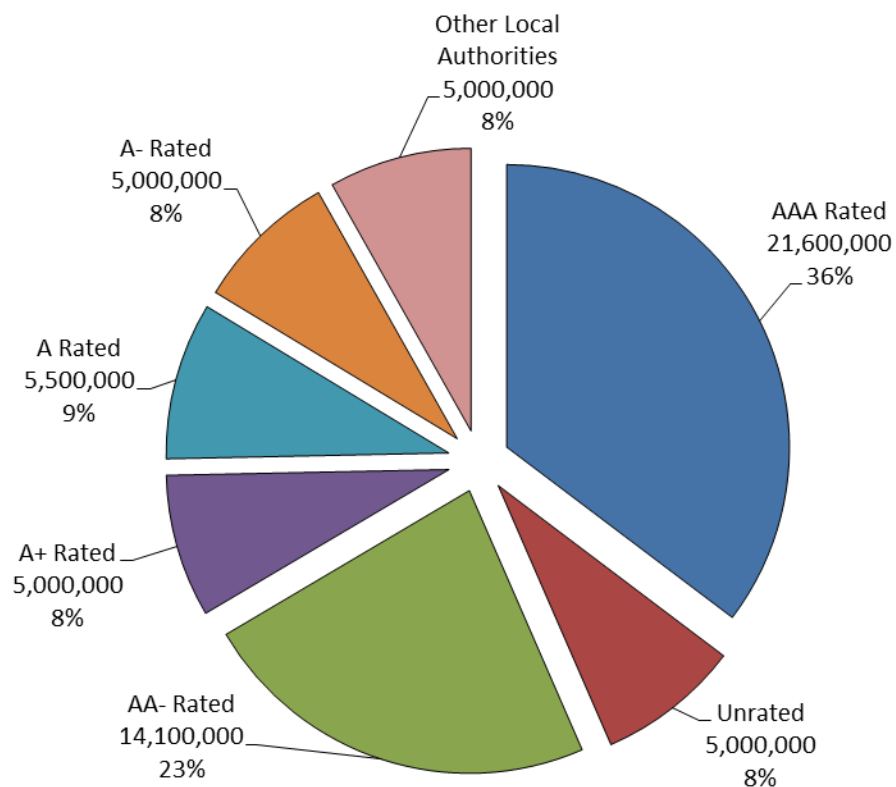
**Chart 1: Council Investments as at 30th September 2019 - £61.2m**



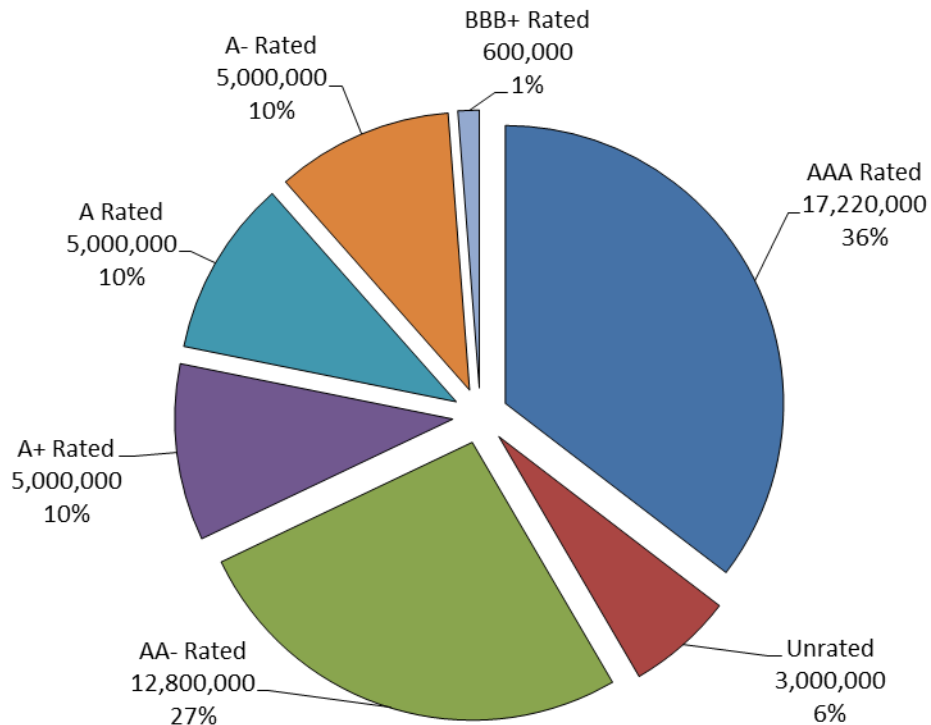
**Chart 2: Council Investments as at 30th June 2019 (£48.6m)**



**Chart 3: Council Investments Per Lowest Equivalent Long Term Credit Rating as at 30th September 2019 - £61.2m**



**Chart 4: Council Investments Per Lowest Equivalent Long Term Credit Rating as at 30th June 2019 (£48.6m)**



## APPENDIX 3

### Average rate of return on investments for 2019/20

	April %	May %	June %	July %	August %	Sept. %	Average for Period
<b>Average rate of interest earned</b>	0.83%	1.01%	1.02%	0.97%	1.07%	1.04%	<b>0.99%</b>
<b>Benchmark = Average 7 Day LIBID rate +0.05% (source: Arlingclose)</b>	0.62%	0.62%	0.62%	0.61%	0.61%	0.62%	<b>0.62%</b>
<b>Performance against Benchmark %</b>	+0.21%	+0.39%	+0.40%	+0.36%	+0.46%	+0.42%	<b>+0.37%</b>

## APPENDIX 4

### Council's External Borrowing at 30<sup>th</sup> September 2019

	Amount Outstanding (£)	Start Date	Maturity Date	Interest Rate
<b>LONG TERM</b>				
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	18,171,857	20/06/16	20/06/41	2.36%
PWLB	9,123,689	24/02/17	16/02/40	2.28%
PWLB	9,233,416	04/04/17	16/02/43	2.26%
PWLB	7,847,604	08/05/17	15/02/42	2.25%
PWLB	6,860,955	10/08/17	10/04/67	2.64%
PWLB	9,550,430	13/12/17	10/10/42	2.35%
PWLB	9,560,139	06/03/18	10/10/42	2.52%
PWLB	9,704,754	10/09/18	20/07/43	2.42%
PWLB	9,663,545	06/03/18	10/10/47	2.62%
PWLB	9,703,206	06/12/18	20/06/43	2.38%
PWLB	9,900,534	12/12/18	20/06/68	2.59%
PWLB	4,849,066	13/12/18	20/06/43	2.25%
PWLB	19,897,321	11/02/19	20/07/68	2.52%
PWLB	10,000,000	04/09/19	20/07/44	1.40%
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%
<b>Sub Total - Long Term</b>	<b>224,366,515</b>			
<b>SHORT TERM</b>				
Gloucestershire C C	5,000,000	25/11/14	25/11/19	2.05%
Gloucestershire C C	5,000,000	19/12/14	19/12/19	2.05%
<b>Sub Total - Short Term</b>	<b>10,000,000</b>			
<b>TOTAL BORROWING</b>	<b>234,366,515</b>			

\*All LOBO's (Lender Option / Borrower Option) have reached the end of their fixed interest period and have reverted to the variable rate of 4.50%. 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 Jul 2019 to September 2019

**Economic background:** UK Consumer Price Inflation (CPIH) fell to 1.7% year/year in August 2019 from 2.0% in July, weaker than the consensus forecast of 1.9% and below the Bank of England's target. The most recent labour market data for the three months to July 2019 showed the unemployment rate edged back down to 3.8% while the employment rate remained at 76.1%, the joint highest since records began in 1971. Nominal annual wage growth measured by the 3-month average excluding bonuses was 3.8% and 4.0% including bonuses. Adjusting for inflation, real wages were up 1.9% excluding bonuses and 2.1% including.

The Quarterly National Accounts for Q2 GDP confirmed the UK economy contracted by 0.2% following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit. Only the services sector registered an increase in growth, a very modest 0.1%, with both production and construction falling and the former registering its largest drop since Q4 2012. Business investment fell by 0.4% (revised from -0.5% in the first estimate) as Brexit uncertainties impacted on business planning and decision-making.

Politics, both home and abroad, continued to be a big driver of financial markets over the last quarter. Boris Johnson won the Conservative Party leadership contest and has committed to leaving the EU on 31<sup>st</sup> October regardless of whether a deal is reached with the EU. Mr Johnson prorogued Parliament which led some MPs to put forward a bill requiring him to seek a Brexit extension if no deal is in place by 19th October. The move was successful and, having been approved by the House of Lords, was passed into law. The Supreme Court subsequently ruled Mr Johnson's suspension of Parliament unlawful.

Tensions continued between the US and China with no trade agreement in sight and both countries imposing further tariffs on each other's goods. The US Federal Reserve cut its target Federal Funds rates by 0.25% in September to a range of 1.75% - 2%, a pre-emptive move to maintain economic growth amid escalating concerns over the trade war and a weaker economic environment leading to more pronounced global slowdown. The euro area Purchasing Manager Indices (PMIs) pointed to a deepening slowdown in the Eurozone. These elevated concerns have caused key government yield curves to invert, something seen by many commentators as a predictor of a global recession. Market expectations are for further interest rate cuts from the Fed and in September the European Central Bank reduced its deposit rate to -0.5% and announced the recommencement of quantitative easing from 1<sup>st</sup> November.

The Bank of England maintained Bank Rate at 0.75% and in its August Inflation Report noted the deterioration in global activity and sentiment and confirmed that monetary policy decisions related to Brexit could be in either direction depending on whether or not a deal is ultimately reached by 31<sup>st</sup> October.

**Financial markets:** After rallying early in 2019, financial markets have been adopting a more risk-off approach in the following period as equities saw greater volatility and bonds rallied (prices up, yields down) in a flight to quality and anticipation of more monetary stimulus from central banks. The Dow Jones, FTSE 100 and FTSE 250 are broadly back at the same levels seen in March/April.

Gilt yields remained volatile over the period on the back of ongoing economic and political uncertainty. From a yield of 0.63% at the end of June, the 5-year benchmark gilt yield fell

to 0.32% by the end of September. There were falls in the 10-year and 20-year gilts over the same period, with the former dropping from 0.83% to 0.55% and the latter falling from 1.35% to 0.88%. 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.65%, 0.75% and 1.00% respectively over the period.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth remains a global risk. The US yield curve remains inverted with 10-year Treasury yields lower than US 3-month bills. History has shown that a recession hasn't been far behind a yield curve inversion. Following the sale of 10-year Bunds at -0.24% in June, yields on German government securities continue to remain negative in the secondary market with 2 and 5-year securities currently both trading around -0.77%.

**Credit background:** Credit Default Swap (CDS) spreads rose and then fell again during the quarter, continuing to remain low in historical terms. After rising to almost 120bps in May, the spread on non-ringfenced bank NatWest Markets plc fell back to around 80bps by the end of September, while for the ringfenced entity, National Westminster Bank plc, the spread remained around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 34 and 76bps at the end of the period.

There were minimal credit rating changes during the period. Moody's upgraded The Co-operative Bank's long-term rating to B3 and Fitch upgraded Clydesdale Bank and Virgin Money to A-.

## APPENDIX 6

### Interest & Capital Financing Costs – Budget Monitoring 2019/20

April 2019 to March 2020	YEAR END POSITION			ADV/FAV
	Budgeted Spend or (Income) £'000	Forecast Spend or (Income) £'000	Forecast over or (under) spend £'000	
<b>Interest &amp; Capital Financing</b>				
- Debt Costs	9,106	7,915	(1,191)	FAV
- Internal Repayment of Loan Charges	(11,271)	(9,992)	1,279	ADV
- Ex Avon Debt Costs	1,100	1,100	0	
- Minimum Revenue Provision (MRP)	8,403	6,145	(2,258)	FAV
- Interest on Balances	(620)	(636)	(16)	FAV
<b>Total</b>	<b>6,718</b>	<b>4,532</b>	<b>(2,186)</b>	<b>FAV</b>

## 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 - indicates an issuer that has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business.



Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	7 <sup>th</sup> November 2019	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3173
TITLE:	Local Government Association (LGA) Corporate Peer Challenge Action Plan	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
1) LGA Corporate Peer Review Final Report		
2) Council response to Peer Review and Action Plan		

## **1 THE ISSUE**

- 1.1 The corporate LGA Peer Review took place in July 2019. This review was undertaken by a team of Councillors and Senior Officers from local authorities across the UK who examined the four elements of a corporate peer review which looks at the Council's leadership governance, financial planning and capacity to delivery.
- 1.2 The review also examined an area of the Councils choosing to help the Council focus on a local issue. The Council requested the review team to examine the Council's engagement with its communities and how it might further develop and improve its approach.
- 1.3 The Council have agreed with the LGA that the outcomes of the review and the Councils response would be published and that an Action Plan would be developed, monitored and implemented to address the recommendations in the feedback report. This would ensure that the Council were open and transparent with the findings of the Peer Review process and the activity they will be undertaking in progressing the recommendations in the report.

## **2 RECOMMENDATION**

**The Cabinet is asked to;**

- 2.1 Endorse the recommendations outlined in the LGA Peer Report and agree for the report and action plan to be published on the Councils Website
- 2.2 Agree to receive a six monthly monitoring report on progress against the Action Plan as outlined in Annex B

- 2.3 Agree to invite the LGA Peer Review team back or a follow up visit in the summer of 2020 to review progress.

### 3 THE REPORT

- 3.1 The full Peer Review feedback is shown at **Annex A** to this report.
- 3.2 Corporate Peer reviews are improvement-focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. The peers use their experience and knowledge of local government to reflect on the information presented to them by people they meet, things they see and material that they read.
- 3.3 The peer team provide feedback as critical friends, not as assessors, consultants or inspectors.
- 3.4 The scope and brief are a Peer Review cover the core components of all corporate peer challenges :
- Understanding of the local place and priority setting
  - Leadership of Place
  - Financial planning and viability
  - Organisational leadership and governance
  - Capacity to deliver
- 3.5 The Peer review also focus on a Council selected topic and the Council asked the team to review "our engagement with communities and how you could further develop and improve our approach"
- 3.6 The LGA Peer Team undertook a review of the Council in July 2019, the team consisted off the following Members:-
- Simon Wales, former Deputy Leader - LB Sutton
  - Councillor Alan Jarrett, Leader - Medway Council
  - Andrew Lewis, Chief Executive - Cheshire West and Chester Council
  - Alison Hughes, Assistant Director Strategic ICT Partnership - Wigan and Bolton Councils
  - Andrew Hardingham, Director of Finance (S151) - Plymouth City Council
  - Susan Attard, Head of Productivity - LGA
  - Letitia Holden, Local Government Stewardship - MHCLG
  - Paul Clarke, Peer Challenge Manager - LGA
- 3.7 The Peers reviewed a range of information to ensure we were familiar with the council, the challenges it is facing and its plans for the future.
- 3.8 They spent 4 days onsite at the Council during which they spoke to more than 170 people including a range of council staff together with councillors and external stakeholders, gathered information and views from more than 45 meetings, visited key sites and additional research and reading and collectively spent more than 300 hours to determine their findings – the equivalent of one person spending nearly 8 weeks in Bath and North East Somerset

- 3.9 The peer review report outlined a number of very positive issues including being well led and managed, strong track record and foundation for achievements and some strong processes and a sound financial base. However, the report also highlighted a number of challenges and potential areas of improvement for the Council to consider.
- 3.10 The Cabinet has now reviewed the contents of the feedback report and reviewed the recommendations and have developed an Action Plan to address the issues. This Action Plan can be found in **Annex B** to this report.
- 3.11 The implementation of the Action Plan will be monitored on a six monthly basis and reported back to Cabinet for consideration.
- 3.12 The LGA have requested that the Peer Team is invited back to follow up on the initial review and to check progress against the recommendations in the report.

## **4 STATUTORY CONSIDERATIONS**

- 4.1 None

## **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 5.1 The costs of implementing the action plan can be found from existing budgets. Areas that require further scoping will be brought forward once completed for possible funding within the budget proposals for 2020/21.

## **6 RISK MANAGEMENT**

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

## **7 CLIMATE CHANGE**

- 7.1 The Action Plan will ensure that all aspects of the Climate Change policy are implemented where appropriate, as part of the delivery of the Corporate Plan and Medium Term Financial Strategy as part of the overarching Policy and Strategy framework of the Council.

## **8 OTHER OPTIONS CONSIDERED**

- 8.1 None

## **9 CONSULTATION**

This report has been brought to the attention of the S151 Officer and Monitoring Officer of the Council.

- 9.1 The formal report and action plan will be published by the Council and copies of the reports made available to any interested parties.

<b>Contact person</b>	Steve Harman, Head of Business Support, Programme and Performance Directorate of Partnerships and Corporate Services.
<b>Background papers</b>	.
<b>Please contact the report author if you need to access this report in an alternative format</b>	

# LGA Corporate Peer Review Action Plan November 2019

No	Recommendations	Actions	Completed by	Lead Cabinet Member	Lead Officer
1	To enable the Council to realise its ambitions, it should ensure there is a clear articulation of these and its priorities by providing a 'Golden thread', right through from its revised Corporate Strategy to delivery plans and targets, underpinned by a robust Medium Term Financial Plan. The collaborative process of delivering these plans will be as important as its outcome.	To develop a new Council corporate Strategy and a revised Medium Term Financial Plan to be agreed by Council	February 2020	Leader and Deputy Leader	Chief Executive
2	The Medium Term Financial Strategy needs to be further strengthened to include longer term savings plans and updated alongside the new Corporate Strategy to ensure that the Council can deliver its new corporate priorities.	To ensure that the Medium Term Financial Plan include a full set of savings plans and the funding to deliver the priorities outlined in the Corporate Plan	February 2020	Deputy Leader	Director of Finance
3	Develop a vision and plan for the City of Bath, underpinned by a strong partnership framework to address its crucial importance within the district, region, nationally and internationally, and addressing the key economic, environmental and social challenges faced by the city.	To undertake a full review of the options available to establish the best governance framework for the delivery of a plan for the City of Bath. This may mean undertaking a full Community Governance Review for Bath	March 2021	Council Leader	Director of Partnerships and Corporate Services
4	Strengthen the effectiveness of the Council's current approach to innovation and transformation, within	Further development and implementation of the Council revised transformation programme (Improving How we work)	On going	Deputy Leader	Director of Partnerships and Corporate

	a comprehensive programme, embedding the key enablers, (e.g. digital, the Council's asset base and corporate culture) and challenges (e.g. cost pressures and demands).				Services)
5	Regularly review the Council's current approach to communications, ensuring it has sufficient focus and capacity to enable it to achieve its future ambitions for community engagement, and responsiveness to citizens and partners	<p>Continue to further develop the Council's approach to communications and engagement to ensure it:</p> <ul style="list-style-type: none"> <li>• Delivers against the council's priorities and key messages</li> <li>• Uses channels including social media and local news outlets in the most effective way</li> <li>• Embeds effective communications across the council through organisational development and support for skills and resilience</li> </ul> <p>The council will be launching a dedicated newsroom website in October 2019. There is fortnightly reporting of communications plan and associated metrics to Directors Group.AT completing</p>	<p>Oct 2019 (launch of dedicated new website)</p> <p>April 2020- update communications plan in light of adopted Corporate Plan and Budget/MTFS</p>	Deputy Leader	Director of Partnerships and Corporate Services
6	Review its governance arrangements, within the context of how they may: better engage citizens, more efficiently streamline decision making, and how they best balance this with clarity of purpose and openness.	Undertake a formal review of the Council governance arrangements, with appropriate options for development to ensure that communicates are better engaged and that decision making within the council is streamlined and more transparent.	December 2020	Council Leader	Chief Executive
7	Embed performance management and reporting across the organisation, aligned with the Corporate Plan and transformation programme, so it informs, guides and enables the	Develop and Implement a revised corporate Performance management system to ensure the effective monitoring and reporting of the Councils Corporate Plan and Transformation Programme.	April 2020	Deputy Leader	Director of Partnerships and Corporate Services

	successful delivery of outcomes for the Council and its partners.				
8	<p>Given the significant changes in the Council's leadership and management, it will be worthwhile for the Council's 'top team', of members and officers to spend constructive time together, formally and informally to:</p> <ul style="list-style-type: none"> <li>o Confirm the best way of delivering priorities and</li> <li>o Establish a strong working relationship to enable the effective leadership of the Council through change</li> </ul>	Further develop the Councils approach to Organisational development and an effective leadership programme for all Members of the Council Leadership and Management Teams, with measureable outcomes and targets	On going	Council Leader	Chief Executive
9	Members should be given the necessary support and access to development opportunities, to enable them to perform their crucial leadership roles as effectively as possible.	The further development and implementation of an effective Members Development Plan to ensure that Members have the necessary skills and training to effectively undertake their roles.	April 2020	Council Leader	Chief Executive

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# Corporate Peer Challenge **Bath and North East Somerset Council**

*9 – 12 July 2019*

Feedback Report

## 1. Executive Summary

Bath and North East Somerset Council's new political administration has an ambitious agenda for change and, given the outcome of the May 2019 elections, a clear mandate to implement it. Those ambitions, outlined in its manifesto 'Demand Better' cover a range of key strategic aims, including a clear commitment to addressing the climate emergency (declared on a cross-party basis prior to the election), a renewed focus upon engagement with communities, and an explicit intention to make the business of the council more transparent. The fact that the council Leader and her Cabinet welcomed the external Corporate Peer Challenge so early in its lifecycle, is already evidencing that intent.

The council is in a good position to support the existing and emerging priorities. It is well led and well managed, with the current (out-going) Chief Executive having set the tone. Importantly, we found a council that is self-aware, which recognises and is responding to the wonderful opportunities that the city of Bath and the vibrant communities of North East Somerset represent, but also the challenges facing the council and the district, now and into the future. For example the council has a good understanding of the rising demand and cost of social care, which appear to affect this council disproportionately, and equality gaps in education, employment and health.

May 2019 was an important milestone for the council and going forward it will require strong, purposeful leadership and effective management of change. That self-awareness is key, since whilst the new administration has clear ambitions, they know that with many new members, both within the Cabinet and the wider membership, they will need support to play their demanding leadership roles. Equally, with the selection process for a new Chief Executive being scheduled for the week after our visit, this signals a further change which needs to be approached in the positive manner. The council should grasp the opportunity that its new leadership team creates, to retain and build upon its many existing strengths, but importantly forge ahead with confidence, by planning and then delivering against its new priorities.

We have confidence that the council will continue to make progress. It has a strong foundation and track record for achievement. It is recognised as a collaborative and reliable partner; for example, through the impact it has had within the West of England Combined Authority (WECA) and the benefits that its creation has delivered for the wider region. We met with a capable and committed senior officer team and a workforce which is 'up for the challenge'. This team has already demonstrated a track record for managing effective change, such as the impressive integrated working with health commissioners, or the strong performance of the council's children protection and SEND services, as evidenced through Ofsted Inspections.

A key task now is for members and officers to work with purpose to translate ambitions into action. Some of those ambitions, for example to involve citizens more extensively in decision-making, need to be translated into practical ways of working; they need to be seen to be making a difference. There are important policy choices ahead, particularly to respond to the climate emergency and aims for Bath and North East Somerset to be carbon neutral by 2030. These and other ambitions will need to be delivered within an increasingly challenging financial environment. Therefore the importance of updating

and aligning the council's corporate strategy and its medium term financial plan is a fundamental next step. It will also be very important that senior members and officers take the time, both formally and informally to work on this together. It will set their agenda and, just as importantly, help frame their way of working together.

The council has created a strong asset base over many years, which would be the envy of most other councils. This asset base has helped underpin financial sustainability throughout the years of austerity. For example, it has a significant building ownership within the city of Bath. But, as the council is well aware, these assets also bring responsibilities and risks. Pressure on returns, including in the retail sector, the uncertain national economy, and the on-going liabilities associated with many of the council's investment responsibilities, means that the financial benefits of a strong asset base may become more challenging to secure. Such are the pressing financial challenges, that reliance on this asset base will not be enough to see it through.

Given the changes and challenges referred to it will be important that the council refocuses its attention and capacity on innovation, transformation and communication. The council has refreshed its transformation aims which are currently reflected in its 'Improving How we Work' programme. This will be a key enabler in modernising the council, seeking efficiencies and engaging citizens in new and different ways, covering areas such as smart working and a digital programme. It is important that programme is championed from the top, that accountability for delivery is clear and that it's potential as much more than a programme of work is recognised. Managed well, it has the potential to be a pervasive approach that underpins everything the council does and runs right across all the council's activities, rather than something seen as supplementary to the day-job.

The council has some communication challenges. The new administration has a strong ambition for better engagement with citizens, communities and other key stakeholders. The council internally is good at pushing out key messages to staff, it is also good in some of its external communication, for example in respect of community libraries. It is less good, as with transformation, at utilising its communication capacity in the most strategic ways, building on the strengths and assets of the existing opportunities it has created, so that communication is an end as well as a means. We believe this will require a review of the council's aims and outcomes being sought in terms of communications. There is work to build upon already in respect of this but it needs strong alignment now to the new priorities. An effective communication strategy also needs to manage the risks that expectations are raised too high, and – critically – ensure that the voices of the whole community are heard, and not just those that speak loudest.

The council's governance arrangements are well managed and fit for their current purposes. It takes a pragmatic and iterative approach to updating its constitution, amending and improving this as circumstances dictate. There is a new desire to involve citizens more in decision making and this needs to be reflected in any governance changes. Likewise we were told of sometimes slow and overly bureaucratic systems of oversight for some of the councils arm length arrangements and entities. Some partners also feel that positive engagement from the council's leadership sits alongside a less responsive approach from, we were told, regulatory and planning services. It will be

important that the council assures itself that its services are responsive and timely in response to the needs of communities and partners, as a necessary underpinning of a positive external reputation.

We found a pride and commitment to the whole of the district from everyone we met during the peer challenge: members, staff and partners. However, it struck us that given the importance the council has placed upon its effective stewardship for the district as a whole, that it has not sufficiently championed the need for what we called 'A City Plan for Bath'. The City is not only the heart-beat of the authority area, it is a special and unique international World Heritage site. As a means of embracing all of the opportunities and challenges referred to above, the peer team believe the city needs a long-term vision, underpinned by a strong evidence-base to inform it. Aligned to this partners such as the universities and the voluntary and community sector can then be engaged afresh and we found they are very willing to be engaged. Such an approach, if done well will create a perfect opportunity to have a more inclusive public dialogue, which will be fundamental to its success.

## **2. Key recommendations**

There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions, in addition to the conversations onsite, many of which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the council:

- To enable the council to realise its ambitions, it should ensure there is a clear articulation of these and its priorities by providing a 'Golden thread', right through from its revised corporate strategy to delivery plans and targets, underpinned by a robust Medium Term Financial Plan. The collaborative process of delivering these plans will be as important as its outcome.
- The Medium Term Financial Strategy needs to be further strengthen to include longer term savings plan and updated alongside the new corporate strategy to ensure that the Council can deliver its new meet its new corporate priorities.
- Develop a vision and plan for the City of Bath, underpinned by a strong partnership framework to address its crucial importance within the district, region, nationally and internationally, and addressing the key economic, environmental and social challenges faced by the city.
- Strengthen the effectiveness of the council's current approach to innovation and transformation, within a comprehensive programme, embedding the key enablers, (e.g. digital, the council's asset base and corporate culture) and challenges (e.g. cost pressures and demands).
- Review the council's current approach to communications, ensuring it has sufficient focus and capacity to enable it to achieve its future ambitions for community engagement, and responsiveness to citizens and partners.
- Review its governance arrangements, within the context of how they may: better engage citizens, more efficiently streamline decision making, and how they best balance this with clarity of purpose and openness

- Embed performance management and reporting across the organisation, aligned with the corporate plan and transformation programme, so it informs, guides and enables the successful delivery of outcomes for the council and its partners
- Given the significant changes in the council's leadership and management, it will be worthwhile for the council's 'top team', of members and officers to spend constructive time together, formally and informally to
  - Confirm the best way of delivering priorities and,
  - Establish a strong working relationship to enable the effective leadership of the council through change
- Members should be given the necessary support and access to development opportunities, to enable them to perform their crucial leadership roles as effectively as possible

### **3. Summary of the Peer Challenge approach**

#### **The peer team**

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed by you. The peers who delivered the peer challenge at Bath and North East Somerset were:

- Simon Wales, former Deputy Leader – London Borough of Sutton
- Councillor Alan Jarrett, Leader - Medway Council
- Andrew Lewis, Chief Executive - Cheshire West and Chester Council
- Alison Hughes, Assistant Director Strategic ICT Partnership - Wigan and Bolton Councils
- Andrew Hardingham, Director of Finance (S151) - Plymouth City Council
- Susan Attard, Head of Productivity - LGA
- Letitia Holden, Local Government Stewardship - MHCLG
- Paul Clarke- LGA Peer Challenge Manager

#### **Scope and focus**

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges cover. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?

3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, you asked the peer team to consider/review/provide feedback on the council's engagement with communities and how it might further develop and improve its approach.

### **The peer challenge process**

It is important to stress that this was not an inspection. Peer challenges are improvement focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent 4 days onsite at Bath and North East Somerset Council during which they:

- Spoke to more than 170 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 45 meetings, visits to key sites in the area and additional research and reading.
- Collectively spent more than 300 hours to determine their findings – the equivalent of one person spending more than 8 weeks in Bath.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (9-12 July 2019). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

## 4. Feedback

### 4.1 Understanding of the local place and priority setting

We found the council had a strong sense and understanding of Bath and North East Somerset (B&NES) and was purposefully responding to the opportunities and challenges across: the district and its 51 parishes; the region more widely - given its role as part of the West of England Combined Authority and indeed internationally - give the unique status and heritage of the City of Bath. For example, we found a clarity of understanding of the current and emerging challenges, including the rising cost and demand for social care and the physical pressure on infrastructure and rising maintenance costs. Furthermore, we saw a council that was seeking to develop a far more granular understanding of its new and emerging priorities, such as fulfilling its commitments in respect of its declaration on a climate emergency. It is also evident that the council is responding to such priorities, witness its recent rebasing of spending budgets, including additional adult social care spending for the most vulnerable and acceleration of integration plans with Health partners.

One of the key issues for the council, given the administration's refreshed and new priorities, is to reconcile complementary and in some cases potentially competing priorities, for example how its ambitions for growth will reflect its aims in respect of carbon neutrality. At the same time, it must do this by responding to the needs and expectations of different communities across the district and this task should not be underestimated. The council has wisely chosen to revise its Organisational Plan for this year i.e. 2019/20, but it also needs to start now to develop a longer term vision, priorities and action plan for the council, ensuring there exists a "golden thread" from that vision, right down to operational delivery.

That 'golden thread' can only be assured if the council's strategic policy and plan framework is developed in a coherent manner. As such the council's longer term future plan, beyond this year must be accompanied by a medium-term financial framework. If done well this will help the council to plan for and better manage its funding challenges which are current and pressing, enabling it to plan its investment and look to address what are in some areas, unsustainable cost pressures e.g. the growing number of looked after children, while at the same time protecting the most vulnerable. This is no easy task and the council's senior members and officers should spend time now and into the future, both formally but just as importantly informally too, working this through. This will of necessity require the council to consider what it will stop doing, do differently or deprioritise and this too lies at the very heart of the way it engages with its citizens and communities. If done well this can lead to active citizen engagement and an effectively managed reallocation of capacity across the council and indeed its wider stakeholders.

The council works very well through many of its partnerships, as is reflected throughout this report. There are real opportunities to build upon these and reinvest time in others that have been less successful to lever their full potential. A key recommendation in respect is the co-creation of an 'A City Plan for Bath'. The City is the areas greatest asset, but also its greatest responsibility. In terms of visitor numbers, heritage assets,

business critical-mass, transport and environmental challenges, it shares many of the same issues that much larger cities have to address and therefore in the view of the peer team needs a long-term strategic plan.

Such a plan should be developed with the key anchor institutions, and through inclusive public and business engagement. There are issues to grapple with, for example, the business community identifies themselves as fragmented and without a clear focus for their engagement, or common vision to unite behind. The long-term infrastructure challenges can appear intractable and overwhelming. There is huge potential to capitalise on the large student population, for example creating greater opportunities for them to build new businesses and become long term members of the community. Local citizens are highly engaged and articulate, and make significant demands for the council to meet and within that context the 'voice of the vulnerable', as one stakeholder described it is danger of not being heard as well as it might. Furthermore, the lack of local parish councils in the city has implications for community governance. In the words of one business leader, "Bath is a difficult city to manage"

In the face of such challenges important steps are being taken to move the city forward and things seemed well placed to take a much needed longer term view. The Bath Forum is providing a focus for community organisations and councillors to engage constructively, and after a "forming" phase is now in a good position to do more and become more visible. Changes in the leadership of both universities have opened up the opportunity for a different and more productive partnership. Both Vice Chancellors expressed commitment to engage positively with the council on the long-term future of the city, helping to resolve complex challenges on the basis of evidence and dialogue. In the view of the peer team, moving with pace to establish an effective strategic partnership for the city will give confidence to partners that the council is focused on the longer-term and will set in place an effective partnership that will create a framework necessary to take the city forward.

## **4.2 Leadership of Place**

The council is in a good position to build upon and accelerate its ambitions for B&NES. It has a good track record for building strong alliances within and beyond its boundaries. Firstly this is because it has to, but most importantly it has done so because it recognises this is fundamental to be an effective leader of place. It 'has to' because the geography within which these alliances are developed is complex, for example the partnerships for policing, health and economy each cover a different geography. There are many strong partnerships in place across this landscape which the council is at the heart of, and these are achieving significant outcomes for the people they serve, e.g. Health and Social Care integration, West of England Combined Authority, Joint Spatial Plan, Safeguarding/Community Safety joining up. The feedback we received from numerous partners was very complimentary, several referred to the council as 'it's go to partner' or 'partner of choice'.

One of these key partnerships, where the council plays a pivotal role, is the West of England Combined Authority (WECA), and the devolution agreement with government to transfer substantial new powers and funding. The other council members of WECA acknowledge the contribution of the previous political leadership and chief executive,



and very much welcome the new leadership's support. The council can demonstrate clear added value from its participation in WECA, including £70+ million of additional investment secured so far. The council has published the WECA Visualisation Dashboard to demonstrate publicly where projects funded by WECA are being implemented. The role of WECA goes beyond its funding role, however, and over time it will develop a stronger strategic influence over the West of England economy; through the emerging Local Industrial Strategy. It is acknowledged that full engagement with WECA absorbs scarce capacity from the council, so this needs to be prioritised where it adds most value. For example, WECA has a role as a new Integrated Transport Board. B&NES's ambitions to improve local transport connectivity, the quality and frequency of local bus and rail services, reduced congestion and cleaner air, and to respond to the climate emergency, will require strong engagement with WECA to champion a more strategic and locally-accountable approach to transport.

A key ambition, but also a challenge, is the issue of housebuilding in an area which has some of the highest house price affordability issues in the country. The council has clearly stepped up to support new housebuilding and is acting within its partnerships with purpose; in 2018 there were 1,245 new homes in the district, beating construction targets for a fourth straight year. Furthermore, the new administration has dual aims to both build and enable more social and affordable housing and continue to improve the quality of rented housing to make its housing stock one of the greenest in the UK. The proposed new Joint Strategic Plan, shared with the other 4 West of England councils, includes plans for an additional 13,000 homes for B&NES. Given the administrations aims, the links to the declaration of a climate emergency, and public concerns about the impact of new development, delivery of this commitment will require active management by the council.

The examples outlined above clearly demonstrate the need for such vision and priorities for the district to be matched with clear plans in relation to resource allocation for staffing and finances as already stated. A further area which will also need such attention is how the council strengthens its relationships with parishes, town councils and community forums. During our visit we met with representatives of all of these and on the first evening, where there was a meeting with chairs and vice chairs of community forums, which was chaired by the Leader of the council. The degree of positive intent was palpable and energising, with many strong assets to build upon. It was evident that there is a will and desire to galvanise a new and exciting approach to engagement and this should now be grasped.

The council is 23 years old, and is well established in public understanding. Over time it has helped to build unity and common purpose, but there remain some views that the geographical boundary of the council is a product of local government administration rather than a natural community of interest. The challenges and opportunities facing Bath (which hosts more than half the council's population, in university term time) are different and distinct to those of other, more rural, communities of North East Somerset. There are also important differences in the governance of North East Somerset, which is served by parish councils of different scale, capacity, sense of place and views about precept spend, and Bath itself, which is not parished. We heard the council described by some councillors and external stakeholders as being "Bath-centric", but also a concern that the interests of the city were being held back by the need to continually

demonstrate an equivalent attention to the needs of more rural communities. There is a risk of divisive narratives developing between the interests of different parts of the district, restricting the council's ability to differentiate its offer according to the very different needs of different communities. The new Cabinet are very aware of this risk and, since their support was drawn from both the city and rural areas, are in a good position to address this issue in a way that takes the entire district forward.

### **4.3 Organisational leadership and governance**

The context of the changing political landscape is fundamental to the current and future leadership and governance of B&NES. Although the council has seen changes in political leadership throughout its lifespan, the May 2019 elections delivered a profound change in the political make-up of the council compared to 2015. Firstly, following a Boundary Review, the council reduced in size from 65 members to 59. Secondly, there is now a new political administration, with a significant shift in the Liberal Democrat representation, moving from the main opposition with 15 members, now to leading the council, with 36 members.

The council has over an extended period of time shown good, visible and cohesive leadership. Many partners we spoke with highlighted the council's leadership's key influencing role and 'can do' approach. This says much about the council's reputation over time and it will be something that it will need to maintain and build upon. Indeed, now is a great opportunity for the new leadership to reach out to some key stakeholders afresh where less progress has been made, for example with the universities within Bath or the parishes and towns of North East Somerset.

The new political leadership is bringing energy, new ideas and an agenda for change, which should help with that reaching out. There is a mix of experienced and new councillors, as one would expect given the change and the freshness of that dynamic is something to build upon, so that the energy of any new administration can be harnessed to deliver its aims. We found the administration was open to learning and challenge from both inside and outside the council. This is important, since the new Cabinet especially, must be given good support to help them with their leadership roles; they were very receptive to mentoring and peer support; which is a positive sign of their intent.

Ensuring constructive engagement between officers and members through this next period of change is critical. There is a need to retain and strengthen a collective approach to decision-making, by both officers and members. There are pressures and future expectations arising from each portfolio area, but a sustainable outcome will only be possible if a single collective approach can be developed based on shared priorities.

Given the above, we were pleased to see constructive engagement between members and officers. The development of shared priorities and values for both councillors and staff at B&NES and with the Clinical Commissioning Group, is clear evidence that there is a common purpose, language and understanding. These values and behaviours are key features of the council's Organisational Plan for 2019/20 and as such, everyone is literally 'on the same page'. We also saw a will and intent to work collectively to turn

ambitions into tangible delivery plans; witness the good collaboration and engagement between members and officers in how they intend to progress their climate emergency priorities.

These positive signs of collaboration should be built upon. We would encourage the ‘top team’ of members and officers, to work together both informally as well as formally and ensure they set aside the time to do this over the next few months especially, so they can ensure the range of current and new priorities begin to become embedded. In doing so they will be also building their relationship as a team going forward. Keeping strong and effective relationships will be especially important, since the current chief executive is due to retire and at the time of our visit the council was preparing for the selection of a new chief executive.

The council has a suitable governance framework in place but should continue to review and where possible improve this. For example, to reinforce the strength of its partnership working it has established a Health and Care Board, with representation of members and officers of the council, as well as clinicians, managers and lay members from the CCG. The Board not only promotes collaboration between agencies, i.e. developing joint strategies and pooling financial resources to maximise value, it also monitors the impact of the council and CCG’s integrated commissioning arrangements on the health and wellbeing outcomes for the area’s population. This model is sound; it encourages a collective purpose, a clear joint agenda and an openness and timeliness of reporting and delegations. The council may wish to consider how well it applies such principles to other aspects of its governance, for example in respect of some of the ‘arm’s length’ company arrangements. This is important since there is a clear need to have clarity and transparency of decision making, but in quickly changing circumstance it will also be important that appropriate delegations are also in place. A key aspect of the new administration’s approach is to make its governance more open and as such this is worthy of review.

Aligned to the above, it will be very important going forward to ensure that there is a comprehensive and transparent performance management and reporting framework, which is open to public scrutiny. The council is placing a greater focus on improving its performance management arrangements, with an increased emphasis on the outcomes being sought and reporting against progress-witness it’s ‘Vital Signs’ reporting approach, which is providing an overview of progress against a range of performance data. The peer team feels that in the light of changing priorities it will be important to ensure that this is ‘fit for purpose’ for the future requirements of the council and the emphasis upon transparency and clarity.

We know that the council takes an active and iterative approach to updating its constitution and procedures. We are not advocating for a whole sale review of these but in the light of the comments and suggestions above, it again would be worthwhile just looking afresh at how these may be updated.

#### **4.4 Financial planning and viability**

The council has a reasonable track-record of financial management in recent times despite the challenges all councils have faced nationally. It has achieved this by utilising

its strong asset base, streamlining services and seeking efficiencies. This has delivered savings of £55m between 2013 -18 with a further £17m reported for 2018/19 (£72.4m over six years). Generally, this has been achieved with minimal impact on frontline services.

Although the model and approach has served the council well, it is not sustainable into the medium term. The council needs to deliver savings totalling £12.3m in the current financial year, with further savings of £21.3m for the period up to and including 2023/24 (if council tax rises are not taken into account). Whilst the council has coped to date, the external auditor has commented upon the risks in respect of its regular, albeit small overspending within its children's and adults' budgets. This led to a rebasing of these budgets in 2018/19 of £3.9m and £3.1m respectively. There are potentially significant down-side risks to council finances, from the high and growing costs of adult care services, including the difficulties in securing staff given the local labour market, and a recent material increase in the number of looked after children. It will be important that the council reviews the success of the budget rebasing, and stems demand where it can through driving transformational change. If it does not, it will continue to overspend.

The council benefits from a substantial property portfolio and income secured from its ownership of world-class heritage assets. This has helped to cushion the council from some of the impact of austerity, allowing it to continue to provide services which in other places councils have discontinued. There are however sizeable risks to this going forward. Income targets from property assets are becoming more difficult to meet. And, in the absence of the legal ability to levy new tourism taxes, there is a ceiling on the scope to translate the success of the tourism sector into growing income for the council. As well as a source of financial benefit, the heritage sector also creates substantial additional costs and responsibilities which fall to the council; for example in managing the impact on the highways network. The council is also aware of significant risks to its property portfolio arising from structural changes in the nature of the retail market and how these will affect future revenue streams.

The above context is key since it represents a strategic challenge to the incoming council leadership. They have been elected on an ambitious manifesto including significant commitments, and have plans to respond to the climate emergency, strengthen local public services and meet the high expectations of citizens. In order to reconcile these ambitions with available resources, they will need to develop a long-term strategic approach. Starting with the council's visions and values, they will need to develop a clear council plan and medium-term financial strategy. This should include a long-term plan for the use of assets; identifying those that require long-term maintenance, those that can be sold to provide capital receipts for re-investment or transformation of services, and additional investment to secure future income.

The transformation theme is key here. The council has through its 'Improving How We Work' programme developed a collaborative approach to delivering savings through programmes such as procurement, service reviews and the delivery of the digital agenda. The council has some excellent examples of service transformation and innovation, witness the brilliance of the leadership and performance of the Roman Baths. Indeed service change and transformation is sprinkled throughout the council

and is clearly present but it recognises it needs to do more to embed innovation as a core function. Looking forward, the continued financial challenge will place an even greater requirement to change ways of working. This is particular the case in those services under most pressure, focused on addressing the complex needs of vulnerable children and adults. As part of its new corporate strategy, the council could consider setting up a comprehensive transformation programme. The ingredients for the success of such a programme are: adequate resources and internal capacity drawn from both corporate and service experts, clear governance, a learning culture and focus on best practice from other organisation, and a robust mechanism for measuring and delivering financial and operational outcomes.

The council's transformational activity is reliant on the realisation of capital receipts to fund this. Should the capital receipts not be generated the redundancies required to balance the MTFS will need to be funded from other reserves held thereby bringing them below the self-determined required level. The review of the strategic property function is important not only in this respect but also to allow for investment in housing.

The council has a great opportunity to gain a financial return from one of its companies, Aequus Developments Ltd (ADL), but needs to determine how best to utilise this asset going forward. The company has the ability to return a financial dividend through trading, delivering additional housing units for sale, thereby generating capital receipts and for rental. The approval process for the transfer of sites from the council to the company requires review with the objective of speeding this up as the current process significantly impedes opportunity, however ADL also needs to ensure that each transfer meets the strategic needs of the council.

From what we read and heard, we believe there is a sound financial monitoring process in place, which includes monthly reporting to the Senior Management Team and quarterly to Cabinet. In line with the comments above and recognising some of the weaknesses in the councils approaches to managing performance, we believe that consideration could be given to linking budget reporting to a performance management framework of defined service standards.

The council is well served by its leadership and staff who work within finance. However, the existing Director of Finance is an interim appointment and given the importance and scale of the financial challenges we have highlighted, the appointment of a permanent Chief Financial Officer will be fundamental to the achievement of its plans.

#### **4.5 Capacity to deliver**

We heard a clear message that staff are very much are 'up for change'. Those we spoke with were proud to work for the council and of what it has achieved to date, which is a great foundation from which to build. This commitment and enthusiasm should be harnessed now so that staff are engaged well, and through that enabled to understand, help crystallise and then deliver the new council's priorities into actions.

A further foundation stone that will stand the council in good stead, is the very impressive way it has developed, for both the council's member and officers, and also the CCG's, core values and 6 underpinning behaviours, including being collaborative,

accountable and curious. This reinforces how through change, effective partnerships and strong engagement can be sustained so that focus and capacity is not lost. As the council changes and as the 3 geographically linked CCGs form a single alliance, we advise that such strong foundations anchor that change and are constantly reinforced.

The council has made a strong investment in its staff, its changing culture and in progressive people management. We had the privilege of meeting with a vibrant group of council apprentices, who clearly demonstrated their commitment and enthusiasm for working for the council and how they were individually supported well internally. The potential to galvanise their collective as well as individual contributions as a cohort was something we felt that could be built upon for their benefit and that of the council. At a time of change it will be important to galvanise the whole workforce in a similar way and as such the emergence of a new People Strategy is a welcome development to reinforce that message.

The council needs to place a greater priority in ensuring the accuracy of its underpinning data, as the evidence this generates is used to inform and shape its strategies and programmes. For example, it struck the peer team, that some of the organisational health indicators e.g. staff absence was not as robust as it might be and people we spoke with did not have a strong confidence in what was always being reported. Given the above, and the council's drive around openness and transparency it is very important that there is more rigor around data collection and analysis in respect of this and others measures, so the council can be truly assured of its performance. Reward and recognition of this is important as well as addressing gaps?

We received feedback from a range of stakeholders, both internally and from partners too that sometimes the council could demonstrate agility and speed of response more systematically. The feedback indicated that sometimes unnecessary bureaucracy and burdensome processes slowed and hampered progress. In line with our observation in respect of governance it would be worthwhile for the council to review its decision pathways and consider opportunities to increase the management discretion devolved to individual services, operating within their agreed service budgets with a higher degree of flexibility; and thus empowering staff. This is a key consideration in ensuring the appropriate balance between political oversight and operational freedom, for example in respect of the council's commercial partnerships and entities

We saw a renewed focus on performance management and the council's 'Vital Signs' reporting system does offer opportunities, within the context of recent changes and new priorities to review the core organisational targets and confirm ownership of these. It will be important that the council is in a position to assure itself that it has a coherent organisational performance culture which reinforces the 'golden thread' from council priorities to individual appraisal and provides a clear 'line of sight', for both members and officers, so that this reinforces good and transparent governance.

The council is often a partner of choice and clearly benefits from this. We found a willingness amongst the council and some of these partners to go beyond this. Therefore, in the view of the peer team a further strand or aim of the councils transformation plans could be to build upon such good relationships to look at the

potential for shared services with core partners (with neighbouring councils and significant local institutions) in order to build reliance and share scarce capacity.

Much of what the Council wants to achieve depends on really effective communications, with the new political leadership setting high standards for public engagement on key issues. Communication is also fundamental to the cultural change necessary to address the climate emergency, to attract and support visitors, and to ensure that the council is listening to the voices of the whole community, not just those who speak loudest. The recent experience of consultation on the clean air zone offers some positive and very valuable lessons. Therefore, the Communication approach and resourcing within B&NES will need to be reviewed regularly, so that it proactively addresses the communications challenges the council is facing and enables it to achieve its future ambitions for community. The LGA is able to offer support based on best practice from across the sector, and the council is also encouraged to take advantage of this advice. .

The simple thing to do, following such a profound change at the May elections and with the chief executive announcing his retirement, was to postpone the Corporate Peer Challenge. The council chose the opposite, opening itself to external challenge and scrutiny and we hope the process of doing so and this report adds value to that. That commitment to external challenge, learning, expertise and innovation were all features of our visit and this report and is a demonstration of the council's desire and intent in respect of improving for the benefit of its citizens.

#### **4.6 Engagement with Communities**

The new leadership has a clear critique of the council's previous practice of community consultation and engagement. They wish to substantially extend opportunities to bring citizens into decision-making, and for the council to place a greater emphasis on listening to diverse viewpoints before determining a way forward. Although there are examples of good practice to build upon, it is recognised that this will require adjustment to the culture of the council, as well as amendments to practice which establish new ways of working.

This critique of the council above is universally recognised by staff and partners, and there is a commitment to do things differently. Therefore the challenge is to turn this ambition into new practical ways of working, and establish this as a core element of the council's culture and the way it manages risk and expectations of communities, in a similar way to that which other councils, notably Wigan, have done so. There are also opportunities to celebrate some of the examples which exist of strong communities working together to solve problems, asset transfer and service delivery, community initiative etc and use these to support other communities. Sorry covered later!

Many of the considerations, observations and suggestions already made in respect of governance, transformation, performance management and communications all have equal relevance for this section. Their collective strength needs to be harnessed so they help inform and underpin progress in relation to engagement.

Within in the context of this area of focus we have highlighted below three specific relationships that in the view of the peer team needs specific and prioritised attention:

- Engagement with students – in the view of the peer team, this needs to be radically improved. The existing Forum working well to address practical issues, but there is what we described as a ‘community cohesion challenge’, where the needs and expectations of students and residents in the city need to be properly and jointly addressed harnessing the strengths and assets of these members of the communities and opportunities to contribute to the future of Bath
- Engagement with Parishes – there are effective parish and community forums. But we found there were often patchy and tense relationships, with some divisive narratives. The peer team felt the revised Parish Charter could be applied more proactively, (recognising that this requires a shared commitment) to manage respective responsibilities more transparently and be utilised as a lever for change – there are also opportunities for communities to build a sense of pride about what is unique and good about them, as well as building a plan for their future and focusing on how they benefit from Bath assets
- Engagement with the Third sector / Community leaders – we came across great examples of local community action (e.g. the “Wombles”). We also met what is a very engaged and committed ‘third ’sector. It struck us that through there earlier and more effectively managed engagement real progress could be made. They want, and we think need, a ‘seat at the table’. Given the councils priorities, service and financial challenges, early and effective engagement should help the council protect local services, with community support. Include in strategic engagement / consultation plan.

## 5. Next steps

### Immediate next steps

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions in order to determine how the organisation wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Andy Bates, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). His contact details are: Email [andy.bates@local.gov.uk](mailto:andy.bates@local.gov.uk)

In the meantime we are keen to continue the relationship we have formed with the Council throughout the peer challenge. We will endeavour to provide signposting to examples of practice and further information and guidance about the issues we have raised in this report to help inform ongoing consideration.

### Follow up visit



The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the council. Our expectation is that it will occur within the next 2 years.

### **Next Corporate Peer Challenge**

The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge or Finance Peer Review every 4 to 5 years. It is therefore anticipated that the council will commission their next Peer Challenge before 2024.

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Bath & North East Somerset Council		
MEETING	Cabinet	
DATE	7 November 2019	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3176
TITLE:	Homelessness & Rough Sleeping Strategy (2019-2024) Update	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
None.		

## **1 THE ISSUE**

- 1.1 The Homelessness Act 2002 requires the Council to carry out a review of homelessness to inform the production of a homelessness strategy every 5 years. The draft Homelessness & Rough Sleeping Strategy 2019-24 meets this requirement.

## **2 RECOMMENDATION**

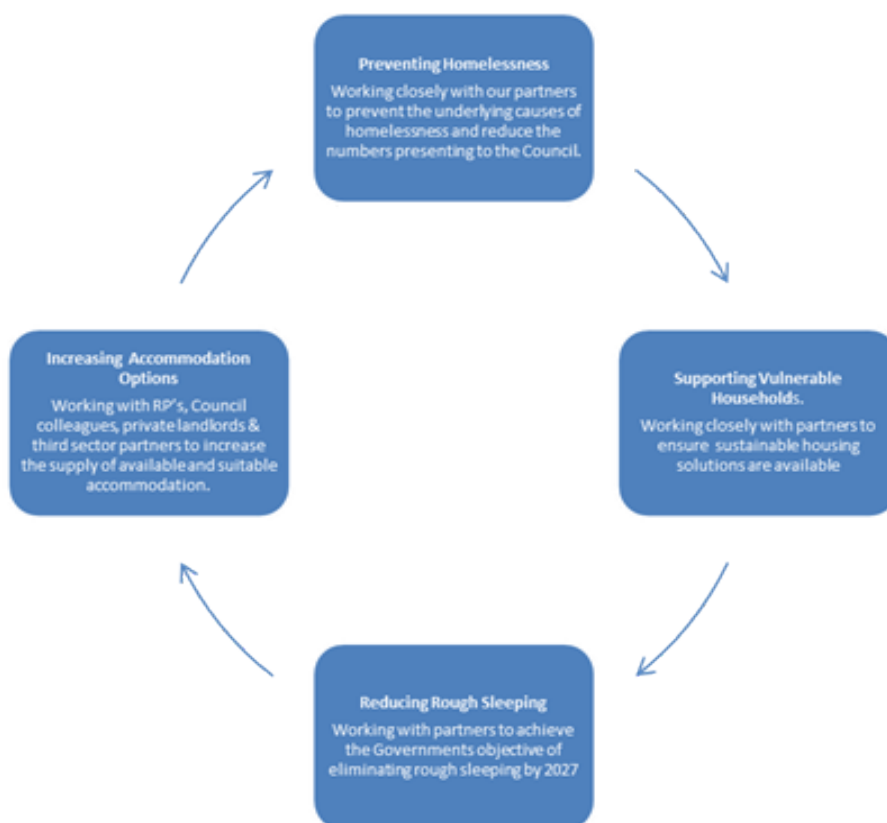
The Cabinet is asked to;

- 2.1 Note the current consultation exercise and approach in regard to tackling homelessness and the priorities set out in the draft document.

## THE REPORT

2.2 The draft Strategy is currently out for consultation with the Homelessness Partnership with a deadline for responses of 23 October. It will also go to the Climate Emergency and Sustainability Policy Development & Scrutiny Panel on 18<sup>th</sup> November. The full and final version, having regard to comments received, will come to Cabinet for decision in December.

2.3 The Homelessness & Rough Sleeping Strategy proposes the following framework for tackling homelessness:



2.4 Working within the above framework, the following key priorities are proposed:

No.	What we will do	Why we are doing it	What needs to happen
1	Increase access to PRS	Move-on from all supported housing and TA has slowed down. Knock-on to rough sleeping levels and impact on Council budgets for TA.	<ul style="list-style-type: none"> <li>Consult with landlords to find out what would persuade them to work with us.</li> <li>Investigate and pilot an incentives scheme for estate/lettings agencies securing PRS accommodation. Use Payment by Results model.</li> <li>Investigate purchase of empty properties for lease</li> </ul>

No.	What we will do	Why we are doing it	What needs to happen
			by Third Sector agency.
2	Improve the Temporary Accommodation offer and reduce duration of all stays, particularly B&B.	Use of all Temporary Accommodation and duration of stays is increasing.	<ul style="list-style-type: none"> <li>• Act on recommendations of the Review of Temporary Accommodation 2019.</li> <li>• Improve throughput – cut void times and move people on to long term housing more quickly.</li> <li>• Reduce use of out of area B&amp;B placements.</li> <li>• Establish units of Dispersed accommodation outside Bath.</li> </ul>
3	Improve likelihood of successful tenancies	Even with support some tenancies fail. We need to reduce the incidence of evictions from all tenures.	<ul style="list-style-type: none"> <li>• Ensure tenancy training is appropriate and current. Review with training providers.</li> <li>• Establish a pathway through training to long-term accommodation</li> <li>• Improve awareness of work &amp; training opportunities – increase incomes.</li> </ul>
4	Improve our understanding of the pathway into and through homelessness services.	There is little shared or common data on use of advice and support services around homelessness.	<ul style="list-style-type: none"> <li>• Establish a Task &amp; Finish group to agree a data set for all Homelessness Partnership members.</li> <li>• Quarterly reports to Homelessness Partnership on trends and outcomes.</li> <li>• Drive service developments and improvements to housing pathways.</li> <li>• Improve the quality of funding bids through better data.</li> </ul>
5	Identify new funding sources to ensure new rough sleeper provision continues	Pressures on LA budgets; RSI funding not guaranteed after March 2020.	<ul style="list-style-type: none"> <li>• Source new funding streams</li> <li>• Work more closely with the CCG and Public Health to identify common outcomes and funding opportunities.</li> <li>• Improve readiness to submit bids for funding.</li> </ul>
6	Improve use of supported housing.	We have high rough sleeper numbers. We need to create capacity in accommodation	<ul style="list-style-type: none"> <li>• Providers to collaborate on moves between supported housing to create vacancies at Manvers St Hostel</li> <li>• Offer of additional support from floating support and</li> </ul>

No.	What we will do	Why we are doing it	What needs to happen
		based services to enable move-on from Manvers Street hostel. There have been vacancies at some supported housing due to not enough people deemed ready/suitable or being too high-risk.	outreach services to ensure stability.
7	Agree a partnership approach to working with rough sleepers unable to access public funds (known as No Recourse to Public Funds – NRPF)	NRPF a thread through all RS work. It's an issue for providers, who provide support via voluntary donations. It also impacts on Safesleep provision/rough sleeping levels.	<ul style="list-style-type: none"> <li>• Work with regional/national/government bodies to identify best practice. This has already started and will be further developed.</li> <li>• Agree criteria for access to services that does not discriminate but that ensures best use of resources</li> </ul>
8	Continue to develop affordable housing that meets the needs of homeless people.	Increasing numbers of households on housing register/in supported housing/TA.	<ul style="list-style-type: none"> <li>• Investigate purchase of empty properties for use as social housing.</li> </ul>
9	Work with service users and providers to identify creative prevention approaches	To reduce repeat homelessness rates.	<ul style="list-style-type: none"> <li>• Establish new service user feedback methods that enable real change</li> <li>• Improve early warning mechanisms that improve partnerships between accommodation and support providers – without compromising privacy</li> <li>• Support and accommodation providers to develop trauma-informed ways of working.</li> <li>• Look at options for specialist women's services.</li> <li>• Work with criminal justice partners to deliver on national policy for offenders on release.</li> </ul>

### 3 STATUTORY CONSIDERATIONS

- 3.1 It is a requirement of the Homelessness Act 2002 to review homelessness every five years and produce a strategy to address its causes and impacts.

#### **4 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 4.1 There are no direct resource implications arising from this report.

#### **5 RISK MANAGEMENT**

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

#### **6 CLIMATE CHANGE**

- 6.1 A small number of people approaching the Council because they are homeless are initially placed in B&B outside Bath & North East Somerset, principally in Bristol. By acting on the recommendations contained within the Review of Temporary Accommodation (referenced in the Strategy and priorities), this number will reduce. Provision within Bath & North East Somerset will reduce travel between the two cities. This will not only improve outcomes for those vulnerable individuals by making access to support easier, it will also contribute to the Council's targets around carbon neutrality and climate change.
- 6.2 Proposals within the same review to locate Dispersed Temporary accommodation units outside Bath would also contribute to carbon targets by reducing distances travelled to work and school for families accommodated in this type of accommodation.

#### **7 OTHER OPTIONS CONSIDERED**

- 7.1 None.

#### **8 CONSULTATION**

- 8.1 Whilst there are no direct financial implications arising from this current consultation and development stage, the Strategy itself, due to return to Cabinet on 5 December will include financial implications. This report has been cleared by the s151 Officer and Monitoring Officer.

<b>Contact person</b>	Ann Robins, 01225 396288
<b>Background papers</b>	<i>None</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

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Bath & North East Somerset Council		
MEETING	Cabinet	
MEETING DATE:	7 <sup>th</sup> November 2019	EXECUTIVE FORWARD PLAN REFERENCE:
		E3178
TITLE:	Council House Building Programme Update	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1: High Level Programme Plan		

## 1 THE ISSUE

1.1 Cabinet have informally expressed an ambition to deliver a council house building programme to support and complement the existing affordable housing programme. The rationale for this has been articulated principally as:

- increasing the delivery of affordable housing, particularly rented homes; and
- having greater control over the homes being delivered, including design and environmental standards, rent, allocations and management.

1.2 This report provides Cabinet with an update on the programme plan.

## 2 RECOMMENDATION

That Cabinet is asked to:

2.1 Note the high-level programme plan and the options shortlisted for further investigation and detailed analysis.

### 3 THE REPORT

#### BACKGROUND

3.1 Affordable housing is a phrase used in many different situations and often means different things to different people. In the updated National Planning Policy Framework (2019) the Government has expanded the definition of Affordable Housing to state that it is “Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers).” However, for practical purposes it can usefully be categorised as:

- Social rent. Housing owned by registered housing providers<sup>1</sup> (RPs) for which target rents are determined through national rent regime, usually around 50-60% of market rents.
- Affordable rented tenure. Housing owned by registered housing providers and where rent is no more than 80% of the local market rent (inc. service charges, where applicable).
- Intermediate housing. Comprise homes for sale or rent provided at a cost below market levels, such as: shared ownership; discounted market sale; discounted private rented schemes; and rent to buy type schemes.

3.2 Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, are not considered to be affordable housing.

3.3 The Council transferred its affordable housing stock to Somer Community Housing Trust (now Curo) in April 1999 through a process known as a Large Scale Voluntary Transfer (LSVT) agreement. This decision was supported by a detailed business case which allowed for a significant post transfer repair and improvement programme. Key to this positive business case was the ability of Somer to raise capital by borrowing against the housing assets. This ability to borrow on the open market compared favourably to the restrictive nature of borrowing for Council housing in place at the time. This council borrowing restriction, known as the Housing Revenue Account (HRA) cap, has since been lifted.

3.4 Since the LSVT the delivery of affordable housing has typically been secured through either:

- Section 106 planning agreements negotiated between developers and the Council, with the resultant affordable housing being purchased by RPs.
- 100% affordable housing schemes delivered by RPs.
- Bespoke schemes, usually specialist support schemes, commissioned by the Council.

3.5 Since April 2016 and up to 31st March 2019 the Council has delivered 669 affordable homes. The 669 properties comprise 434 (65%) for rent (371 social rent & 63 affordable rent) and 235 (35%) intermediate/affordable home

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<sup>1</sup> Housing providers, such as Housing Associations or Council Housing Departments registered with Homes England.

ownership. Individual schemes, particularly larger schemes, can unduly affect the proportion of the types of homes delivered when viewed over a short time span. It is therefore helpful to note that over the past 8 years the Council has delivered 1,582 affordable homes comprising 1,145 (73%) for rent and 437 (27%) intermediate/affordable home ownership. This rate of delivery confirms that the delivery of affordable housing in the last 8 years has been excellent, particularly in relation to intermediate affordable home ownership.

3.6 Cabinet have informally advised they want to build upon and enhance this success with a council house building programme. In this context council housing means affordable homes that are directly delivered by the Council and with the Council having control over the management of the homes. It is important to note that this would support and complement the current affordable housing programme, rather than replace it. The rationale for this programme has been articulated principally as:

- increasing the delivery of affordable housing, particularly rented homes; and
- having greater control over the homes being delivered, including design and environmental standards, rent, allocations and management.

## **PROGRAMME PLAN**

3.7 The attached high level programme plan provides an overview of the programme highlighting some of the key issues to addressed, timescales and milestones. In summary this involves: identifying and short-listing the available options and models of delivery; commissioning professional advice on short-listed options, particularly around financial modelling, legal and operational issues; presenting recommendations and if agreed seeking a formal Council decision to proceed; and finally moving to implementation phase.

3.8 There are a number of council housing models being adopted by various local authorities or that could be developed by this Council. These range from traditional social rented models, developed, delivered and managed wholly by the Council, “purchase & repair schemes”, through to joint ventures with development & management partners. There are also options to deliver housing which meets other strategic objectives, such as, providing an intermediate housing solution for local key workers, including shared equity models.

3.9 To shortlist the options for detailed analysis and assessment a facilitated workshop was held with: the Council Leader; the Deputy Leader and Cabinet Member for Resources; the Cabinet Member for Homes, Planning and Economic Growth; the Vice-Chair of the Climate Emergency and Sustainability Policy Development and Scrutiny Panel; and relevant officers. The meeting was facilitated by Stuart Larkin of the Stuart Larkin Consultancy, an independent and specialist housing consultancy.

3.10 Following detailed discussions on a range of models and options it was agreed that the following options should be shortlisted for further detailed analysis and assessment:

- (1) That the Council considers registering with Homes England as a developing Registered Provider. This option has the benefit of allowing the Council to leverage existing assets and skills, including ADL/ACL, and to access Government funding for affordable housing. It is acknowledged that there is currently a significant skill gap

relating to social housing management. Options to fill this gap, such as, commissioning the housing management function will also be considered.

- (2) That the Council investigates a range of specific options to provide intermediate affordable housing options to residents meeting a Council defined criteria. These include:
- a) DIYSO model. A form of shared ownership that allows residents to select properties on the open market and purchase using a shared-ownership model provided by the Council.
  - b) Funding routes to enable the properties rented by ADL, currently at market rental rates, to be rented at sub-market rents, ideally at social rent levels.
  - c) Equity Stake model. An approach whereby the Council would take an equity stake in properties thus reducing the initial housing costs for residents. The equity would be returned to the Council when the property was sold.
  - d) The feasibility of utilising recovered empty properties or market purchased properties to rent, ideally at social rent levels.

3.11 The next stage of the programme is to commission professional advice on these short-listed options, particularly around financial modelling, legal and operational issues. The procurement briefs are currently being prepared. Once the commissions are in place the author will be in a better position to confirm timescales for any future decisions and to firm up the potential scale of development.

## **4 STATUTORY CONSIDERATIONS**

4.1 This report does not immediately give rise to legal implications. However the legal implications of the options for further review will be commissioned as part of the procurement process.

## **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

5.1 This report does not immediately give rise to any resource implications. However, building, managing and maintaining affordable rented housing stock would be a significant change in the Council's operating model and potentially create significant capital, revenue, and staffing resource implications that need to be reflected within the Council's Medium Term Financial Plan. As such £100,000 has been allocated from the Budget Contingency Reserve to commission further detailed financial and business case modelling to ensure that the financial aspects are fully understood and the development and management operations efficiently structured.

## **6 RISK MANAGEMENT**

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

## **7 CLIMATE CHANGE**

7.1 Housing, both in terms of construction and usage, is a key contributor to climate change. A Council Housing programme would give the Council the ability to

ensure that the construction and design of the homes is as energy efficient as reasonably practicable. Indeed Cabinet have advised that the rationale for a Council House building programme includes having greater control over the homes being delivered, including design and environmental standards.

## **8 OTHER OPTIONS CONSIDERED**

- 8.1 There were a number of other options that were explored and discounted during the facilitated workshop for consideration at this stage, such as, joint ventures, and registering as a managing Registered Provider.

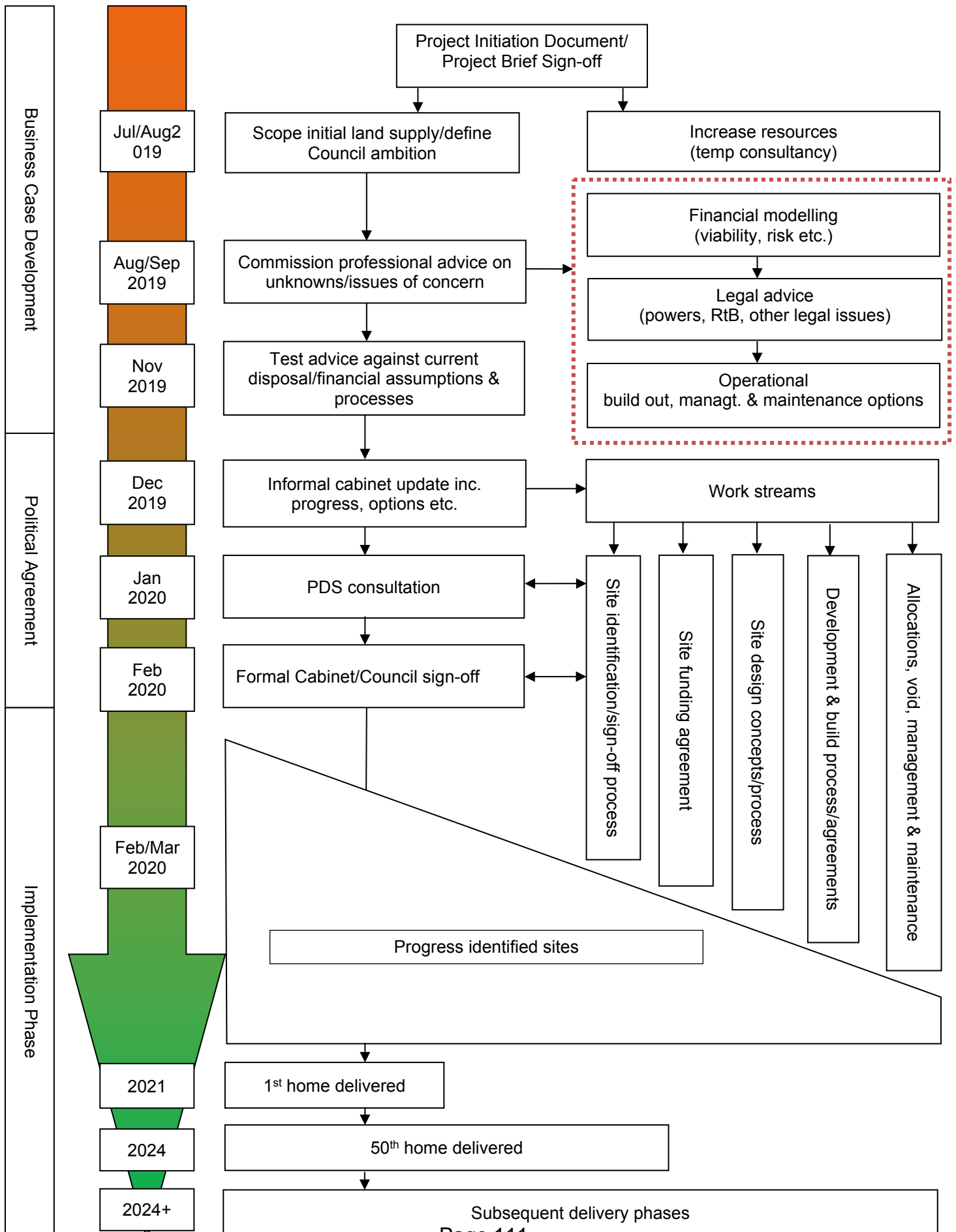
## **9 CONSULTATION**

- 9.1 The s151 Officer and Monitoring Officer have been made aware of this report. The Climate Emergency and Sustainability Policy Development and Scrutiny Panel have been updated on the proposed programme.

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

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# B&NES Council House Building High Level Programme of Work



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