

Council

Date: Thursday 12th November 2020

Time: 6.30 pm

Venue: Virtual meeting

To: All Members of the Council

Dear Member

You are invited to attend a meeting of the **Council** on **Thursday, 12th November, 2020** as a **Virtual meeting**.

The agenda is set out overleaf.

Yours sincerely



Jo Morrison
Democratic Services Manager
for Chief Executive

Jo Morrison

Democratic Services

Lewis House, Manvers Street, Bath, BA1 1JG

Telephone: 01225 39 4435

Web-site - <http://www.bathnes.gov.uk>

E-mail: Democratic_Services@bathnes.gov.uk

NOTES:

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

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

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. **Broadcasting at Meetings:-**

The Council will broadcast the images and sounds live via the internet;

<https://www.youtube.com/bathnescouncil>

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.

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.

The Council now has a maximum time limit for this, so any requests to speak cannot be guaranteed if the list is full.

Further details of the scheme can be found at:

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

5. **Supplementary information for meetings**

Additional information and Protocols and procedures relating to meetings

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

Council - Thursday 12th November 2020

at 6.30 pm in the Virtual meeting

A G E N D A

1. APOLOGIES FOR ABSENCE
2. DECLARATIONS OF INTEREST

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

- (a) The agenda item number in which they have an interest to declare.
- (b) The nature of their interest.
- (c) Whether their interest is **a disclosable pecuniary interest** or an **other interest**,
(as defined in Part 2, A and B of the Code of Conduct and Rules for Registration of Interests)

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

3. MINUTES - 10TH SEPTEMBER 2020 (Pages 7 - 14)

To be confirmed as a correct record and signed by the Chairman.

4. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

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

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

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

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

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

7. YOUTH JUSTICE PLAN 2020-21 (Pages 15 - 38)

The Local Authority has a statutory duty, in consultation with Health, Police and Probation, to publish an annual Youth Justice Plan. The Plan sets out agreed actions to help prevent youth offending and re-offending across Bath and North East Somerset.

Due to the current pandemic, the Youth Justice Board for England and Wales has advised there is no requirement to submit the Plan to them this year and therefore no national framework for completion. The Youth Offending Service Management Board has agreed to preparation of a shorter Plan in light of this.

8. GOVERNMENT INVITATION TO SOMERSET TO SUBMIT LOCALLY LED PROPOSALS FOR UNITARY LOCAL GOVERNMENT (Pages 39 - 42)

On 9th October 2020, the Council received a letter from the Secretary of State for Housing Communities and Local Government inviting submission for locally led proposals for unitary local government in Somerset (nationally, alongside North Yorkshire and Cumbria).

The Councils in these three areas now have the opportunity to develop and submit their proposals for how they want to restructure local government to establish unitary local government. This report concerns the B&NES response.

9. COUNCIL TAX LONG TERM EMPTY PROPERTY PREMIUMS (Pages 43 - 46)

Council has the discretion to amend the council tax premium charged for long-term empty properties and encourage the return of empty dwellings for occupied homes. This report recommends an increase to this premium.

10. COMMUNITY CONTRIBUTION FUND - REPORT BACK FROM CORPORATE POLICY DEVELOPMENT & SCRUTINY PANEL (Pages 47 - 54)

This report sets out findings and recommendations from Policy Development & Scrutiny following the motion adopted by Council in July on a Community Contribution Fund (CCF) for Bath & North East Somerset.

11. AVON PENSION FUND ANNUAL REPORT (Pages 55 - 78)

The Avon Pension Fund Committee discharges the responsibilities of the Council in its role as the administering authority of the Avon Pension Fund in accordance with the Local Government Pension Scheme Regulations 2013 (as amended). The Committee reports annually to Council on the work it has undertaken in the previous twelve months and reference is also made in the report to the future work programme. This report is for the 12 months to 31 March 2020.

12. CORPORATE AUDIT COMMITTEE ANNUAL REPORT (Pages 79 - 86)

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

13. SENIOR MANAGEMENT STRUCTURE UPDATE (Pages 87 - 90)

This report seeks Council's approval of the appointment to the new position of Chief Operating Officer and the appointment of an Interim Monitoring Officer. It also provides Council with an outline update on the proposed senior management structure for the future.

14. TREASURY MANAGEMENT MONITORING REPORTS TO 30TH SEPTEMBER 2020 (Pages 91 - 108)

This report gives details of performance against the Council's Treasury Management Strategy for 2020/21 for the first six months of 2020/21.

15. LABOUR GROUP MOTION - FREE SCHOOL MEALS (Pages 109 - 110)

16. LABOUR GROUP MOTION - FIREWORKS (Pages 111 - 112)

17. QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS

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

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

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BATH AND NORTH EAST SOMERSET COUNCIL

MINUTES OF COUNCIL MEETING

Thursday, 10th September, 2020

Present:- **Councillors** Rob Appleyard, Tim Ball, Colin Blackburn, Shelley Bromley, Neil Butters, Vic Clarke, Sue Craig, Paul Crossley, Gerry Curran, Chris Dando, Jess David, Tom Davies, Sally Davis, Douglas Deacon, Winston Duguid, Mark Elliott, Michael Evans, Andrew Furse, Kevin Guy, Alan Hale, Liz Hardman, Steve Hedges, Joel Hirst, Lucy Hodge, Duncan Hounsell, Shaun Hughes, Eleanor Jackson, Grant Johnson, Dr Kumar, Matt McCabe, Hal MacFie, Ruth Malloy, Paul May, Sarah Moore, Robin Moss, Paul Myers, Michelle O'Doherty, Lisa O'Brien, Bharat Pankhania, June Player, Vic Pritchard, Manda Rigby, Dine Romero, Mark Roper, Richard Samuel, Bruce Shearn, Brian Simmons, Alastair Singleton, Shaun Stephenson-McGall, Karen Walker, Sarah Warren, Karen Warrington, Andy Wait, Ryan Wills, David Wood and Joanna Wright

Apologies for absence: **Councillors** Sarah Bevan, Alison Born and Chris Watt

28 DECLARATIONS OF INTEREST

The Monitoring Officer explained to Council about the Council's cooperation agreement with Bath and West Community Energy (BWCE) and Keynsham Community Energy companies in the light of the later motion on the agenda about local electricity (agenda item 11).

The Democratic Services Manager announced the following declarations;

Councillor Alastair Singleton declared an 'other' interest in item 11 'Local Electricity Bill' as a member of BWCE, for which he received interest on his shareholding, and as Director of Keynsham Community Energy. Advice had been specifically provided by the Monitoring Officer that, as this did not constitute a disclosable pecuniary interest, Councillor Singleton was able to move the motion on this subject.

Councillor Sarah Warren declared an 'other' interest in item 11 as she holds shares in BWCE and receives interest from those.

Councillor Liz Hardman declared an 'other' interest in item 11 as she holds shares in BWCE and receives interest from those.

Councillor Robin Moss declared an 'other' interest in item 11 as Chair of the Board of Radstock and Westfield BIG Local CIC.

Councillor Matt McCabe declared an 'other' interest in item 11 as he holds shares in BWCE and receives interest from those.

Councillor Karen Warrington declared an 'other' interest in item 11 as she holds shares in Chelwood Solar Farm and receives interest from those.

Councillor Paul May sought clarification from the Monitoring Officer about the financial aspect of the above interests and the position of these Councillors in taking

part in the debate and vote. The Monitoring Officer confirmed that, although there was a financial aspect to these, they were not disclosable pecuniary interests as the shareholdings were not more than £25,000 nor constituted more than 1% of the total issued share capital.

29 MINUTES - 23RD JULY 2020

On a motion from Councillor Winston Duguid, seconded by Councillor Shaun Stephenson McGall, it was

RESOLVED that the minutes of 23rd July 2020 be confirmed as a correct record, to be signed by the Chairman in due course.

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

The Chairman made the following announcements;

He made a formal note of recognition in respect of 2 long standing foster carers retiring after 42 years of service to the Local Authority and children in B&NES.

He congratulated the Roman Baths on their success at the Visit England Awards in August, winning a Silver for Large Visitor Attraction of the Year and Silver in the International Tourism category and further congratulated Bath's Parade Gardens in scooping a coveted Trip Advisor Travellers Choice Award. Finally, he noted that the Council had been commended in the Municipal Journal Awards for its regeneration of the former Keynsham Civic Centre.

He invited the Leader to give a brief update on the latest Covid situation for the Council. Councillor Romero explained the latest situation about the pandemic in Bath & North East Somerset and asked people to let her know if the key messages were not getting through and invited any queries to be e-mailed to her.

31 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

There were no items of urgent business.

32 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM THE PUBLIC

Statements were made by the following members of the public;

David Redgewell made a statement about transport issues which had been circulated to Members, a copy of which is attached to the online minutes. Councillor Neil Butters asked David to explain a little more his reference to links with Wiltshire and Mendip; whether he meant on a transport level, or wider. David responded that with Wiltshire he had meant on a transport level: with Mendip, it was not so clear due to the reorganisation there, and that maybe B&NES and Mendip would be a better fit. Councillor Robin Moss followed with a further query about this and David replied that, as Somerset County Council had voted to look into the option of becoming a unitary authority and reviewing the future for the historic county of Somerset, there

may be outcomes from that about the north of the county. The statement was referred to the relevant Cabinet Members.

Martin Grixoni made a statement about household recycling and waste which had been circulated to Members, a copy of which is attached to the online minutes. Councillor David Wood asked if Martin was aware of the statement that B&NES had issued this week about sharp increases in recycling rates and recognising that during the pandemic, thankfully residents had stayed at home and recycled from the kerbside. Martin confirmed that he had seen it but commented that to be the last city to open its recycling centre did not seem to be a badge of honour. Councillor Paul May asked Martin for his view as to what may have been the cause for this. Martin responded that it appeared to be an overly cautious approach when there had been very low infection rates in the area, or a lack of leadership to grip the situation. Councillor Robin Moss asked Martin what the ecological difference was between kerb recycling and tip recycling, to which Martin responded that a statistical increase in kerb recycling did not mean an overall increase and that, overall, he considered that the rates would be lower. The statement was referred to the relevant Cabinet Members.

33 PLANNING REFORM CONSULTATIONS

The Council considered a report on two consultation papers launched in August, one on [Changes to the current planning system](#) (consultation deadline 1st October 2020) which would have a more immediate impact and the other, a White paper on a more fundamental reform to the Planning system entitled [Planning for the Future](#) (Consultation deadline 29 October 2020). The Government has indicated that it will seek to introduce the changes to the current system before the end of 2020 and this report was brought to Council to gather comments from Members to be fed back into the Council's response.

On a motion from Councillor Tim Ball, seconded by Councillor Paul Myers, it was

RESOLVED unanimously

1. To agree the responses to the consultations set out in section 3 of the report and delegate authority to the Director of Development and Public Protection to formulate and submit more detailed responses, in liaison with the Cabinet Member for Planning, Housing and Economic Development and in consultation with Group Leaders;
2. Note the changes to Planning system which came into force on 1st September 2020, and
3. Write to our local MPs, and encourage residents to do the same, asking them to intervene on this issue in support of this Council's responses to the consultation.

[Notes;

1. Resolution 3 above was proposed by Councillor Robin Moss and accepted into the substantive motion by Councillors Ball and Myers.]

34 POLICY DEVELOPMENT & SCRUTINY ANNUAL REPORT

The Council considered the annual report of the work of the Policy Development & Scrutiny Panels for 2019/20.

On a motion from Councillor Paul Myers (in his role as Chair of the Policy Development & Scrutiny Chairs & Vice Chairs' Group), seconded by Councillor Winston Duguid, it was

RESOLVED unanimously

1. To note the work of the Policy Development & Scrutiny Panels, as set out in the Annual Report attached at Appendix 1; and
2. That Council welcomes the opportunity to consider this annual PDS report and, in the interests of continuous improvement, requests an external peer review by the LGA of the Council's approach to scrutiny and policy development and the particular effectiveness of the current panels.

[Notes;

1. *Resolution 2 above was proposed by Councillor Joel Hirst and accepted into the substantive motion by Councillors Myers and Duguid.*
2. *Councillor Paul Myers wished it recorded that he accepted the proposal from Councillor Hirst with the mandate of the Policy Development & Scrutiny Chairs & Vice Chairs' Group group.]*

35 LABOUR GROUP MOTION - PARENTAL LEAVE POLICY

On a motion from Councillor Grant Johnson, seconded by Councillor Robin Moss, it was

RESOLVED that

Council notes:

1. That analysis of the 2019 Local Election results by the Fawcett Society found that only 35% of councillors in England are women, up 1% since 2018. Of the seats that were up for election in 2019, 35% went to women, up just 3 percentage points on 2015 when these seats were last contested.
2. As of October 2019, 27 councils have passed the LGA Labour Group's Parental Leave policy, and an additional 9 councils have their own parental leave policy in place.
3. In 2019, the LGA co-produced the 21st Century Councils Equalities Toolkit with MHCLG. The toolkit recommends that councils adopt a parental leave policy, and they link to the LGA Labour's Parental Leave policy as a model to adopt.

Council believes:

4. That the role of a councillor should be open to all, regardless of their background, and that introducing a parental leave policy is a step towards encouraging a wider range of people to become councillors, and is also a step to encourage existing councillors who may want to start a family to remain as councillors.
5. That parental leave must apply to parents regardless of their gender, and that it should also cover adoption leave to support those parents who choose to adopt.

Council therefore resolves:

6. To adopt the parental leave policy (attached) to give all councillors an entitlement to parental leave after giving birth or adopting.
7. To ensure that councillors with children and other caring commitments are supported as appropriate.
8. To provide the leadership to support town and parish councils to adopt a similar approach.
9. To request that the Constitution Working Group consider the matter of proxy voting or another form of remote voting for councillors who are on parental leave, and whether that should be extended to councillors absent for other reasons (e.g. long-term sickness), and to report back to Council by the next Annual Meeting with proposals, or reasons for not bringing proposals, to allow councillors to fulfil their voting rights while absent.
10. To request that the Corporate Policy Development and Scrutiny Panel consider the matter of how the role of casework could be undertaken while a councillor is on parental leave or absent for other reasons (e.g. long-term sickness), and to report back to Council by the next Annual Meeting with proposals, or reasons for not bringing proposals.

[Notes;

1. *The above resolution was carried with 44 Councillors voting in favour and 12 Councillors abstaining.]*

36 CONSERVATIVE GROUP MOTION - RESTORING COUNCIL SERVICE LEVELS

On a motion from Councillor Richard Samuel, seconded by Councillor Sarah Warren, it was

RESOLVED

Council:

1. Recognises residents pay Council Tax to receive in return a range of publicly accessible services;

2. Notes that during the ongoing Covid19 Pandemic many of these services have continued at reduced levels or they have been provided in different ways.
3. Recognises that the failure by the Government to fully reimburse Councils for Covid19 related costs and lost income means that difficult financial and service decisions will need to be made following the Covid19 Pandemic.

Council therefore requests:

4. That this Council notes the aspiration to restore Covid19 Pandemic service levels and asks the Cabinet to consider this in the forthcoming budget setting round.

[Notes;

- 1. The above successful resolution amended the motion within the agenda papers with a vote of 44 Councillors in favour and 12 Councillors voting against.*
- 2. A further amendment was moved and seconded by Councillors Dando and Jackson, erasing the section about difficult financial service decisions to come and sending a message to Government that the Council could not continue to cut services. This was lost with a vote of 5 Councillors in favour and 51 Councillors voting against.*
- 3. The substantive motion was carried with 45 Councillors voting in favour, 10 Councillors voting against and 1 Councillor abstaining.]*

37 LIBERAL DEMOCRAT MOTION - LOCAL ELECTRICITY BILL

On a motion from Councillor Alastair Singleton, seconded by Councillor Bharat Pankhania, it was

RESOLVED

Council notes:

1. An increase in the provision of locally generated, renewable electricity is needed to help tackle the climate emergency.
2. One of the three immediate priorities for action, identified in the Climate Emergency Progress Report to Council (October 2019) was “a rapid and large-scale increase in local renewable energy generation”
3. Local renewable energy generation may also support the local economy towards a green recovery from the Covid-19 crisis, supporting jobs, services and energy security.
4. Community-scale renewable energy projects are blocked from becoming direct energy suppliers due to the very high setup and running costs involved as well as excessive regulations.
5. Making costs proportionate to the scale of a renewable electricity supplier's operation would create significant opportunities for locally generated renewable electricity to be supplied directly to local people and businesses.

6. The Local Electricity Bill would establish a Right to Local Supply, which would promote local renewable electricity supply companies and co-operatives by making the setup and running costs of selling renewable electricity to local customers proportionate to the size of the supply operation.
7. The Bill has received the support of 198 Members of Parliament and is co-sponsored by a cross-party group of MPs, including Bath MP Wera Hobhouse.

Council therefore resolves to:

8. Support the Local Electricity Bill and the Power for People campaign.
9. Write to relevant Government Minister(s) and local Members of Parliament, informing them of the Council's support for the Bill and request that they support the Local Electricity Bill to become law.
10. Write to the Power for People campaign, expressing the Council's support for the campaign and the Local Electricity Bill.

[Notes;

1. *The above resolution was carried with 54 Councillors voting in favour, 1 Councillor voting against and 1 Councillor abstaining.]*

38 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS

There were no items.

The meeting ended at 9.14 pm

Chairman

Date Confirmed and Signed

Prepared by Democratic Services

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Bath & North East Somerset Council		
MEETING	Council	
MEETING DATE:	12 November 2020	
TITLE:	Youth Justice Plan 2020-21	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Youth Justice Plan 2020-21		

1 THE ISSUE

- 1.1 The Local Authority has a statutory duty, in consultation with named legal partners Health, Police and Probation, to publish an annual Youth Justice Plan. The Plan sets out agreed actions to help prevent youth offending and re-offending across Bath and North East Somerset.
- 1.2 Due to the current pandemic, the Youth Justice Board for England and Wales has advised there is no requirement to submit the Plan to them this year and therefore no national framework for completion. The Youth Offending Service Management Board has agreed to preparation of a shorter Plan in light of this.

2 RECOMMENDATION

Council is asked to:

- 2.1 Agree the Youth Justice Plan fulfils the requirements of the Crime and Disorder Act 1998;
- 2.2 Adopt the Youth Justice Plan as part of the Council's Policy and Budget Framework that can be accommodated within the Council budget.

3 THE REPORT

- 3.1 The principal, statutory aim of the youth justice system is to prevent youth offending by 10-17 year olds. The Youth Justice Plan reviews the latest performance indicators and the national Standards self-assessment and reflects on learning about delivering services during a pandemic;

3.2 Actions in the work plan will help make Bath and North East Somerset a safer place and support children to work towards crime-free lives with better outcomes for the future;

3.3 The Youth Justice Plan 2020-21 is attached as an appendix to this report.

4 STATUTORY CONSIDERATIONS

4.1 Publication of a Youth Justice Plan is required under Section 40 of the Crime and Disorder Act 1998.

4.2 The Youth Offending Service and its partners share the statutory obligation to prevent youth offending;

4.3 Reflecting the National Standards published by the Youth Justice Board, work with children at risk of offending or re-offending takes full account of their status as children before their status as potential offenders and prioritises safeguarding them within their communities as well as in their family settings;

4.4 Services to those harmed by youth offending are provided in accordance with the Code of Practice for Victims of Crime 2015.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 The Council is the lead partner in the multi-agency arrangements to prevent youth offending, working closely with Police, Probation and Health Services. All partners have statutory responsibilities to participate in the resourcing of the Youth Offending Service and are maintaining their current level of support; £26,689 from the National Probation Service, £59,842 from Avon and Somerset Police and £45,994 from the local Clinical Commissioning Group; this includes staffing costs and a contribution towards running costs. The Council makes the greatest contribution in terms of staff, cash and additional support, including office accommodation and financial and human resources support services. In 2020-21, the Council is contributing £454,515 towards a total budget of £805,446, most of which pays for staff salaries. This contribution is within the existing Council approved budget.

5.2 The work of the Service also depends upon a core Ministry of Justice grant of £183,222 and a second grant of £24,967 towards the costs of funding any secure remand places needed. The Police and Crime Commissioner's direct contribution remains at £10,217 and is used to support the Service's preventative work undertaken by the Compass team.

5.3 Submission of national staffing and quarterly data returns are conditions for receipt of the Youth Justice Board grant. In addition, the Service was asked to submit a Recovery Plan and the Youth Justice Board has acknowledged its receipt and confirmed it fulfils all requirements.

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. This is incorporated into the Youth Justice Plan itself.

7 EQUALITIES

- 7.1 An Equality Impact Assessment has been carried out. It acknowledges disproportionality within the youth justice system which is currently being examined as part of the Avon and Somerset Local Criminal Justice Board under its Lammy Review. The local Youth Offending Service is actively involved in this review and is committed to implement agreed recommendations

8 CLIMATE CHANGE

- 8.1 A number of children who work with the Youth Offending Service undertake community reparation projects to help develop their understanding of the harm they have caused others and make indirect amends. These projects change over time but currently include managing an allotment, writing letters to adults living in residential homes and a bike scheme. In more normal times, the service works with a range of partners including the Council Parks Department, the National Trust Rainbow Woods, Bath Cats and Dogs Home, Julian House Build a Bike, Genesis Furniture Project, PEOPLE charity shop, Radstock SWALLOW Café, Chew Magna Community Farm and Bath City Farm

9 OTHER OPTIONS CONSIDERED

- 9.1 None

10. CONSULTATION

- 10.1 This report has been approved by the S. 151 Officer and the Monitoring Officer;
- 10.2 The Youth Justice Plan draws on feedback from young people who have worked with the Youth Offending Service over the last 12 months;
- 10.3 Governance has been reviewed and continues to rest with the Youth Offending Service Management Board, now operating as a Sub Group of the Bath and North East Somerset Community Safety and Safeguarding Partnership. The Plan has been consulted with the Children, Adults, Health and Wellbeing Policy Development and Scrutiny Panel, the Youth Offending Service Management Board, the Custody Review Panel and members of the Youth Offending Service itself.

Contact person	Sally Churchyard, Head of Young People's Prevention Services Sally_churchyard@bathnes.gov.uk 'Phone: 07980 998711
Background papers	
Please contact the report author if you need to access this report in an alternative format	

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Bath and North East Somerset Youth Justice Plan 2020-21



Working in partnership to prevent youth offending

Contents

1.	Introduction	3
2.	Service delivery under the Covid-19 pandemic	4
3.	Children's and victims' voices	6
4.	Performance	9
5.	Risks to future delivery against youth justice outcomes	12
6.	Work Plan	14

1. Introduction

1.1 Requirement to produce a Youth Justice Plan

Youth Offending Services and the partner organisations they work with have a statutory responsibility to prevent offending by children and young people aged 10-17 years. This Plan has been written in accordance with Section 40 of the Crime and Disorder Act 1998 and includes learning and activities arising from recent self assessment activity and delivery under the Covid-19 pandemic. Due to the pandemic, the Youth Justice Board does not require submission of a Youth Justice Plans this year but has instead, asked for a Recovery Plan as a condition of its grant. This has been submitted and approved and actions arising from it have also informed the Work Plan.

1.2 Ambition for children at risk of offending and re-offending

We are working to prevent offending and improve children's outcomes as set out in the wider Children and Young People's Plan 2018-21: We want all children and young people to enjoy childhood and to be well prepared for adult life and parents to take responsibility for understanding and meeting their children's needs, enjoying their childhood with them and preparing them for adult life. Work with children at risk of offending and re-offending contributes to all outcomes sought locally, particularly that children are safe.

- Children and young people are safe;
- Children and young people are healthy;
- Children and young people have fair life chances;
- Children and young people are engaged citizens in their own community.

1.3 Responding to children's needs

Criminal justice and other agencies share the responsibility for working to prevent youth offending and keeping children and the wider public safe. Youth Offending Services carry particular responsibilities for assessing and working with children to address a range of needs linked to their risk of offending. Professionals from Police, Health, Social Care, Education and the National Probation Service help make up the multi-agency Youth Offending Service and work in an integrated way alongside other specialists and a group of volunteer Referral Order Panel Members. They have key statutory functions, including the assessment and supervision of children aged 10-17 subject to Out-of-Court Disposals and community and custodial Court Orders, giving a voice to those harmed by youth offending, enabling those who have offended to make amends for the harm they have caused, strengthening parenting skills and where, necessary, supporting effective transitions into adult services. This work is supported by a prevention service, Compass, which works with children aged 8-17 years who are assessed as being at high risk of offending and with their families.

2. Service Delivery under the Covid-19 Pandemic

1. Introduction: response to the impact of Covid-19

As the implications of the pandemic became clear and following government advice, some Youth Offending Service staff started to work from home in the week beginning 16 March 2020 and all were working from home by 23 March when most offices were closed. The key challenge was to maintain a statutory service whilst ensuring that young people and staff were kept safe from Covid-19. Initially, the priority was to maintain contact with young people in order to understand and support them with any safeguarding and mental health needs.

The Service took early steps to 'RAG'-rate its statutory and voluntary caseloads in order to identify young people with the greatest likelihood of offending and/or with welfare or safeguarding need. In practice, the most vulnerable young people known have continued to receive a consistent and responsive service. For most in this vulnerable group, weekly face to face appointments have continued, supplemented by telephone contacts. This has meant practitioners have been able to assess and respond to the emerging needs of young people and their families as lockdown continued and more recently, has eased. This has been a frightening time for young people and their families and many engaged well in different ways of working and particularly appreciated the contact and someone outside their immediate families to talk to about what was happening.

A few families were 'shielding' and their young people were reluctant to meet and so they, and those rated lower risk, together with some parents / carers, were contacted and supported by telephone. This means of communicating had mixed responses and practitioners reported that many young people felt anxious and uncomfortable talking on the telephone and so it was difficult to get an accurate understanding of how well they were coping. For most young people, especially where there was already a good relationship established with their worker, weekly sessions were usually conducted through socially distanced walks in their local neighbourhood or parks. Some meetings took place on doorsteps or within young people's gardens and although this was considered adequate, it raised difficulties with privacy and so limited the scope of conversation and young peoples' engagement. Where practitioners were able to have frank discussions with young people about the challenges they had been facing in the lockdown, they could provide support and understanding and assess their overall wellbeing. It was also an opportunity to discuss how they had been engaging in home schooling and seek to address the difficulties they encountered with this. Having face-to-face contact and an ability to have confidential conversations has been invaluable in supporting young people and has, in many instances, strengthened relationships between the worker and young person.

Practical support was offered to families across the RAG-rating, including sharing information and signposting on to other support and some food and medical deliveries.

For the first few weeks, young people appear to have remained indoors and there were reports of pressure on families and concern about an increase in domestic abuse. As they started to venture outdoors again, there were reports of anti-social behaviour and some violent and vehicle-related offending. The Service has worked alongside wider partnership initiatives to tackle domestic abuse and serious violence and has also tailored its contact with individual young people. A number of common issues have been identified with young people including access to education, employment and training, social isolation, mental health issues, difficulties in adhering to lockdown restrictions and access to information technology. There have been excellent examples of the staff team adapting to the new working environment to address such needs including supporting access to school, supporting post-16 provision, using technology to deliver interventions, addressing social isolation, supporting parents and carers and developing new reparation opportunities.

Much continues to be learned about innovative ways to deliver this service during the pandemic. The wider network of Youth Offending Services and partner agencies as well as internal colleagues within Children's Services provide ideas and learning and strengthen the service's ability to continue to work with children even if there are further restrictions on people's movements.

3 a. Children's Voices

The Youth Offending Service has continued to listen to children about their experience of the service including under lockdown and how it could be improved to better meet their needs. Focused pieces of work have been undertaken, for example, two young people travelled to London to support a charity consultation and later attended a Youth Offending Service Management Board to talk to strategic leaders about their experiences. They have continued to play an active role in staff recruitment and helping with the layout and decoration of meeting rooms.



What work did the Youth Offending Service do with you during lockdown?

It was weird over lockdown as that was such a long time and I talked to people over the phone that I hadn't met before.

In lockdown it was good to meet with my worker as I had nothing else to do - that was a good thing.

Writing the letters to old people in care homes was really good. I've never written a letter before except at school especially to someone I don't know. They were good responses from the old people too. Good to communicate like that -it was hard writing the first one but easier when I got a reply, the replies were nice and it was a good thing to do.

When the meetings are not in a formal environment it helps me. As when it's formal you think it's quite long and you can't really be bothered for it and that's why you miss appointments but when the environment is different like going for a walk or going to a cafe it doesn't feel so much like a chore.

I was disappointed not to use a studio to record but that was Covid!





What difference has working with the Youth Offending Service made to you?

My worker has helped me to calm my anger.

At the time I thought it was the worst thing to ever happen to me but I look back now and realise I would have most likely been in prison by now. I have worked with YOS for a long time, a few years and it has helped me a lot in many ways like understanding how the victim feels and learning how to control myself when I see friends fighting others.

The CV I did with the education worker was good and I used it at (local employer) today and they said they would get back to me, I was encouraged by this.

I am kinda sure that I am not likely to be doing the things I was doing before. Now I have my own job and I feel independent and am able to do my own thing. I definitely don't want to mess that up.



YOS has kept me out of trouble and this was helpful to me and my family.

I found it helpful to look at things like housing and income.

I liked the relationship focus of the work. My caseworker listens well and help me sort things out.

YOS has helped me in loads of ways like being able to understand my actions. Why I do the things I do, the consequences of my actions and how my actions affect others. As before working with YOS I never would have thought about them things.

I've been working with YOS since October 2019. I liked getting out and doing practical work like at the allotment. It's been good to meet up regularly with my case worker, having someone there that I can talk to.

The education worker helped me do a CV and helped me look for apprenticeships and jobs and she regularly updated me on jobs and apprenticeships and now I have an apprenticeship in a restaurant working in the kitchen which is what I wanted to do.



What could we do to improve the service?

I think it helps if the young person only has 1 or 2 workers depending on the length of their Order. As having different workers constantly can be frustrating as you have to form a new relationship with them and like start over again.

In the past I have been lucky enough to work with a friend who also works with YOS. It's not for everyone but it helped me and her to attend appointments together and made it enjoyable for us both.



With reparation I think the things that are done should benefit someone-either the young person or the community. From my experience I had to clean a charity shop... take all the things off the shelves and put them on again. I know it's probably helping the shop owner but it's not really productive. Reparation should be about giving back to the community, that's what I think. Things like a bake sale for charity or something that will benefit someone.

b. Victims' Voice

Services are offered to those directly harmed by children's offending, in accordance with the Code of Practice for Victims of Crime, 2015. Feedback is welcomed from victims who have requested information or chosen to receive a letter of explanation or experienced reparation activity to put something right or even met with a child for a structured restorative conference:

'The incident was very scary and, although he was not the only one involved, we're really grateful for his letter of apology' (husband and wife whose car was damaged whilst driving).

'I'm glad that you could tell the young person what might have happened, and I'm reassured that this won't happen again' (elderly victim near his greenhouse when stones thrown caused glass to smash).

'The young person worked really hard gardening and chatted to us, which was great' (from staff following direct reparation for having caused criminal damage) at a cemetery.

'It's been so good for all of us to tell our story and hope it helps the YOS work to bring us back together' (family members of young person who had threatened them and caused damage to the home).

'Thank you for letting me know what happened at the panel – it's good to know that they will be getting some help with their anger' (victim of criminal damage to their home).

'The (shuttle) mediation helped answer some of our questions about why the assault happened' (parents of a young person assaulted outside school by peers).

'We really appreciated having the apology, which was extremely well-written and carefully thought out' (mother and daughter assaulted whilst visiting Bath).

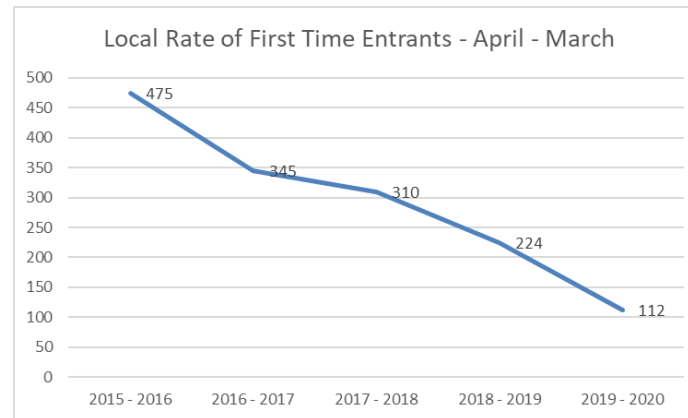
4. Performance

National Indicators

There are three national indicators for youth justice. Since the COVID-19 outbreak, local data has continued to be provided to the Youth Justice Board as required but no national comparison data has been published for re-offending and first time entrants.

A. First time entrants

The indicator is the number of young people aged 10-17 who received their first substantive outcome (Caution, Conditional Caution or Conviction) shown as a rate per 100,000 young people in the general population. The number and rate continue to reduce significantly, reflecting the positive impact of specific youth crime diversion and prevention and wider early help services which mean that children's needs and behaviour can be addressed before they become entrenched.

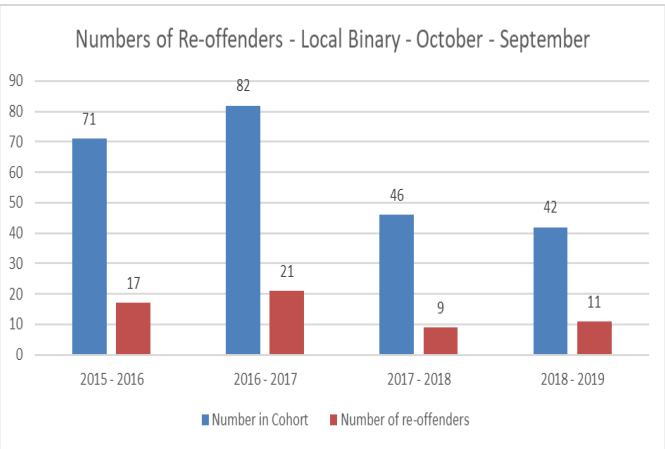
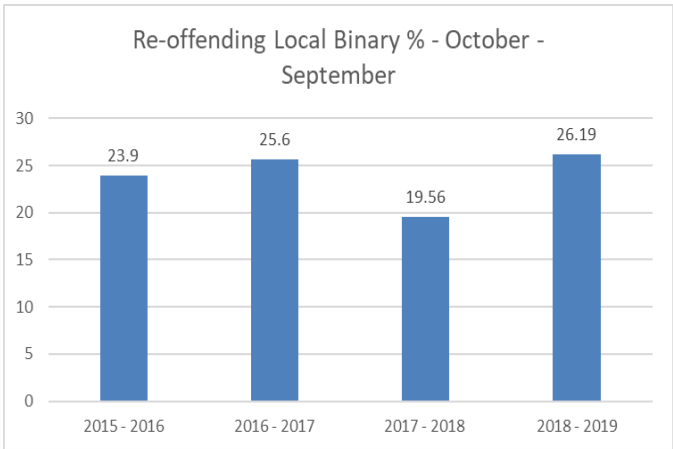


B. Re-offending

The indicator is the rate of re-offending after 3 months and 12 months of a cohort of young people who received a substantive outcome (Caution, Conditional Caution or Conviction). This is shown as a binary rate (the overall percentage of young people who re-offended) and as the rate of new offences per young person who re-offended.

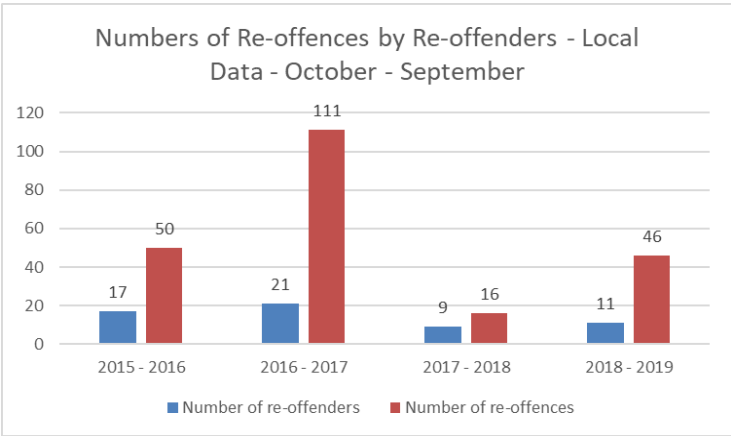
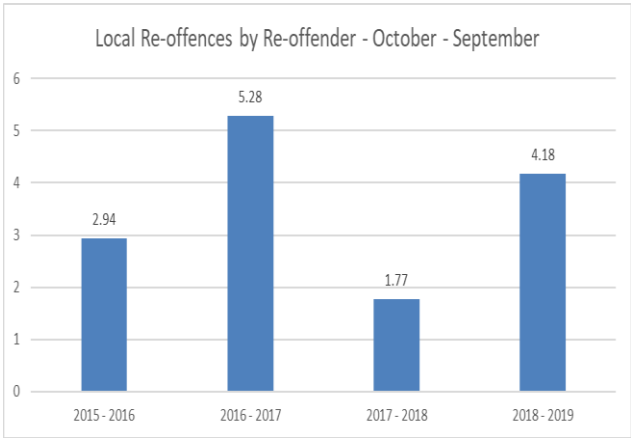
a. YOS Binary Data October 2018 – September 2019:

The tables below are taken from the local live re-offending toolkits for 12-month cohorts. The binary rate has increased from 19.56% to 26.19% but the cohorts are very small –11 out of 42 compared with 9 out of 46.



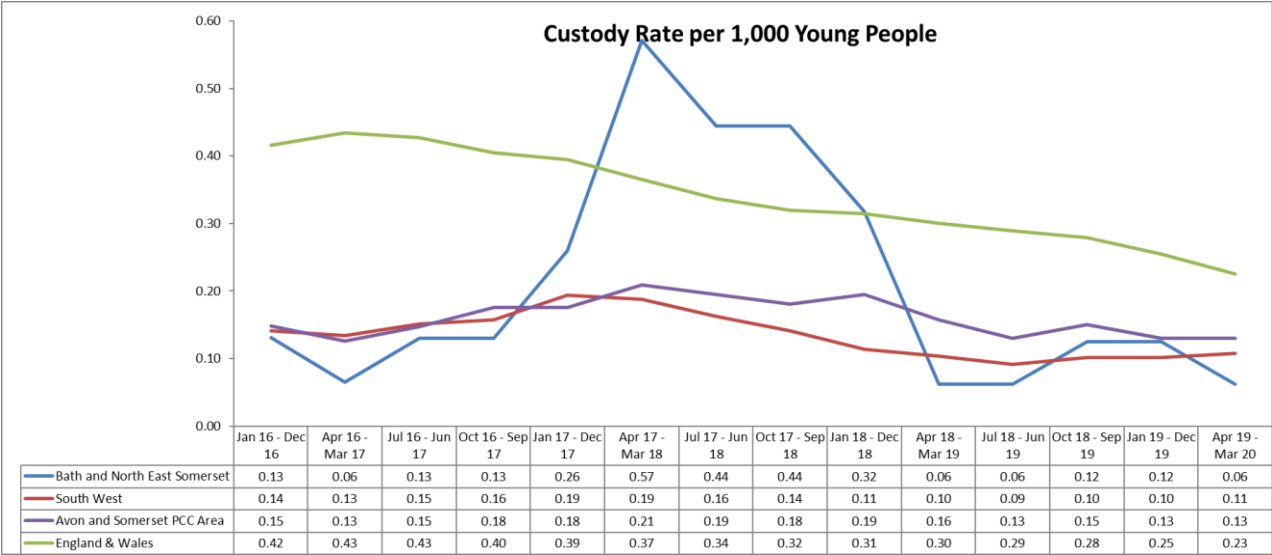
b. YOS Re-offences per Re-offender:

This rate of re-offending increased significantly from 1.77 to 4.18. Eleven young people committed 46 further offences in the 2018 – 2019 cohort, compared with 9 young people who committed 16 offences in the 2017 -2018 cohort. As numbers in the formal youth justice system continue to reduce, there is a much greater proportion of children with complex needs which impact on their offending.



C. Custody

This indicator is the number of custodial sentences passed by the Courts, presented as a rate per 1000 young people aged 10-17 in the general population. The local ambition remains to keep young people out of custody wherever it is safe to the public to do so because outcomes for young people in custody tend to be poorer than for those sentenced within the community. The multi-agency Custody Review Panel monitors outcomes, identifies learning and recommends actions in respect of young people at risk of custody as part of its standard agenda. The Youth Offending Service works closely with other children's services to develop community proposals wherever it is considered safe to do so. Performance is considerably improved, with just one custodial sentence in each of the last two years and the custody rate reducing from 0.12 to 0.06. All comparators have also shown a reduction in the same period.



Self assessment

Youth Offending Services are obliged to work in accordance with a National Standards Framework and during 2019-20, were asked to conduct a comprehensive self assessment of adherence to a revised set of Standards. Locally, the Management Board played an active part in this assessment, including participating in an audit of cases and review of policies, procedures and protocols and judging against the following.

Judgment for each standard	Strategic (management board and partner self-assessment)	Operational (case file assessments)
Outstanding	A comprehensive assurance system is in place and there is regular support and challenge by all partners at the management board and within each respective agency. This includes driving improved outcomes for each standard 1-5 and thereby the children in receipt of the services	80% + or majority of all cases sampled
Good	The assurance approaches are well evidenced frequent and there is a focus on achieving the outcomes for each standard 1 – 5.	65 - 79% or most cases sampled > 85%
Requires improvement	There is some evidence of assurance approaches but this is not systematic.	50 – 64% or in some cases sampled
Inadequate	There are insufficient approaches to assurance.	under 50% or inconsistent or too few cases sampled

The local evidenced adherence was scored as follows and associated improvement actions have been oncluded in the annual Work Plan below:

National Standards	Self Assessment	Self Assessment
National Standard 1 – Out of Court Disposals	Strategic audit: Good	Operational audit: Outstanding
National Standards 2 – Work in Courts	Strategic audit: Good	Operational audit: Outstanding
National Standard 3 – In the Community	Strategic audit: Good	Operational audit: Good
National Standard 4 – Work in Custody	Strategic audit: Good	Operational audit: Outstanding
National Standards 5 – Transitions (primarily to National Probation Service)	Strategic audit: Requires improvment	Operational audit: Outstanding

5. Risks to future delivery against youth justice outcomes

The following risks have been identified for delivery of the Youth Justice Plan and the statutory purpose of preventing youth offending.

Risk	Impact	Likelihood	Actions to reduce/manage the risk
Exploitation of young people, including into offending	High	High	The Service now plays a key role in the Serious Violence Operational Group (as well as the Exploitation Operational Group), giving opportunity to raise concern about individuals and networks, work with colleagues to address risks and seek assurance about how the partnership is working together to keep children and the wider public safe. It will be involved in a contextualised safeguarding audit to help take this practice forward.
More serious youth offending, including serious violence	High	Medium/ High	A small number of young people, often those who are being exploited, are at risk of committing violent and drug dealing offences. Those who carry knives are at heightened risk of committing serious violent offences. The Service has reviewed the interventions it uses and is working with the wider partnership through the Serious Violence Steering Group, to ensure that support to young people is 'joined up,' with a key focus on prevention. Continued participation in the enhanced case management pilot also presents opportunities for more structured, trauma recovery, work.
Increase in Looked After Children offending	High	Medium	Although there is no current increase, the Service is leading on a local protocol to prevent unnecessary criminalisation of Looked after children. Implementation of this will support a partnership review of the use of restorative responses.
Increase in ethnic minority background disproportionality	High	Medium	Young people from dual/mixed heritage backgrounds are often over-represented in the population of young people offending in this area. The Service is now populating a national toolkit to improve understanding of this issue and is working with the Local Criminal Justice Board Lammy Sub-Group to understand how improvements can be made across the board.
Insufficient readiness for Inspection	High	Low	The Youth Offending management and team are actively preparing for Inspection, using the national framework. It is a standing item at Management Board.
Not able to deliver the Work Plan	High	Low	Regular review in management meetings and Management Board oversight and the Council's Scrutiny arrangements will hold everyone to account and provide support in

			progressing this.
Maintaining staff and business continuity	Medium	Medium	The relatively small Service is particularly vulnerable to fluctuations in staffing levels when people leave or are Sick. This is exacerbated under the current pandemic. The Service has reviewed its business continuity plan and risk assessments and operating models and is keeping these under careful review in light of the latest government, Public Health and Council advice. Commitment to staff well-being and provision of good quality Supervision and training support staff in this difficult time as well as maintaining its reputation and ability to attract good candidates.
Maintaining two office bases	Medium	Medium	Use of the central Bath reporting office depends on having two staff available for cover and is linked with staffing levels as above. This is kept under careful review.

6. Youth Justice Work Plan 2020-21

National Standard 1: Out of Court Disposals		
Actions	Owner	Timescale
1. Propose making the Out of Court Disposal Panel a Sub-Group of the YOS Management Board to support local accountability and oversight	Chair of YOS Management Board	September 2020
2. Complete the B&NES protocol for Reduction of Criminalisation of Looked After Young people, including a focus on transitions.	Head of Service (with task and finish group)	September 2020
3. Ensure planning is explicitly done with the young person and their parent / carer after the Panel meeting and that the young person has a copy of their plan	Operational Manager	September 2020
4. Explore extending Out of Court Disposal Panel membership to make it more representative of the partnership	Head of Service	December 2020
5. Undertake a local review of Out of Court Disposal outcomes in relation to ethnicity and gender and consult on actions needed	Business and Performance Manager	December 2020
6. Revise the quality assurance and audit framework to include Out of Court Disposals and ensure independent oversight, including from Board members	Head of Service	December 2020
7. Survey pre-Court work satisfaction rates of children and their families and of those harmed by their offending and introduce any changes identified	Operational Manager	March 2021
8. Develop a pathway to show integration of youth crime preventative activity with a focus on serious violence	Head of Service (with Youth Crime Prevention Board and Serious	March 2021

	Violence Steering Group)	
9. Consider how we measure effectiveness of all local youth crime prevention activity including collating service user feedback	Head of Service (with Youth Crime Prevention Board)	March 2021
10. Introduce an overall diversion strategy for B&NES	Police	March 2021
11. Review information sharing protocols to ensure they are up-to-date and fit for purpose	Business and Performance Manager	March 2021
National Standard 2: Court		
Actions	Owner	Timescale
1. Promote use of Magistrates' Pre Sente Report feedback system to ensure feedback in every case	Court representative on Management Board	September 2020
2. Reintroduce the Court information leaflet for young people	Operational Manager	September 2020
3. Introduce quarterly monitoring of congruence between Court proposals and outcomes	Business and Performance Manager	September 2020
4. Undertake a review of Court outcomes by gender and ethnicity and consult on actions needed	Business and Performance Manager	December 2020
5. Update Remand Management Protocol	Operational Manager	December 2020
National Standard 3: In the Community		
Actions	Owner	Timescale

1. Utilise the 'Social GGRRAACCEEESSS' tool in staff Supervision to ensure consideration is given to a wider range of diversity issues ¹	Operational Manager and Deputy Team Manager	September 2020
2. Ensure workshops for YOS practitioners and Panel Members to improve 'SMART' planning	Operational Manager	September 2020
3. Design and deliver a workshop about diversity to the YOS and ensure follow up in case discussions and Supervision	Deputy Team Manager	December 2020
4. Update Protocols with key partner agencies including Social Care, Police and National Probation Service (to include clarity about identification of enduring worker and delivery of the Enhanced Case Management and AMBIT approaches where relevant)	Head of Service (with Avon & Somerset Heads of Service)	March 2021
National Standard 4: Secure		
Actions	Owner	Timescale
1. Refresh SEND-Youth Custody Protocol	Education Officer	December 2020
2. Strengthen use of the Custody Exit Information Form to record young people's feedback on their experience of custody including transportation from Court to custody, being able to call family on their first day in custody and their experience of how behaviour is managed in order that the YOS and/or Board can escalate any issues	Operational Manager	March 2021
3. Explore the feasibility of Community Paediatricians inputting to initial health assessments for Looked After Children in custody	Chair of the YOS Management Board	March 2021
National Standard 5: Transitions		
Actions	Owner	Timescale
1. Review and address challenges around youth safeguarding assessments when transitioning to adult services	NPS member of the YOS Management Board	March 2021
2. Undertake analysis of young people's re-offending after they have transitioned to NPS and incorporating their feedback on the experience of transition	NPS member of the YOS	March 2021

¹ An acronym for a learning tool describing aspects of personal and social identity and related power and privilege, from Research in Practice, funded by the Department for Education

	Management Board	
Organisational Structure and Responsibility		
1. Review how YOS can continue to work safely in the coming months as the lockdown arrangements change and it anticipates increased demand.	Chair of Management Board and Head of Service	Ongoing
3. Clarify how services can be provided to shielded children and families	Operational Manager	Ongoing
3. Keep the BCSSP aware of the challenges over the next few months. The Management Board needs to continue to champion the work of the YOS and ensure it is sufficiently resourced.	Chair of Management Board and Head of Service	Ongoing
Organisational Culture		
1. Refresh the vision and values statements for youth justice in B&NES	Head of Service	September 2020
2. Consult on what has worked well for children under lockdown and what they would like to see continued or developed as a result of recent innovations	Operational Manager	December 2020
3. Re-visit concept of observed practice/peer reviews and feedback including as part of a wider Practice Week	Head of Service	December 2020

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Bath & North East Somerset Council		
MEETING MAKER:	Council	
MEETING DATE:	12th November 2020	
TITLE:	Government invitation to Somerset to submit locally led proposals for unitary local government	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
None		

1 THE ISSUE

- 1.1 On 9th October 2020, the Council received a letter from the Secretary of State for Housing Communities and Local Government inviting submission for locally led proposals for unitary local government in Somerset (nationally alongside North Yorkshire and Cumbria).
- 1.2 The Councils in these three areas now have the opportunity to develop and submit their proposals for how they want to restructure local government to establish unitary local government.

2 RECOMMENDATION

Council is asked to:

- 2.1 Note the recommendation from Cabinet that this Council doesn't submit a proposal for the local government reorganisation in Somerset, and
- 2.2 To publicly indicate its intention to continue to act as a separate local unitary authority council (Bath & North East Somerset Council) and continue to co-operate with all public sector partners (including neighbouring councils) to offer the best services it can to its local residents and visitors.

3 THE REPORT

- 3.1 In May 2018, Somerset County Council announced its intention to start a conversation with the district councils and other partners to explore which model of local government could offer be a better way to deliver public services in Somerset.

- 3.2 All the councils in Somerset indicated that they recognised the need for change in local government in Somerset and committed to working together on a joint review of achieve this.
- 3.3 Early discussions involved Mendip District Council, Sedgemoor District Council, Somerset County Council, South Somerset District Council, Somerset West & Taunton Council, North Somerset Council and Bath & North East Somerset Council.
- 3.4 The local councils in Somerset (excluding Bath and North East Somerset Council and North Somerset) commissioned a report into the future of local government in Somerset. A consortium led by Ignite consulting - together with Collaborate, Pixel Financial Management and De Montfort University - was selected to undertake research into the broad range of options from a variety of perspectives including community benefits and financial efficiency. The report outlined a number of options for the councils to consider.
- 3.5 In order to ensure Bath & North East Somerset Council could objectively take part in early discussions, in late 2018 the administration commissioned some advice on the implications of being part of Somerset and decided not to take active part in the study.
- 3.6 The outcome of the report stated that there were *“significant risks to the Council’s ability to deliver its strategic priorities. This applies across all strategic priorities, noting that the proposed financial impact along with the ability of B&NES to be able to develop policies and interventions specific to its socio-economic environment are likely to be hampered”*. “Consideration has been given towards the potential of the positive impact that LGR may deliver to the region and more specifically the residents and communities of B&NES. However, any benefits are deemed insignificant compared to the scale of risk associated with the proposal.”
- 3.7 After receiving the report and following due consideration, the Council therefore declined to take part in any further formal discussions and indicated that it could not support a change to the local government structure within Somerset if it included any changes to Bath & North East Somerset Council's powers or boundaries. The current administration does not think that situation has changed so doesn't wish to join in with any of the proposals on the table or makes its own proposals.
- 3.8 On 2 July 2018 the Council considered and agreed a motion from the Liberal Democrat group

Somerset Councils (Lib Dem)

Council:

4. *Believes it is appropriate for B&NES Council to be involved in discussions about future local government structures in Somerset.*

5. *Agrees that the creation of a Somerset super-unitary authority incorporating B&NES Council would be undesirable and would not benefit B&NES residents.*
6. *Believes that evidence would be required to show whether a unitary authority covering the areas of B&NES and Mendip District Councils would be of benefit to residents and businesses in both areas before any further steps are taken.*
7. *Instructs the Leader to ensure that discussions on this issue are carried out with full transparency and that no formal processes are to take place without democratic oversight by Council.*

In the light of this, Cabinet is making a recommendation to Council.

- 3.9 In 2020, the four-district councils jointly submitted a revised plan to central government. The districts claimed that their proposal, Stronger Somerset, was a plan that offers a fresh start for Somerset and would give them more control over their future with more power and more funding to invest in their communities. The plan will simplify the local government structure with two new councils for East and West, while creating a Combined Authority so more decisions can be made locally.
- 3.10 In summer 2020, Somerset County Council had already taken the decision to pursue change for the place and had published a full business case that was submitted to and would be considered by central government. The business case outlined their view that the two-tier system in Somerset has reached the limits of not only the ability to deliver successfully for residents now, but to be able to do so into the future. The business case has shown that for Somerset, of all four scenarios investigated, the move to a single unitary model would realise the greatest benefits. A number of options have been considered in the county's full business case and there are a number of reasons as to why they have chosen to pursue one unitary authority as the preferred option.
- 3.11 The government announced on the 9 October 2020 that councils in Cumbria, North Yorkshire and Somerset were invited to submit locally led proposals for unitary local government, responding to requests from these areas.
- 3.12 Councils in these 3 areas now can now develop and submit their proposals for how they want to restructure local government in their area to establish unitary local government. This would mean moving from a two-tier system of county and district councils, to a system where there is a single tier for any given area. The submissions must be made by the 9th November.

4 STATUTORY CONSIDERATIONS

- 4.1 Council's Constitution 'Part 4 B (Access to Information Procedure Rules) - Urgency Rule 15' was used for this report at Cabinet on 5th November, as the invitation letter from the Secretary of State on Local Government reorganisation arrived after the 28 days publication deadline for the Cabinet meeting.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 There are no resource implications in not submitting a proposal to central government for local government reorganisation within Somerset.

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 EQUALITIES

- 7.1 There are no equalities implications in not submitting a proposal to central government for local government reorganisation within Somerset.

8 CLIMATE CHANGE

- 8.1 There are no climate change implications in not submitting a proposal to central government for local government reorganisation within Somerset.

9 OTHER OPTIONS CONSIDERED

- 9.1 The report outlines the discussions that have gone on since this issue was first raised by the Councils in Somerset Council. The Council has considered these previously as set out.
- 9.2 Although the invitation from the Secretary of State is open to Bath & North East Somerset to reply, there is no evidence that the issues have changed since then.

10 CONSULTATION

- 10.1 This report has been cleared by the S151 and Monitoring Officer.

Contact person	David Trethewey, Director of Partnerships & Corporate Services Steve Harman, Head of Business Support & Performance
Background papers	
Please contact the report author if you need to access this report in an alternative format	

Bath & North East Somerset Council		
MEETING	Council	
MEETING DATE:	12 th November 2020	
TITLE:	Council Tax – Long Term Empty Property Premiums	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
None		

1 THE ISSUE

Council has the discretion to amend the council tax premium charged for long-term empty properties, and encourage the return of empty dwellings for occupied homes.

2 RECOMMENDATION

Council is asked to;

- 2.1 Increase the council tax empty homes premium to 300% for properties empty for ten years or more, from 1st April 2021

3 THE REPORT

- 3.1 Section 2 of the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 (The Act) provides councils with the discretion to increase the percentage of council tax payable in respect of long term empty properties, up to 300% in some instances.
- 3.2 Since 1st April 2020, Bath & NE Somerset charge a 100% council tax premium on domestic properties empty for between two and five years and 200% for properties empty for more than five years, as an incentive to bring them back in to use.
- 3.3 Since the introduction of the premium in April 2013, the number of long term empty dwellings in Bath & NE Somerset has plateaued in recent years.

- 3.4 The council currently have 237 long term empty homes subject to the 50% council tax premium, up from 225 in 2019/2020.
- 3.5 The 237 long term empty properties comprise of 183 subject to the 100% premium (empty between two and five years) and 54 attracting a 200% premium (empty for five years or more).
- 3.6 There are currently 24 properties which, from 1st April 2021, would have been empty for ten years or more.
- 3.7 The rationale behind increasing the premium is to provide owners with a further incentive to bring empty homes back in to use, thus supporting the aims of the Council's Empty Residential Homes Policy.
- 3.8 The Act gives councils the ability to increase the premium as follows:
- (1) 100% for properties empty for between two and five years from 1st April 2020
 - (2) 200% for properties empty for between five and ten years from 1st April 2020
 - (3) 300% for properties empty for over ten years from 1st April 2021
- 3.9 Should Members decide to increase the premium as in 3.6 (3) above, the estimated additional yield of council tax for these 24 properties is £38,930.

4 STATUTORY CONSIDERATIONS

- 4.1 This report has been written in accordance with the provisions of The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.
- 4.2 Consideration has also been given to the council's Empty Residential Homes Policy 2018 and the implications long term empty properties have on residents living in their locality.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The recommendations in the report will further incentivise owners of long term empty properties to return them to occupation, thus increasing homes available in accordance with the council's Empty Residential Homes Policy.
- 5.2 Whilst the numbers of long term empty properties remain, the recommendations in this report will deliver an estimated additional council tax yield of around £38,930, the Council's share after excluding the amount relating to the Police, Fire and Parishes is estimated at £31,889.
- 5.3 If the proposed changes are agreed, the revised premiums will be factored into the Council Tax Taxbase calculations for 2021/2022 and the Council Tax income estimates used as part of setting the revenue budget.

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 EQUALITIES

- 7.1 An equalities Impact Assessment has been undertaken in accordance with Council Policy.

8 CLIMATE CHANGE

- 8.1 The subject matter of this report does not have any impact on climate change.

9 OTHER OPTIONS CONSIDERED

- 9.1 The council could continue with the current 200% council tax long term empty premium for properties empty for more than ten years. However, it would not further incentivise owners to bring their empty properties back in to use or provide the Empty Properties Officer further leverage in delivering the Empty Residential Homes Policy.

10 CONSULTATION

- 10.1 The S151 Officer and the Director of Legal Services have been consulted on these proposals.

Contact person	Carl Thomas-Roberts 01225 395452 carl_thomas-roberts@bathnes.gov.uk
Background papers	none
Please contact the report author if you need to access this report in an alternative format	

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Bath & North East Somerset Council	
MEETING:	Council
MEETING DATE:	12th November 2020
TITLE:	Community Contribution Fund - PDS report back on the findings and actions from discussion
WARD:	All
AN OPEN PUBLIC ITEM/	
<p>List of attachments to this report:</p> <p>1. PDS report on findings and actions from the Corporate Panel meeting on the 28th September</p>	

1 THE ISSUE

- 1.1 This report sets out findings and recommendations from Policy Development & Scrutiny following the motion adopted by Council in July on a Community Contribution Fund (CCF) for Bath & North East Somerset.
- 1.2 It sets out the combined recommendations from the Corporate PDS discussions and the Special Group Leaders Meeting on the 28th October 2020.

2 THE COUNCIL IS ASKED TO;

- 2.1 Note the findings and recommendations made by the Corporate Policy Development and Scrutiny Panel on the overall approach to the Community Contribution Fund as detailed within Appendix 1.
- 2.2 Agree that the details of the governance of the scheme be delegated to the Director of Finance, in consultation with the Group Leaders.
- 2.3 Agree that the Community Contribution Panel be established for a trial period of 1 year, with a politically proportionate membership, comprising six Liberal Democrats, two Conservatives, one Independent and one Labour.
- 2.4 Request Cabinet to ensure that a Community Contribution Scheme is implemented for a trial period of one year within Bath & North East Somerset through the 2021/22 budget process within the framework set out in this report, as agreed in principle by Council on 23rd July 2020.

3 THE REPORT

- 3.1 The Corporate Policy Development & Scrutiny Panel considered this issue at their meeting on the 28th September. Their full considerations and recommendations are attached in Appendix 1.
- 3.2 As they have raised a number of pertinent considerations and recommendations which require specialist officer oversight, it is proposed that the details of the scheme should be delegated to the Director of Finance, in consultation with Group Leaders.
- 3.3 Agree that, if possible, the same criteria as set out for the Ward Councillor Community Empowerment Fund should be used to distribute any contributions.

4 STATUTORY CONSIDERATIONS

- 4.1 None

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 Resource implications have been identified as part of the report's findings and will be determined as part of the ongoing development of this work.
- 5.2 Within the pilot year the scheme will be managed within existing resources.
- 5.3 This will be a voluntary contribution scheme which would operate outside of the Council Tax system and managed as a ring-fenced fund within the revenue budget.

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 A particular risk has been identified relating to possible lack of take up compared to administration costs, challenges in allocating funding to projects, donors requesting funds in specific areas or specific projects.

7 EQUALITIES

- 7.1 An Equality Impact Assessment will be prepared as part of any ongoing proposals moving forward.

8 CLIMATE CHANGE

- 8.1 There is the potential for additional funds raised to be used to deliver the council's core policy of tackling the climate and ecological emergency.

9 OTHER OPTIONS CONSIDERED

- 9.1 N/A

10 CONSULTATION

10.1 The Council Solicitor and Section 151 Officer have been consulted on the report.

Contact person	<i>Paul Myers on behalf of the Corporate Panel</i> <i>(Paul.Myers@bathnes.gov.uk)</i> <i>Supporting Officer Andy Rothery (Director of Finance and section 151 Officer)</i>
Background papers	<i>Presentation slides to the Corporate Panel at their meeting on the 28th September 2020.</i> <i>http://vm-civ-mgov/ieListDocuments.aspx?CId=635&MId=5554&Ver=4</i>
Please contact the report author if you need to access this report in an alternative format	

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Appendix 1 - PDS report on findings and actions from the Corporate Panel meeting on the 28th September 2020

Background

Council on 23rd July 2020 resolved to agree in principle to introduce a Community Contribution Fund (CCF) from 2021/22, but to ask the Corporate Policy Development and Scrutiny Panel to consider and report back to Council with recommendations on how it might work in practice including:

- a. Whether to adopt an inclusive approach inviting all Council Tax payers to contribute or whether it should be limited to those in Band H;
- b. The vehicle for managing any new Community Contribution Fund;
- c. The mechanism for identifying local priorities for support; and
- d. The means of consulting with residents on the introduction of any such Fund.

The Corporate PDS Panel meeting on the 28th of September 2020 received a background report and presentation on the proposal CCF and discussed each of the points set out in a-d above.

1.1 Scope of the Fund

Question. Should the Council adopt an inclusive approach inviting all Council Tax payers to contribute or whether it should be limited to those in Band H?

The Panel considered the following issues:

- Whether the scheme be restricted to Band H residents
- Whether it would be a fairer approach to present the voluntary contribution to all residents
- Whether visitors, businesses and other organisations be requested to make contributions

Recommendations from the Panel

- 1) An inclusive approach open to all rather than limiting it to Band H so the scheme would be open to all residents, businesses and organisations whilst being very clear that it was a voluntary scheme.

1.2 Management of the Fund

Question. What should be the vehicle for Managing any new Community Contribution Fund?

The Panel considered the following issues

- Whether the scheme should be run through the Council or through an independent body – such as a new charitable trust or existing partner, with the potential for Gift Aid top up for charitable donations
- The trade-off between complexity and cost of set-up and administering scheme versus income generated.
- Timescales required to deliver the scheme
- The scheme's governance arrangements
- Who will decide on use of fund / grants given from fund

Recommendations from the Panel

- 1) Agree the creation and composition of a Community Contribution Panel with the composition of 10 politically proportionate councillors – six Liberal Democrats, two Conservatives, one Independent and one Labour
- 2) A trial period of one year from 2021/22
- 3) The established CCF Panel will decide on the use of the funds

1.3 Uses for the Fund

Question. What should be the mechanism for identifying local priorities for support?

The Panel considered the following:

- Whether these should be linked to agreed Council Priorities and the Corporate Strategy
- Whether any specific areas / projects which are more suited to a voluntary contribution-based funding approach
- Engagement with residents to inform specific priorities

Recommendations

- 1) The Group Leaders to select and agree the three Criteria Areas that the CCF could contribute to.
- 2) Council Taxpayers would have the option to make a Voluntary contribution
- 3) Three 'Criteria Areas' (Theme area projects) would be set on the form so that people know what they would be contributing to (Similar to a Supermarket green token scheme). The Criteria Areas would be reviewed at the end of the first year's trial.

1.4 Engagement

Q. What will be the means of consulting with residents on the introduction of any such Fund?

The Panel considered the following:

- Any initial consultation exercise to gauge support for the principle of the voluntary contribution fund?
- Any consultation on priorities for use of funds?
- Consultation approach – mail based, web based, existing Council communications, community groups or a mix of these

Recommendations

- 1) As the scheme would initially be for a trial period (and also voluntary), consultation could be done at the end of the one year trial to take on board the results and also endeavour to engage with Parish and Town Councils and the Bath Forum.
- 2) The Corporate Panel agreed that the scheme should be well promoted by good communications

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Bath & North East Somerset Council		
MEETING:	Council	
MEETING DATE:	12 November 2020	EXECUTIVE FORWARD PLAN REFERENCE:
TITLE:	Avon Pension Fund Annual Report to Council	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – The Avon Pension Fund Committee’s Annual Report to Council 2019/20 Appendix 2 – Local Pension Board – Annual Report 2019/20		

1 THE ISSUE

- 1.1 The Avon Pension Fund Committee discharges the responsibilities of the Council in its role as the administering authority of the Avon Pension Fund in accordance with the Local Government Pension Scheme Regulations 2013 (as amended).
- 1.2 The Committee reports annually to Council on the work it has undertaken in the previous twelve months and reference is also made in the report to the future work programme. This report is for the 12 months to 31 March 2020.
- 1.3 As background to this report members should be aware that Bath & North East Somerset Council has a dual interest in the Avon Pension Fund, firstly as administering authority and secondly as one of the employing bodies. This report focuses entirely on the Council’s role as administering authority.

2 RECOMMENDATION

The Council is asked to;

- 2.1 To note this report.

3 THE REPORT

- 3.1 The Annual Report for 2019/20 is attached as Appendix 1 to this report. The document is primarily for the Council's purposes. However, it will be circulated to the employing bodies within the Fund to improve transparency about the Committee's activities and the decisions taken.
- 3.2 The Public Service Pensions Act 2013 required the Council to establish a local pension board to assist the administering authority with the effective and efficient management and administration of the scheme. The Avon Fund Pension Board has published its annual report for 2019/20 which is included in Appendix 2 for completeness.

4 STATUTORY CONSIDERATIONS

- 4.1 The Council is required to put in place arrangements for the effective discharge of its business

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The costs of administering the Avon Pension Fund are recharged to the employing bodies through the employer contribution rates which are set by the actuary every three years as part of the valuation.

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 EQUALITIES

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

8 CLIMATE CHANGE

- 8.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Low Carbon Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee

9 OTHER OPTIONS CONSIDERED

- 9.1 None

10 CONSULTATION

- 10.1 The Pension Fund Committee delegated the drafting of the Annual Report to Council to Officers and the Chair (subject to informal consultation with Committee members prior to the Chair approving the report).

Contact person	Carolyn Morgan, Governance & Risk Advisor, 01225 395240
Background papers	<i>Pension Fund Committee papers</i>

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AVON PENSION FUND COMMITTEE ANNUAL REPORT TO COUNCIL (April 2019 - March 2020)

1 INTRODUCTION

This is the annual report to Council detailing the work carried out by the Avon Pension Fund Committee for the period from 1 April 2019 to 31 March 2020.

The Council has delegated responsibility for the Fund to the Avon Pension Fund Committee (the “Committee”) which is the formal decision-making body for the Fund. The Committee’s role is strategic in nature, setting policy framework and monitoring implementation and compliance within that framework.

Due to the wide scope of the Committee’s remit it is supported by the Investment Panel (the “Panel”) which considers the investment strategy and investment performance in greater depth. The Committee has delegated authority to the Panel for specific investment decisions.

The Pensions Committee and administering authority are scrutinised by the Local Pension Board ensuring that the governance surrounding the scheme remains robust and fit for purpose.

The scheme is regulated and overseen by the Pensions Regulator. Other bodies and agencies undertake key roles, particularly the LGPS Scheme Advisory Board, the Ministry for Housing Communities and Local Government, and CIPFA, which sets the accounting standards.

Brunel Pension Partnership Ltd (Brunel), the company established by the Brunel pool to implement the Fund’s investment strategy is regulated by the Financial Conduct Authority.

The Avon Pension Fund is a statutory scheme regulated by the Local Government Pension Scheme Regulations 2014 (as amended) and the Local Government Pension Scheme Regulations (Management and Investment of Funds) Regulations 2016 (as amended).

Bath & North East Somerset Council (“the Council”) administers the Fund on behalf of approximately:

- 445 employing bodies
- 121,000 members

The value of the Fund as at 31 March 2020 was £4.5 billion.

In 2019/20 the Fund:

- received £161m in pension contributions
- paid out £194m in pension payments and transfers.

Full details can be found in the Fund's annual report (<https://www.avonpensionfund.org.uk/finance-and-investments>)

2 COMMITTEE MEMBERSHIP

The Committee structure is as follows:

Voting members (14)	5 elected members from B&NES (subject to the rules of political proportionality of the Council) 3 independent members 1 elected member nominated from each of the other 3 West of England unitary councils 1 nominated from the Higher and Further Education bodies 1 nominated from Academy bodies 1 nominated by the Trade Unions
Non-voting members (3)	1 nominated from the Parish Councils 2 nominated from different Trade Unions

The Committee meets quarterly. Attendance at the meetings was 84% for the voting members and 55% for the non-voting members.

During the year the Committee welcomed the additional independent member and Academy representative who were appointed as a result of the review of its governance structure in 2019.

Investment Panel

The Panel consists of up to six voting members from the Committee and meets at least quarterly ahead of Committee meetings.

The Panel met formally three times during the year, with attendance at 82%.

3 TRAINING

The Fund provides training to committee members to ensure they possess an appropriate level of knowledge, skill and understanding to discharge their fiduciary duties.

Along with the Local Pension Board the Committee took part in the first ever LGPS National Knowledge Assessment carried out by Hymans Robertson. The overall results look very positive and they will be used to develop future training requirements

The Fund has in place a training framework which is based on CIPFA's (Chartered Institute of Public Finance and Accounting) Knowledge and Skills Framework for LGPS funds.

Committee training is delivered in a variety of formats such as detailed Committee and Panel reports and workshops where the topic is explored in greater detail. Over the year a workshop covering the Valuation & Funding Strategy took place as well as an Investments workshop specifically for Investment Panel and new

committee members. Further Induction training was also carried out for new members and a series of four workshops to review the Investment Strategy were delivered during 4Q19/1Q20.

In addition, members attended several seminars and conferences which broaden their understanding of investments and topics of relevance to the LGPS.

4 COMMITTEE ACTIVITIES & REVIEW OF THE YEAR

The year was dominated by the impact of the Coronavirus pandemic in the last quarter as the virus took hold globally, nations responded with restrictions to contain the spread and investment markets took fright as an extremely sharp economic slowdown materialised. As the year ended the Fund was establishing new remote working arrangements to ensure it could still deliver its service to members and employers alike, monitoring cashflow and reviewing proposed changes to the investment strategy to ensure it was still appropriate given the uncertain outlook.

a) Investment Strategy Review

During 2019 the Committee undertook a number of workshops to review the strategy and consider, amongst other things, the impact of climate change on potential investment returns and the Fund's maturing cash flow profile. The outcome was a number of asset allocation changes and the setting of specific climate change objectives.

Evidence-based modelling was used to establish long-term objectives and targets relating to climate change and determine appropriate allocations to alternative energy and carbon solutions. Specifically, the Fund committed to;

- Implement a <2°C aligned portfolio by committing to net zero emissions by 2050 or earlier. This will be achieved by working with Brunel using the results of the industry wide project being undertaken to assess what each 2°C asset portfolio will look like. Expect to review the findings in line with the global stocktake timeline in 2022/23.
- Reducing the carbon intensity of the equity portfolio over time with the aim of being 30% less carbon intensive than the benchmark by 2022.
- Invest sustainably so that we support a 'just transition' to the low carbon economy with the aim of investing at least 30% of the assets in sustainable and low carbon investments by 2025.
- Use the Fund's power as a shareholder to encourage change. Financial markets and companies urgently need to adapt their activities to support the transition to a low carbon economy. Collaboration as part of Brunel makes our influence more powerful as they manage a £30bn pool of assets. In addition, the Fund will independently support investor led initiatives such as ClimateAction100+ and Institutional Investors Group on Climate Change to increase pressure on companies and governments to align with the Paris

goals. If engagement does not work ahead of the Paris Stocktake in 2023, we will consider selective divestment from laggard companies.

In April 2020 an assessment of the impact of the COVID-19 pandemic on these asset allocation changes concluded that they remained appropriate given the Fund's long-term investment approach. However, measures were put in place to mitigate the risk of any short-term cash flow implications by phasing the commitments made to Secure Income, Renewable Infrastructure and Private Debt over a two-year period.

The LGPS regulations require funds to publish a revised Investment Strategy Statement (ISS) following significant changes to the strategy. The ISS sets out the Fund's core beliefs that underpin the investment strategy, the process for ensuring the suitability of investments and the key risks the Fund is exposed to, and how these risks are managed. The revised ISS was published in September 2020 following reflecting the revised strategy.

b) Investment performance & Pooling of Assets

- During the year the value of the Fund's assets decreased by £352 million to £4,467 million at 31 March 2020. The investment return of -6.4% was the first negative return since 2016. The return over the last three years was 1.0% per annum which is below what is required in the funding plan. Positive investment returns for the first nine months of the year were eliminated by year end due to the impact of COVID-19 on investment markets globally. The Fund has since made a significant recovery in the first quarter 2020/21 as confidence across markets was bolstered by significant international government intervention.
- The Fund has so far weathered the crisis well, due to the diverse range of assets within the portfolio and the equity protection strategy which added 0.6% to the overall return. Allocations to diversifying assets such as Diversified Growth Funds and Hedge Funds performed their strategic role by providing some downside protection as equity markets fell. Bond markets, especially credit markets were badly affected as investors feared a rise in defaults. (See paragraph e below for details of the ongoing risk management strategy)
- During the year another three equity mandates transitioned to Brunel totalling £1,511m bringing the assets managed by Brunel on behalf of the Fund to £2,252 million or 50.4% of the Fund's assets.
- Brunel has also appointed a manager to provide Risk Management Solutions to its clients. At least another three mandates are planned to transition by the end of the current financial year. In addition, the allocations to Secured Income, Private Debt and Infrastructure assets are being invested via Brunel's portfolios.
- The Committee receive an update report on Brunel at each committee meeting. Governance arrangements are in place for monitoring service delivery, the transition of assets and the ongoing costs & savings. The Committee is represented by its Chairperson on the Brunel Oversight Board; the Board is supported by officers from each of the funds.

- Four committee members attended the Stakeholder Engagement day arranged for Brunel to update members on the progress made in developing the investment services Brunel will provide to its clients (ten LGPS funds, one of which is Avon).

c) Climate Emergency

- In March 2019 Bath & North East Somerset Council declared a climate emergency and awareness of climate change has continued to be high profile. The implications for pension funds in terms of the risk to asset values as the world transitions to a low carbon economy increased markedly during the year. The committee received a few statements from members and campaigners requesting that the Fund divests from fossil fuel companies.
- The Fund has acknowledged the risk climate change poses to the asset portfolio since 2016 and has been implementing strategies to reduce the financial impact. There was significant focus in the 2019/20 investment review to the strategic impact of climate change on the asset portfolio. Evidence-based modelling was used to establish specific climate change objectives with clear milestones and determine appropriate allocations to alternative energy and carbon solutions.
- Important progress was also made with Brunel publishing its Climate Change Policy in early 2020. This policy is aligned with the Fund's own objectives and will be crucial in enabling the Fund to achieve those objectives over the coming years.

d) Responsible Investing Policy (RI)

Within the wider scope of Responsible Investing which covers all our Stewardship activities (voting and engagement with companies), Avon is acknowledged as a leader in the LGPS community for its RI policy development in Unison's 2018 report entitled "Responsible Investment in the LGPS". This year further content has been added to the website to provide more clarity to members about the action the Fund is taking across all environmental, social and governance issues.

The Fund sought to manage Responsible Investment and Environmental, Social and Corporate Governance (ESG) risks during the year as follows:

- December 2019 marked the fourth annual review of the carbon exposure of the Fund's equity portfolio. The analysis concluded that the aggregate Fund exposure within equities was more carbon efficient, on a Weighted Average Carbon Intensity (WACI)¹ basis, with a 25% lower carbon exposure than its benchmark which was a 12% year-on-year improvement. The decrease in carbon intensity was driven mainly by the transition of assets into Brunel portfolios, all of which have a lower carbon intensity than their respective benchmarks, indicating that the underlying investment managers generally invest in less carbon intensive sectors and pick less carbon intensive stocks than the broader market.

- The Fund's ability to engage with, and drive change, at the underlying investment manager level was amplified through Brunel, who over the year publicly engaged with investment manager, BlackRock, on their climate change position and worked directly with other managers to optimise the carbon intensity of their respective portfolios.
- Continued participation in industry leading initiatives and coalitions such as Climate Action 100+ and the Local Authority Pension Fund Forum (LAPFF) have contributed to a series of high-profile engagements with major oil & gas companies which have produced significant positive results. The Fund recognises the value of collaboration and engagement as effective tools to manage RI risks and directly address its strategic RI priorities. Officers and Committee members attended three LAPFF business meetings during the year.
- Over the year there was significant engagement with 393 companies held within Brunel portfolios, across a broad range of ESG issues. Environmental topics, on average, featured in 27% of engagements, 66% of which related directly to climate change. Social topics featured in 19% of engagements, where diversity and human rights featured prominently. Of the 37% of Governance related engagements the majority revolved around executive remuneration. Strategy, risk and communications topics such as audit and accounting and cyber security featured in the remaining 17% of engagements over the year.

e) Risk Management Strategy

- The Fund has implemented a number of risk management strategies to de-risk the investment strategy by having a better match to the liabilities and placing less reliance on the riskier assets, such as equities to fund future pension benefits. Ultimately the aim is to protect the funding position and thus provide greater certainty for the funding plan (contribution plans for the employers). The risk management strategies are reviewed annually to ensure they remain appropriate given market conditions.
- The Liability Driven Investment (LDI) programme that hedges the inflation and interest rate risk posted a negative return over the year as inflation fell materially towards the end of the period, impacted by COVID-19. However, there was a corresponding fall in the present value of the liabilities, thus the strategy delivered as expected.
- The Equity Protection Strategy (EPS) which protects against large equity market falls, was renewed and extended to cover emerging market exposure as well as developed markets. At year end the strategy provided significant value as equity markets declined.

f) Funding Strategy

- In the 2019 valuation the assets totalled £4,818m and liabilities were 5,102m. 46% of the liabilities related to pensioner benefits, 22% were deferred benefits and 32% related to active members currently contributing and accruing benefits.

Consequently, the funding level was 94% which was a significant improvement on the funding level of 86% at the previous valuation in 2016. In monetary terms the deficit fell from £618 million in 2016 to £284m in 2019 with an average deficit recovery period of 13 years.

- A Committee workshop was held in June 2019 to discuss the valuation results and agree the revised Funding Strategy Statement. The main driver of the improvement in the finding level was the strong asset returns, in excess of the valuation assumptions, between 2016 and 2019. However, lower expectations of future returns meant overall there was an increase in the ongoing cost of future accruals, offsetting the lower deficit contributions.
- As at 31 March 2020, the estimated funding level had fallen to 84%. This is due to the fall in investment markets in February and March 2020 as the COVID-19 pandemic took hold. The Fund's risk management strategies, specifically the equity protection strategy, helped mitigate some of the capital losses. Volatility increased dramatically in March causing investors to sell riskier assets as it became apparent that lower GDP growth was inevitable in the short term as more countries introduced restrictions and lockdowns. The medium to longer term implications for economic growth and pace of any recovery are as yet uncertain. Given the impact of COVID-19 on the employing bodies, the Fund will increase its covenant monitoring and work with the Actuary to ensure the funding policies support employers and protect the Fund adequately during this challenging period. The Fund has since made a significant recovery and by the end of June 2020 the funding level was 92%.

g) Pensions Administration

(i) Budget

- During the year to 31 March 2020, total administration costs (excluding advisory and investment management costs) were £3.1 million, 11% below budget, with several staff vacancies occurring during the year being a contributory factor
- Annual investment management fees paid in the year were below budget at £26.9 million.
- Governance costs were just under budget at £1.1 million with £0.41m of the cost relating to the triennial valuation.

(ii) Chartered Institute of Public Finance & Accountancy (CIPFA) Benchmarking (Benefits Administration)

The fund is committed to achieving and enhancing value for money and to make the administration of the scheme as efficient and cost effective as possible.

The CIPFA benchmarking data from 2018/19 highlights the Fund's comparative performance in key cost areas, as shown below (note that these are for 2018/19 so will differ from 2019/20 figures quoted elsewhere in this report). All demonstrate the Fund's positive cost performance when compared with national averages.

LGPS Costs

	Avon Pension Fund	National average
Admin cost per member	£18.47	£21.34
Net admin cost per FTE	£55.7k	£71.8k
Members per FTE	2,247	2,848

Management Expenses

	Total costs £'000	£ per member	National average £
Administration costs	1,475	12.51	15.09
Oversight & Governance costs	1,359	11.52	22.34
Investment management costs	19,304	163.67	236.76
Total costs	22,138	187.70	274.19

(iii) Pensions Administration Strategy

- The Administration Strategy sets out how the administering authority and scheme employers will work together to provide an improving quality level of service to Fund members.
- The strategy ensures the Fund can continue to deliver a high quality pension service at a time when the operating environment is becoming more complex. The employer base has fragmented, especially with the creation of academies and the increase in the number of third party HR and payroll providers.
- The strategy has been updated and approved by Committee in March 2019. The main objectives are:
 - Full electronic receipt of data from all employers
 - Digital delivery of all communications to members
 - Introduction of chargeable services for employers
- The strategy to deliver digital communications to members together with the electronic receipt of data across the employer portfolio aligns with Council strategy to reduce carbon emissions.

(iv) The Pension Regulator

- Since the introduction of the Pension Regulator's (TPR) Code of Practice 2014 and Record Keeping Regulations the Fund has a data improvement plan in place to improve both the quality of the Fund's data as a whole and, also working with individual employers to improve their data. A data score of 95% was reported in the TPR Scheme Return as at September 2019.
- The Scheme Advisory Board has now provided a list of scheme specific data items. This year the Fund will undertake a review taking these additional checks into account and will update its data improvement plan accordingly.

(v) Risk Register

- The Fund's Risk Register identifies the governance, operational, funding and investment risks that the Fund is exposed to and, having evaluated the financial and operational impact of the risk on the Fund's objectives, states the actions taken to mitigate and effectively manage the risk.
- The register is reviewed regularly by the management team and is reported quarterly to the Committee.

h) Treasury Management Policy and Cash Management Policy

- The Committee approves the Fund's Treasury Management Policy annually. The policy sets out how the Fund's cash is invested to meet its day-to-day requirements. The cash managed under this policy is 0.5-1% of the Fund's value (up to c. £45m).
- The management of this cash is delegated to the Council's Treasury Management Team. However, the Fund's cash is invested separately from the Council's and the Fund has a bespoke Treasury Management Policy.

i) Work plans

- Separate workplans are prepared for the Committee and Panel detailing the forthcoming areas of work relating to the investment strategy, funding strategy and the administration of benefits to give the Committee and officers the opportunity to review the workload, plan Committee agendas and workshops and accommodate issues that may arise.

j) Approval of the 3 year Service Plan & Budget

- The Service Plan sets out the Pension Fund's objectives for the next three years with a three year budget to deliver the plan including work relating to the investment strategy, risk management, compliance and improvements in the administration of the Fund.
- The budget approved for Administration in 2019/20 was £2,698m. The budget for 2019/20 has been increased to £2,935m. The increase will provide additional staffing, technical training and development, IT developments and one off projects.

5 FUTURE ACTIVITY

The Fund faces a challenging year ahead as the response to the pandemic continues to change working practices for staff, as well as an uncertain future for some employers. Regulatory changes such as the implementation of the McCloud remedy and the introduction of the £95k cap will bring additional challenges to the administration of the Scheme.

The Committee and Panel's focus over the next twelve months will be:

Funding Strategy:

- i. Implementing the policy for ongoing covenant assessment for incorporating into the Funding Strategy and funding plans.
- ii. Monitoring the revised Funding Strategy following the 2019 valuation and ensuring policies are updated for regulatory changes.
- iii. Exploring further options for bespoke portfolios to manage the funding and liability position of specific employer risk groups.

Investment Strategy:

- iv. Monitoring the transition of assets to Brunel Portfolios.
- v. Reviewing the strategic asset allocation, ensuring the Fund is achieving the returns required in the Funding Strategy, that the portfolio is aligned to a low carbon economy and that all risks are effectively managed.
- vi. Monitoring the Investment Strategy Statement reflecting strategy developments and changes due to Brunel operations as required.
- vii. Monitoring and develop the Risk Management Framework further as a mechanism for managing liability risk through the investment portfolio and mitigating investment risk.

Administration Strategy:

- viii. Implementing new SLA arrangements to all employers including potential chargeable service option.
- ix. Continuing implementation of the planned IT Strategy designed to achieve a digital step change in service delivery and mitigate service demand growth.
- x. Introducing a training & development programme across all pension stakeholders
- xi. Completing the rollout of I-Connect and implement joint monthly contribution and data delivery module.
- xii. Completing the GMP data reconciliation exercise as required by HMRC to ensure the fund is not at risk of erroneous pension liability.
- xiii. Undertaking a review of pensioner member 'pots' to identify potential opportunities in line with the Government announcement on trivial commutations.
- xiv. Completing the move towards electronic delivery of Scheme communications to active members.
- xv. Undertake a project to manage outcomes of the McCloud Judgement – following expected amendments to the statutory underpin designed to remove age discrimination from the LGPS.

Governance:

- xvi. Keeping governance arrangements under review to ensure effective monitoring of Brunel as a service provider, value for money and the transition of the assets.
- xvii. Ensuring the Committee and the Local Pension Board is fully trained and briefed on current strategies and operations, so they can scrutinise and make decisions effectively.

August 2020

Avon Pension Fund – Local Pension Board – Annual Report 2019/20

1. Chairman's Summary

Welcome to the fifth Annual Report of the Local Pension Board (LPB) of Avon Pension Fund.

The Board was established in 2015 arising from the Public Sector Pension Act 2013 and Local Government Pension Scheme (Governance) Regulations 2015.

The purpose of the Board is to assist the Administering Authority (BANES Council) of the Avon Pension Fund (APF) secure compliance with the LGPS regulations and requirements of the Pensions Regulator (TPR) and ensure efficient and effective governance and administration of the fund.

This report covers the period 1st August 2019 to 31st July 2020 within which the Board has held two meetings along with a number of informal briefings. There was a formal meeting in November 2019 plus an informal meeting in July 2020 to update the Board on the Fund's response to the Covid-19 outbreak. Due to the pandemic the other planned meeting and workshop due to be held in March 20 was postponed.

The fifth year of operation of the LPB has been dominated by the impact of the McCloud judgement and the Covid-19 pandemic and The Board has sought assurances from officers that the fund is able to operate remotely and continue to deliver its service to members and employers.

It has also focussed on its statutory responsibilities with a core agenda of key governance themes around the fund's legal compliance, risk management and benchmarking. During this period the members of the LPB have also continued to develop their knowledge and understanding of the LGPS and TPR requirements as required by law.

During the year The LPB has welcomed a new independent Chair appointed in November 2019, a new employer representative and a new member representative both appointed in March 2020.

It has also actively monitored the fund's involvement in the Brunel Pensions Partnership (BPP) that was established in 2017 to facilitate the pooling of the fund's assets with 9 other LGPS funds in 2018.

I am pleased to say that with the support of the officers to the APF; the LPB has made good progress in fulfilling its terms of reference and continuing to support the administering authority in its statutory duties.

The LPB has reviewed a wide range of LGPS regulations and TPR requirements and made a number of recommendations to the administering authority (see page 8).

This has included reviewing all administration processes against their legal timeframes as well as locally agreed service level agreements, reviewing high level risks facing the APF on a regular basis and analysing key issues around data quality – notably missing addresses.

The LPB reviewed & commented on the revised Funding Strategy Statement & Investment Strategy Statement and raised issues such as the increased administration burden that the McCloud remedy will bring and the ongoing concerns about the Climate Change emergency and the fund's response.

In addition we have continued to monitor the fund's compliance with TPR Code of Practice 14 along with a number of other audit reviews of the fund and its administration. The LPB welcomed the actions being implemented by the fund to ensure it fully complies with the Code and improve the control framework around the Administration of the APF.

The LPB noted the growing administration pressures from more employers joining the fund as well as new Scheme Advisory Board requirements in respect of scheme specific data. In light of this the LPB supported

Avon Pension Fund – Local Pension Board – Annual Report 2019/20

the need to future proof the level and quality of administration services as set out in the Fund's administration strategy.

The LPB also continues to overview the APF communication strategy and stressed the need for all scheme information to be kept up to date and the importance of the fund website to employers and members.

Looking ahead the LPB will continue to assist and support the APF in respect of minimising potential governance and other risks arising from BPP and the pooling of the funds assets with 9 other LGPS funds.

Last but not least could I thank my fellow Board members for their commitment to their roles on the LPB and I commend this report to you.

Nick Weaver
Independent Chair

2. Legal basis of Local Pension Board

Background

At the request of central government Lord Hutton conducted a review into public service pensions in 2010 and published his findings in March 2011 which recommended significant change to the governance of the pensions *'to make...schemes...more transparent'*.

Subsequently legislation was introduced in the form of the Public Sector Pension Act 2013 along with the Local Government Pension Scheme (Governance) Regulations 2015. These require each Local Government Pension Scheme (LGPS) administering authority to establish a new body known as a Local Pensions Board (LPB) to assist the Council (LGPS Administering Authority).

One of the key aims of the reform was to raise the standard of management and administration of public service pension schemes and to achieve effective representation of employer and employee interests. The LPB must have equal representation of scheme members and scheme employers.

The APF LPB is a separate legal entity from the APF Pensions Committee (Section 101 committee) to which as administering authority (BANES Council) has delegated its functions in relation to the administration of the LGPS.

Specific Role and Purpose

The Public Sector Pension Act 2013 sets out the requirements for the establishment of a LPB with the responsibility for assisting the LGPS local scheme manager (BANES) in relation to the following:

- a) Securing compliance with the regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation and:
- b) To ensure the effective and efficient governance and administration of the Scheme.

The LPB will assist the 'scheme manager' by monitoring and advising on compliance with the pension scheme regulations, along with all other legislation and the requirements imposed by the Pensions Regulator to ensure the effective and efficient governance and administration of the scheme.

The role of the LPB can be likened to that of a "critical friend" but is not a decision making body. It has an important advisory role for the APF and works with the Pensions Committee to scrutinise its decision making processes and to ensure the Fund's compliance with all its legislative requirements.

The Pension Regulator (TPR)

From April 2015, the Pension Regulator had responsibility for the LGPS. Therefore one focus for the LPB is ensuring the fund's compliance with TPR Codes of Practice. This is split into a number of areas which covers governance, risk management and resolving issues.

The LPB as part of their work plan has needed to consider these areas, to ensure the Fund is compliant and if not to make recommendations to the APF Pensions Committee to address these requirements.

Terms of Reference

Terms of Reference for the LPB are available through the following link.

<http://www.avonpensionfund.org.uk/>.

3. Establishment of Local Pension Board

The requirement for an Independent Chair and Board Membership was outlined in the terms of reference to the LPB which were agreed by full BANES Council on the 15th January 2015.

Following the completion of their four-year term the Chair, one member rep and one employer rep stood down in 2019. Adverts for the role of Chair were placed on the Fund's website, Jobsgopublic.com, Local Government Chronicle online and the Council's job vacancy website.

All applicants were then reviewed against the five published criteria in the person specifications and a shortlist of four candidates drawn up for interview with the Service Director One West and Head of Business, Finance and Pensions.

Interviews were held in August 2019 and a preferred candidate – Nick Weaver – was identified and recommended to the LPB for an appointment of four years.

The process for the appointment of a new member & employer Representative followed a similar path with adverts placed on the Fund's website and pro-actively distributed through the many employee and employer communications.

Interviews were held in February 2020 and the new member & employer representatives were appointed in March 2020.

Details of the Local Pension Board Members

Independent Chairman:

Nick Weaver. Appointed 1st November 2019. Term of office 4 years.

Employer Member Representatives:

Steve Harman, active member. Appointed 1st July 2015. Term of office extended to 30th June 2021.

Tony Whitlock, active member. Appointed 1st May 2016. Extended to 1st May 2024

Pete Sloman, active member. Appointed 1st March 2020. 4 year term of office 28th February 2024

Scheme Member Representative:

David Yorath, retired member. Appointed 1st July 2015. Extended to 30th June 2023.

Mark King, active member. Appointed 1st May 2016. 4 year term of office to 30th June 2021

Helen Ball, retired member. Appointed 1 March 2020. 4 year term of office 28th February 2024

Avon Pension Fund – Local Pension Board – Annual Report 2019/20

In total the Board has well over 100 years experience of the LGPS. Details of each Board members experience, LPB training log, and register of interests for are available through the following link.
<http://www.avonpensionfund.org.uk/>.

Attendance at Local Pension Board Meetings – August 2019 – July 2020

Role	Board Member	Attendance
Independent Chairman	Nick Weaver	2/2
Employer Representative	Steve Harman	2/2
	Tony Whitlock	2/2
	Pete Sloman	1/1
Member Representative	David Yorath	2/2
	Mark King	2/2
	Helen Ball	1/1

4. Training

Background

In accordance with the Pension Regulator (tPR) Code of Practice 14 every member of a LPB must:

- Be Conversant with the rules of the local government pension scheme (LGPS) &
- Have knowledge and understanding of the law relating to pensions:

These responsibilities begin from the date the LPB member takes up their role. These knowledge and understanding requirements apply to every individual member of a LPB rather than as a group.

Degree of Knowledge and Understanding

The legal requirement is that members of the LPB must be conversant with the rules of the LGPS and any document recording policy about the administration of the fund. This is implied as a working knowledge so that members are aware of which legislation/policies to refer to when carrying out their role.

Areas of Knowledge and Understanding

LPB Members should be conversant with, but not limited to the following areas:

- a) Scheme approved policies
- b) Risk assessment/management
- c) Scheme booklets/members communications
- d) Role of LPB Members and the scheme manager
- e) Policies in relation to discretions
- f) Communications with scheme members and employers
- g) Key policy documents on administration, funding and investment

Training Undertaken

During the year on-going technical training was provided to LPB members by officers from or advisors to the APF on a full range of topics covering the LGPS framework and TPR requirements.

The 2 new members have attended induction training and are currently working their way through the Pension Regulator's Toolkit.

Along with the Pensions Committee the LPB also took part in the LGPS National Knowledge Assessment carried out by Hymans Robertson. The overall results look very positive but we will be using the results to develop future training requirements.

The LPB training plan is a topic at each board meeting and all Board Members maintain a training log, which is also submitted annually to assist in the identification of on-going training needs.

Details of the LPB training plan and members training logs are available through the following link –

<https://democracy.bathnes.gov.uk/ieListMeetings.aspx?CommitteeId=563>

5. Local Pension Board Code of Conduct and Conflicts of Interest Policy

Code of Conduct

All LPB members have signed up to an LPB Code of Conduct in which emphasises that as a holder of public office there is an expectation that LPB members will comply with the 'seven principles of public life', also known as the 'Nolan Principles'.

Conflicts of Interest

All LPB members have also signed up to the LPB Conflicts of Interest Policy. This requires all members to notify BANES Democratic Services team of any potential conflict of interest arising as a result of their position on the Board.

All meetings of the LPB include a standing item titled 'Declaration of Interests' at the start of the meeting where any declaration in relation to the items on the agenda should be made.

All LPB members have formally completed their declaration of interest forms and at the 4 formal meetings which have been held during the year no 'conflicts' have been declared. For more information on conflicts of interest and declarations at each meeting please use the following link –

<https://democracy.bathnes.gov.uk/mgCommitteeDetails.aspx?ID=563>

6. Pension Board Costs & Budget

In meeting the requirements of the Public Sector Pension Act (2013) and establishing a Local Pensions Board, Bath & North East Somerset approved terms of reference and necessary supporting arrangements at its meeting of its full Council on the 15th January 2015.

The LPB agrees a budget on an annual basis to enable the Board to perform its duties and a summary of the costs is included below –

Avon Pension Fund – Local Pension Board – Annual Report 2019/20

Summary Financial Table

Budget Area	2019/20 Budget	2019/20 Actuals
LPB Members Allowances	£8,000	£7,574
LPB Members Training Costs & External Support	£6,000	£1,960
LPB Meeting & Democratic Services Costs	£6,000	£1,890
Total	£20,000	£11,424

As with all elements of the public sector there is exceptional pressure to ensure value for money can be demonstrated and the Board will continue to consider this in its future operations

7. Local Pension Board Compliance with the Pension Regulator's Code of Practice No.14

As part of assessing both the effectiveness and compliance of the Board with its key requirements, the APF carried out a self-assessment of the LPB's current arrangements against TPR Code of Practice No. 14 in 2016/17. The full results of this exercise were reported initially in May 2016 and revisited in November 2016 and are available via the following link.

<https://democracy.bathnes.gov.uk/documents/s44211/LocalPensionBoardTPRCOP14UpdateNov2016.pdf>

Subsequent to this Internal Audit carry out an annual review of compliance against the Code and their latest report is available via the following link –

<https://democracy.bathnes.gov.uk/documents/s49951/LocalPensionBoardAuditUpdateFeb2018App2.pdf>

In summary the opinion was positive with a 'Good' opinion on compliance and the internal control framework and the review identified only a small number of issues identified for the APF to achieve best practice, including –

- Issues regarding the transparency of declarations of interest for the Investment Panel were noted, in particular the failure to consistently publish declarations on 'modern gov'. These are being addressed and do not impact directly on compliance with the Code so no formal recommendation has been made.
- Supporting records such as risk registers and the breaches control sheet had not always been completed accurately or fully. However the errors / omissions were not significant in nature.
- The way in which 'acknowledgements' in respect of formal disputes are handled is not always in line with procedures although no significant issues were identified.
- Communications with members had not always been in strict compliance with the requirements of the Code but again these were not significant.

The Board support independent review and the work of Internal Audit and their reports and findings were reported to the Board in February and June 2019 along with their other reviews of the Pension Fund and overall Plan –

<https://democracy.bathnes.gov.uk/documents/s49949/LocalPensionBoardAuditUpdateFeb2018.pdf>

8. Pension Fund Communications

Effective member and employer communications form a core part of the role of the APF. During the year the Board was represented at the Employers conference and also reviewed at a high level the APF's communications strategy and website.

The Board continue to work with APF officers on assessing all methods of communication both with Members and Employers, especially where issues have been identified and greater engagement or training is required.

Reviewing the strategy and approach to how the fund communicates to its many stakeholders will remain a key element of the work plan of the Board on a rolling basis.

9. Risk Management

Risk management processes for the APF follow the framework laid down by the LGPS administering authority (BANES Council). The APF Risk Register identifies the significant risks that could have a material impact in terms of value, reputation, compliance or provision of service and sets out the mitigating action taken to manage down each risk.

The Register is reviewed regularly and the key risks fall into one of the following categories –

- (i) Failures in the fund administration & control of operational processes and strategic governance processes and TPR compliance;
- (ii) Service delivery partners not delivering in line with their contracts or SLAs;
- (iii) Financial loss due to payments in error, loss of assets due to investment strategy and/or managers failing to deliver required return, fraud or negligence of investment managers or custodian
- (iv) Changes to the LGPS nationally and increasing political pressure to reform the scheme structure, governance frameworks and to centrally direct investment decisions

The LPB's ongoing review of the risk register concurred with the Pensions Committee that the top risks facing the fund revolve around –

- BPP Governance, asset pooling and benefit realisation
- Significant growth of new employers, especially Academies
- Delivering the future funding strategy
- Recruitment and Retention
- Impacts of McCloud Judgement
- Compliance with Legal Timeframes
- Data Quality & Information Governance (GDPR)
- Business Continuity in response to the Covid-19 outbreak

The Fund continues to invest significantly in systems and resources to ensure the risks are managed effectively and resilience is built into the service and the arrangements in place are supported by external and internal audit reviews.

The LPB has actively engaged on the key risks facing the APF and supports increases in resources to mitigate some of these risks as well as discussing issues around capacity, skills gaps and recruitment and retention created primarily as a result of indirect implications from BPP.

Avon Pension Fund – Local Pension Board – Annual Report 2019/20

The LP will continue to ensure that a review of the funds risk register will remain a regular agenda item at each meeting.

10. Review of Areas Covered in 2019/20 & Recommendations Made

The fifth year of operation of the LPB was focussed on key governance themes of legal compliance, risk management, and best practice as well as monitoring the significant developments connected to asset pooling and creation of the Brunel Pensions Partnership. A summary of the areas covered is as follows –

Review of LPB Arrangements	Review of Pension Fund Activities	Review of Pension Fund Administration	Independent Assurance
Review of LPB Terms of Reference, Code of Conduct, Conflicts of Interest, Breaches Review of Training Requirements Review of Work Plan	Review of Avon Pension Fund Committee & Investment Panel Minutes Review of Project Brunel, Brunel Oversight Board Review of Funding Strategy Statement Review of Investment Strategy Statement Review of Scheme Employers & Admitted Bodies Review of Business Continuity in response to the Covid-19 outbreak	Review of Compliance Reports at all meetings Review of Risk Register at all meetings Review of Service Plan annually Review of GDPR Review of Legal Timeframes & Missing Addresses Review of Annual Report	Review of TPR, SAB & CIPFA external benchmarking exercises Review of External Audit plan and reports Review of Internal Audit plan and reports

Meeting	Area	Action/Minutes
28 th November 2019	Appointment of Chair Avon Pension Fund Investment Panel Minutes Avon Pension Fund Committee Minutes Funding Strategy Statement Regulatory Update Compliance Report Risk Update Training and Workplan Update	https://democracy.bathnes.gov.uk/ieListDocuments.aspx?CId=563&MId=5268&Ver=4
30 th June 2020	Business Continuity Update – Covid-19 Administration Performance Update Future meeting agendas and workshops	https://democracy.bathnes.gov.uk/ieListDocuments.aspx?CId=563&MId=5269&Ver=4

Avon Pension Fund – Local Pension Board – Annual Report 2019/20

11. Forward Plan for 2020/21

The work plan for the next 12 months is detailed as follows and will be kept under regular review.

AGENDA ITEM	15/10/20	10/12/20	TBC March 21	TBC June 21
Board Governance				
Terms of Reference (Governance) review				
Code of Conduct/ Conflicts of Interest policy				
Work Plan (to be dynamically updated)	X	X	X	X
Annual budget setting and monitoring	X			
Training Plan (to be updated as required)	X	X	X	X
Annual Report to PC and Council approval	X			
Scheme and Fund Governance				
Legal, policy, regulatory developments	X	X	X	X
Training – APF financial delegations (Council, PC, IP, BOB, and APF officers)				
Minutes PC, IP, BOB	X	X	X	X
Annual Service Plan	X			
Training – APF internal & external SLA's financial controls				
External advisor appointments review process/controls				
Risk Register review	X	X	X	X
Good Governance Review	X			
TPR Code 14 Compliance updates	X	X	X	X
Governance (& FRC) Compliance statement	X			
Internal Audit plan/reports on APF		X		X
External Audit Governance Report and Accounts			X	
Benchmarking against other BPP funds				
Funding/Investments				
Statutory Investment Strategy Statement consultation/process/report	X			
BPP update (delivery/savings)	X	X	X	X
Benefits Admin/Comms				
Admin Strategy Statement review and employer charging policy	X			
Fund and employers compliance/TPR reporting	X	X	X	X
Employer admission agreement policies				X
Breaches policy/register/TPR reporting				X
GDPR compliance				X
Record keeping, data security, business recovery		X		
ABS process annual review		X		
GMP reconciliation (one off exercise)				
Discretions policies review				
Admin performance benchmarking			X	
Comms policy statement and website review				
Complaints policy, IDRs, PO cases review				X

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Bath & North East Somerset Council		
MEETING:	Council	
MEETING DATE:	12 th November 2020	AGENDA ITEM NUMBER
TITLE:	Annual Report – Corporate Audit Committee	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Annual Report		

1 THE ISSUE

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

2 RECOMMENDATION

Council is asked to agree that:

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

3 THE REPORT

- 3.1 Appendix 1 details the fifteenth annual report of the Corporate Audit Committee since it was established by the Council on 12 May 2005. It reviews the work done by the Committee over the 12 months period (July 2019 to July 2020), its future work plan, membership and support of the Committee.
- 3.2 The Committee's work has continued to develop as detailed at Appendix 1 and as part of its responsibilities it has reviewed its terms of reference and the key areas of responsibility are still considered appropriate and meet current best practice.
- 3.3 Covid19 and the response required since March 2020 had an initial impact on the Committee scheduled meetings however the Committee's work in 2020/21 will be broadly similar to the previous year and it will keep under close review a number of key issues including the financial resilience of the organisation through its framework for managing risk and governance.
- 3.4 The Committee also formally acknowledged the support of Officers given to the Committee and the performance of teams providing positive assurance to the Council's governance arrangements.

4 STATUTORY CONSIDERATIONS

- 4.1 There are no specific statutory considerations related to this report. As stated in the issue section of this report the Corporate Audit Committee is required to report back to Council annually.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 There are no direct resource implications relevant to this report.

6 RISK MANAGEMENT

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

7 EQUALITIES

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

8 CLIMATE CHANGE

- 8.1 There are no direct climate change implications related to this report.

9 OTHER OPTIONS CONSIDERED

- 9.1 No other options to consider related to this report.

10 CONSULTATION

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

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

CORPORATE AUDIT COMMITTEE

ANNUAL REPORT TO COUNCIL 2019/20

1. INTRODUCTION

This is the fifteenth annual report of the Committee since it was established by the Council on 12 May 2005. It covers the work done during the year July 2019 to July 2020.

2. REVIEW OF WORK DONE IN 2019/20 & PART 2020/21 (Up to July 2020)

a. Financial Governance – Annual Accounts

- i. The Committee approved on behalf of the Council an unqualified set of accounts for the year ended 31 March 2019 within the statutory deadline. This included the accounts for the Pension Fund.
- ii. The Committee considered the formal governance reports for the Council and Pension Fund submitted by the external auditors (Grant Thornton) on their audit of the accounts.
- iii. The External Auditor's Accounts and Audit Findings report stated that the draft accounts had been received by the new earlier deadline (31st May 2019) and had been free from material error. The most significant issue reported was the High Court judgement on the McCloud pension case in December 2018. The external auditor's view was that this had a clear impact on the liabilities of the Avon Pension Fund and therefore the Council's balance sheet. Discussions between the External Auditor and the Avon Pension Fund resulted in an actuary review related to the potential effect of the judgement. The external auditor requested its own internal actuary to scrutinise the results of the actuary review and it was concluded that the liability amount (£10.534m) was a fair assessment. The auditor also commented on the "going concern" assumption and commented on the difficulties of Northamptonshire Council and that it was his view that B&NES Council, like many public sector bodies, was in a middle position in that it faced uncertainties.
- iv. The Chair of the Committee signed the Letters of Representation for the Council and the Avon Pension Fund.
- v. The Committee resolved - to note the issues contained within the Audit Findings Reports for the Council and Avon Pension Fund; and, to approve the audited Statements of Accounts, including the Letters of Representation for Bath & North East Somerset Council and the Avon Pension Fund for 2018/19.

Appendix 1

b. Financial Governance – Treasury Management

- i. The Committee considered the Treasury Management Outturn for 2018/19 following presentation of the position to Full Council on 11th July 2019. It was noted by Committee that the report was in accordance with the CIPFA Treasury Code of Practice.
- ii. In addition, the Committee received a six months update report on 21st November 2019. This reported that performance against the key performance indicators were within target levels.
- iii. Committee Members reviewed the Treasury Management and Annual Investment Strategy for 2020/21. This set out the treasury limits in force, treasury management indicators, current position, borrowing requirement, prospects for interest rates and the borrowing and investment strategies. It was noted by Committee that the Strategy was to be approved by Council on the 25th February 2020.
- iv. The Committee Chair requested that the risk register for Treasury Management activity be provided to the Committee for review.
- v. The Treasury Management Outturn for 2019/20 was considered by the Committee on 30th July following its presentation to Council on 23rd July. It was resolved to note the report presented.

c. Financial Governance – Implications of Covid19

- i. During the 30th July 2020 Committee meeting the Chair invited Andy Rothery (Section 151 Officer) to present on the impacts and implications of Covid19. The presentation covered the following points:
 - Covid-19 Financial Impact
 - National Funding Position
 - Financial Risk Identification
 - Increased Governance
 - How we are tackling in-year pressures
 - Financial Planning Implications

d. External Audit -

- i. Alongside the audit of the accounts for 2018/19 the external auditor also conducted work in relation to concluding a satisfactory VFM opinion for the Council. It was concluded that that the External Auditor was satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019. Noted within the VFM opinion are risks around the continued financial challenge (recommendations that Management continue to monitor the use of reserves and deliver sustainable budgets in the medium term); and, the governance and performance of Aequus

Appendix 1

Developments Limited (conclusion was that proper arrangements were in place).

- ii. The External Auditor reported on the completion of the Housing Benefit (HB) and Teacher Pension claims. There was a great improvement in the compilation and accuracy of the Teachers Pension claim. In terms of the HB claim the External Auditor has reported in previous years on the on-going issue of accuracy of the claim and related working papers / evidence. This year the working papers provided by the Department of Work & Pensions had to be returned for errors in the Spreadsheet Workbooks to be corrected. The claim was signed-off on the 9th January 2020 prior to the deadline.
- iii. As part of the External Audit Update report in February 2020 the External Auditor presented an Audit Scope and Additional Fees letter addressed to the Council's Chief Finance Officer (S151 Officer). This referred to the increased regulatory focus facing all audit suppliers and that the Financial Reporting Council (FRC) has raised the threshold of what it assesses as a good quality audit. The implication was that areas of work required more attention and therefore costs were incurred. The scale fees for the Council of £95,351 (excluding VAT) and the Pension Fund £22,180 had variations to be added of £23,350 and £4,250 respectively. The External Audit was questioned about the additional charges and the Committee resolve to note the report and to express concern about the increase in audit fees, which will be kept under close review.
- iv. In July 2020 the External Auditor presented Update and Plan reports for both the Council and the Avon Pension Fund. A report providing an in-depth insight into the impact of Covid-19 on financial reporting in the local government sector was also presented. The External Audit representative commented that both the Council and Pension Fund audits were progressing well with timely and full responses from the respective finance teams despite work being carried out remotely.

e. Corporate Governance –

- i. The Accounts and Audit Regulations require the Council to carry out an annual review of its governance arrangements, and to produce an annual statement detailing the results of that review.
- ii. The Committee received a report in February 2020 which explained that the Council's Annual Governance Statement forms part of the Statement of Accounts and that an annual review process is carried out to produce the Governance Statement. The Members were provided with an overview of the process and advised that the process would be near completion when the Committee were next due to meet on 28th April 2020. This Committee meeting was cancelled due to the health pandemic.

f. Internal Audit & Counter Fraud –

- i. The Committee received a report on the preparation of the Audit Plan 2019/20 – using the reasonable assurance model – which looked at eight core themes of an organisation.
- ii. The Committee was satisfied with the balance of the 2019/20 plan in relation to the Council's key corporate risks as well as the mix of its planned projects, unplanned commissions and follow-up of previous reports.
- iii. In relation to performance the Committee reviewed the outcomes of the service against its key performance indicators for 2018/19 notably high-risk audits and the impacts of unplanned work and investigations alongside a number of other key indicators such as customer satisfaction and the level of productivity.
- iv. The Committee noted the annual opinion on the internal control framework and that with increased pressure on budgets, choices on the degree of internal control had to be made and there was therefore an imperceptible rise in the level of the risk being accepted.
- v. The Committee was also pleased to see that the formal independent review of the service against its professional standards resulted in the highest rating and remains keen to support further progress so that the arrangement continues to deliver value to the Council.
- vi. The Committee were asked to review and comment on the revised version of the Council's Fraud & Corruption Strategy 2019 which was the umbrella strategy for three revised policy documents – Whistleblowing Policy, Anti-Bribery & Corruption Policy, and Anti-Money Laundering Policy & Guidance.
- vi. An update was provided on anti-fraud and corruption work carried out by the Internal Audit team.
- vii. The Internal Audit Annual Report 2019/20 was presented to the 30 July 2020 Committee meeting. Implementation of Audit recommendations within timescales agreed by management was one specific area of the performance dashboard discussed. The Committee resolved to note the report.
- viii. The July 2020 meeting was also presented the Internal Audit Plan for 2020/21 and a reviewed and updated Internal Audit Charter. In terms of the Plan for 2020/21 Members discussed the impact on planned work based on Internal Audit having to assist and support 'unplanned work' related to Covid19. The Committee approved the Audit Plan and the revised Internal Audit Charter.

g. Awareness & Briefings

- i. Updates and briefings continue to be a strong part of the Committee's approach to raising awareness of key governance issues with members and several additional briefings were given during the year at meetings including following the elections in May for new Members. These included -
 - Role of Audit Committee
 - Role of S151 Officer

Appendix 1

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

- ii. A Treasury Management presentation style briefing was provided by the Council's advisers Arlingclose prior to the February 2020 formal Committee meeting.

h. Review of Terms of Reference

- i. As part of good practice, a high-level desktop review was undertaken of the Committee's Terms of Reference against CIPFA's best practice model for Audit Committees.
- ii. In relation to independent support the committee has a co-opted independent member and the level of independence to the committee will be kept under review.

3. WORK PLAN FOR 2020/21

- i. Whilst the Committee's work in 2020/21 will be broadly similar to the year recently ended it will keep under close review a number of key issues –
 - a) Financial resilience of the organisation – the impacts of Covid19;
 - b) Treasury Management Arrangements.

4. MEMBERSHIP AND SUPPORT

- i. Councillor Andy Furse was Chair of the Committee until May 2020 when he took on the role of Chairman of the Council. Councillor Mark Elliott became the new Chair. The Committee other Members since July 2019 are:
Councillor Brian Simmons
Councillor Colin Blackburn
Councillor Mark Elliott
Councillor Lucy Hodge
- ii. The Committee is supported by a number of officers notably the Service Director for One West acting as Chief Internal Auditor and the Chief Financial Officer who leads on financial issues through her S151 role.
- iii. The external auditors are currently represented by an Engagement Lead and Audit Manager from Grant Thornton.

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Bath & North East Somerset Council	
MEETING:	Council
MEETING DATE:	12 November 2020
TITLE:	Senior Management Structure update
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report: None	

1 THE ISSUE

- 1.1 This report seeks Council's approval of the appointment to the new position of Chief Operating Officer and the appointment of an Interim Monitoring Officer. It also provides Council with an outline update on the proposed senior management structure for the future.

2 RECOMMENDATION

The Restructuring Implementation Committee is recommending that the Council approves:

- 2.1 The appointment of Chief Operating Officer to Ms Mandy Bishop on a salary of £120,000 per annum with a start date of 13 November 2020.
- 2.2 The appointment of Interim Head of Legal and Democratic Services and Monitoring Officer to Michael Hewitt on a salary of £80,108 pro rata per annum from 1 December 2020 to 31 March 2021 in the first instance.

3 FINANCIAL IMPLICATIONS

- 3.1 The recurring costs associated with the post of Chief Operating Officer will be met from within the existing Budget provision for pay and related employer on-costs.
- 3.2 The cost of the salary for the post of Interim Monitoring Officer will be met from the budget that covered the salary of the Director of Legal & Democratic Services.

4 CORPORATE PRIORITIES

- 4.1 The Council's senior management structure is designed to provide the strategic leadership and oversight to enable the Council the maximum opportunity to deliver on its corporate plan.

5 THE REPORT

- 5.1 Our financial challenge, both short and medium term is significant. This, along with our new ways of working requires us to overhaul our organisational structure, operations and culture. The change needs to start at the top with a cohort of senior officers committed to delivering the change required.
- 5.2 The departure of the two Corporate Directors over the summer has provided an opportunity to consider the best way to structure our senior management of the Council without incurring significant redundancy costs etc.
- 5.3 We now have a clear corporate strategy and with a reconfigured and streamlined senior management structure, the council will be prepared for the future and well placed to deliver the outcomes required.
- 5.4 In early October 2020, Cabinet and Group Leaders agreed that a new post of Chief Operating Officer should be created with responsibility for the strategic and operational delivery of all frontline services (Adults, Children's, Public Health, and Environment Services) and deputising for the Chief Executive as required. This post is funded from the existing budget provision for pay and related employer on-costs from the Corporate Director salary budget. It was agreed that this post should be recruited to first and prior to any wider reorganisation commencing.
- 5.5 It was also agreed that the current Director portfolios should be reviewed and reorganised to enable delivery of the corporate plan. A new post of Director of Sustainable Places will be created as part of this reorganisation. This role will work closely with the Chief Executive on our place management functions with a particular focus on the ongoing response to the climate and ecological emergency. Further work is currently underway to refine that structure and a formal consultation process with Directors will begin shortly. The new structure will take effect from 1 April 2021. Details of the new structure will be shared with members at the appropriate time once consultation with affected staff has been undertaken.
- 5.6 The post of Chief Operating Officer was advertised internally only during October. 3 candidates (2 female and 1 male) were invited to attend a virtual selection process including discussions with Cabinet and key stakeholders and a final interview with the Restructuring Implementation Committee on 27 October 2020. Two Liberal Democrat members were in attendance, along with the Chief Executive and the Committee was advised by the Director of HR & OD.
- 5.7 The Committee was impressed by the standard of the shortlisted candidates. After careful consideration of all assessment information as well as the final interviews, its decision is to recommend the offer of appointment of Ms Mandy Bishop, current Director of Environment Services whom it considered demonstrated the necessary vision, leadership skills and experience to meet the future needs of the Council and challenges ahead.
- 5.8 It further recommends that the appointment be offered on a starting salary of £120,000 per annum with other conditions of employment being in accordance with those determined for Chief Officers nationally by the Joint Negotiating Committee, as supplemented by locally agreed terms and conditions where agreed from time to time.

- 5.9 Subject to Council agreeing the Committee's recommendations in this report, it is anticipated that Ms Bishop will take up the appointment on 13 November 2020.
- 5.10 The Director of Legal & Democratic Services, Ms Maria Lucas is retiring from her position on 30 November 2020. She holds the statutory role of Monitoring Officer.
- 5.11 Mr Michael Hewitt is the Council's Legal Services Manager and has been in post since 1 September 2016. He has the necessary skills and experience to undertake the Monitoring Officer role and additional management responsibilities.
- 5.12 The Committee recommends that Mr Michael Hewitt be appointed on an interim basis from 1 December 2020 to 31 March 2021 in the first instance.

6 RISK MANAGEMENT

- 6.1 A risk assessment related to the issue and recommendations has not been undertaken. Section 4 of the The Local Government and Housing Act 1989 requires all local authorities to appoint a Monitoring Officer.

7 CLIMATE CHANGE

- 7.1 The Chief Operating Officer and Monitoring Officer will each have delegated responsibility for ensuring the Council rises to the strategic leadership challenge of responding to the Climate Emergency declaration and enables Bath and North East Somerset to achieve the goal of carbon neutrality by 2030. This will include ensuring that the Council leads by example in all its activities, making the radical changes needed, as well as taking a lead role in influencing and working with partners across all sectors locally, regionally and nationally and ensuring wide and deep citizen engagement.

8 EQUALITIES

- 8.1 An impact assessment has not been carried out. The recruitment and selection process was conducted fairly in accordance with the Council's recruitment and selection procedures and taking account of its Equalities Policy.

9 CONSULTATION

- 9.1 Recognised trade unions will be consulted on the detail and implementation of the new senior management structure.

10 ISSUES TO CONSIDER IN REACHING THE DECISION

- 10.1 All issues have been addressed in the body of this report.

11 ADVICE SOUGHT

- 11.1 The Council's Monitoring Officer (Director of Legal and Democratic Services) and Section 151 Officer (Director of Finance) have had the opportunity to input to this report and have cleared it for publication.

Contact person	Will Godfrey, Chief Executive, tel 01225 477203
Background papers	N/A
Please contact the report author if you need to access this report in an alternative format	

Bath & North East Somerset Council	
MEETING	Council
MEETING DATE:	12th November 2020
TITLE:	Treasury Management Performance Report to 30th September 2020
WARD:	All
AN OPEN PUBLIC ITEM	
<p>List of attachments to this report:</p> <p>Appendix 1 – Performance Against Prudential Indicators</p> <p>Appendix 2 – The Council's Investment Position at 30th September 2020</p> <p>Appendix 3 – Average monthly rate of return for 1st 6 months of 2020/21</p> <p>Appendix 4 – The Council's External Borrowing Position at 30th September 2020</p> <p>Appendix 5 – Arlingclose's Economic & Market Review Q2 of 2020/21</p> <p>Appendix 6 – Interest & Capital Financing Budget Monitoring 2020/21</p> <p>Appendix 7 – Summary Guide to Credit Ratings</p> <p>Appendix 8 – Extract from Treasury Management Risk Register</p>	

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 for 2020/21 for the first six months of 2020/21.

2 RECOMMENDATION

The Council agrees that;

- 2.1 The Treasury Management Report to 30th September 2020, prepared in accordance with the CIPFA Treasury Code of Practice, is noted.
- 2.2 The Treasury Management Indicators to 30th September 2020 are noted.

3 THE REPORT

Summary

- 3.1 The average rate of investment return for the first three months of 2020/21 is 0.53%, which is 0.53% above the benchmark rate which is currently 0.00%.
- 3.2 The Council's Prudential Indicators for 2020/21 were agreed by Council in February 2020 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 30th September 2020 is given in **Appendix 2**. The balance of deposits as at 30th September 2020, compared to those as at 30th June 2020, are also set out in the pie charts in this appendix.
- 3.4 Gross interest earned on investments totalled £206k. **Appendix 3** details the investment performance, showing the average rate of interest earned over this period was 0.53%, which was 0.53% above the benchmark rate of average 7 day LIBID +0.05% (0.00%). 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 (3.43% for the first half of 2020/21).

Summary of Borrowings

- 3.5 The Council's external borrowing as at 30th September 2020 totalled £245.4 million and is detailed in **Appendix 4**. On 1st April 2020, the Council borrowed £15.0m short term from a local authority for general cashflow requirements, and to lower liquidity risks arising from uncertainties surrounding the Covid-19 pandemic.
- 3.6 The Council's Capital Financing Requirement (CFR) as at 31st March 2020 was £323.7 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 £245.4 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 31st March 2020 apportioned to Bath & North East Somerset Council is £11.4m. 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 30th September 2020 is shown in **Appendix 4**.

Strategic & Tactical Decisions

- 3.10 As shown in the charts in **Appendix 2**, the investment portfolio of £67.1 million as at 30th September 2020 is diversified across Money Market Funds, Local Authorities, the CCLA Property Fund and highly rated UK Banks. The Council uses AAA rated Money Market funds and highly rated UK Bank call accounts to maintain very short term liquidity.
- 3.11 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.
- 3.12 The Council's investment portfolio as at 30th September 2020 includes a total of £5m invested longer term in the CCLA Local Authorities Property Fund. Given the difficult economic climate and uncertainty over future cashflows, the Council is unlikely to make any further longer term investments this year.
- 3.13 The Council has reviewed its current investment holdings with its Treasury Management advisors to assess whether any of the investments placed are directly related to companies involved in fossil fuel activities. It was confirmed that the Council does not currently invest directly in equities or certificates of deposits that were not issued by banks or building societies and does not have any investments in fossil fuel companies. The main area where there is a potential for this type of investment is in the strategic diversified income funds which the Council was considering as part of its longer term investment approach, as these funds invest part of their portfolio in equities. A review into the two funds the council was considering using has shown that direct investment in fossil fuel companies forms a low proportion of the overall fund's investments (between 4% and 8%). Following the review, the Council has no immediate plans to pursue such investments at this stage.
- 3.14 The Council's average investment return is currently below the budgeted level of 1.1%. This is largely due to the budgeted level being set before the Covid-19 pandemic, which led to the significant reductions in interest rates across the globe. The impact of the interest rate reduction is mostly offset by the size of the Council's cash balances being higher than was forecast when the budget was set leaving a current forecast underachievement of interest income of £20k.

Future Strategic & Tactical Issues

- 3.15 The Council's Treasury Management advisor's economic and market review for the second quarter of 2020/21 is included in **Appendix 5**.
- 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 2020/21 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 The PWLB published a consultation paper seeking feedback from Councils on the impact of this increase in rates and on how lending from the PWLB may change moving forward. The consultation paper does not give any indication as to whether the increase in margin is likely to be reduced in the near future.
- 3.20 As of 30th September 2020, the 25 year PWLB certainty rate for annuity loans was 2.25%.
- 3.21 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

- 3.22 A breakdown of the revenue budget showing interest and capital financing and the forecast year end position based on the period April to September 2020 is included in **Appendix 6**. An overall underspend of £2.180m is currently forecast, mainly related to the re-phasing of capital spend following the review of the capital programme as a result of the Covid 2020/21 financial recovery plan leading to lower than forecast borrowing costs and minimum revenue provision (MRP) requirement.

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. An extract from the risk register, detailing how the top 5 market risks are managed, is included as **Appendix 8**.

7 CLIMATE CHANGE

- 7.1 The Council will continue to avoid any direct treasury management investments in fossil fuel related companies and will engage with its advisors to explore and assess the potential for any future investment opportunities in funds with a Renewable Energy & Sustainability focus as these products continue to be developed by the market in response to the Climate & Nature Emergency agenda.

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.

Contact person	<i>Gary Adams - 01225 477107; Gary_Adams@BATHNES.GOV.UK</i> <i>Jamie Whittard - 01225 477213; Jamie_Whittard@BATHNES.GOV.UK</i>
Background papers	<i>2020/21 Treasury Management & Investment Strategy</i>
Please contact the report author if you need to access this report in an alternative format	

APPENDIX 1

Performance against Treasury Management Indicators agreed in Treasury Management Strategy Statement

1. Authorised limit for external debt

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

	2020/21 Prudential Indicator	Actual as at 30th September 2020
	£'000	£'000
Borrowing	457,000	245,449
Other long term liabilities	4,000	0
Cumulative Total	461,000	245,449

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.

	2020/21 Prudential Indicator	Actual as at 30th September 2020
	£'000	£'000
Borrowing	427,000	245,449
Other long term liabilities	4,000	0
Cumulative Total	431,000	245,449

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.

	2020/21 Prudential Indicator	Actual as at 30th September 2020
	£'000	£'000
Fixed interest rate exposure	427,000	225,449*

* 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.

	2020/21 Prudential Indicator	Actual as at 30 th September 2020
	£'000	£'000
Variable interest rate exposure	214,000	20,000

5. Upper limit for total principal sums invested for over 364 days

This is the maximum amount of total investments which can be over 364 days. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

	2020/21 Prudential Indicator	Actual as at 30 th September 2020
	£'000	£'000
Investments over 364 days	50,000	5,000

6. Maturity Structure of borrowing

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

	Upper Limit	Lower Limit	Actual as at 30 th September 2020
	%	%	%
Under 12 months	50	Nil	15.5*
12 months and within 24 months	50	Nil	2.2
24 months and within 5 years	75	Nil	2.2
5 years and within 10 years	100	Nil	4.4
10 years and above	100	Nil	75.7

* 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**.

	2020/21 Prudential Indicator	Actual as at 30 th September 2020
	Rating	Rating
Minimum Portfolio Average Credit Rating	A-	AAA-

* 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 30th September 2020

The term of investments is as follows:

Term Remaining	Balance at 30th September 2020
	£'000's
Notice (instant access funds)	37,060
Up to 1 month	10,000
1 month to 3 months	10,000
3 months to 6 months	5,000
CCLA Property Fund (Strategic)	5,000
Total	67,060

The investment figure is made up as follows:

	Balance at 30th September 2020
	£'000's
B&NES Council	64,110
Schools	2,950
Total	67,060

The Council had a total average net positive balance of £75m during the period April 2020 to September 2020.

Chart 1: Council Investments as at 30th September 2020 - £67.060m

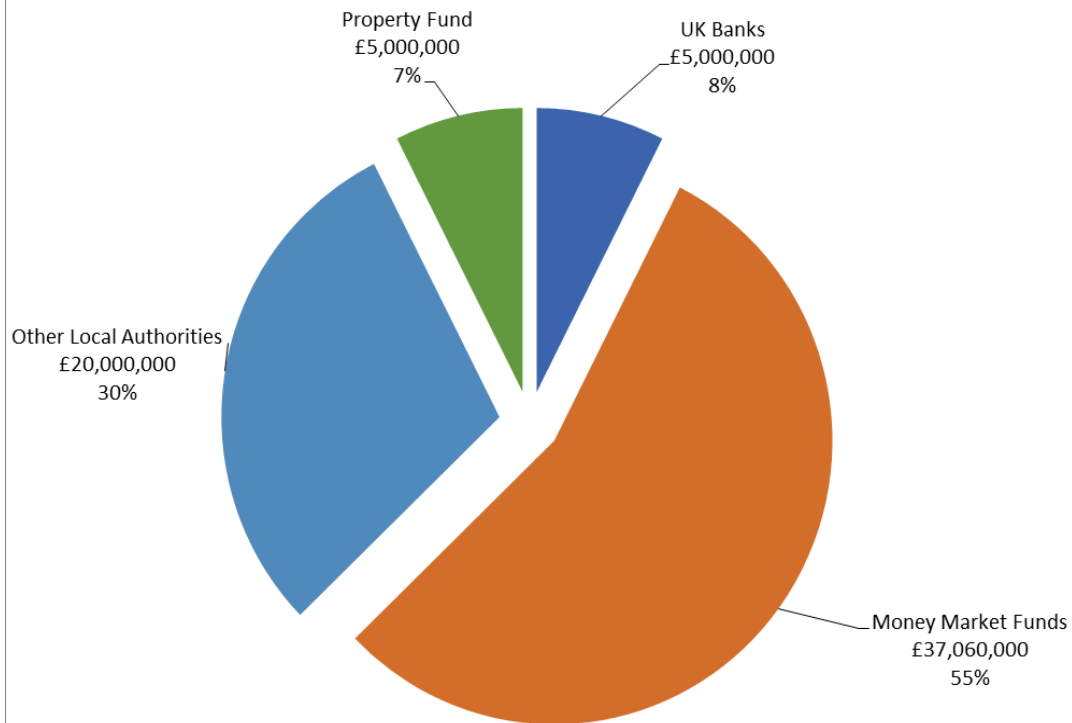
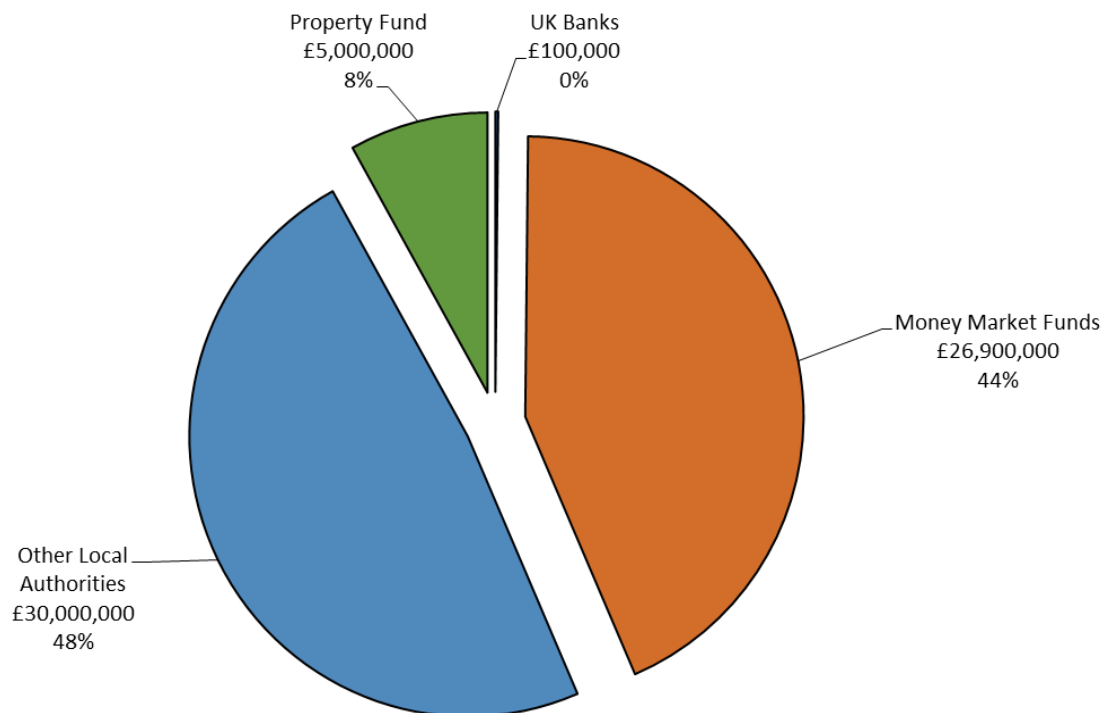
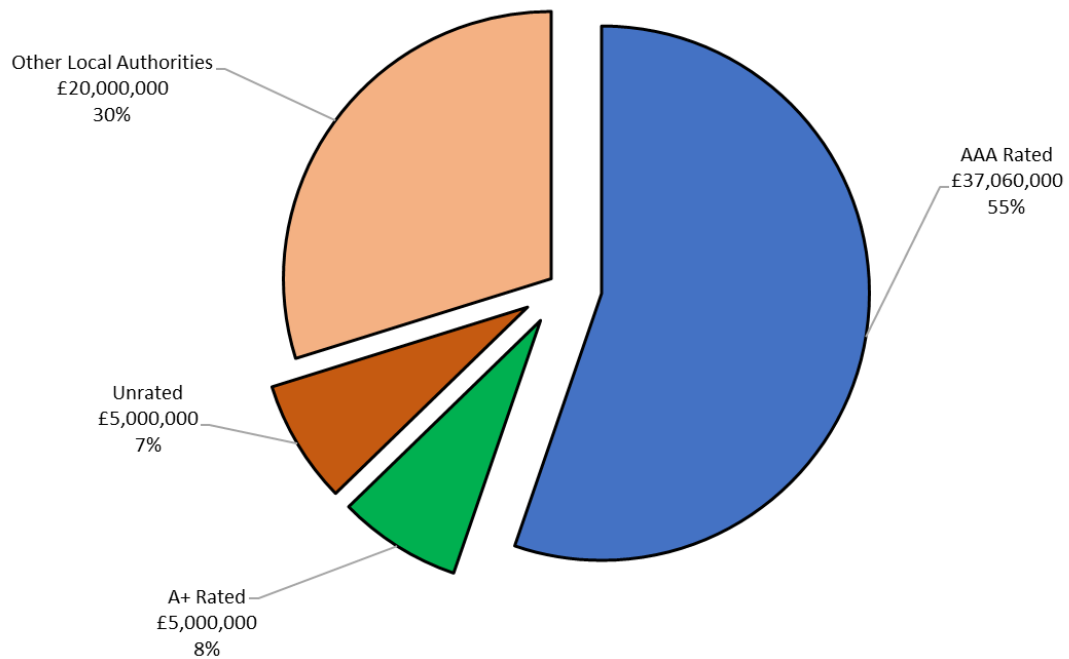


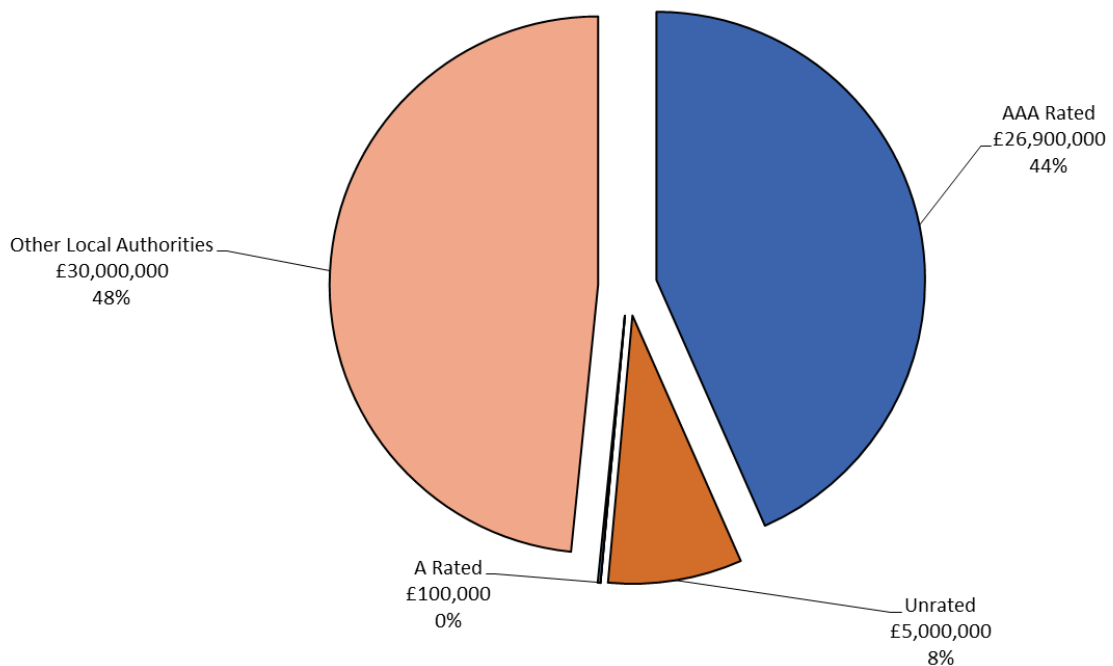
Chart 2: Council Investments as at 30th June 2020 - £62.0m



**Chart 3: Council Investments Per Lowest Equivalent Long Term Credit Rating
as at 30th September 2020 - £67.060m**



**Chart 4: Council Investments Per Lowest Equivalent
Long Term Credit Rating as at 30th June 2020 - £62.0m**



APPENDIX 3**Average rate of return on investments for 2020/21**

	Apr. %	May %	Jun. %	Jul. %	Aug. %	Sep. %	Average %
Average rate of interest earned	0.55%	0.59%	0.58%	0.53%	0.50%	0.48%	0.53%
Benchmark = Average 7 Day LIBID rate +0.05% (source: Arlingclose)	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Performance against Benchmark %	+0.51%	+0.59%	+0.58%	0.53%	0.50%	0.48%	0.53%

APPENDIX 4

Council's External Borrowing at 30th September 2020

Lender	Amount outstanding	Start date	End date	Interest rate
Long term				
PWLB489142	10,000,000	15/10/2004	15/10/2034	4.75%
PWLB497233	5,000,000	12/05/2010	15/08/2035	4.55%
PWLB497234	5,000,000	12/05/2010	15/02/2060	4.53%
PWLB498834	5,000,000	05/08/2011	15/02/2031	4.86%
PWLB498835	10,000,000	05/08/2011	15/08/2029	4.80%
PWLB498836	15,000,000	05/08/2011	15/02/2061	4.96%
PWLB503684	5,300,000	29/01/2015	08/04/2034	2.62%
PWLB503685	5,000,000	29/01/2015	08/10/2064	2.92%
PWLB505122	17,533,317	20/06/2016	20/06/2041	2.36%
PWLB508126	9,399,306	06/12/2018	20/06/2043	2.38%
PWLB508202	9,798,475	12/12/2018	20/06/2068	2.59%
PWLB508224	4,694,717	13/12/2018	20/06/2043	2.25%
PWLB505744	8,759,019	24/02/2017	15/08/2039	2.28%
PWLB505966	8,914,518	04/04/2017	15/02/2042	2.26%
PWLB506052	7,576,255	08/05/2017	15/02/2042	2.25%
PWLB506255	6,788,649	10/08/2017	10/04/2067	2.64%
PWLB506729	9,241,844	13/12/2017	10/10/2042	2.35%
PWLB506995	9,257,583	06/03/2018	10/10/2042	2.52%
PWLB506996	9,431,831	06/03/2018	10/10/2047	2.62%
PWLB507749	9,402,320	10/09/2018	20/07/2043	2.42%
PWLB508485	19,688,066	11/02/2019	20/07/2068	2.52%
PWLB509840	9,663,367	04/09/2019	20/07/2044	1.40%
KBC Bank N.V *	5,000,000	08/10/2004	08/10/2054	4.50%
KBC Bank N.V *	5,000,000	08/10/2004	08/10/2054	4.50%
Eurohypo Bank *	10,000,000	27/04/2005	27/04/2055	4.50%
Medium term				
Gloucestershire C.C.	5,000,000	25/11/2019	25/11/2021	1.50%
Portsmouth C.C.	5,000,000	19/12/2019	19/12/2022	1.65%
Short term				
London Borough of Bromley	15,000,000	01/04/2020	01/04/2021	1.50%
Total Borrowing	245,449,266			

*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 update (Provided by Arlingclose)

The spread of the coronavirus pandemic dominated during the period as countries around the world tried to manage the delicate balancing act of containing transmission of the virus while easing lockdown measures and getting their populations and economies working again. After a relatively quiet few months of Brexit news it was back in the headlines towards the end of the period as agreement between the UK and EU on a trade deal was looking difficult and the government came under fire, both at home and abroad, as it tried to pass the Internal Market Bill which could override the agreed Brexit deal, potentially breaking international law.

The Bank of England (BoE) maintained Bank Rate at 0.1% and its Quantitative Easing programme at £745 billion. The potential use of negative interest rates was not ruled in or out by BoE policymakers, but then a comment in the September Monetary Policy Committee meeting minutes that the central bank was having a harder look at its potential impact than was previously suggested took financial markets by surprise.

Government initiatives continued to support the economy, with the furlough (Coronavirus Job Retention) scheme keeping almost 10 million workers in jobs, grants and loans to businesses and 100 million discounted meals being claimed during the 'Eat Out to Help Out' (EOHO) offer.

GDP growth contracted by a massive 19.8% (revised from first estimate -20.4%) in Q2 2020 (Apr-Jun) according to the Office for National Statistics, pushing the annual growth rate down to -21.5% (first estimate -21.7%). Construction output fell by 35% over the quarter, services output by almost 20% and production by 16%. Recent monthly estimates of GDP have shown growth recovering, with the latest rise of almost 7% in July, but even with the two previous monthly gains this still only makes up half of the lost output.

The headline rate of UK Consumer Price Inflation (CPI) fell to 0.2% year/year in August, further below the Bank of England's 2% target, with the largest downward contribution coming from restaurants and hotels influenced by the EOHO scheme. The Office for National Statistics' preferred measure of CPIH which includes owner-occupied housing was 0.5% y/y.

In the three months to July, labour market data showed the unemployment rate increased from 3.9% to 4.1% while wages fell 1% for total pay in nominal terms (0.2% regular pay) and was down 1.8% in real terms (-0.7% regular pay). Despite only a modest rise in unemployment over the period, the rate is expected to pick up sharply in the coming months as the furlough scheme ends in October. On the back of this, the BoE has forecast unemployment could hit a peak of between 8% and 9%.

The US economy contracted at an annualised rate of 31.7% in Q2 2020 (Apr-Jun). The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% but announced a change to its inflation targeting regime. The move is to a more flexible form of average targeting which will allow the central bank to maintain interest rates at low levels for an extended period to support the economy even when inflation is 'moderately' above the 2% average target, particularly given it has been below target for most of the last decade.

The European Central Bank maintained its base rate at 0% and deposit rate at -0.5%.

Financial markets: Equity markets continued their recovery, with the Dow Jones climbing to not far off its pre-crisis peak, albeit that performance being driven by a handful of technology stocks including Apple and Microsoft, with the former up 75% in 2020. The FTSE 100 and 250 have made up around half of their losses at the height of the pandemic in March. Central bank and government stimulus packages continue to support asset prices, but volatility remains.

Ultra-low interest rates and the flight to quality continued, keeping gilts yields low but volatile over the period with the yield on some short-dated UK government bonds remaining negative. The 5-year UK benchmark gilt yield started and ended the June–September period at -0.06% (with much volatility in between). The 10-year gilt yield also bounced around, starting at 0.21% and ending at 0.23% over the same period, while the 20-year rose from 0.56% to 0.74%. 1-month, 3-month and 12-month bid rates averaged 0.02%, 0.06% and 0.23% respectively over the period.

At the end of September, the yield on 2-year US treasuries was around 0.13% while that on 10-year treasuries was 0.69%. German bund yields remain negative across most maturities.

Credit review: Credit default swap spreads eased over most of the period but then started to tick up again through September. In the UK, the spreads between ringfenced and non-ringfenced entities remains, except for retail bank Santander UK whose CDS spread remained elevated and the highest of those we monitor at 85bps while Standard Chartered was the lowest at 41bps. The ringfenced banks are currently trading between 45 and 50bps.

After a busy second quarter of the calendar year, the subsequent period has been relatively quiet for credit changes for the names on our counterparty list. Fitch assigned a AA- deposit rating to Netherlands lender Rabobank with a negative outlook and prior to that, while not related to our counterparty list but quite significant, revised the outlook on the US economy to Negative from Stable while also affirming its AAA rating.

There continues to remain much uncertainty around the extent of the losses banks and building societies will suffer due to the impact from the coronavirus pandemic and for the UK institutions on our list there is the added complication of the end of the Brexit transition period on 31st December and what a trade deal may or may not look like. The institutions on Arlingclose's counterparty list and recommended duration remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

Arlingclose outlook for remainder of 2020/21

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

The medium-term global economic outlook is weak. While the strict initial lockdown restrictions have eased, coronavirus has not been suppressed and second waves have prompted more restrictive measures on a regional and national basis. This ebb and flow of restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed.

The global central bank and government responses have been significant and are in many cases on-going, maintaining more stable financial, economic and social conditions than otherwise. This has supported a sizeable economic recovery in Q3.

However, the scale of the economic shock to demand, on-going social distancing measures, regional lock downs and reduced fiscal support will mean that the subsequent pace of recovery is limited. Early signs of this are already evident in UK monthly GDP and PMI data, even before the latest restrictions.

This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut to zero. Money markets have priced in a chance of negative Bank Rate.

Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or if the UK leaves the EU without a deal.

Arlingclose expects Bank Rate to remain at the current 0.10% level and additional monetary loosening in the future most likely through further financial asset purchases (QE). While Arlingclose's central case for Bank Rate is no change from the current level of 0.1%, further cuts to Bank Rate to zero or even into negative territory cannot be completely ruled out.

Gilt yields are expected to remain very low in the medium term. Shorter-term gilt yields are currently negative and will remain around zero or below until either the Bank of England expressly rules out negative Bank Rate or growth/inflation prospects improve.

Downside risks remain in the near term, as the government dials down its fiscal support measures, reacts to the risk of a further escalation in infection rates and the Brexit transition period comes to an end.

APPENDIX 6

Interest & Capital Financing Costs – Budget Monitoring 2020/21

April 2020 to September 2020	YEAR END POSITION			ADV/FAV
	Budgeted Spend or (Income) £'000	Forecast Spend or (Income) £'000	Forecast over or (under) spend £'000	
Interest & Capital Financing				
- Debt Costs	8,789	7,589	(1,200)	FAV
- Internal Repayment of Loan Charges	(9,029)	(9,529)	(500)	FAV
- Ex Avon Debt Costs	1,060	1,060	0	
- Minimum Revenue Provision (MRP)	7,296	6,796	(500)	FAV
- Interest on Balances	(466)	(446)	20	ADV
Total	7,650	5,470	(2,180)	FAV

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.

APPENDIX 8

Extract from Treasury Management Risk Register – Top 5 Market Risks

			Current Risk Score										
	Risk Nr	Description	Likelihood					Impact					Management Action
			1	2	3	4	5	1	2	3	4	5	
			L	M	H	L	M	H					
1	R01	Liquidity Risk - The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised.		2					3			Obtain approval of annual Treasury Management Strategy by February Council. Carry out weekly reviews of investment portfolio and planned actions. Carry out monthly 'dashboard' meeting with DD Finance. Consider short and medium term cash balances and cashflows to inform any short - medium term borrowing requirement.	
2	R02	Interest Rate Risk - The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately		2				2				Monitor interest rates on a monthly basis and compare with budget to determine impact on Council finances and report through Monthly Finance Dashboard. Report implication of interest rate changes to Cabinet Member for Resources as part of quarterly Treasury Management Performance Report. Explore alternative potential investment products following new freedoms - including corporate bonds, gilts, Certificate of Deposits etc.	
3	R03	Exchange Rate Risk - The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.	1					2				Treasury Management Policies clearly record the need to eliminate currency exchange rate risks .	
4	R04	Inflation Risk - The risk that prevailing levels of inflation cause an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.		2				2				Liaise with S151 Officer to ensure Inflation both current and projected forms part of the medium term financial planning framework.	
5	R05	Credit and Counterparty Risk - The risk of failure by a third party to meet its contractual obligations to the organisation under an investment, borrowing, capital, project or partnership financing, particularly as a result of the third party's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.			3					4		Complete annual review of Counterparty List with external advisors to feed into Treasury Management Strategy. Regular review of counterparty financial standing through use of credit ratings, credit default swap rates and national press coverage and liaison with S151 Officer and external advisors to consider any issues / change in circumstances of counterparties.	

Council 12 November 2020

Free School Meals

Labour Group to move:

Council notes:

- 1 That the coronavirus pandemic has resulted in many people losing their jobs and incomes, with an additional 75% of people claiming Universal Credit in B&NES between March 2020 and May 2020 alone. In January 2019 there were around 3184 children eligible for free school meals in B&NES. This number will have increased since then.
- 2 The huge campaign supported by local authorities, directors of public health, schools, food groups, parents, young people and children for free school meals to be extended into school holidays to help ensure that no child goes hungry this winter.
- 3 That many Councils including Kensington and Chelsea, Liverpool, Manchester, Birmingham, Hackney, Portsmouth, Lambeth, Wigan, St Helens, North Tyneside and Redbridge have agreed to fund free school meals during the school holidays. Often this provision is in the form of a voucher equivalent to £3 per day. In the case of B&NES, the cost of providing free school meals to eligible children during the Christmas holidays is likely to be around £150,000.
- 4 That Bath and North East Somerset Council is not intending to consider the Food Poverty Steering Group's report into Food Poverty until its meeting in January 2021 which will be too late for many children facing hunger over the Christmas holiday.

Council believes:

- 5 That local initiatives to provide children with food show the very best of our community. However, families should not have to rely on goodwill to ensure that their children are fed.
- 6 That in the long term, the structural causes of poverty must be addressed. In the meantime, the government should be committed to funding free school meals during the school holidays. However, in the absence of this commitment, Bath and North East Somerset Council must act now to ensure that no child goes hungry.

Council agrees therefore:

- 7 To ask the Leader of Council to write to Secretary of State for Education asking the government to commit to funding free school meals during the school holidays.
- 8 To ask the Cabinet as a matter of urgency to identify the funding to ensure that eligible children are provided with food vouchers over the Christmas holiday.
- 9 To note that the January 2021 meeting of Council will consider Food Poverty, providing an opportunity to review the provision for February 2021 half term and beyond.

Unless where specifically set out in the statute, motions approved at Council do not bind the Executive (Cabinet) but may influence their future decisions.

Councillors are reminded of their public sector equality duty which requires the Council to consider or think about how their policies or decisions may affect people who are protected under the Equality Act.

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Council 12 November 2020

Fireworks

Labour Group to move:

Council notes:

- 1 Fireworks are used throughout the year to mark events such as Bonfire Night, New Year, Chinese New Year and Diwali. Whilst they can bring enjoyment to some people, they can also cause significant injury and fear for other people and animals.
- 2 There is widespread public concern about the impact of fireworks on animals. The RSPCA receives hundreds of calls about this issue every year with November being the peak month for calls. The unpredictable, loud and high intensity noises made by many fireworks can cause psychological distress to animals and can lead to injuries as animals attempt to run or hide from the noise. Debris produced by fireworks can pose a hazard to animals if found on the land.
- 3 Almost 4,500 people in England attended A&E with injuries from fireworks in 2017, double the number in 2009-10, with the number of life-changing injuries rising every year. Half of those seen in hospital were aged 18 or under and 80% were male.
- 4 Fireworks release chemicals into the atmosphere, many of which are harmful to the environment. The colours in fireworks are created from metallic compounds which can have a negative impact on animal and human health. To produce the oxygen needed for an explosion, fireworks may contain oxidisers which dissolve in water contaminating rivers and lakes. Fireworks also release smoke and particulates which affect air quality.
- 5 The Fireworks Act 2003 and the Fireworks Regulations 2004 are the main pieces of legislation concerned with regulating firework use.
- 6 The current maximum permitted noise level for fireworks for public sale is 120 decibels. This is the equivalent to a jet aircraft taking off.
- 7 In 2018 a petition to ban the public sale of fireworks attracted more than 300,000 signatures
- 8 In 2019 Sainsbury's announced that it is to stop selling fireworks in all its stores after concerns over the distress they cause to pets, wildlife and elderly people.

Council believes:

- 9 In order to protect the public, animals and the environment, firework laws need to be strengthened with licensing introduced for all public and private displays at all times.

Council agrees therefore:

- 10 To welcome the decision by Sainsbury's to stop selling fireworks and to ask other retailers to follow suit.
- 11 To write to the relevant minister and our local MPs expressing this Council's support for:

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Councillors are reminded of their public sector equality duty which requires the Council to consider or think about how their policies or decisions may affect people who are protected under the Equality Act.

- a) The introduction of licensing for all public and private displays at all times with a process for local residents to object to the granting of a licence and a means for ensuring that due regard is paid to the impact on public and animal safety and on the environment of a proposed display;
- b) A prohibition on the public sale of fireworks except where they are to be used for a licensed display; and
- c) A reduction in the maximum permitted noise level of fireworks for private displays from 120 decibels to 90 decibels which is the equivalent of a car door slamming.

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Councillors are reminded of their public sector equality duty which requires the Council to consider or think about how their policies or decisions may affect people who are protected under the Equality Act.