

# Cabinet

**Date: Thursday, 5th November, 2020**

**Time: 6.30 pm**

**Venue: Virtual Meeting - Zoom - Public Access via  
YouTube**

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

## Agenda

**To: All Members of the Cabinet**

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

Chief Executive and other appropriate officers  
Press and Public

The agenda is set out overleaf.



**Jack Latkovic**

**Democratic Services**

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## NOTES:

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

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

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

## 3. **Recording at Meetings:-**

The 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.**

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>

**Cabinet - Thursday, 5th November, 2020**  
**in the Virtual Meeting - Zoom - Public Access via YouTube**  
**<https://www.youtube.com/bathnescouncil>**

**A G E N D A**

1. WELCOME AND INTRODUCTIONS
2. APOLOGIES FOR ABSENCE
3. DECLARATIONS OF INTEREST

*At this point in the meeting declarations of interest are received from Members in any of the agenda items under consideration at the meeting. Members are asked to indicate:*

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

*(b) The nature of their interest.*

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

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

4. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR
5. QUESTIONS FROM PUBLIC AND COUNCILLORS

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

6. STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

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

7. MINUTES OF PREVIOUS CABINET MEETING (Pages 7 - 14)

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

8. CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET

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

9. MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES

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

10. SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING (Pages 15 - 16)

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

11. RULE 15 GOVERNMENT INVITATION TO SOMERSET TO SUBMIT LOCALLY LED PROPOSALS FOR UNITARY LOCAL GOVERNMENT (Pages 17 - 22)

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.

12. AMENDMENT TO POLICY ON HACKNEY CARRIAGE AND PRIVATE HIRE LICENSING STANDARDS FOR DRIVERS, VEHICLES AND OPERATORS (Pages 23 - 38)

The Council's policy on Hackney Carriage and Private Hire Licensing Standards for Drivers, Vehicles and Operators ('the Policy') was agreed by Cabinet in December 2018. The Clean Air Zone (CAZ) which is proposed to be launched in Bath on 15 March 2021, includes charging non-compliant licenced vehicles to enter the CAZ, and the Policy requires licensed vehicles to be compliant with the CAZ scheme

13. YOUTH JUSTICE PLAN 2020-21 (Pages 39 - 62)

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.

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.

14. REVENUE AND CAPITAL BUDGET MONITORING, CASH LIMITS AND VIREMENTS – APRIL 2020 TO SEPTEMBER 2020 (Pages 63 - 98)

This report presents the financial monitoring information for the Authority as a whole for the financial year 2020/21, using information available as at the end of September 2020.

15. TREASURY MANAGEMENT MONITORING REPORT TO 30TH SEPTEMBER 2020

(Pages 99 - 116)

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

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

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

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## BATH AND NORTH EAST SOMERSET

### CABINET

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

Thursday, 8th October, 2020

#### Present:

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

#### 39 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting by explaining that this meeting is being held under The Local Authorities and Police and Crime Panels (Coronavirus)(Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020. The Council has agreed a protocol to cover virtual meetings and this meeting would operate in line with that protocol. The meeting has the same status and validity as a meeting held in the Guildhall.

#### 40 APOLOGIES FOR ABSENCE

There were no apologies for absence.

#### 41 DECLARATIONS OF INTEREST

There were none.

#### 42 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

#### 43 QUESTIONS FROM PUBLIC AND COUNCILLORS

There were 15 questions from Councillors and no questions from members of the public.

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

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

There were 14 registered speakers for this meeting.

Each speaker had up to 3 minutes to address the Cabinet.

*NOTE: All statements are attached to these minutes.*

Non-agenda related –

1. David Redgewell – Transport during COVID-19
2. Simon Banks – Ecological Emergency
3. Danny Groves – Ecological Emergency
4. Frank Kenny – Ecological Emergency

Item 11 Mead Lane, Saltford - River moorings –

1. Councillor Duncan Hounsell
2. Elisabeth Evans
3. Phil Harding (Saltford Parish Council)
4. Rebecca Sarll
5. Avril Mc Govern
6. Ross Fender
7. Laura Darling
8. Dom Newton
9. Peter Denmead
10. Jassy Powles

#### **45 MINUTES OF PREVIOUS CABINET MEETING**

It was **RESOLVED** that the minutes of the meeting held on Wednesday 22<sup>nd</sup> July 2020 be confirmed as a correct record and signed by the Chair.

#### **46 CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET**



There were none.

#### **47 MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES**

There were none.

#### **48 SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING**

The Cabinet agreed to note the report.

Councillor Richard Samuel used this opportunity to highlight that Decision E3217 'Saltford Lawn Tennis Club Community Asset Transfer' had quite positive impact on the local community.

#### **49 MEAD LANE, SALTFOORD - RIVER MOORINGS**

The Chair and Councillor Paul Crossley thanked all speakers who read out their statements on this matter.

Councillor Paul Crossley introduced the report by saying that several presentations from the public showed how complex this issue was. Before continuing with an introduction with the report, Councillor Crossley offered to meet with boating community to discuss this matter.

Following local elections in May 2019, the new administration had agreed to review moorings at Mead Lane. The Council had commissioned Atkins Global engineering consultancy to undertake a detailed visual survey of the riverbank, road, utilities and 2005 bio-engineered solutions (rock armour) on Wednesday 3 September 2019. The detailed outcome of the survey, and the main findings were included in the report. Councillor Crossley said that he was pleased with an outcome of the survey. Moorings at Mead Lane were close to a narrow road and also to residents of Mead Lane. Also, all of the issues highlighted in the report presented to the Cabinet in January 2020 have been done.

Councillor Crossley stressed that 14-Day moorings will be available from 1st March 2021 and would remain until suitable alternatives were found. Councillor Crossley also offered to meet with the boating community to inspect stretches of the river mentioned by boaters.

Councillor Paul Crossley concluded by moving the officers' recommendations with additions/changes as follows:

Bullet point 2 of the main recommendations to read – '• Agree to a long-term aspiration to relocate moorings from Mead Lane – with a target date of 31st December 2022'

Added recommendation 2.8 to read – 'Request that officers devise a charging regime for moorings at Mead Lane, to be implemented from 1st March 2021, in accordance

with delegations outlined in recommendation 2.6. Requests for future capital allocation for moorings to be considered as part of the council annual budget setting process.'

Councillor Dine Romero seconded the motion, and together with Councillor Crossley proposed to meet with the boating community to discuss issues related to this matter.

Councillor Tim Ball supported the motion from Councillor Crossley and added that this Council, and the previous administrations, have failed the boating community in terms of adequate moorings. Mead Lane was not an adequate solution and the Council would need to identify other areas in the Local Plan for moorings. Councillor Ball also called on the government to be more committed in recognising the needs of the boating community.

Councillor Sarah Warren welcomed the motion and said that she had met with the boaters in Bathampton and that she has begun to understand their needs for education and access to hospitals. Councillor Warren said that she would also like to meet with the boating community to discuss the issues and needs that they may have. Councillor Warren added that the Council should continue to work with the CRT and with the families on their access to health and education.

Councillor Richard Samuel welcomed the recommendations with a caution to the budget allocation process. Councillor Samuel said that it needed to be understood that requests for future capital allocation for moorings must be considered as part of the Council's annual budget setting and would have to go through the same process as any other allocated parts of the budget.

Councillor David Wood also supported the motion by saying that the Council should be recognised as an authority for welcoming communities with different lifestyles, and not pushing them away from the area.

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

- Reduce the number of moorings in the short/medium term, by implementing paragraphs 2.2. & 2.3, thereby increasing the amount of open space along Mead Lane
- Agree to a long-term aspiration to relocate moorings from Mead Lane – with a target date of 31<sup>st</sup> December 2022
- Ensure that suitable alternative moorings are identified and in place prior to reducing further any moorings at Mead Lane
- To increase enforcement & engagement capacity

Specifically:

2.1 To work with Waterspace Partners to identify alternative sites for 14-day moorings along the watercourse and to request that it gives due consideration to the Opinion Research Survey assessment and findings, and

2.2 To remove the 48-hour moorings at Mead Lane from 1/11/20, on a permanent basis, this part of the riverbank to be reallocated as open space for other leisure purposes and

- 2.3 Agree to no 14-day moorings at Mead Lane, on a seasonal basis, during the time period 1 November until the end of February each year and
- 2.4 When the Waterspace Partnership programme of work and Opinion Research Survey assessment is complete (see 2.1 above), review the moorings on Mead Lane, with the aim that the total number of 14 day moorings available along the watercourse are not reduced, and
- 2.5 Create a joint River Warden post with the Canal and Rivers Trust (CRT)
- 2.6 Delegate future decisions on Mead Lane/moorings to the Cabinet Member for Community Services, in consultation with the Director of Environment and,
- 2.7 Request that the Cabinet Members for Transport and Director of Environment, in consultation with Avon and Somerset Police, review the parking restrictions along Mead Lane/Saltford
- 2.8 Request that officers devise a charging regime for moorings at Mead Lane, to be implemented from 1st March 2021, in accordance with delegations outlined in recommendation 2.6. Requests for future capital allocation for moorings to be considered as part of the council annual budget setting process.

## **50 LEISURE SERVICE REVIEW**

NOTE:

*8:12pm the meeting was adjourned for comfort break.*

*8:20pm the meeting reconvened.*

Councillor Paul Crossley introduced the report by saying that a variety of different measures had to be put in place due to unprecedented impact of Covid-19.

The Leisure Service was a discretionary service, however it contributed to many critical Council priorities including tackling obesity, improving physical health and wellbeing; addressing mental health and reducing our impact on climate change through encouraging walking and cycling. The contract with Greenwich Leisure Limited (GLL) to manage the Council's leisure centres was key to delivering these outcomes.

When Covid-19 legislation was passed that required leisure facilities to close GLL has lost all income from all of its facilities in all of its contracts. However, ongoing costs have still remained - for example ensuring the mechanical and electrical systems, particularly linked to the swimming pools, were managed and maintained and ready to operate again once lockdown was lifted.

This left GLL and all other leisure operators with limited options to deal with the financial impacts without support from their Local Authority partners. The situation has been made worse as leisure providers were exempt from most Covid-19 emergency support funding.

A sum of £565,643 has been agreed by the Council to cover losses to the end of August 2020 with the Council working closely with GLL to control costs as far as possible during this time. These costs have also been independently benchmarked by Sport England advisors to ensure they were in line with what other Local

Authorities were experiencing and that all avenues for controlling costs were being explored.

At the request of the SW Chief Executive Officers group, this group has been lobbying Ministers directly on the financial pressures faced by the sector. Funding from central government has only covered directly run LA leisure services, not those who use leisure trusts as a model of delivery as in this case.

Councillor Crossley took the meeting through the details of the phased re-opening of leisure services in BANES (as per report) and explained that in the light of the financial pressure Covid-19 has placed on the Council and GLL a review has been undertaken to seek to develop a more sustainable business model for the future.

The recommendations in this report were designed to balance the need for a sustainable financial model against the desire to provide leisure services that help to improve the health and wellbeing of the local population.

Councillor Paul Crossley moved the recommendations.

Councillor Richard Samuel seconded the motion by highlighting the government's failure to provide any money to Leisure Services such as GLL. According to the newspapers, the Treasury has allocated £500m to support Leisure Services across the country, and that money has not yet been distributed to those in need. Councillor Samuel expressed his concern that Leisure Services would suffer even more in the months to come, due to Covid-19 crisis. The government has an obligation to support this industry and thousands of jobs across the country within it, apart from other benefits of Leisure Services that were mentioned by Councillor Crossley.

The Chair welcomed the comments from Councillors Crossley and Samuel. The Chair also said that she has had conversations with other Local Authorities who were in the same situation with Leisure Services, and whose losses in this industry were not met by the government.

Councillor Tim Ball welcomed the motion and also expressed his concern with the lack of funding for Leisure Services from the government.

**RESOLVED** (unanimously) that the Cabinet agreed to the following recommendations that have been developed in response to the Covid-19 impact upon the leisure industry, our contractual arrangements with GLL and the financial impacts this has placed upon the Council.

- (1) Remove Chew Valley Leisure Centre from the GLL contract and hand back the lease to Chew Valley School at the end of this financial year (31st March 2021) and work with the Lighthouse School Partnership to provide an alternative solution to providing community use of the leisure facilities outside school hours.
- (2) Re-open the dry side facilities at Culverhay Leisure Centre. The future of the swimming pool will be considered in more detail as numbers return to leisure centres and Covid 19 infection risk is reduced.
- (3) Request officers explore investment opportunities at Odd Down Sports Ground to turn this facility from a deficit to a profit. A business case that demonstrates a clear return on investment well within the remaining life of the contract will be required for this to proceed.

## 51 2021/22 MEDIUM TERM FINANCIAL STRATEGY

Councillor Richard Samuel introduced the report by saying that the financial challenge this year had been extreme with unprecedented impact on finances. The current Council has acted quickly because it was very clear, very early on in the pandemic lockdown that there was going to be a serious detrimental impact on the Council's income as it provides one of the pillars in funding the services we provide. The financial recovery progress report was approved in July, with £20m of savings to be made in year, to balance the books. Sadly, the government would not meet the full losses that the Council expected to encounter during this current financial year.

The Council's income position is likely to be under pressure for many years to come. It would underperform this year, with no expectations to return to previous levels next year. The Council's financial position and outturn was expected to improve during this year, although the budget would be in deficit year end to some degree. This report was not about the budget but more to set out the problems and the financial challenges that the Council would have to meet.

Councillor Samuel took the Cabinet thought the rest of the report highlighting the difficult position over the next 5 years. Councillor Samuel concluded that this Strategy would be a base for future discussions in terms of Council's financial position and budget.

Councillor Richard Samuel moved the recommendations.

Councillor Kevin Guy seconded the motion by thanking Councillor Samuel and the relevant officers for this report. Councillor Guy also said that the Council have received financial help from central government, but nowhere near enough to cover the losses incurred.

Councillor Tim Ball also supported the motion and suggested that other political groups in the Council, and the relevant Scrutiny Panels should have been more proactive in the debate on this strategy.

**RESOLVED** (unanimously) that the Cabinet agreed to approve the Medium Term Financial Strategy.

## 52 TREASURY MANAGEMENT MONITORING REPORT TO 30TH JUNE 2020

Councillor Richard Samuel introduced the report by saying that this report gives details of performance against the Council's Treasury Management Strategy for 2020/21 for the first three months of 2020/21. Councillor Samuel added that there were few headlines that were already highlighted in the report. Councillor Samuel thanked the officers on the report.

Councillor Richard Samuel moved the recommendations.

Councillor Dine Romero seconded the motion, and also thanked the officers for their hard work.

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

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

The meeting ended at 8.50 pm

Chair \_\_\_\_\_

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

**Prepared by Democratic Services**

Bath & North East Somerset Council

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

published from 29-Sep-2020 to 27-Oct-2020

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

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### **Home to School Transport - Safe routes to School**

*The policy setting out how the Local Authority assesses a route to school and therefore determines eligibility to transport is formalised into a new policy and processes paper. The decision is to adopt the policy*

**Decision Maker:** Cabinet Member for Children's Services

**Decision published:** 06/10/2020

**Effective from:** 14/10/2020

**Decision:**

The Cabinet Member agrees that the policy will be adopted as the methodology of determining whether a route is safe.

**Wards affected:** (All Wards);

**Lead officer:** Richard Morgan

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Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	5 <sup>th</sup> November 2020	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3241
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

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

- 2.1 Consider this report and recommend to Council that it does not submit a proposal for local government reorganisation in Somerset, and
- 2.2 Publicly indicate its intention to continue to act as a separate local unitary authority council (Bath & North East Somerset Council) but 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 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 council 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 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. Several 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 Bath & North East Somerset Council currently considers that's its natural economic links are to the West of England and along the M4 corridor and not south into Somerset, any proposals for local government reorganisation in Somerset involving the Council could jeopardise these links.
- 3.12 Also, any reorganisation involving Bath & North East Somerset Council would inevitably result in a change to the current arrangements for the West of England Combined authority. This would be very destabilising at a time when we are focused on the recovery and renewal of the economy as we face up to the ongoing challenge of the COVID pandemic.
- 3.13 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.

- 3.14 Councils in these 3 areas 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 9<sup>th</sup> November
- 3.15 The Cabinet need to determine whether it wishes to make any proposals on behalf of Bath & North East Somerset Council, and determine its recommendation to full Council.

## **4 STATUTORY CONSIDERATIONS**

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

## **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 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 to 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.

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

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Bath & North East Somerset Council		
MEETING	Cabinet	
MEETING	5 November 2020	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3204
TITLE:	Amendment to Hackney Carriage and Private Hire Licensing Policy	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix A: Amended Hackney Carriage and Private Hire Licensing Policy		

## 1 THE ISSUE

- 1.1 The Council's policy on Hackney Carriage and Private Hire Licensing Standards for Drivers, Vehicles and Operators ('the Policy') was agreed by Cabinet in December 2018. The Clean Air Zone (CAZ) which is proposed to be launched in Bath on 15 March 2021, includes charging non-compliant licenced vehicles to enter the CAZ, and the Policy requires licensed vehicles to be compliant with the CAZ scheme.
- 1.2 Since the adoption of the Policy, exemptions have been introduced to the CAZ scheme and an amendment to the Policy is required to ensure it remains aligned. This relates to exemptions for non-compliant wheelchair accessible licensed vehicles and more recently, exemptions for drivers who are waiting for a replacement, compliant vehicle through the B&NES financial assistance scheme or who have failed affordability checks for the B&NES financial assistance scheme.
- 1.3 The Licensing Committee supported the exemption for non-compliant wheel-chair accessible vehicles in their meeting of 5 February 2020.

## 2 RECOMMENDATION

The Cabinet is asked to:

- 2.1 Adopt the proposed amendment to the Policy which provides that all vehicles licensed by the Council must be (as a minimum) compliant with the terms of the Clean Air Zone and meet with its emission standards, unless they are eligible for exemptions as detailed in the CAZ scheme.

- 2.2 Note that drivers using vehicles eligible for exemptions under and in accordance with the CAZ scheme will be exempted from enforcement action under the Policy.

### **3 THE REPORT**

- 3.1 In revising the Policy in 2018, the Council included provisions to ensure that licenced vehicles were compliant with the terms of any future CAZ. The Policy also encourages the use of alternative fuels, such as the use of electric powered vehicles. The aim of this was to ensure that the taxi trade contributed fully towards reducing the levels of nitrogen dioxide throughout Bath and the wider authority.
- 3.2 Since the adoption of the Policy, the Council has decided upon its preferred scheme of introducing a Class C CAZ with traffic management in Queen Square and the Full Business Case (FBC) has been formally approved by the Joint Air Quality Unit (JAQU). The Charging Order for the CAZ scheme contains 3 exemptions which are relevant to the taxi trade:
- 3.3 **An exemption for non-compliant wheelchair accessible vehicles for up to 2 years from the launch of the CAZ-** this exemption has emerged following the development of the Equalities Impact Assessment (EQiA) for the CAZ and the need to ensure that vulnerable persons who rely on this method of transport can continue to access facilities and attend medical appointments whilst not being detrimentally impacted by the introduction of the CAZ.
- 3.4 **An exemption for drivers who have successfully applied to the B&NES financial assistance scheme (to upgrade non-compliant vehicles) and are awaiting their replacement, compliant vehicle. The exemption is until the delivery date of the replacement, compliant vehicle or 2 years from the launch of the scheme, whichever is sooner.**
- 3.5 **An exemption for drivers of licensed non-compliant vehicles who are eligible for the B&NES financial assistance scheme (to upgrade non-compliant vehicles) but fail the affordability checks, for up to 2 years from the launch of the CAZ-** this exemption has emerged to support drivers of non-compliant licensed vehicles who are unable to satisfy the affordability criteria and provides extra time to source a compliant vehicle.

### **4 STATUTORY CONSIDERATIONS**

- 4.1 The Policy requires compliance with the CAZ scheme for all licensed vehicles, and the Council could be open to legal challenge if this Policy does not align with the exemptions within that scheme.

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

- 5.1 There are no financial impacts to the Licensing Service through the recognition of the relevant CAZ exemptions within the Policy.

### **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 The Equalities Act 2020 requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people carrying out their activities. The proposed exemptions support the EQiA for the CAZ to ensure that vulnerable groups and those on low incomes are not detrimentally impacted.

## 8 CLIMATE CHANGE

- 8.1 The Council declared a Climate Emergency in March 2019, committing it to providing the leadership necessary to enable Bath and North east Somerset to achieve carbon neutrality by 2030. Research undertaken since March 2019 has recommended three immediate priority areas for action which includes the need for a major shift to mass transport, walking and cycling to reduce transport emissions i.e. implementing policies to enable a 25% cut in car and van mileage per person per year by 2030, couple with a 67% switch to fully electric cars and 14% to petrol/electric hybrid, leaving just 10% petrol/diesel cars on the road by 2030. Full electrification of passenger rail is also proposed by 2030.
- 8.2 The Policy supports the aim of reducing transport emissions through allowing the use of alternative fuels for licensed vehicles. Whilst the exemptions do allow for the use of non-compliant vehicles within the CAZ, it is time-limited and the number of these vehicles is likely to be very small with any negative impact outweighed by the benefits brought to vulnerable groups and those on low incomes.

## 9 OTHER OPTIONS CONSIDERED

- 9.1 None.

## 10 CONSULTATION

- 10.1 The Council's Monitoring Officer and Section 151 Officer have had the opportunity to input to this report and have cleared it for publication.
- 10.2 Throughout the development of the CAZ scheme there have been numerous engagement opportunities with the taxi trade, most recently in October 2020, on the exemption for non-compliant wheelchair accessible vehicles. This has been supported and no adverse comments have been received.

<b>Contact person</b>	<i>Cathryn Brown, Team Manager 01225 477645</i>
<b>Background papers</b>	<i>Minutes of the Licensing Committee on 5 February 2020</i> <a href="https://democracy.bathnes.gov.uk/documents/s59974/Amendment%20to%20Policy%20Hackney%20Carriage%20and%20Private%20Hire.pdf">https://democracy.bathnes.gov.uk/documents/s59974/Amendment%20to%20Policy%20Hackney%20Carriage%20and%20Private%20Hire.pdf</a>  <i>E 3175 Bath Clean Air Plan FBC submission- Jan 2020</i> <a href="https://democracy.bathnes.gov.uk/documents/s59779/E3175%20Bath%20Clean%20Air%20Plan%20FBC%20Submission%20January%202020.pdf">https://democracy.bathnes.gov.uk/documents/s59779/E3175%20Bath%20Clean%20Air%20Plan%20FBC%20Submission%20January%202020.pdf</a>
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## **PROPOSED POLICY ON HACKNEY CARRIAGE AND PRIVATE HIRE LICENSING STANDARDS FOR DRIVERS, VEHICLES AND OPERATORS**

The following policy sets out the context within which Hackney Carriage and Private Hire vehicles operate and outlines the standards required by the Council for Hackney Carriage and Private Hire vehicles, driver and operators:

1. Each application for a licence will be treated on its own merits. Where applications fall outside this Policy they will be referred to the Licensing Sub-Committee for consideration.
2. For the purpose of Hackney Carriage licensing, the district of Bath and North East Somerset is zoned into the two areas: Bath (zone 1) and North East Somerset (zone 2).
3. Bath & North East Somerset Council has a limitation policy to regulate the number of Hackney Carriage Proprietors Licenses issued in Bath (zone 1). When the Council determines any application for new Hackney Carriage Proprietors Licence it will do so having regard to the recommendations of an independent Unmet Demand Survey. All such applications shall be determined by the Licensing Sub-Committee.
4. An Unmet Demand Survey (for zone 1) will be carried out at regular intervals and no more than three years will elapse between each survey.
5. Any new Hackney Carriage Proprietors licenses issued in zone 1 will be issued on condition that the vehicle is fully accessible and has side loading capability. To be deemed fully accessible a vehicle shall cater for a range of disabilities for example visual, aural and ambulant disabilities. Any replacement vehicle shall be to the same or higher specification.
6. The Council intends to adopt section 165 of the Equality Act 2010 and will maintain a list of designated vehicles which are appropriate for wheel chair access within the fleet. Private Hire operators are encouraged to offer accessible vehicles within their fleet and information about operators who provide fully accessible vehicles will be published on the Council's web pages.
7. All vehicles, including new ones, shall be visually and mechanically inspected prior to being licensed and thereafter mechanically inspected on an annual basis at garages approved by the Council.
8. In accordance with the definition of "Proprietor" as stated by the Local Government (Miscellaneous Provisions) Act 1976, the Council will not issue vehicle licenses to companies who intend to hire or lease the vehicle to a third party. In these cases vehicle licenses will only be granted to the person in possession of the vehicle under a lease or hire agreement.
9. All vehicles will normally be less than four years old when first licensed.

During the life of this policy one or more Clean Air Zones may be introduced. A Clean Air Zone will impose charges for all vehicles driving within it which do not meet specified emission standards. All vehicles licensed by the Council must be (as a minimum) compliant

with the terms of the Clean Air Zone and meet with its emission standards, **unless they are eligible for exemptions as detailed in the CAZ scheme.**

10. However, in recognition of the Council's wider responsibility to improve air quality, the Council will also seek to promote and encourage vehicle proprietors to invest in vehicles and related technologies that offer the best possible environmental standards in terms of emissions, the use of cleaner fuels, fuel and engine efficiency and end-of life recycling.

Hybrid, plug-in hybrid or fully electric powered vehicles will be encouraged, providing the minimum specifications set down in the relevant Private Hire or Hackney Carriage vehicle licence conditions are met.

Vehicle owners are strongly recommended to contact the Council so that officers can help in an individual decision about vehicle type.

11. Alternative fuel vehicle conversions are permissible provided genuine conversion certificates from industry approved installers are provided prior to the vehicle being first licensed.
12. Emission converter technology is permissible subject to approved certification being submitted to the Council. However this does not automatically mean that the conversion renders the vehicle compliant with any emission standards enforced by any Clean Air Zone. It is the licensee's responsibility to ensure that the vehicle would be compliant prior to any such technology being fitted to the vehicle. Further, for the sake of absolute clarity, the Council cannot be held responsible if such technology does not result in the vehicle being exempted from any CAZ charge.
13. Only roof signs approved by the Council are permitted on the vehicle. Hackney Carriage signs shall be fitted across the width of the vehicle and Private Hire signs shall be fitted along the length of the vehicle.
14. The vehicle licence plates are issued annually and display the registration number of the vehicle, licence number, number of seats, colour of vehicle, date of expiry of licence and make of vehicle.
15. The vehicle licence plates remain the property of the Council and shall be returned to the Council in the event that the vehicle is no longer used for Hackney Carriage or Private Hire work or the licence expires.
16. Hackney Carriage vehicle licenses are renewed annually and expire on the 31<sup>st</sup> May.
17. Private Hire vehicle licenses are renewed annually and expire on the 31<sup>st</sup> October.
18. Hackney Carriage and Private Hire Driver's licenses are issued for a maximum three year period and expire on the 28<sup>th</sup> February. Renewals will normally be issued for the maximum three year period.
19. Driver's licenses may be issued for a shorter period than the maximum three years depending on the individual circumstances of the applicant. Factors that may influence this include (but are not limited to) an applicant's right to work in the UK, applicants individual medical circumstances. or other issues that may arise during the application process.
20. An Operator's licence is issued for a maximum five year period, and shall expire on the 30<sup>th</sup> September.

21. The Council reserves the right to issue licenses for a lesser period should it see fit.
22. That all Drivers' licenses are issued as joint Hackney Carriage/Private Hire licences.
23. The following checks will be carried out on all new applications and a licence will not be issued until all the relevant documents are presented and are correct:
  - Operators Licences; receipt of a satisfactory application form, 3 references, Disclosure & Barring Services check and the appropriate fee. References and Disclosure & Barring Services checks will be waived for applicants who are already hold a combined Hackney Carriage/Private Hire Drivers Licence issued by Bath & North East Somerset Council.
  - Vehicle Licences; receipt of satisfactory application form, vehicle registration document, insurance for hire and reward (public for Hackney Carriages and private for Private Hire), MOT certificate for all vehicles over 1 year old, Inspection Certificate, Meter Test Certificate, (where applicable) and the appropriate fee.
  - Driver's Licences; receipt of a satisfactory application form, birth certificate, Group 2 Vocational Driver Medical Certificate, check with the DVLA as to motoring offences, check with the Disclosure & Barring Services, 3 references, and the appropriate fee.
  - All non UK applicants will be required to produce original and certified translations of birth certificate, driving history, and certificate of good conduct or similar check of criminal convictions. All documents must have been obtained in the month prior to the application being submitted. Photocopies or scans of documents will not be accepted.
  - In order to be licensed as a Hackney Carriage or Private Hire driver, an applicant must hold a full driving licence issued in the United Kingdom,(UK) the European Community (EC), one of the other countries listed in the European Economic Area (EEA) or an exchangeable licence as defined in s108 of the Road Traffic Act 1988 and provide a certified and translated driving history from the country of issue.
  - The Council will require all current Hackney Carriage and Private Hire drivers who currently hold an EC/EEA or exchangeable driving licence to have a UK DVLA issued Driving Licence.
  - An individual with an EC/EEA or exchangeable driving licence making an application for a Hackney Carriage or Private Hire drivers licence shall obtain a UK DVLA Driving Licence prior to the Hackney Carriage/Private Hire Drivers Licence being issued.

All non UK, EC/EEA, exchangeable licence holders will be required to submit their original EC/EEA driving licence on application for a Hackney Carriage/Private Hire driver's licence.

24. All applicants for combined Hackney Carriage/Private Hire driver's licence must have held a UK full driving licence (or an EU equivalent or exchangeable driver's licence) for a minimum of three years, and must normally have attained the age of 21.
25. All new applicants for a combined Hackney Carriage/Private Hire Drivers Licence must have completed a Bath & North East Somerset Council approved Drivers Assessment training course prior to submitting an application for a combined Hackney Carriage/Private

Hire Drivers Licence. This course will be completed at the expense of the applicant and a certificate of completion must be produced at the time of application.

26. Applicants must successfully complete a driver's assessment course run by the Bath & North East Somerset Council Passenger Transport Team. In exceptional circumstances where a course is not available for a period greater than four weeks an alternative third party provider may be used. This provider must be approved by the Council and details of approved providers are available from the Licensing Office.
27. All drivers must complete a B&NES approved course relating to raising awareness around the issue of child sexual exploitation. Evidence of successful completion of the training must be produced on the driver's first licence renewal. Failure to provide evidence of course completion will result in refusal of the renewal application.
28. All driver's submit a Group 2 Vocational Driver Medical Certificate, on the prescribed form, on first application and when requested by the Council after their 45<sup>th</sup> birthday and every 5 years thereafter until the age of 65 and then every year thereafter. If so required the applicant shall, whether or not medical evidence is presented by the applicant, submit to an examination by a Council appointed Medical/Occupational Health professional to assess the applicant's fitness to drive a licensed vehicle.
29. All new applicants for a combined Hackney Carriage/Private Hire drivers licence produce to the Council the original Enhanced Disclosure & Barring Services Certificate obtained as part of the application process. This Certificate must be produced to the Council no later than 30 days from the date of the certificate. Applicants who are unable or unwilling to produce the certificate within 30 day of issue will have their applications referred to the Council Sub-Committee for determination.
30. All holders of a combined Hackney Carriage/Private Hire drivers licenses will be subject to an Enhanced Disclosure & Barring Service check every three years from the date of the first licence issued. It shall be the responsibility of the Licensee to ensure that they are registered with the Disclosure & Barring Service's online checking service and to keep the registration current as long as they continue to hold a combined Hackney Carriage/Private Hire drivers licence issued by the Council.
31. Renewal applications will be delayed for existing Licensees if at the time of a renewal application for a combined Hackney Carriage/Private Hire drivers licence the Council is unable to check the status of the last Disclosure & Barring Service Certificate issued in respect of the applicant using the online checking facility, due to the applicant not being registered with the Disclosure and Barring Service. If an online check is not available due to the applicant not being registered a new Enhanced Disclosure & Barring Service Certificate will need to be obtained by the applicant prior to a licence being issued. No licence will be issued until the applicant produces the valid Enhanced Certificate to the Licensing Office. The cost of this new Enhanced Disclosure & Barring Services Certificate will have to be paid for by the licensee at the time of application.
32. On application for a combined Hackney Carriage/Private Hire drivers licence, renewal thereof or on three yearly review of Disclosure & Barring Services checks, any failure to produce a Disclosure & Barring Services Certificate dated within 30 days of its issue howsoever caused will result in a delay in any licence being issued and may result in referral to the Licencing Sub Committee.
33. All new applicants for combined Hackney Carriage/Private Hire driver's licences undergo a local area knowledge test which will include questions on the law pertaining to licensed

vehicles and drivers, local licensing conditions, the Highway Code and will include a practical route test taken in a vehicle supplied by the applicant. Applicants who fail any part of the knowledge test may retake the knowledge test. Should an applicant fail a second test a minimum period of three months shall elapse before a third test can be taken. Applicants who fail the knowledge test three times will have their application terminated and any refundable portion of the fee refunded. Any applicant who has failed the test for a third time may not reapply for a driver's licence until a period of not less than 12 months has elapsed whereupon they may submit a new application.

34. The Council expects all licensed hackney carriage and private hire drivers to have sufficient expertise of the English language so that they can communicate freely and clearly with passengers and authorised officers. Applicants are expected to have the necessary verbal communication skills which allow them to understand licensing requirements and to deal with day to day interactions with customers and members of the public during the course of everyday business. It is also essential for public safety that a driver can communicate clearly with passengers and Emergency Services in the event of an emergency situation. All new applicants are therefore required to undertake a B&NES approved assessment of their communication skills. Successful completion of this assessment is required before a licence can be granted.
35. Those wishing to enter the executive/chauffeur hire corporate account sector should take advice from the Council's Licensing team on the suitability of the nature of the business model and proposed vehicle. If the proposal does not meet the criteria for exemption in the view of the Licensing team, then the applicant may appeal to the Licensing Sub Committee.
36. All Operators, Private Hire Driver and Vehicle licenses issued by the Council are subject to a penalty point scheme as detailed in the section below.
37. All Hackney Carriage Driver licenses issued by the Council are subject to byelaws made by the Council.
38. That any application which falls outside of this Policy, which includes applications for driver's licences from applicants where criminal convictions or formal cautions are disclosed, are referred to the Licensing Sub Committee for determination.

December 2018

## **PENALTY POINT SCHEME**

### Introduction

1. Licensed Vehicles, Driver's and Operators are principally governed by the Local Government (Miscellaneous Provisions) Act 1976, Town Police Clauses Act 1847, and conditions attached to a licence by the Council.
2. The primary objective of the penalty point scheme is to improve levels of compliance and help improve the standards, safety and protection of the travelling public.
3. The penalty point scheme works in conjunction with other enforcement options. It provides a formalised stepped enforcement plan designed to record incidences of bad behaviour so as to ascertain whether the licensee continues to be a fit and proper person to hold a licence. It does not prejudice the Council's ability to take other actions.
4. Penalty points remain on a licence for a period of twelve months from date of imposition. As older points become spent by passage of time they are excluded from the running total recorded on a licence.

### Issue of Penalty Points

1. Where concerns about a licensee's conduct or the condition of the vehicle are brought to the Council's attention or the Council becomes aware that a Licensee has committed an offence, been given a formal caution, received a Fixed Penalty Notice, breached the conditions of the licence or is the subject of a complaint the Licensee will be asked to attend the Council offices for an interview, with the vehicle if appropriate. Once investigations are completed, letters will be sent out detailing the outcome of the investigation and a permanent record kept on the licensing file. The outcome of the investigation may result in one or more of the following: the Officer may take no further action, issue a formal warning, attach penalty points, issue a s68 Local Government (Miscellaneous Provisions) Act 1976 stop notice, issue prosecution proceedings and or refer the matter to the
2. Licensing Committee for the consideration of a warning as to future conduct, suspension, revocation or refusal to renew a licence.
3. Where a licensee accumulates more than 12 penalty points in any twelve month period, the matter will be referred to the Licensing Sub Committee for determination as to a licensee's fitness to continue to be licensed. The Committee may issue a warning, suspend, revoke or refuse to renew a licence in accordance with this Policy depending on the individual circumstances. The determination will take into account all the circumstance including previous conduct of the licensee. The Licensing Sub Committee may depart from this Policy on reasonable grounds for doing so.
4. Penalty points issued to a licensee will be confirmed in writing within 14 days of the decision to issue points.
5. The system will operate without prejudice to the Council's ability to take other action that it is entitled to take under legislation, byelaws or regulations.

Any disputes regarding the issuing of penalty points will be referred to the Service Manager who will have the discretion to award a greater or lesser number of points than is displayed on the tariff, if the complaint or breach is upheld. Licensees' shall have twenty one days



from the date of issue of penalty points to appeal against the decision. An appeal must be made in writing.

## **POLICY RELATING TO PREVIOUS CONVICTIONS AND CAUTIONS IN RELATION TO FITNESS TO HOLD LICENCES**

### Introduction

Each application will be determined on its own merits bearing in mind all the circumstances of the application.

Hackney Carriage and Private Hire drivers are listed occupations under the Rehabilitation of Offenders Act 1974. This means that a conviction is never spent and can therefore be taken into consideration in the determination of an application.

In terms of this policy any reference to conviction includes formal police cautions, whether for driving or any other offence.

This policy shall apply to all new applicants and any application by a current holder for a renewal of a licence. Any reference to an applicant shall also mean any person currently holding a combined Hackney Carriage/ Private Hire driver's licence, or Private Hire Operator's licence.

A precondition of being a licence holder is that the Council must be satisfied that applicants or holders of licences are fit and proper persons. A criminal record check is therefore an important tool in the fit and proper person assessment process. This policy gives guidance on the extent to which an applicant's criminal and driving records can be used when assessing an applicant's/licensee's fitness to hold a licence issued by the Council. The policy also sets out the minimum period of time the Council expects an applicant to remain free from conviction, caution or fixed penalty notice before he/she may be considered fit and proper.

This policy will apply in the following situations: when a criminal record check discloses an applicant has received any conviction or caution. When the Council is informed that a licensee has received any conviction caution and when a subsequent criminal record check discloses a conviction or caution has been obtained during the period of an existing licence.

Applications disclosing an history of offending behavior resulting in conviction and or formal police caution falling both within and outside of this policy may be referred to the Licensing Sub-Committee for determination. The type of offending behavior that may be referred to the Licensing Sub Committee will depend, for example, on relevance to the application, seriousness of the offence, the age and number of convictions or cautions received and the nature of disposal on conviction i.e. conditional discharge, fine, community order or custody sentence.

### General Policy

1. Each case will be decided on its own merits. Although an applicant may have convictions falling within the guidance set out in this policy, the Council may depart from this policy on reasonable grounds having had regard to the full facts of the case and any mitigating or other circumstances put forward by the applicant. Should the Licensing Sub Committee depart from this policy it will give reasons for so doing.
2. An applicant with convictions is not permanently barred from obtaining a licence but would be expected to have remained free of conviction for the period of time set out in this policy.

Nevertheless, the overriding consideration in determining whether or not to grant a licence will be the protection of the public.

3. Where any conviction has resulted in a term of imprisonment, the time periods set out in this policy run from the date of conviction.
4. Notwithstanding the periods set out below, during which an applicant is expected to remain free from conviction, the nature, seriousness, frequency of offending and any mitigating circumstances put forward will always be taken into consideration when determining whether an applicant is a fit and proper person to hold a licence.
5. Bath & North East Somerset Council will expect that an applicant will not -
  - (a) have been convicted of three or more minor motoring offences during the previous three years;
  - (b) have been convicted of a serious motoring offence during the previous five years;
  - (c) have been refused or had revoked by the Traffic Commissioners an HGV or PSV Licence within the previous three years.
  - (d) have been cautioned by the police for an offence during the previous two years;
  - (e) have been convicted of an offence during the previous three years;
  - (f) have been convicted of a serious offence for five years
  - (g) have been convicted of a sexual offence within the previous five years;
6. A serious view will be taken of any conviction occurring whilst the person holds a current licence.

A serious view will be taken of any conviction obtained by a licensee whilst he or she is acting in the course of their employment as a licensed Driver or Operator.
7. Where there is evidence suggesting that the safety of the travelling public is at risk and it is in the interests of public safety a driver's licence may be suspended or revoked immediately by an authorised officer. Immediate suspension should be expected in any case involving assault or involving indecency of any description.
8. The above examples are not exhaustive and the Council may depart from this policy where it is just, fair and reasonable to do so. Where the Council departs from this policy it will give reasons for so doing.
9. The following examples may afford a general guide on the action to be taken where convictions or police cautions are revealed:–

### Sexual Offences

Drivers of licensed vehicles frequently carry lone children, women and vulnerable persons. Applicants with convictions for sexual offences or convictions of a sexual nature must show a period of at least 5 years free of conviction before their application can be considered.

A conviction for a sexual offence or of a sexual nature will be viewed seriously. Any application disclosing such offences will be referred to the Licensing Sub-Committee for determination.

An application from an applicant who is the subject of a notification requirement or notification order under the Sexual Offences Act 2003 shall be referred to the Licensing Sub-Committee for determination.

Where there is more than one conviction for this type of offence a period of 10 years should elapse before an application is considered. Any such application shall be referred to the Licensing Sub-Committee.

An application from a current licensee with one such conviction or where the offence occurred whilst acting in the course of their employment as a Council licensee shall be referred to the Licensing Sub-Committee for determination.

### Drug Offences

Any conviction involving the misuse of drugs will be viewed seriously. An applicant with such a conviction will be expected to show at least 3 years free of conviction before being considered for the grant of a licence. Where a course of rehabilitation has been ordered or undertaken an applicant will be expected to show a period of at least 5 years free of conviction before being considered for the grant of a licence.

Any application disclosing such offences will be referred to the Licensing Sub-Committee for determination.

An application from a current licensee with one such conviction or where the offence occurred whilst acting in the course of their employment as a licensee shall be referred to the Licensing Sub-Committee for determination.

### Violence Against the Person

Drivers are often placed in confrontational situations with their passengers. It is important that they have the ability to deal with such situations in a calm and polite manner.

Where an applicant has a conviction for an offence of violence against the person such as wounding with intent, grievous bodily harm or assault occasioning actual bodily harm they should have remained free from conviction for a period of 5 years. Any application disclosing such offences will be referred to the Licensing Sub-Committee for determination.

Where an applicant has a conviction for an offence such as assault or common assault they should have remained free from conviction for a period of 3 years. Any application disclosing such offences will be referred to the Licensing Sub-Committee for determination.

An application from a current licensee with one such conviction or where the offence occurred whilst acting in the course of their employment as a Council licensee shall be referred to the Licensing Sub-Committee for determination.

### Dishonesty

Licensed drivers are in a position of trust. They often carry unaccompanied goods and are aware of empty properties, for example after taking its occupant to the airport or railway

station. Moreover, it is comparatively easy for an unscrupulous driver to exaggerate a fare by taking an unusual route or demand more than the legal fare as overseas/out of town visitors are often unfamiliar with a city's layout and or confused by the change in currency becoming "fair game." For these reasons the honesty of an individual is of paramount importance when determining the grant of a licence.

Where an applicant has a conviction for offences involving an element of dishonesty they should have remained free from conviction for a period of 3 -5 years. Any application disclosing such offences will be referred to the Licensing Sub-Committee for determination.

An application from a current licensee with one such conviction, or where the offence occurred whilst acting in the course of their employment under a Council licence, shall be referred to the Licensing Sub-Committee for determination.

### Intoxication Through Drink or Drugs

An isolated conviction for an offence aggravated by drink or drugs should not necessarily preclude the grant of a licence although the Council must be satisfied that it was an isolated occurrence.

Should, however, an applicant have more than one conviction for an offence aggravated by drink or drugs, particularly if close together and within the preceding three years, the Council will take a more serious view of the matter.

If there is any history of alcoholism or drug addiction, or a suggestion that the applicant has been or is in recovery from such an addiction, then a period of 5 years should have elapsed since the last conviction for an offence aggravated by drink or drugs.

An application from a current licensee with such convictions, or where the offence occurred whilst acting in the course of their employment under a Council licence, shall be referred to the Licensing Sub-Committee for determination.

If so required the applicant shall, whether or not medical evidence is presented by the applicant, submit to an examination by a Council appointed Medical/Occupational Health professional to assess the applicant's fitness to drive a licensed vehicle.

### Traffic Offences

A serious view will be taken of convictions of driving or being in charge of a motor vehicle while under the influence of drink or drugs

Where an applicant has been convicted of a serious motoring offence, for example driving or being in charge of a motor vehicle while under the influence of drink or drugs, dangerous driving, failing to stop or report an accident then a period of 5 years should have elapsed since the last conviction. Any application disclosing such offences will be referred to the Licensing Sub-Committee for determination.

Where an applicant has been convicted of more than one serious motoring offence in the preceding 5 years grave concerns will arise about the applicant's fitness to be licensed and the Council would expect a period of 5 years should have elapsed since the last conviction. Any application disclosing such offences will be referred to the Licensing Sub-Committee for determination.

Where the applicant was ordered to re-sit a driving test or an extended driving test after disqualification, the period of 5 years should have elapsed since the last conviction and any application disclosing such offences will be referred to the Licensing Sub-Committee for determination.

An application from a current licensee with one serious motoring conviction or where the offence occurred whilst acting in the course of their employment as a licensee shall be referred to the Licensing Sub-Committee for determination.

Applications will not normally be entertained from applicants who have more than one previous conviction for driving with excess alcohol, especially where they have been ordered by the court to undertake any form of rehabilitation. Any application in these circumstances will be referred to the Licensing Sub-Committee for determination.

Where an applicant has been convicted of minor traffic offences, for example obstruction, parking or speeding offences, which are dealt with by way of fine and or endorsement this will not normally be a bar to the grant of a licence provided there have not been more than 3 offences within the three years immediately preceding the application. Any application disclosing such offences will be referred to the Licensing Sub-Committee for determination.

Where sufficient penalty points have been endorsed on an applicant's driving licence requiring a period of disqualification from holding or obtaining a driving licence the Council would expect a period of at least six months should have elapsed before the restoration of the combined Hackney Carriage/Private Hire driving licence.

December 2018

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Bath & North East Somerset Council		
MEETING	Cabinet	
MEETING DATE:	5 November 2020	EXECUTIVE FORWARD PLAN REFERENCE:
		E3237
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

**The Cabinet is asked to:**

- 2.1 Recommend approval of the Youth Justice Plan to Full Council

## 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. Performance and the new work plan have been discussed with the Youth Offending Service Management Board, the Custody Review Panel, the Youth Crime Prevention Board and members of the Youth Offending Service itself. The Plan is on the agenda for the Children, Adults, Health and Wellbeing Policy Development and Scrutiny Panel on 3 November 2020.

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

# **Bath and North East Somerset Youth Justice Plan 2020-21**



***Working in partnership to prevent youth offending***

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

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

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).

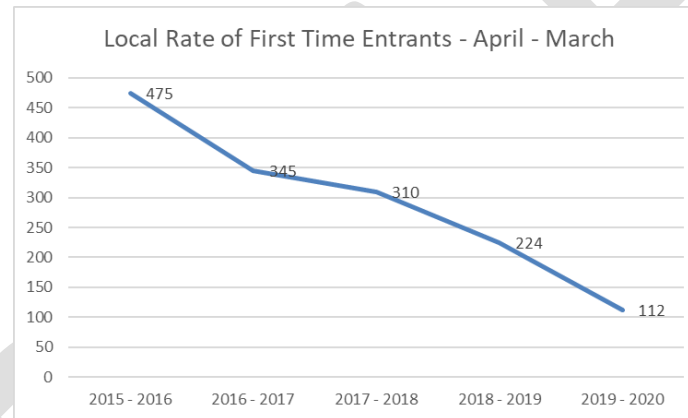
## 4. Performance

### 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.

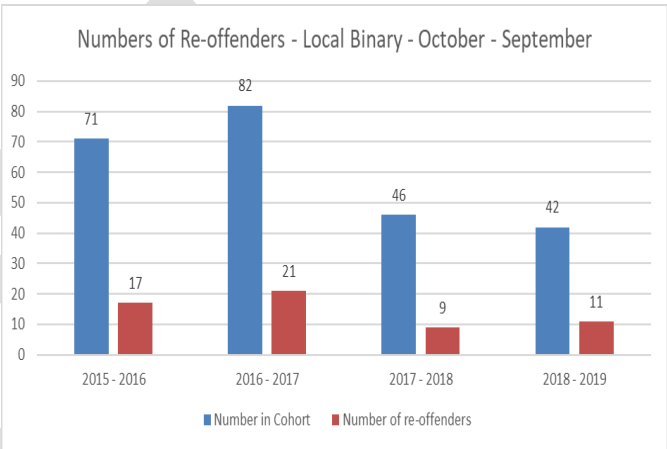
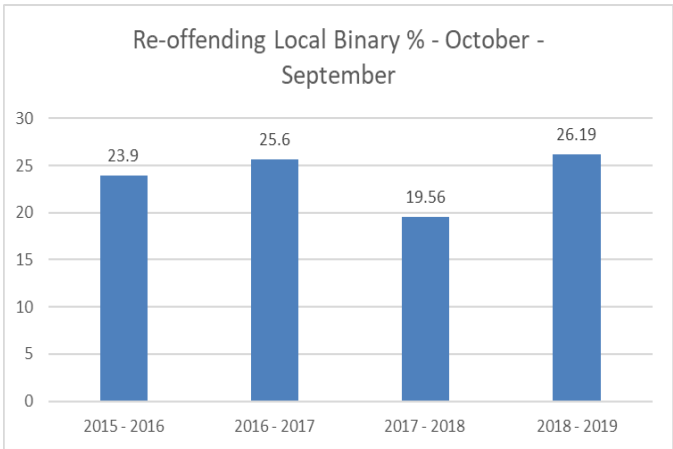


#### B. Re-offending

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.

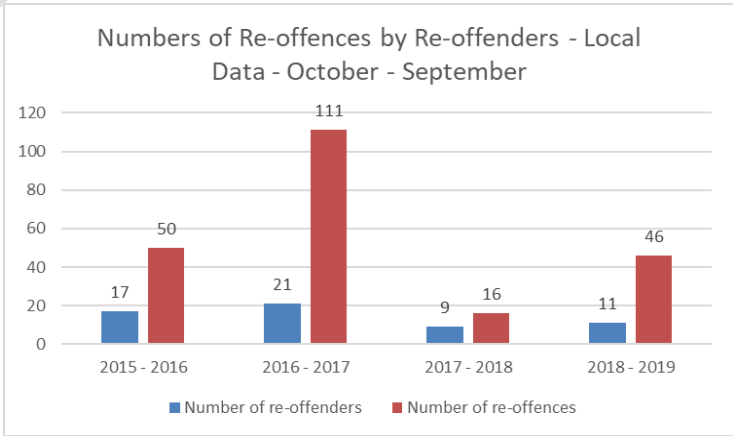
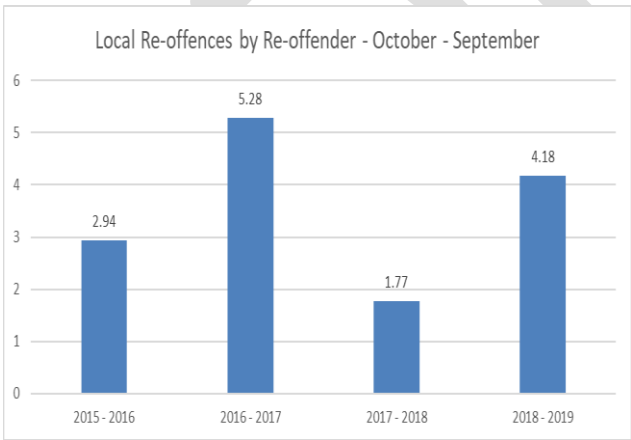
**a. YOS Binary Data October 2018 – September 2019:**

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.



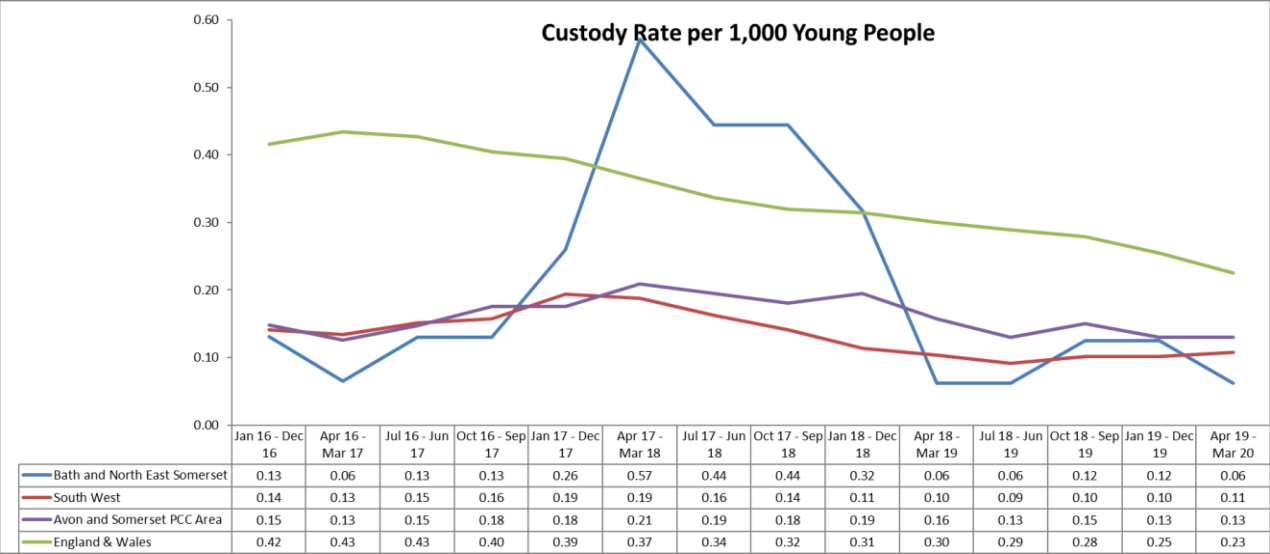
**b. YOS Re-offences per Re-offender:**

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)
<b>Outstanding</b>	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
<b>Good</b>	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%
<b>Requires improvement</b>	There is some evidence of assurance approaches but this is not systematic.	50 – 64% or in some cases sampled
<b>Inadequate</b>	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	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.

<b>Risk</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Actions to reduce/manage the risk</b>
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	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	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 Violence Steering Group)	March 2021

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
<b>National Standard 2: Court</b>		
<b>Actions</b>	<b>Owner</b>	<b>Timescale</b>
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
<b>National Standard 3: In the Community</b>		
<b>Actions</b>	<b>Owner</b>	<b>Timescale</b>
1. Utilise the 'Social GRRRAACCEEESSS' tool in staff Supervision to ensure consideration is given to a wider range of diversity issues <sup>1</sup>	Operational Manager and	September 2020

<sup>1</sup> 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

	Deputy Team Manager	
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
<b>National Standard 4: Secure</b>		
<b>Actions</b>	<b>Owner</b>	<b>Timescale</b>
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
<b>National Standard 5: Transitions</b>		
<b>Actions</b>	<b>Owner</b>	<b>Timescale</b>
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 Management Board	March 2021

<b>Organisational Structure and Responsibility</b>		
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
<b>Organisational Culture</b>		
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:	<b>Cabinet</b>	
MEETING DATE:	<b>5<sup>th</sup> November 2020</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		<b>E 3234</b>
TITLE:	<b>Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2020 to September 2020</b>	
WARD:	<b>All</b>	

## **AN OPEN PUBLIC ITEM**

### **List of attachments to this report:**

**Appendix 1** – Revenue Monitoring Commentary

**Appendix 2** – Key Scheme Capital Monitoring Commentary

**Appendix 3 (i) & 3 (ii)** – Proposed Revenue Virements & Revised Revenue Cash Limits 2020/21

**Appendix 4 (i) & 4 (ii)** – Capital Virements & Capital Programme by Portfolio 2020/21

## **EXECUTIVE SUMMARY**

### **a) Revenue budget**

The Revenue budget outturn is currently forecast to be on budget. This is a significant improvement in the position outlined in the Quarter 1 Monitoring Report, which projected a £10.8m deficit requiring funding from reserves to balance the budget. The main reason for the positive movement is the forecast receipt of grant income from the local government income compensation scheme for lost sales, fees and charges.

Significant projected income losses in Heritage Services, Parking and Commercial Rents, as well as other income generating services, combined with new Covid-19 related expenditure pressures has caused a substantial in year financial pressure. At present these pressures can be mitigated on a temporary basis from a combination of additional government grants and in year recovery plans.

In addition, there is a SEND placement pressure of £3.2m on the Dedicated Schools Grant (DSG). Mitigation plans are being worked up which includes identifying uncommitted balances within the DSG.

Savings of £4.8m were included in the 2020/21 budget. The delivery of some savings proposals has been put at risk due to diverting resources to responding to the emergency. Those savings at risk have been captured within the forecasts and will be reviewed as part of preparations for setting the 2021/22 budget.

The forecast position is based on the assumption that the Council will not go into tier 2 or 3 restriction measures.

### **b) Capital budget**

The current position of the 2020/21 Capital Programme is a forecast of £93.9m against a budget of £113.7m. The variance of £19.8m reflects anticipated rephasing requests into future years, arising from various large Economic Development Projects, Housing Development Loans and the Sydney Gardens Improvement Project, mainly as a result of Covid 19 impacts on project delivery.

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

Taking both collection rates and the LCTSS claimants' impact into account the current forecast is for an in year £2m deficit on the Collection Fund in respect of Council Tax. This is partly offset by the £0.55m surplus carried forward from 2019/20, leaving a net deficit of £1.45m, of which the Council's share is £1.2m.

The current forecast for the Business Rate element of the collection fund is for a deficit of £2m, after allowing for additional s31 grant funding in respect of the extended retail reliefs. The Council's share of the current estimated deficit is £1.9m. The deficit is the result of the impacts of Covid-19 on the business sector leading to an increase in bad debt provision, an increase in reliefs and a reduction in rates payable.

### **Council Reserves**

The Covid-19 2020/21 Financial Recovery plan reported £11.43m reserves will be required to balance the 2020/21 budget. The new government funding to compensate for sales, fees and charges income losses has been factored into the revenue position which removes the need for reserve usage in 2020/21 based on current forecasts.



## **1 THE ISSUE**

- 1.1 This report presents the financial monitoring information for the Authority as a whole for the financial year 2020/21, using information available as at the end of September 2020.

## **2 RECOMMENDATION**

The Cabinet is asked:

- 2.1 To note the 2020/21 revenue budget position (as at the end of September 2020).
- 2.2 To approve the revenue virement listed for approval in Appendix 3(i) and to note those virements listed for information only.
- 2.3 To note the capital year-end forecast detailed in paragraph 3.36 of this report;
- 2.4 To note the changes in the capital programme including capital schemes that have been agreed for full approval under delegation listed in Appendix 4(i).

### 3 THE REPORT

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

#### REVENUE BUDGET

- 3.2 Service Directors have been asked to outline the actual expected outturn for the year and the reasons to date for over / under budget forecasts. For revenue budgets which are forecast to be over budget, the Directors are expected to seek compensating savings to try and bring budgets back to balance.
- 3.3 A summary by Portfolio of the revenue position as at the end of the second quarter is shown in the table below:

Portfolio	Revised Budget £'m	Year End Forecast £'m	Variance Over / (Under) £'m
Leader	(0.63)	(0.63)	0.00
Resources and Deputy Leader	16.38	10.79	(5.59)
Adult Services	63.28	63.20	(0.08)
Children's Services	26.52	25.88	(0.63)
Climate Emergency & Neighbourhood Services	16.91	16.83	(0.08)
Transport Services	(0.15)	1.66	1.81
Housing, Planning & Economic Development	3.97	3.79	(0.18)
Community Services	(4.12)	0.64	4.76
<b>Quarter 2 Forecast Outturn Position</b>	<b>122.16</b>	<b>122.16</b>	<b>0.00</b>

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

- 3.4 The current **year-end** forecast is on budget. The Council had previously earmarked and committed general un-earmarked and financial planning reserves to fund the projected deficit. However, new funding announcements from MHCLG to reimburse local authorities for lost income has helped reduce the call on reserve balances.

#### Portfolio Commentary

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

##### **Leader (on budget)**

The dividend due from the Aequus Group has been confirmed as budgeted, whilst the contractual payment to Visit Bath has been paid in full.

##### **Resources (£5.59m under budget, £6.31m adverse movement)**

The Commercial Estate is currently forecasting a £6.6m adverse budget position, based upon the assumptions that during 20/21 there will be adverse impacts on rental income, risks on achieving pre-covid income on lease renewals, and that all current voids remain and potentially rise. Evidence suggests that delays in payments to date could result in business failures throughout the year, although it is still too early to produce an accurate prediction of what this will equate to.

The Corporate Estate has a £0.6m savings target which is at risk of delivery. Work is ongoing to enable these to be delivered – it is currently estimated that only £0.1m will be achieved in 20/21. The service is also experiencing reduced income from room and building hire.

Strategy and Performance £1m, Improving How We Work £0.3m and Legal £0.2m also have savings targets themselves that are forecast at risk in 20/21. Our estimated profit share from Thermae Spa £0.7m and additional expenditure on Covid recovery measures £0.7m are also areas which have contributed to the adverse forecast movement between quarters.

High cash balances have resulted in further reduced borrowing costs £0.2m and £11.3m Covid-19 grant has been received from central government to date and is currently held within this portfolio, creating an overall favourable position. The grant will be allocated to the relevant service areas in which it is supporting in due course, but for now is being managed centrally to allow for more transparent monitoring of the pressures existing across the organisation.

### **Adult Services (*0.08m under budget, no material change*)**

Future demand on Adult Social Care is expected to return to previously seen levels once we are through this pandemic period, with a risk of additional demand being seen when these levels return, in both package numbers and complexity following the lockdown period. £0.66m of supplier relief has been provided to the supplier market and we are seeing further demand in this area through ongoing requests for support. Hospital discharges are currently being funded via the Health funding route and in line with government guidelines. It is expected that this expenditure will transfer to Social Care funding, the current pressure for this is £1.8m. The timing of this is subject to further government guidelines yet to be issued to health colleagues.

The current position reflects the reduced number of package placements seen in the first quarter when comparing with the same period in 2019/20. The impact of this reduced activity will help to offset the demand that the return of previously funded health packages will cause, and further requests for supplier relief. The level of future demand is still undetermined but is expected to cause pressure on existing budgets. To balance this, work is continuing on the delivery of the service plans so this demand can be met.

The small underspend of £0.08m reflects achievement of the budget savings from the Drug and Alcohol Budgets that are part of Public Health.

### **Children's Services (*£0.63m under budget, £0.62m favourable movement*)**

Within Education services there is a pressure surrounding the Home to School transport service. The pressure anticipated with social distancing measures in place post the return to school in September is currently estimated at £0.2m. Payments to nursery providers to maintain provision for key workers during the lockdown period increases the over budget position by a further £0.2m, but is offset by the inclusion of £0.2m Government Grant for loss of income as a result of Covid-19.

The Children's Services forecast outturn includes the release of £0.9m budgeted corporate contingency for Special Educational Needs and Disabilities (SEND) pressures as part of the financial recovery measures. All SEND costs will now be funded by the Dedicated Schools Grant (DSG), new DFE guidance has set out

that this must be funded from the DSG rather than the General Fund. This report includes a virement reported for approval to transfer the contingency budget to Corporate budgets reflecting the revised guidance.

Elsewhere in the portfolio, underlying costs associated with Covid-19 total £0.6m. It is assumed that although currently forecast in the service, these will be mitigated at Outturn with allocation from the Government's Covid-19 expenses grant. These costs arise mainly from increased placement costs.

Approved Recovery Plans – of which the majority seek to better support families at an earlier stage of difficulty, thereby reducing the growth in costly specialist interventions and residential placements needed – offset the increased Covid-19 costs by £0.5m, bringing the overall portfolio forecast to the £0.6m under budget position.

***Schools DSG (£3.19m over budget, including an overspend of £1.25m carried forward from 2019-20)***

The DSG has a forecast overspend of £1.94m in 20/21 made up of significant pressures on SEND. The SEND pressures are estimated based on current pupils identified with Education, Health and Care (EHC) Plans of £3.4m, however mitigating actions have identified £1.5m of savings.

Further work on opening the provision of local SEND places at schools in the area will help reduce the pressure and extensive analysis of the specific cost pressures is being conducted to look to reduce the pressure. Additional work is being done to assess the corporate overheads charged to the DSG and this is expected to reduce the pressure on this budget

Any overspend on the DSG is ringfenced to the grant allocation and the Department for Education (DFE) have issued guidance to restrict the supporting of the pressures from Council revenue funding.

A recovery plan is being developed in line with DFE guidance and shared with the DFE and the Schools Forum so that the overspend can be recovered over a three-year period.

***Climate Emergency & Neighbourhoods (£0.08m under budget, £0.03m adverse movement)***

Pressures in the Waste Service due to increased staffing costs and a loss in trade waste income have been offset by delays in recruitment within the Sustainability cash limit, resulting in a minor favourable budget position across the portfolio.

***Transport Services (£1.81m over budget, £6.21m favourable movement)***

Parking is one of the key income generating areas of the Council and has been considerably impacted by lockdown and social distancing restrictions. The forecast had improved during July and August following an increase in visitors to the City Centre of Bath. However, income has reduced again in September, the trend is down to 75% of previous income levels, but this is still higher than originally forecast in Quarter 1. A further £3.3m of lost income is being reimbursed from the government's Sales, Fees and Charges scheme. Costs of PPE and new infrastructure for temporary resting places has further contributed to the adverse budget position reported in this portfolio.

## **Housing, Planning & Economic Development (£0.18m under budget, £0.29m adverse movement)**

Planning income has been significantly impacted by the pandemic. It was previously estimated that income levels would return to 100% for the second half of the year, however this has been revised down to 80% as Covid restrictions are expected to keep the market subdued for longer. Income losses are being part compensated through the Sales, Fees and Charges Scheme. Additional costs to accommodate rough sleepers have created further overspends within the portfolio. However, as part of the financial recovery plan measures it was agreed to release £0.6m of un-ringfenced Housing reserve, which has resulted in a cumulative forecast under budget position for the portfolio.

## **Community Services (£4.76m over budget, £10.58m favourable movement)**

This portfolio has been significantly affected by the Covid-19 pandemic, as many of the services included are income generating for the Council. Heritage Services, after planned recovery measures is £14m over budget, although £9.9m will be recovered through the Sales, Fees and Charges Scheme. Other services impacted by loss of income have also been compensated through the same scheme, which include are Building Control and Land Charges, Registrars and Events. In addition, the Council has incurred additional costs supporting its Leisure provider during the first half of the year.

## **LATEST FUNDING ANNOUNCEMENT AND FINANCIAL RECOVERY PLANS**

- 3.6 On 12<sup>th</sup> October 2020 the Prime Minister announced a further £1 billion funding for local government to protect vital services and help fight the virus. The allocation to B&NES is £0.64m, this grant allocation is lower than previous awards due to changes in the government methodology for distributing the grant. The total un-ringfenced grant to B&NES for dealing with the pandemic is £11.94m.
- 3.7 The Council has submitted its first of three claims for Sales, Fees and Charges compensation – where losses are more than 5% of a Council's planned income from sales, fees and charges, the government will cover them for 75p in every pound lost. The first claim (April-July) was for £7.7m, with £14.8m compensation forecast for the full financial year.
- 3.8 The income compensation scheme has allowed for some flexibility in delivering the full £20.7m financial recovery plans agreed by Cabinet. These will continue to be monitored throughout the year. Amendments to these plans as a result of the additional government support will be considered and agreed by the Council's Strategic Leadership Team in consultation with the Cabinet. Existing recovery measures along with new savings proposals are currently being collated to present options for balancing future years' budgets.

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

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

### Key Reserves

3.10 The following table shows the balances of key reserves at the beginning of the year, planned use, and expected balance at the year-end based on current forecasts which have been updated to reflect the improved revenue position due to the Government grant for income reimbursement replacing the need to draw on Council reserves to mitigate in year Covid 19 pressures :

	Balance as at 01/04/2020 £'m	Projected Use / Commitments £'m	*Earmarked for Covid-19 2020/21 In year pressure £'m	Estimated Balance 31/03/2021 £'m
Revenue Budget Contingency	4.90	0.58	0.00	4.32
Financial Planning and Smoothing Reserve	6.28	0.66	0.00	5.62
Transformation Investment Reserve	3.13	0.40	0.00	2.73
Restructuring & Severance Reserve	2.18	0.00	0.00	2.18

\*The Councils finance forecast assumes that we will not go into tier 2 or 3 restriction measures, if this happens reserves may be required to mitigate an over budget position.

### Reserves and Flexible Capital Receipts

3.11 Flexible Capital Receipts are being utilised for revenue spend that results in ongoing revenue savings. A four-year estimated use of £11.5m was agreed as part of budget setting in February 2020, this has now been updated to reflect the re-profiled requirement and re-phasing into 2020/21 as follows:

	Actual Usage 2017/18 £'m	Actual Usage 2018/19 £'m	Actual Usage 2019/20 £'m	Estimated Usage 2020/21 £'m	Estimated Total Usage £'m
Flexible Capital Receipts	3.12	3.45	1.26	3.67	11.50

3.12 Unapplied capital receipts of £3.623m were carried forward from 2019/20 and £0.63m has been received in 2020/21 so far with a further £4.818m expected by 31st March 2021.

## **General Fund Un-Earmarked Reserve**

- 3.13 The General Fund Un-Earmarked Reserve is retained to meet the Council's key financial risks. The risk assessment has set a range of between £12.3m and £13.5m to meet those risks in the 2020/21 financial year. At the end of the 2019/20 financial year the reserve was increased by £1.2m and currently has a balance of £13.5m.
- 3.14 The Covid-19 Financial Recovery Report from July indicated a potential need to utilise £5m worth of un-earmarked reserves, which would leave a balance of £8.5m. It is now assumed that this will not be used during 2020/21 following the announcement of the Government Sales, Fees and Charges income compensation scheme that will partially reimburse irrecoverable income loss.
- 3.15 The MTFS reported to Cabinet in October proposed that £5m of this reserve, if unutilised in 2020/21, is transferred into an earmarked Covid risk reserve for 2021/22. This will leave a reserve balance of £8.52m that is within Council benchmark levels for unearmarked reserves as a percentage of net budget.

## **SAVINGS PERFORMANCE**

- 3.16 The 2020/21 revenue budget approved savings of £4.8m, with £1.4m of these savings to be found through efficiencies, £1.6m from income generating opportunities, and £1.8m from service redesign. Some of these savings will be at risk of being fully delivered given resources have been diverted to focus on the emergency response situation. However, these will be reviewed in conjunction with new savings proposals for budget planning purposes over the coming weeks and will contribute to the organisation's Medium Term Financial Strategy.
- 3.17 The Council's financial position, along with its financial management arrangements and controls, are fundamental in continuing to plan and provide services in a managed way, particularly in light of the medium-term financial challenge. Close monitoring of the financial situation provides information on new risks and pressures in service areas, and appropriate management actions are then identified and agreed to manage and mitigate those risks.

## **Revenue Budget Virements**

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

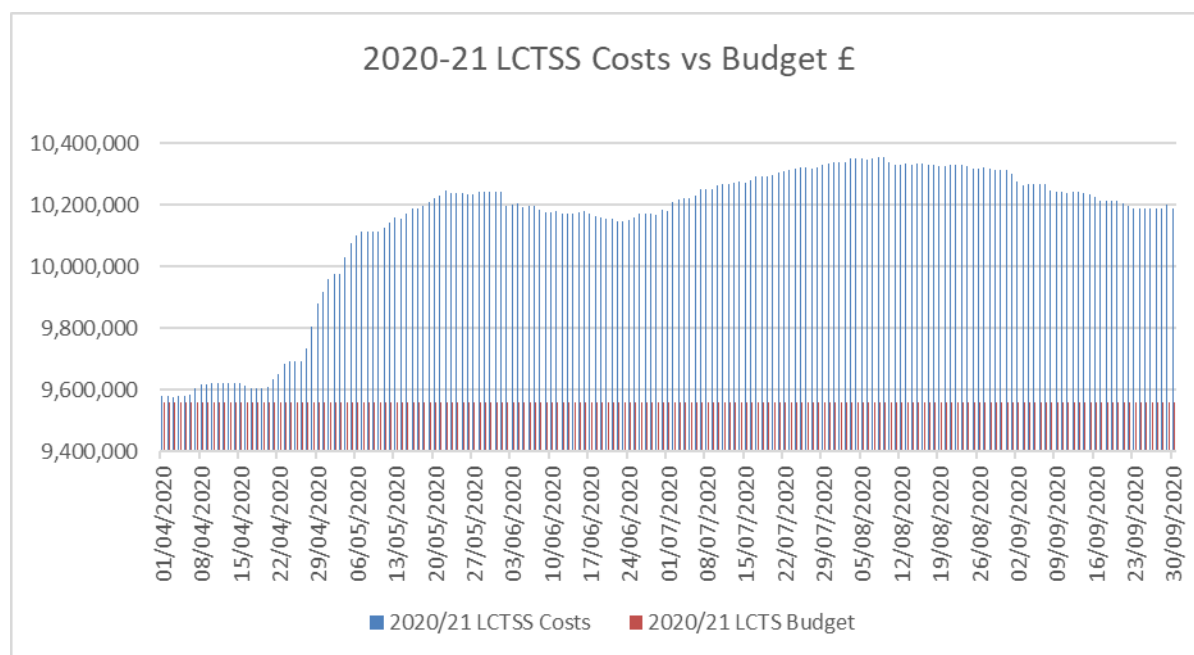
## **COUNCIL TAX, COUNCIL TAX SUPPORT AND BUSINESS RATES**

- 3.19 There has been a steady improvement in the level of Council Tax income collection over the first six months of this financial year. The assessment of income levels, when compared to payment rates for the same periods in 2019/20, have improved from an initial reduction of c8% in April to 5.3% by the end of June, with the position at the end of September showing a reduction of 2.6% by the end of September.
- 3.20 The actual direct impact on the Collection Fund will depend on the proportion of this income that becomes irrecoverable. Based on current projections of year

end arrears it is estimated that the allowance for the bad debt provision will need to increase by a further £1m to cover this.

- 3.21 The Council has seen a large increase in the number of people claiming Local Council Tax Support since April. The 2020/21 tax base included an adjustment of £9.56m for the estimated costs of the LCTSS. At the end of September, the current cost has risen to £10.19m, an increase of £0.63m. The costs peaked at £10.35m in early August but have since reduced to the same level as reported at the end of June. The number of working age claimants at the end of September was 6,588 compared to the budget assumption of 5,939, an increase of 11%. The increase follows the national trend of increases in people claiming Universal Credit. The following chart show the increased cost of LCTSS in B&NES.

#### **B&NES LCTSS Costs vs Budget (April 2020 to September 2020)**



- 3.22 The actual outturn position on LCTSS will depend on a number of variables, including the number of new claimants and the period claimants remain eligible for support whilst seeking employment and this will continue to be monitored closely during the year.
- 3.23 Taking both collection rates and the LCTSS claimants' impact into account the current forecast is for an in year £2m deficit on the Collection Fund in respect of Council Tax. This is partly offset by the £0.55m surplus carried forward from 2019/20, leaving a net deficit of £1.45m, of which the Council's share is £1.2m.
- 3.24 Under Local Government accounting arrangements for Council Tax, the impacts of the Council Tax collection fund projected outturn position will need to be built into the financial planning assumptions for recovery as part of the 2021/22 budget.
- 3.25 The government has recently announced that as part of its Covid 19 support package to local government any deficit arising on the Collection Fund in 2020/21 for both Council Tax and Business Rates will be able to be recovered over the following 3 financial years instead of the normal requirement to recover this in the following financial year.



- 3.26 Following the outbreak of Covid-19 and the advice of the UK Government on self-isolation and the temporary closure of Businesses and places of work, the Government made available a £500m Hardship fund for Local Authorities, with the expectation that it will primarily be used to provide Council tax relief under section 13A (1) (c) of the Local Government Finance Act 1992. The Council received £1,288,040 to fund the costs of these reliefs.
- 3.27 The government guidance gives minimum requirements expected of each local authority, which is to apply a further reduction of the lower amount of the claimant's residual Council tax liability or £150.00 to all recipients of working age local Council tax support (LCTS) during the financial year 2020/21.
- 3.28 The position, as at the end of September, is that reliefs totalling £907,051 have been applied to 6,518 Council Tax Accounts.
- 3.29 It is highly likely that there will be further increases in the number of people who claim and are entitled to Council tax support during the remainder of 2020/21, so a high degree of flexibility is currently required as to how and when any potential residual funding is used.

## Business Rates

- 3.30 The current forecast for the Business Rate element of the collection fund is for a deficit of £2m, after allowing for additional s31 grant funding in respect of the extended retail reliefs which were announced by government after the 2020/21 budgets were set. The table below shows the Council's share of the current estimated deficit is £1.9m. The deficit is the result of the impacts of Covid-19 on the business sector leading to an increase in bad debt provision, an increase in reliefs and a reduction in rates payable.

<b>Business Rates Collection Fund</b>	<b>Total (£m)</b>	<b>B&amp;NES Share (94%) (£m)</b>
Collection Fund - Projected 2020/21 In Year Deficit	42.4	39.8
Additional Extended Retail Relief Impact funded through s31 grant	(40.7)	(38.2)
<b>Deficit after Extended Retail Relief s31 grant funding</b>	<b>1.7</b>	<b>1.6</b>
2019/20 Deficit Carried Forward	0.3	0.3
<b>Total Projected Deficit</b>	<b>2.0</b>	<b>1.9</b>

- 3.31 In the current climate, Business Rates income is likely to continue to be very volatile, making prior year like for like comparisons on income collection and projections difficult. The forecast income impact will continue to be reviewed during the remainder of the financial year, although there is likely to be a lag until the full impacts on income such as through increases in empty property relief and appeals in respect of Covid impacts on businesses start to feed through the system.

3.32 As set out in the Budget Report, any variance on the Business Rate Collection Fund and associated income will be transferred to or from the Business Rates Reserve for consideration as part of the Business Rates calculations for future years and this position will be reflected in the 2021/22 budget. The balance on the Business Rate Reserve as at 31/3/2020 was £3.568m, with a further £2.3m budgeted to be transferred to the reserve in 2020/21 to provide additional resilience.

### Business Support Grants

3.33 The Government announced support for small businesses, and businesses in the retail, hospitality and leisure sectors in the form of two grant funding schemes in 2020/21, these were to be administrated by each local authority:

- a) Small Business Grant Fund - all businesses in England in receipt of Small Business Rates Relief will be eligible for a payment of £10,000.
- b) Retail, Hospitality and Leisure Grant Fund - all businesses in England that would have been in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) with a rateable value of less than £51,000 will be eligible for the a cash grant of either £10,000 or £25,000 dependent on the rateable value of the property.

The table below shows the final number and value of grants processed.

Type of Grant	Amount of Grant	Grants Processed for Payment	Amount Paid
Small Business Grant	£10,000	2,140	£21,400,000
Retail, Hospitality & Leisure Grant (RV<£15k)	£10,000	348	£3,480,000
Retail, Hospitality & Leisure Grant (RV >£15k but <£51k)	£25,000	636	£15,900,000
<b>Overall Totals</b>	<b>-</b>	<b>3,124</b>	<b>£40,780,000</b>

3.34 The government also announced an additional discretionary fund aimed at providing support for some small and micro businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.

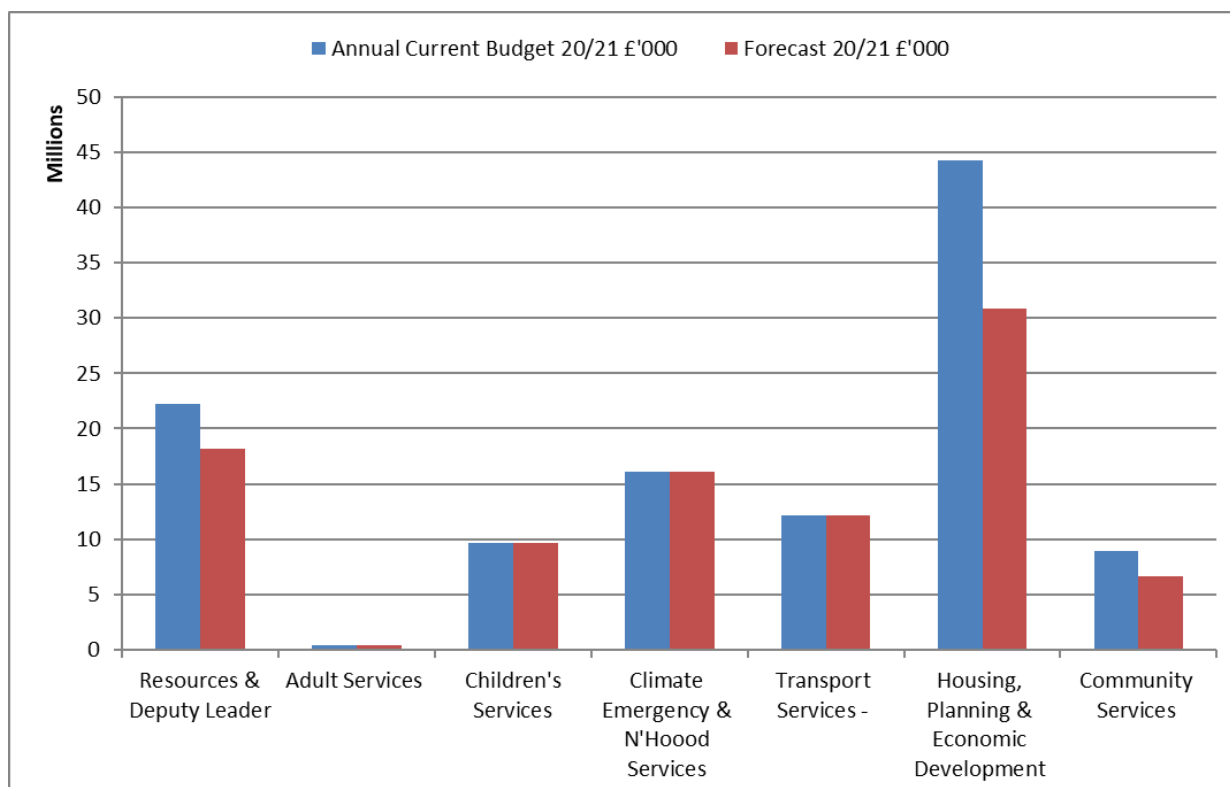
3.35 The government has provided funding equivalent to 5% of the grants fund allocation for the Small Business Grants Fund and Retail, Hospitality and Leisure Grants Fund using data returns submitted on 4th May 2020. This equates to a funding cap for the Council's scheme of £2.143m. The final amount of grants paid under the scheme was £2.120m.

### CAPITAL BUDGET

- 3.36 The current position of the 2020/21 Capital Programme is a forecast of £93.9m against a budget of £113.7m. The variance of £19.8m reflects anticipated carry forward requests into future years, mainly from large Economic Development Projects, Housing development loans and Sydney Gardens Improvements. The full breakdown of the Capital Programme by Portfolio can be found in Appendix 4(ii) with key scheme commentary in Appendix 2. Appendix 4(ii) sets out budget changes actioned since the Q1 monitoring to July Cabinet.

Portfolio Summary Monitor	Annual Current Budget 2020/21	Forecast 2020/21	In-Year Variance 2020/21	Forecast Re-phasing to 2020/21	Other Variance 2020/21
	£'000	£'000	£'000	£'000	£'000
Resources & Deputy Leader	22,210	18,140	4,070	4,070	0
Adult Services	386	386	0	0	0
Children's Services	9,644	9,644	0	0	0
Climate Emergency & Neighbourhood Services	16,141	16,108	33	33	0
Transport Services -	12,183	12,108	75	75	0
Housing, Planning & Economic Development	44,226	30,849	13,377	13,377	0
Community Services	8,922	6,692	2,230	2,230	0
<b>Grand Total</b>	<b>113,712</b>	<b>93,927</b>	<b>19,785</b>	<b>19,785</b>	<b>0</b>

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



## Capital Commentary

3.37 The key in year variances on the programme by portfolio include:

- **Resources and Deputy Leader** - £4m rephasing of loans expected to Aequus in respect of housing developments.
- **Housing, Planning & Economic Development** - £13.377m less than budget due to programme re-phasing expected on the various developments at Bath Quays North, Bath Quays South and Bath Western Riverside as outlined in Appendix 2. The tender for Radstock Health Living centre also identified rephasing requirements as well as reprofiling of the Disabled Facilities Grant programme where work was paused due to Covid-19 but is starting to build up again.
- **Community Services** - £2.230m less than budget, mainly due to rephasing on the Sydney Gardens Improvement Project where Covid-19 has caused a six-month delay to capital works being carried out in the current year. However, there is sufficient time in the overall project programme to complete the capital works by the autumn of 2021 and a review is currently underway to ensure that a revised Activity Plan and reallocated budget will be deliverable by the original project end date of 31st March 2022.

## RISKS

The key risks to the budget were outlined in the Councils 2020/21 Budget Report, in compliance with the Council's decision-making risk management guidance. These have been reviewed with the additional risks added below, including risks that specifically relate to the Covid-19 pandemic:

Risk	Likelihood	Impact	Risk Management Update
Further government restrictions in the event of a second wave virus spread.	Possible	High	This is certainly a material risk, whilst not one the Council has direct control over, every step is being put in place to follow government guidance following the recommendations of our Director of Public Health.
Long term impacts on the Councils Commercial Estate over and above anticipated levels.	Possible	High	Current modelling has been prudent anticipating a material impact in 2020/21 with an ongoing impact included in the MTFS for future years. The Commercial Estate asset base will continue to be reviewed ahead of setting the 2021/22 budget.
The income from Heritage Services may not recover in the short term.	Possible	High	Continue to monitor income levels and impact on business plan once the service is re-opened. Pre Covid-19 performance has exceeded business plan targets; performance will be closely monitored for the rest of the financial year. We anticipate income will not fully recover in 2021/22, this risk has been reflected in the emerging Medium Term Financial Strategy with planning revisions to the Councils income budgets.
Impact on Reserves	Possible	High	Without additional government grant there is the risk that Council reserve levels are not enough to manage future years risk. To manage this the full delivery of recovery plans will help minimise use of reserves.
Interest rates increase	Possible	Medium	A reserve is available for borrowing to manage market risk and long-term borrowing costs have been factored into the MTFS. The current forecast from our treasury

			management advisors is that borrowing rates will remain at current low levels in the medium term until economic growth prospects improve. The Council will continue to consider shorter term borrowing options alongside the PWLB.
Volatility and uncertainty around business rates	Likely	High	<p>The impacts of Covid-19 will increase the volatility and uncertainty around business rate income. In 2020/21 this risk will be partly offset by the 100% business rate relief the government has announced for all Retail, Leisure and Hospitality businesses.</p> <p>We continue to monitor arrears, CVAs, and liquidations with a specific reserve held to manage in-year volatility.</p>
Capital projects not delivered resulting in revenue reversion costs or liabilities from underwriting agreements	Possible	High	The Council has a number of projects within this category. These risks will continue to be monitored and reported. An assessment is made as part of the budget process to ensure that revenue reserves are sufficient to meet these risks. The capital programme methodology looks to de-risk projects wherever possible.
Changes to Government Policy that affects future funding	Likely	High	Need to monitor and continue to highlight impact
Brexit risks	Likely	Medium	During the Brexit transition period from the 31 <sup>st</sup> January 2020 to the 31 <sup>st</sup> December 2020 there will be a period of uncertainty whilst a Trade Deal is negotiated. Impacts on the Councils supply chain will need close monitoring.
Funding pressures through WECA, CCG and other partners	Possible	Medium	Ensure good communication links with partner organisations.
Capital receipts in the areas identified are insufficient to meet target	Possible	Medium	There is a risk that a depressed market will impact on current values, in the short to medium term the Council should not rely on capital receipts as a key funding source.

## 4 STATUTORY CONSIDERATIONS

- 4.1 The annual medium-term financial planning process allocates resources across services with alignment of these resources towards the Council's corporate priorities. This report monitors how the Council is performing against the financial targets set in February 2020 through the Budget setting process.

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

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

## 6 RISK MANAGEMENT

- 6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.
- 6.2 The substance of this report is part of the Council's risk management process. The key risks in the Council's budget are assessed annually by each Strategic

Director, with these risks re-assessed on a monthly basis as part of the budget monitoring process.

## **7 CLIMATE CHANGE**

- 7.1 With the exception of any virements for approval listed in Appendix 3(i), this is an information only report about the Council's financial performance against budgets set for financial year 2020/21, and therefore does not include any decisions that have a direct impact on Climate Change.

## **8 OTHER OPTIONS CONSIDERED**

- 8.1 None

## **9 CONSULTATION**

- 9.1 Consultation has been carried out with the Cabinet Member for Resources, Directors, Section 151 Finance Officer, Chief Executive and Monitoring Officer.
- 9.2 Consultation was carried out at meetings and via e-mail.

<b>Contact person</b>	<i>Gary Adams – Head of Corporate Finance</i> 01225 477107 <a href="mailto:Gary_Adams@bathnes.gov.uk">Gary_Adams@bathnes.gov.uk</a>  <i>Paul Webb – Finance Manager, Budget Reporting</i> 01225 477298 <a href="mailto:Paul_Webb@bathnes.gov.uk">Paul_Webb@bathnes.gov.uk</a>
<b>Background papers</b>	<i>E3210 Covid-19 2020/21 Financial Recovery Plan</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Actuals to date £000	Quarter 2 Published Forecast £000	Quarter 1 Published Outturn Variance £000	Change from Previous Quarter Forecast Over / (Under) £000	2020/21 Quarter 2 Outturn Variance Over / (Under) £000	Outturn Variance Analysis	Outturn Recovery Plan
Detailed Analysis of Budgets for the Leader											
P04	Leader	1112	Housing Delivery Vehicle	(1,000)	(245)	(1,000)	0	0	0	Dividend from Aequus expected to be received in full.	Not applicable
P04	Leader	1126	Visit Bath	367	367	367	0	0	0	No current forecast pressures identified	Not applicable
P04	Leader Total			(633)	122	(633)	0	0	0		
Detailed Analysis of Budgets for Resources and Deputy Leader											
P19	Resources and Deputy Leader	1032	Information Technology	4,963	3,220	5,109	111	35	146	Information Technology expenditure pressures due to additional demands resulting from working remotely.	Some of the additional spend will eventually be covered from the Covid-19 grant,
P19	Resources and Deputy Leader	1037	Property Services	675	549	594	(85)	4	(81)	Staffing underspends (delay in recruitment and reduced hours) and a reduction on supplies and services expenditure.	Not applicable
P19	Resources and Deputy Leader	1038	Corporate Estate Including R&M	3,492	3,029	4,053	1	559	561	The forecast overspend position reflects the ongoing impacts of Covid-19 and movement in occupational income from corporate premises. Underspends forecast on utilities, maintenance and servicing have been overshadowed by a number of factors including adverse impacts of the cost of cleaning, historical under recovery of postage recharges, and under-recovery of project team capital income recharges due to staff deployment on revenue/Covid related activities. £160k of the pressure relates to the excess costs of maintaining the BCA site following loss of income from Bath Spa tenancy, resultant holding costs and ongoing out of hours security due to anti social behaviour.	Service review has commenced
P19	Resources and Deputy Leader	1039	Traded Services	24	3	24	0	0	0	No current forecast pressures identified	Not applicable
P19	Resources and Deputy Leader	1040	Finance	3,069	1,417	3,005	(102)	38	(64)	Forecast overspend resulting from vacancy management.	Not applicable
P19	Resources and Deputy Leader	1041	Revenues & Benefits	915	1,099	967	90	(39)	51	Anticipated impact on Court Fee income as a result of Covid-19 related grace period	New government Sales, Fees and Charges scheme will be considered for reimbursement of lost income.
P19	Resources and Deputy Leader	1042	Risk & Assurance Services	1,082	864	1,057	(26)	0	(26)	No current forecast pressures identified	Not applicable
P19	Resources and Deputy Leader	1045	Strategy & Performance	1,910	1,577	3,400	223	1,267	1,490	Procurement savings of £388k, and £750k Digital savings are not considered achievable due to focus and reprioritisation of Covid-19 recovery work. Unbudgeted costs associated with the Recovery Board are also being forecast here.	Work is ongoing to focus on delivery of savings, whilst costs associated with Covid-19 recovery work will eventually be funded from the Covid-19 grant.
P19	Resources and Deputy Leader	1047	Human Resources	1,565	817	1,570	(2,928)	2,932	5	No material variance	Not applicable
P19	Resources and Deputy Leader	1053	Council Solicitor & Democratic Services	2,571	1,479	2,650	238	(159)	79	£100k saving for Shared Service which in the current climate is parked pending negotiations with neighbouring authorities £83k reduction in s106 income based on previous run rates. £50k savings target Members support - no current Political will for this saving to be achieved at this stage. Savings in Members allowances is offset these pressures.	Recruitment to 30 hour post will recover some of this. The historic loss of income will be offset to some extent by increased income and reduction of expenses elsewhere in the Directorate.
P19	Resources and Deputy Leader	1054	Hsg / Council Tax Benefits Subsidy	(195)	2,051	(195)	0	0	0	No current forecast pressures identified	Not applicable
P19	Resources and Deputy Leader	1055	Capital Financing / Interest	7,650	3,874	5,470	(2,000)	(180)	(2,180)	£2.2m underspend forecast for interest payments due to the rephasing of Capital Spend. This is in addition to the £1m saving from Corporate Supported Borrowing included in the separate Corporate Budgets Cash Limit. There is also a £20k shortfall in investment interest income forecast, due to a drop in market rates.	Not applicable
P19	Resources and Deputy Leader	1056	Unfunded Pensions	1,588	716	1,558	0	(30)	(30)	Small underspend forecast based on current spend to date.	Not applicable
P19	Resources and Deputy Leader	1057	Corporate Budgets including Capital, Audit and Bank Charges	(3,315)	(32,542)	(15,505)	(14,017)	1,827	(12,190)	This underspend includes the £11.3m MHCLG grants for Covid-19 Support and a £1m underspend forecast in Corporate Supported Borrowing due to review & rephasing of Capital Programme. There is a £680k shortfall of income forecast from Bath Spa Profit Share due to the Covid-19 closure, which is partially offset by Sales, Fees and Charges compensation funding.	Not applicable
P19	Resources and Deputy Leader	1058	Magistrates	12	6	12	0	0	0	No current forecast pressures identified	Not applicable
P19	Resources and Deputy Leader	1059	Coroners	335	263	381	46	0	46	Additional spend forecast due to Covid-19.	This is a one-off unavoidable cost. Any increase in costs that go beyond 20/21 would be known and factored into the 21/22 budget.
P19	Resources and Deputy Leader	1060	Environment Agency	244	183	244	0	0	0	No current forecast pressures identified	Not applicable
P19	Resources and Deputy Leader	1061	West of England Combined Authority Levy	4,994	3,496	4,767	(227)	0	(227)	There is a £227k rebate due back from the West of England Combined Authority for the levy paid to them, following the underspend on concessionary fares in 2019/20.	Not applicable
P19	Resources and Deputy Leader	1081	Commercial Estate	(15,217)	(7,437)	(8,614)	6,573	30	6,603	The financial position remains unchanged from the previous quarter and it is still too early to make any accurate prediction as to how this will ultimately materialise. The Council is continuing to work closely with its commercial tenants in an attempt to mitigate the impacts of the virus on their business.	Alongside the above measures, work is also ongoing to review tenants applications for financial support and where appropriately demonstrated through the provision financial and trading information tenants are being offered assistance.
P19	Resources and Deputy Leader	1118	Procurement & Commissioning	228	1,501	242	18	(4)	14	Minor overspend.	Not applicable
P19	Resources and Deputy Leader	1125	Improving The Way we work	(210)	28	0	180	30	210	Corporate savings (Business Intelligence and Comms consolidation) have now been recognised as not achievable in current climate with refocus on recovery plans.	Ongoing work from the Recovery Board will aim to increase the saving to budgeted levels.
P19	Resources and Deputy Leader Total			16,381	(13,807)	10,787	(11,904)	6,310	(5,594)		



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Detailed Analysis of Budgets for Adult Care Health and Wellbeing											
P20	Adult Services	1036	Adults Substance Misuse (DAT)	514	(1,898)	430	(86)	3	(84)	The underspend reflects planned savings.	Not applicable
P20	Adult Services	1073	Adults & Older People- Mental Health Commissioning	10,654	5,181	9,617	(1,139)	102	(1,037)	The underbudget position remains constant due to attrition during the COVID period and Hospital Discharge packages being funded by the NHS funding route. Adjustments are reflected in the outturn forecast to account for the packages currently being funded in this way to transfer to Adult Social Care and we are starting to see an increase in placements coming to panel.	The position remains relatively constant due to the reduced activity during the Covid period, although new placements are now being added. Pressure is still being seen in high cost placements but this continues to be reviewed by commissioners through the panel process and through contract monitoring
P20	Adult Services	1086	Adult Care Commissioning	1,626	204	1,520	(144)	39	(105)	Vacancies are being held and planned recruitment of new posts has been delayed .	Underspend will be used to offset pressures in other areas within Adult Social Care
P20	Adult Services	1088	Older People & Physically Disabled Purchasing	12,908	4,840	13,018	605	(496)	109	People being discharged from hospital are being charged directly against the Health funded Covid budget and as a result we are seeing a gradual reduction in care home placements recorded against Older People budget. Care home placement funded by the Council has fallen by 30 over the last 5 months. This continued reduction has reduced demand pressures within Older People budget.	A number of actions have taken place to drive change and achieve savings in line with recovery plan. This includes introduction of panels to examine all new requests for support ensuring that the any care approved is the right care.
P20	Adult Services	1091	Learning Disabilities Commissioning	18,069	6,150	18,100	49	(18)	31	Continued pressure on placement costs is being seen and this is being reviewed by commissioners regularly including review through revised panel process. Work to review contracts is underway to ensure that they are being delivered in the most efficient way. This, together with additional in year plans, will be monitored to ensure progress is being achieved.	Pressure is still being seen in high cost placements. This continues to be reviewed by commissioners through the panel process and through contract monitoring. Work on recovery plans has commenced to bring the spend in balance by the end of the year.
P20	Adult Services	1093	Physical Disability, Hearing & Vision	4,366	1,349	3,956	(441)	32	(409)	The underbudget position remains constant due to attrition during the Covid period and Hospital Discharge packages being funded by the NHS funding route. Adjustments are reflected in the outturn forecast to account for the packages currently being funded in this way to transfer to Adult Social Care.	This budget continues to be reviewed by commissioners through the panel process and through contract monitoring. Budget underspend will offset overspends in other areas of Adult Social Care.
P20	Adult Services	1094	Public Health	(250)	3,371	(250)	(0)	0	(0)	No current forecast pressures identified	Not applicable
P20	Adult Services	1110	Better Care Fund	11,792	40,569	13,275	1,095	388	1,483	This reflects the value of and forecast value of support to providers during the Covid period, by additional payment and payment for visits cancelled due to Covid. This amount may reduce if the 10% advance made is clawed back from providers but too early to predict if and to what extent this will apply. Supplier relief for missed visits has now been concluded in line with the end of requirements to shield.	Underspends elsewhere in Adults Social Care will be used to offset any additional spend plus a release funding from the fund for the protection of social care if required.
P20	Adult Services	1113	CCG B&NES CHC and FNC Payments	0	704	0	0	0	0	No current forecast pressures identified	Not applicable
P20	Adult Services	1114	Community Equipment	203	379	203	0	0	0	No current forecast pressures identified	Not applicable
P20	Adult Services	1123	Safeguarding Adults	1,793	775	1,750	(65)	22	(43)	All vacancies are being held and planned recruitment of new posts has been delayed .	Underspend will be used to offset pressures in other areas within Adult Social Care
P20	Adult Services	1124	Community Resource Centres & Extra Care Income	1,608	(990)	1,580	39	(67)	(28)	The occupancy levels of CRC and extra care apartments have improved with the easing of Covid-19 restrictions. As a result income forecasts have risen.	Occupancy levels are being monitored and work is ongoing to ensure this is improved. The transfer of the Community Resource Centres & Extra Care Units occurred on 1st October. This will aid the control of budgets.
P20	Adult Services Total			63,283	60,634	63,200	(86)	3	(84)		
Detailed Analysis of Budgets for Children's Services											
P21	Children's Services	1076	Children, Young People & Families	15,899	18,336	16,153	98	156	254	The service is currently forecasting a £523k pressure arising from Covid-19 Children's Social Care costs, with anticipated additional expenditure being incurred mainly on care packages. This pressure is substantially mitigated by the Recovery Plan savings forecast to be achieved, totalling £352k. The net position is £254k over budget, which includes increased costs of legal fees as a result of demand.	When the Government Covid-19 Expenditure Grant is allocated across Council Services at the end of the year, this cashlimit will end at an under budget position.
P21	Children's Services	1077	Learning & Inclusion	4,268	(149)	3,259	(1,032)	23	(1,009)	£909k of the under budget position is as a result of corporate contingency budget being held in this cash limit. This will be vired in due course. The additional £100k is mainly a result of various underspends across the cashlimit.	0
P21	Children's Services	1078	Health, Commissioning & Planning	6,870	1,985	7,067	917	(720)	197	£200k Covid-19 pressure relating to Home To School Transport service; primarily due to the forecast cost of current social distancing protocols when schools returned more fully in September. Also additional £170k Covid-19 costs arising from payments to Early Years providers, to ensure provision was available for key workers. Additional Government grant of £230k forecast to be received to offset annualised losses in sales, fees & charges.	When the Government Covid-19 Expenditure Grant is allocated across Council Services at the end of the year, this cashlimit will return to a balanced budget position.
P21	Children's Services	1079	Schools Budgets	(3,272)	(6,617)	(3,272)	0	0	0	This cashlimit is forecast on budget as any SEN overspend will be carried forward as part of the DSG accounting procedures.	0
P21	Children's Services	1116	Integrated Commissioning - CYP	2,651	1,895	2,583	0	(68)	(68)	Various forecast underspends, primarily within salaries.	Not applicable
P21	Children's Services	1117	Safeguarding - CYP	100	5	93	0	(7)	(7)	Small general underspend.	Not applicable
P21	Children's Services Total			26,515	15,454	25,882	(17)	(616)	(633)		



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Detailed Analysis of Budgets for Climate Emergency & Neighbourhood Services											
P22	Climate Emergency & Neighbourhood Services	1101	Neighbourhoods & Environment - Waste & Fleet Services	16,186	7,139	16,265	197	(118)	79	Increased costs for additional staff required in the collections service, a loss of income in our trade waste service, and a fall in the worldwide market values for recyclate. There is a risk that the income for recyclate will drop further in future forecasts but at the moment we anticipate markets recovering by Christmas as industries recover and stockpiles of material reduce.	Significant savings in fuel, vehicle maintenance and waste treatment costs are offsetting additional staffing costs along with Recovery Plan savings for 20/21 now being implemented.
P22	Climate Emergency & Neighbourhood Services	1120	Sustainability	511	103	367	(300)	156	(144)	Setting up new team delayed due to Covid, but is now in progress.	Not applicable
P22	Climate Emergency & Neighbourhood Services	1127	Air Pollution	210	110	198	(8)	(4)	(12)	Small staffing underspends.	Not applicable
P22	Climate Emergency & Neighbourhood Services Total			16,907	7,352	16,830	(111)	34	(77)		
Detailed Analysis of Budgets for Transport Services											
P25	Transport Services	1006	Highways & Traffic Management	7,615	2,821	7,232	(251)	(132)	(383)	Highways have seen a reduction in permit income, £100k of which is being reimbursed from the government's Sales, Fees and Charges scheme. All Recovery Plan savings have been actioned.	Savings currently being implemented to achieve budgeted savings targets and Recovery Plan Savings, this includes a reduction in expenditure and vacancy management.
P25	Transport Services	1103	Transport & Parking Services - Parking	(7,738)	(1,334)	(6,423)	7,085	(5,770)	1,315	The forecast had improved during July and August following an increase in visitors to the City Centre of Bath. However income has reduced again in September, the trend is down to 75% of previous income levels. £3.3m of lost income is being reimbursed from the government's Sales, Fees and Charges scheme. CEO Staff Savings have been implemented during the first and second quarters. All Recovery Plan Savings have been actioned.	Implementing savings as part of the Recovery Plan. We are looking to implement some additional savings in 20/21
P25	Transport Services	1104	Transport & Parking Services - Public & Passenger Transport	(461)	254	(247)	202	12	214	Reduction in contract payment to us from First Bus for the Park and Ride Contract - currently being negotiated. Also a reduction in advertising income. Partially offset by staff savings within Passenger Transport.	New government Sales, Fees and Charges scheme will be considered for reimbursement of lost income.
P25	Transport Services	1119	Emergency Planning	433	1,265	1,101	990	(322)	668	Overspend on council response to Covid, includes PPE costs and work on Temporary Resting Place at Haycombe Crematorium incurred as part of the council wide response to Covid-19.	These costs will be covered by the Covid-19 grant when distributed across the organisation.
P25	Transport Services	1129	Clean Air Zone	0	0	0	0	0	0	Clean Air Zone infrastructure is progressing towards completion, implementation date scheduled for 15th March 2021.	Not applicable
P25	Transport Services Total			(150)	3,006	1,663	8,025	(6,212)	1,813		
Detailed Analysis of Budgets for Housing, Planning & Economic Development											
P23	Housing, Planning & Economic Development	1029	Housing	1,648	1,079	1,057	(601)	10	(591)	Housing are experiencing a number of Covid-19 related cost pressures. These arise from: MCHCLG instructing all councils to source accommodation for all known Rough Sleepers, a drop in income from the allocation of social housing through Homesearch; and the call on temporary accommodation void guarantees. It has therefore been agreed as part of the Financial Recovery Plan to draw down £664k from Housing Reserve as an in year one-off saving.	Not applicable
P23	Housing, Planning & Economic Development	1052	Regeneration	301	387	187	(106)	(8)	(114)	Salary underspends along with a proposed reduction in agency spend are causing the forecast underspend. The Financial Recovery Plan element of recharging staff costs to capital and reduction in hours / buy back of leave has also now been forecast. This will not affect the department's ability to meet the income targets on project recharges.	Not applicable
P23	Housing, Planning & Economic Development	1106	Development Management	1,543	776	2,050	251	255	506	Unprecedented impact of Covid-19 restrictions has adversely affected all planning fee income streams therefore forecasting a reduction in these. This should change if the economic situation improves and will closely monitored. Being partially offset by salary savings and the Sales, Fees and Charges reimbursement claim from the MHCLG.	New government Sales, Fees and Charges scheme will be considered for reimbursement of lost income.
P23	Housing, Planning & Economic Development	1128	Business & Skills	482	308	500	(12)	30	18	Manager on six month secondment to WECA creating a temporary staff saving offset with loss of rental income from Wansdyke Business Centre.	Not applicable
P23	Housing, Planning & Economic Development Total			3,975	2,550	3,794	(467)	287	(181)		

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Detailed Analysis of Budgets for Community Services											
P24	Community Services	1005	Building Control & Land Charges	884	679	1,002	272	(154)	118	Income levels in Building Control, Land Charges and Licensing are under threat due to dramatically reduced economic activity. Sales, Fees and Charges grant income will only cover 75% of forecast loss of income. Casino operator has entered liquidation therefore annual income from Schedule 9 payment at risk. Financial Recovery Plan savings have been achieved which have mitigated some of the income losses further.	Savings programme drawn up to mitigate some of these adverse forecasts which includes staff savings through vacancy management and some service redesign. Also reduction in budgeted expenditure where possible. Income levels for the remaining year are very dependent on economic conditions.
P24	Community Services	1018	Heritage	(9,682)	2,877	(5,565)	14,366	(10,249)	4,117	The forecast has improved following the decision to reopen the Roman Baths, staff savings associated with furlough and the redeployment of staff to the Roman Baths from the Fashion Museum and Victoria Art Gallery. Sales, Fees and Charges grant income of £9.9m has now been forecast for the year to offset some of the income loss.	Cost mitigations totalling £2.7m have been identified. Work is ongoing to ensure that a Covid secure visit can be delivered at the Roman Baths and revenue generation can start as soon as it is safe.
P24	Community Services	1019	Public Protection & Health Improvement - Leisure	702	888	1,259	512	46	558	Financial Support has been provided to leisure operator GLL for the period March-August 2020 due to impacts of Covid-19 on the sector.	Implementing savings for golf provision this financial year.
P24	Community Services	1089	Community Safety	193	20	193	0	(0)	(0)	No material variance. Full funding allowance has been committed	Not applicable
P24	Community Services	1102	Neighbourhoods & Environment - Parks & Bereavement Services	1,282	698	1,214	(109)	41	(69)	Loss of income at Parade Gardens and Royal Victoria Park from entrance fees and bookings. Also a loss of income from memorial sales at Haycombe from Covid restrictions. Recovery Plan Savings have been actioned.	Recovery Plan Savings being implemented across Parks. £100k Recovery Plan Saving from Environmental Services
P24	Community Services	1109	World Heritage	154	41	115	(38)	(0)	(38)	Savings identified as part of Council recovery plan	Savings identified as part of Council recovery plan
P24	Community Services	1115	Registrars Service	(75)	(0)	(2)	153	(80)	73	Lost ceremony income and certificates due to Covid-19.	New government Sales, Fees and Charges scheme will be considered for reimbursement of lost income.
P24	Community Services	1121	Events & Active Lifestyles	164	39	207	145	(102)	43	Loss of income for Events and Weddings for 20/21, partially reduced following a reimbursement of £88k from the government's Sales, Fees and Charges Scheme	Recovery Plan Savings have been implemented. Currently offering Covid secure events / weddings. The majority of bookings are deferring to next financial year.
P24	Community Services	1122	Customer Services (Including Libraries)	2,262	929	2,217	36	(81)	(46)	Library closures during pandemic has resulted in some reduction of spend. Receipt of Furlough payments and general vacancy management has also contributed to the favourable position.	New government Sales, Fees and Charges scheme will be considered for reimbursement of lost income.
P24 - Community Services Total				(4,116)	6,172	640	15,336	(10,580)	4,756		
Council Total				122,162	81,482	122,163	10,776	(10,776)	0		

**FINANCE BUDGET MONITORING MONTHLY DASHBOARD - April to September 2020**

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

	NARRATIVE	2020/21 BUDGET  £'000	2020/21 FORECAST SPEND  £'000	IN-YEAR VARIANCE TO BUDGET  £'000	TO BE REPHASED TO FUTURE YEARS  £'000
<b>Children's Services</b>					
<b>Basic Needs - School Improvement / Expansion</b>	<p>Programme Highlights are :</p> <ul style="list-style-type: none"> <li>- St Nicholas Primary expansion to a 420 place school. Works to provide a pedestrian footbridge were scheduled for early 2020 now delayed to late 2020 due to problems with the housing developer and their agreement to a variation of the S106 Agreement for the relocation of the footbridge.</li> <li>- Peasedown St John Primary expansion to a 630 place school. A new 4 classroom block with small hall and internal remodelling to the kitchen in the existing school building. Currently to budget. Completion delayed from December 2020 to Spring 2021 due to Covid-19 working regulations, a short site shut-down and difficulties with supplies and deliveries.</li> <li>- Ralph Allen, the project to build an 8 classroom block completed September 2020.</li> <li>- Hayesfield School, project to expand the school refectory is now expected to complete in Spring 2021. Delays due to Academy revising the design to achieve planning permission. No impact on budget.</li> <li>- Cameley Primary, expansion to a 210 place school by providing a new 3 classroom block and expansion of the hall, kitchen, staff room and reception/entrance. To complete for November 2021.</li> </ul>	7,411	7,411	-	-
<b>Schools Capital Maintenance Schemes</b>	<p>Various schools capital maintenance schemes are moving forward including :-</p> <ul style="list-style-type: none"> <li>- Paulton Infants Roof Replacement. Phase 1 complete. Phase 2 to be carried out over Summer / Autumn 2020.</li> <li>- Pensford Primary – Access works. Accessible toilet completed to budget, lift to main school entrance scheduled for early 2020 completion, delay due to Covid-19 restrictions, will now complete Autumn 2020.</li> <li>- Programme of work to address Fire Safety and Emergency Lighting across maintained primary schools progressing well, to complete in 2020.</li> </ul>	1,630	1,630	-	-
<b>Special Education Needs &amp; Disability (SEND) Education</b>	<p>Three projects come under this scheme-</p> <ul style="list-style-type: none"> <li>- Additional SEN Placements mainly for the BCA site during 2020/21</li> <li>- Supported the opening of a resource base at St Marks in September 2020 for pupils with a moderate learning difficulty</li> <li>- Completed Works at Aspire to increase SEND places from 23 to 57 ready for September 2020.</li> </ul>	212	212	-	-
<b>Transport Services -</b>					
<b>Highways Maintenance Block</b>	<p>All projects progressing as planned despite Pandemic restrictions.</p> <ul style="list-style-type: none"> <li>- DfT Pothole funding via WECA of £2.471m will allow the programme to increase as well as the re-profiling the Council borrowing to transfer into 2021/22 as required in the Council's Covid-19 2020/21 Financial Recovery Plan. The 2020/21 budget will be increased on receipt of the funding (anticipated October).</li> <li>- Camden Crescent works now on site and progressing well.</li> <li>- Replacement of winter service weather station work completed and new power supply installed.</li> <li>- Cleveland Bridge listed buildings consent decision has been deferred to a date to be confirmed.</li> </ul>	5,831	5,831	-	-
<b>Office for Low Emission Vehicles (OLEV) Bid -GULW</b>	<p>Programme objectives are to double the number of charge points over the West of England providing rapid charge points in public car parks and provide last mile delivery pilot. Delayed due to Covid 19, build still anticipated to require full budget. Seeking approval to remove the requirement for a solar canopy from the design in order to streamline the works and ensure we meet deadlines. Approval in place to enable order for substation at Charlotte Street.</p>	636	636	-	-
<b>Transport Improvement Programme</b>	<p>The programme has been impacted by Covid 19 but still anticipated to use the full budget with contractors progressing schemes. The programme is also being assessed in light of WECA / Government Covid-19 Sustainable measures funding, some resources have been reallocated. The Radstock Road signalled control crossing has been commissioned. Resources are in place to progress plans for Residents Parking Zone, Low Traffic Neighbourhoods, North Road feasibility and a pedestrian signal upgrade at Batheaston.</p>	3,339	3,339	-	-

**FINANCE BUDGET MONITORING MONTHLY DASHBOARD - April to September 2020**

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

	NARRATIVE	2020/21 BUDGET  £'000	2020/21 FORECAST SPEND  £'000	IN-YEAR VARIANCE TO BUDGET  £'000	TO BE REPHASED TO FUTURE YEARS  £'000
<b>Resources &amp; Deputy Leader</b>					
<b>Corporate Estate Planned Maintenance</b>	The Work Programme was re-aligned with updated priorities. Works carried out up to September include Manvers Street Car parking resurfacing, further Guildhall works, refurbishment of Bath Central Library, works to fire alarms and statutory testing.	3,730	3,730	-	-
<b>Housing Delivery Vehicle/ Schemes (Capital Disposals ADL)</b>	Requirements issued to ACL for Argyle Works development and ACL are preparing a high level business case. Several smaller refurbishment projects are in progress on flats as they are returned to the Council by Curo. There have been delays in 2020/21 due to Covid 19 but works continue, including the disposal of 117 Newbridge Hill.	1,217	1,217	-	-
<b>Property Company Investment - Council (Loan): Developments</b>	During 2020/21 loans to ACL will fund development of Sladebrook Road and loans to ADL will fund purchase of apartments from Riverside View and refurbishments to properties previously purchased. Both companies continue to forecast loan repayments to agreed schedules for 2020/21. At this stage of the financial year it is estimated that circa £4m will be carried forward to 2021/22.	8,338	4,338	4,000	4,000
<b>York Street Vaults Phase 2</b>	The programme forecast is to complete the works and spend by 31 March 2021. The project consists of Phase 2 works to waterproof beams and remediate the road surface.	971	971	-	-
<b>Adult Services</b>					
<b>Community Resource Centre Capital Investment</b>	The project has been paused whilst a recommissioning exercise undertaken with the council agreed to transfer the 3 CRCs (and 5 extra care services) in house. Largely completed in previous years, the remaining budget will complete the project and purchase new IT equipment for the services and is expected to be broadly complete by Q3.	246	246	-	-
<b>Housing, Planning &amp; Economic Development</b>					
<b>Affordable Housing</b>	Registered Providers continue to explore new development opportunities. There are significant levels of pre-development work underway to extend the temporary accommodation at Theobald House and options are being explored for the second phase of the joint project with the YMCA for Platform for Life Part 2. The £140k budget for Sladebrook Road will need to be revisited due to Covid-19/Brexit delays. Pemberley Place extra care scheme will not achieve practical completion in this financial year, so the grant payment of £300k to be rephased into 2021/22.	879	579	300	300
<b>Bath Quays Bridge &amp; Linking Infrastructure</b>	2020/21 Slippage reflects programme delays incurred as consequence of Covid-19. The bridge superstructure is on site awaiting installation with substructure works are all complete, bar the south abutment programmed to be complete in October. The presence of artesian/hot spring waters in the north bank crane base necessitated a redesign of all substructure piles. Combined with programme delays, a total project budgets are being reviewed, with a funding request being submitted to the WECA to realign budgets.	2,872	2,058	814	814
<b>Bath Quays North</b>	The team continue to work with our developer to progress the project to secure a reserves matters planning application. The programme has slipped and budgets and funding are being reviewed to align with revised cashflow.	8,865	5,451	3,414	3,414
<b>Bath Quays South</b>	No.1 office works are advancing well with internal fit out progressing to all floors and external stone and brickwork advancing. The main contractor has reported programme delay but work on a 'mitigated' programme indicates that it may be possible to regain some prolongation. Business cases to support further PV installation at No.1 is also being developed.	15,644	12,901	2,743	2,743
<b>BWR Phase 2</b>	The project is progressing well with key milestones being achieved. Contracts for the infrastructure works, including the gas rationalisation contract with Wales & West Utilities, have been let in-line with target programme. Planning for the use of Midland Road waste site continues.	8,058	4,300	3,758	3,758
<b>Digital BANES</b>	City Wi-Fi installations are progressing well and are now expected to complete by 31 March 2021. Phase 2 of Connecting Devon & Somerset Programme to further extend superfast broadband connectivity to households currently without access is currently in a pre-procurement exercise with scheduled completion in 2024.	158	158	-	-
<b>Disabled Facilities Grant</b>	This is a demand led grant funding to provide for adaptations to enable independent living, an example being stairlifts. Work was paused due to Covid-19 but is starting to build up again.	1,510	630	880	880

**FINANCE BUDGET MONITORING MONTHLY DASHBOARD - April to September 2020**
**CAPITAL APPENDIX 2 - KEY SCHEME VARIANCE ANALYSIS**

	NARRATIVE	2020/21 BUDGET  £'000	2020/21 FORECAST SPEND  £'000	IN-YEAR VARIANCE TO BUDGET  £'000	TO BE REPHASED TO FUTURE YEARS  £'000
<b>Radstock Healthy Living Centre</b>	The tender process to build the Healthy Living Centre has been completed with a contractor now appointed. Discussions to finalise contracts with GP Practise are taking longer than expected, the expected start date for construction is before Christmas.	1,336	750	586	586
<b>Somer Valley Enterprise Zone - Infrastructure</b>	Team resources have been appointed to develop and advance The Local Development Order (LDO) planning process. The first phase of the commission will complete a benchmarking exercise, to include initial survey work and will report in Q3.	1,233	948	285	285
<b>Keynsham High Street Renewal Programme</b>	Decision approved September 2020 to accept £1.1m High Street Heritage Action Zone grant which with other funding (including from WECA) brings the total budget for this renewal project to £3.808m. Following a delay due to Covid-19, the Design team have been re-engaged on the project and a re-start meeting has been held.	565	565	-	-
<b>Midsomer Norton High Street Renewal Programme</b>	A decision also accepted a £793k High Street Heritage Action Zone grant from Historic England, to be spent up to March 2024 and requires a Midsomer Norton Delivery Plan to address public realm improvements, High Street Renewal and Conservation Area risks.	180	180	-	-
<b>Community Services</b>					
<b>Alice Park - Skate Park</b>	Approval has been given by the Charities Commission for the Council to allow it to proceed to construct the skatepark on the land of the Trust. The scheme is being delivered by Canvas, who have started on site week commencing 28th September.	123	123	-	-
<b>Parks S106 Projects</b>	This relates to a number of projects that are s106 funded and despite some delay as a result of Covid-19, it is anticipated that these schemes will mostly complete to budget during 2020/21. Works include railings, handrails and entrance improvements at Hedgemoor, shrubbery landscape improvements at Cappards Farm, play area refurbishment at Kelston Road and a new footpaths at The Tumps woodland in Bath Corston View. A consultation and project plan is being developed this year for Sulis Meadows.	340	340	-	-
<b>Roman Baths Archway Project</b>	Due to known delays and Covid-19, the project is running behind the budget schedule. Unexpected issues were encountered during the demolition and structural phases of the main contract (including piling) which increased pressure on the available contingency for the project.	3,419	3,419	-	-
<b>Sydney Gardens (Round 2)</b>	Covid-19 has caused a 6 month delay to capital works being carried out in 2020/21 and the project lost the 2020 season for the majority of the planned events and activities. However there is sufficient time in the overall project programme to complete the capital works by the autumn of 2021 and a review is currently underway to ensure that a revised Activity Plan and reallocated budget will be deliverable by the original project end date of 31st March 2022.	2,842	950	1,892	1,892
<b>Climate Emergency &amp; Neighbourhood Services</b>					
<b>Clean Air Zone</b>	The objectives for the delivery of a Clean Air Zone is to achieve compliance with NO2 limit values by 2021 and carry out mitigation measures to minimise the impact of Clean Air Zone businesses and residents affected by charges. Below ground infrastructure for signs and cameras was completed in the late summer and the Queen Square works have now been completed. Computer Systems will be commissioned by the end of this calendar year which will include software testing with central government. The CAZ launch date will be on 15 March 2021.	11,788	11,788	-	-
<b>Neighbourhood Services - Asset &amp; Vehicle Replacement Programme</b>	Vehicle replacements agreed to update the end of life fleet including in readiness for CAZ implementation.	1,856	1,856	-	-
<b>Waste Depot Relocation</b>	The design team have carried out detailed designs, surveys and data-gathering in readiness for a pre-app submission in the autumn. Options appraisal work continues for Bath waste & recycling facilities.	1,873	1,873	-	-

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**2020/21 Revenue Virements for APPROVAL**

Appendix 3 (i)

<u>REF NO</u>	<u>REASON / EXPLANATION</u>	<u>CABINET MEMBER</u>	<u>TRANSFER FROM</u>	<u>Income</u>	<u>Expenditure</u>	<u>CABINET MEMBER</u>	<u>TRANSFER TO</u>	<u>Income</u>	<u>Expenditure</u>	<u>DESCRIPTION</u>	<u>ONGOING EFFECTS</u>
			<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		
The following virements are reported for approval under the Budget Management Scheme rules.											
LOG 20#02	Transfer of SEND Corporate Contingency Budget	Children's Services	Inclusion & Prevention		909,000	Resources	Corporate Budgets incl. Capital, Audit & Bank Charges		909,000	Transfer of Corporate contingency budget previously held for SEND pressures. New DFE guidance requires all SEND costs are now to be funded by the Dedicated Schools Grant (DSG) rather than the general fund, This transfer reflects the requirements of the new guidance.	Budget virement is ongoing.
<b>OVERALL TOTALS</b>				<b>0</b>	<b>909,000</b>			<b>0</b>	<b>909,000</b>		
					<b>909,000</b>				<b>909,000</b>		

# 2020/21 Revenue Virements for INFORMATION

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

The following virements have either been previously approved, are technical in nature or are below limits within BMS that require approval, and therefore are reported for information only.

INFO 20#13	2019/20 Revenue Carry Forwards	Resources	Council Balances		229,408	Resources	Strategy & Performance		93,000	Carry forwards from 2019/20 underspends, as approved by July'20 Cabinet in Outturn report.	Budget virement is one- off.
							Human Resources & Organisational Development		8,500		
						Housing, Planning & Economic Development	Development Management		93,136		
							Business & Skills		34,772		
INFO 20#14	Pay Award Budget	Resources	Corporate Budgets incl. Capital, Audit & Bank Charges		635,521	Resources	Various		205,900	Distribution of Corporately held budget for Pay Award following national agreement.	Budget virement is ongoing.
						Adult Services	Various		33,549		
						Children's Services	Various		101,694		
						Climate Emergency & Neighbourhood Services	Various		78,256		
						Transport Services	Various		66,375		
						Housing, Planning & Economic Development	Various		72,605		
						Community Services	Various		77,142		
INFO 20#15	Emergency Response	Community Services	Building Control & Public Protection		4,500	Transport Services	Emergency Planning		4,500	Elimination of internal income budgets within Emergency Planning, along with the corresponding internal expenditure budgets in Public Protection, for Emergency Response Line.	Budget virement is ongoing.
INFO 20#16	IT Centralisation	Resources	Strategy & Performance		30,000	Resources	Information Technology		30,000	Transfer of service IT budgets in line with IT Services centralisation (Power Bi Licences).	Budget virement is ongoing.



REF NO	REASON / EXPLANATION	CABINET MEMBER	TRANSFER FROM	Income	Expenditure	CABINET MEMBER	TRANSFER TO	Income	Expenditure	DESCRIPTION	ONGOING EFFECTS
			CASHLIM	(£'s)	(£'s)		CASHLIM	(£'s)	(£'s)		
INFO 20#17	Print & Postage Centralisation	Transport Services	Transport & Parking Services - Parking		35,000	Resources	Information Technology		35,000	Centralisation of printing & distribution costs relating to Parking Services (including Penalty Charge Notices).	Budget virement is ongoing.
INFO 20#18	Training Officer	Community Services	Neighbourhoods & Environment - Parks & Bereavement Services		44,215	Resources	Human Resources & Organisational Development		44,215	Transfer of post for Environmental Services Training Officer into corporate Organisational Development team.	Budget virement is ongoing.
INFO 20#19	Corporate Travel Savings Target	Resources	Human Resources & Organisational Development		150,000	Resources	Improving The Way We Work		150,000	Transfer of Savings Target for Corporate Travel to Human Resources & Organisational Development, following the realignment of other Corporate Travel budgets to the service. Approved by Director of Partnerships & Corporate Services 21/07/2020.	Budget virement is ongoing.
INFO 20#20	Pooled Cars & Corporate Sustainability Officer	Climate Emergency & Neighbourhood Services	Sustainability		162,522	Resources	Human Resources & Organisational Development		162,522	Realignment of budgets for Corporate Sustainability Officer and Pooled Cars following the change of management for these budgets. Approved by Director of Partnerships & Corporate Services 21/07/2020.	Budget virement is ongoing.
INFO 20#21	Education Commissioning	Children's Services	Integrated Commissioning - CYP		177,288	Children's Services	Education Transformation		177,288	Realignment of Education Commissioning budgets following management structure changes in Children's Services.	Budget virement is ongoing.
INFO 20#22	Children's Services Budget Realignment	Children's Services	Safeguarding - CYP		551,877	Children's Services	Inclusion & Prevention		62,933	Realignments of budget structure between Cash Limits following the change of Director structures in Adult & Children's Services. Approved by Directors of Adult Social Care and Children & Young People.	Budget virement is ongoing.
							Education Transformation		488,944		
INFO 20#23	Executive Support Team	Housing, Planning & Economic Development	Regeneration		34,966	Resources	Strategy & Performance		34,966	Centralisation of budgets for Executive Support Team.	Budget virement is ongoing.

REF NO	REASON / EXPLANATION	CABINET MEMBER	TRANSFER FROM	Income	Expenditure	CABINET MEMBER	TRANSFER TO	Income	Expenditure	DESCRIPTION	ONGOING EFFECTS
			CASHLIM	(£'s)	(£'s)		CASHLIM	(£'s)	(£'s)		
INFO 20#24	Housing Services Internal Contributions from Adult Services	Adult Services	Adult Services		221,077	Housing, Planning & Economic Development	Housing		221,077	Elimination of internal income budgets within Housing Services, along with the corresponding internal expenditure budgets in Adult Services for Supported Lodgings, Domestic Abuse Service and Housing Options & Homesearch Core Team, to more accurately reflect which service is delivering the functions.	Budget virement is ongoing.
INFO 20#25	People & Communities Communication & Management Teams	Adult Services	Adult Services		83,454	Children's Services	Education Transformation		83,454	Transfer of budgets from Adult Services to Children's Services for People & Communities Communication Team & Management Team in order to align to the correct Service and Director reporting structure. Approved by Director of Education, Inclusion & Children 11/09/2020.	Budget virement is ongoing.
INFO 20#26	DSG Re-Profiling	Children's Services	Education Transformation		211,045	Children's Services	Inclusion & Prevention		182,585	Re-Profiling of cash limits within Education to reflect the actual services' DSG spend in 2020/21.	Budget virement is ongoing.
							Schools' Budgets		28,460		
OVERALL TOTALS				0	2,570,873			0	2,570,873		
					2,570,873				2,570,873		

**Portfolio Cash Limits 2020/21 - Revenue Budget**
**Appendix 3(ii)**

CABINET PORTFOLIO	Service	Sep'20 Cash Limits	Technical Adjustments, below BMS limits or already agreed - shown for information	Total Virements for Approval	Nov'20 Cash Limits
		£'000			
<b>Leader</b>	Housing Delivery Vehicle	(1,000)			(1,000)
	Visit Bath	367			367
	<b>PORTFOLIO SUB TOTAL</b>	<b>(633)</b>			<b>(633)</b>
<b>Resources</b>	Finance	3,033	36		3,069
	Risk & Assurance Services	1,061	21		1,082
	Procurement & Commissioning	223	5		228
	Revenues & Benefits	899	16		915
	Council Solicitor & Democratic Services	2,547	24		2,571
	Information Technology	4,867	96		4,963
	Strategy & Performance	1,787	123		1,910
	Human Resources & Organisational Development	1,486	79		1,565
	Improving The Way We Work	(360)	150		(210)
	Property Services	672	3		675
	Corporate Estate Including R&M	3,467	25		3,492
	Commercial Estate	(15,221)	5		(15,217)
	Traded Services	24			24
	Hsg / Council Tax Benefits Subsidy	(195)			(195)
	Capital Financing / Interest	7,650			7,650
	Unfunded Pensions	1,588			1,588
	Corporate Budgets incl. Capital, Audit & Bank Charges	3,009	(636)	909	3,282
	New Homes Bonus Grant	(5,688)			(5,688)
	Magistrates	12			12
	Coroners	335			335
	Environment Agency	244			244
	West of England Combined Authority Levy	4,994			4,994
	<b>PORTFOLIO SUB TOTAL</b>	<b>16,432</b>	<b>(51)</b>	<b>909</b>	<b>17,290</b>
<b>Adult Services</b>	Adult Services	63,290	(271)		63,019
	Adult Substance Misuse (Drug Action Team)	513			514
	Public Health	(250)			(250)
	<b>PORTFOLIO SUB TOTAL</b>	<b>63,554</b>	<b>(271)</b>		<b>63,283</b>
<b>Children's Services</b>	Children, Young People & Families	15,857	42		15,899
	Integrated Commissioning - CYP	2,823	(173)		2,651
	Safeguarding - CYP	645	(545)		100
	Inclusion & Prevention	3,991	277	(909)	3,359
	Education Transformation	6,314	556		6,870
	Schools Budget	(3,301)	28		(3,272)
	<b>PORTFOLIO SUB TOTAL</b>	<b>26,330</b>	<b>185</b>	<b>(909)</b>	<b>25,606</b>
<b>Climate Emergency &amp; Neighbourhood Services</b>	Neighbourhoods & Environment - Waste & Fleet Services	16,110	76		16,186
	Sustainability	673	(161)		511
	Environmental Monitoring (Air Pollution)	209	1		210
	<b>PORTFOLIO SUB TOTAL</b>	<b>16,992</b>	<b>(84)</b>		<b>16,907</b>
<b>Transport Services</b>	Highways & Traffic Management	7,577	37		7,613
	Transport & Parking Services - Parking	(7,719)	(19)		(7,738)
	Transport & Parking Services - Public & Passenger Transport	(471)	11		(461)
	Emergency Planning	426	8		433
	<b>PORTFOLIO SUB TOTAL</b>	<b>(188)</b>	<b>36</b>		<b>(152)</b>
<b>Housing, Planning &amp; Economic Development</b>	Housing	1,411	238		1,648
	Regeneration	325	(24)		301
	Development Management	1,409	135		1,543
	Business & Skills	444	39		482
	<b>PORTFOLIO SUB TOTAL</b>	<b>3,588</b>	<b>387</b>		<b>3,975</b>

CABINET PORTFOLIO	Service	Sep'20 Cash Limits	Technical Adjustments, below BMS limits or already agreed - shown for information	Total Virements for Approval	Nov'20 Cash Limits
		£'000	£'000	£'000	£'000
Community Services	Building Control & Public Protection	865	19		884
	Heritage	(9,682)			(9,682)
	Leisure	701	1		702
	Community Safety	193			193
	Neighbourhoods & Environment - Parks & Bereavement Services	1,305	(21)		1,284
	World Heritage	153			154
	Registrars Service	(80)	5		(75)
	Events & Active Lifestyles	161	3		164
	Customer Services (including Libraries)	2,242	20		2,262
	<b>PORTFOLIO SUB TOTAL</b>	<b>(4,142)</b>	<b>28</b>		<b>(4,114)</b>
	<b>NET BUDGET</b>	<b>121,933</b>	<b>229</b>		<b>122,162</b>

### Sources of Funding

Council Tax	97,436			97,436
Retained Business Rates*	23,209			23,209
Collection Fund Deficit (-) or Surplus (+)	2,225			2,225
Balances	(937)	229		(708)
<b>Total</b>	<b>121,933</b>	<b>229</b>		<b>122,162</b>

Capital Virements July - Sept - Additions & Reductions 2020/2021

Appendix 4 (i)

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP20#023-2020	Parks S106 Projects	3rd Party Contribution	15,000		Community Services		15,000	Technical Adjustment with approval by Director of Development & Public Protection. Budget uplift to fund a play area refurbishment and improvement of the open space.
CAP20#024-2020	Highways & Traffic Fleet Vehicle Renewal	SSB	150,000		Transport Services		150,000	Officer Decision date 01.06.2020 with approval by Director for Environment Services for purchase of an additional winter service gritting vehicle.
CAP20#025-2020	Bath Area Forum CIL Funded - Approved	Bath CIL	203,216		Resources and Deputy Leader		203,216	Decision E3205 date 15.07.2020. to approve BAF CIL of which £203,215.58 is Capital External
CAP20#026-2020	Rephasing Capital Review - rounding correct	Various	-78		Various		-78	Technical Adjustment Capital Review rounding correction. Original totals were posted in P3 rounded to £1000 now correctly posted in P4.
CAP20#027-2020	Keynsham High Street Public Realm - Implementation	CIL	386		Housing, Planning and Economic Development		386	Technical Adjustment for correction to previous rounding
CAP20#028-2020	Digital B&NES	WECA Grant	120,000		Housing, Planning and Economic Development		120,000	Technical Adjustment with approval of Director of Economy & Growth. Align to WECA funding offer of £400k in total.
CAP20#029-2020	Customer Payments Security and Channel Shift	CSB	47,000		Resources and Deputy Leader		47,000	Technical Adjustment with approval of Director of Finance & Chief Exec. Revised contract with supplier to commit more spend in Customer Payments project in 20/21 from 21/22
CAP20#030-2020	Refresh of Network Switch Equipment	CSB	80,000		Resources and Deputy Leader		80,000	Officer Decision date 31.07.2020 by Director of Partnership and Corporate Services . Approved for £80k to replace ageing network switch equipment.
CAP20#031-2020	Voicemail Upgrade	CSB	50,000		Resources and Deputy Leader		50,000	Officer Decision date 31.07.2020. by Director of Partnerships and Corporate Services. To fully approved for £50k to replace ageing network switch equipment, upgrade the telephony and voicemail system.
CAP20#032-2020	Office for Low Emission Vehicles (OLEV) Bid	Govt Grant	40,194		Transport Services		40,194	Officer Decision date 06.08.2020 by Director of Environment to accept grant from the Energy Saving Trust to provide pre-qualified businesses and organisations with funding for the purchase of electric cargo bikes. This is part of the adoption of sustainable transport.
CAP20#033-2020	Parade Gardens Café Acquisition	Revenue	-10,495		Community Services		-10,495	Technical Adjustment - removal of budget from Covid review not previously captured.
CAP20#034-2020	Englishcombe Lane Development	Govt Grant	550,000		Housing, Planning and Economic Development		550,000	Officer Decision date 08.09.20 by Director of Economy and Growth . Approves use of £550k funding of Homes England Grant to unlock the development site and increase housing delivery. Supports a range of ecological measures.
CAP20#035-2020	Keynsham High Street Public Realm - Implementation	WECA Grant + various	-925,779				-925,779	Decision E3224 date 04.09.20. Approval for Keynsham High Street renewal programme. TRF to 2021-23 due to Covid.
CAP20#036-2020	A37 to A362 Improvements to Access Somer Valley Enterprise Zone	WECA Grant	-58,626		Transport Services		-58,626	Technical Adjustment agreed by both Directors of Economy and Growth and Corporate Services. A37 to A362 Transport Improvements to be merged with main Somer Valley Enterprise Zone - Infrastructure Project within Regeneration.
CAP20#037-2020	Somer Valley Enterprise Zone - Infrastructure	WECA Grant	58,626		Housing, Planning and Economic Dev		58,626	Technical Adjustment agreed by Directors of Economy and Growth and Corporate Services. A37 to A362 Transport Improvements to be merged with main Somer Valley Enterprise Zone - Infrastructure Project within Regeneration.
CAP20#038-2020	Clean Air Zone	Govt Grant	6,800,000		Climate Emergency & Neighbourhood Services		6,800,000	Decision E3212 date 22.7.20 gave acceptance of Bath Clean Air Plan grants, sum matching grant offer letter for Clean Air Fund March 2020
CAP20#039-2020	Clean Air Zone	Govt Grant	300,000		Climate Emergency & Neighbourhood Services		300,000	Decision E3212 date 22.7.20 gave acceptance of Bath Clean Air Plan grant, sum matching grant offer letter for Air Quality March 2020
CAP20#040-2020	Clean Air Zone	Govt Grant	6,000		Climate Emergency & Neighbourhood Services		6,000	Decision E3212 date 22.7.20 gave acceptance of Bath Clean Air Plan grants, sum to adjust to payment of £5,950K from £5,944K previously approved.
Total			7,425,444	0		0	7,425,444	
			7,425,444				7,425,444	

Capital Virements - Additions & Reductions Future Years

Appendix 4 (ii)

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP20#017-FY	Rephasing Capital Review - rounding correct	Various	78		Various		78	Technical Adjustment/ Capital Review rounding correction. Original totals were posted in P3 rounded to £1000 now correctly posted in P4.
CAP20#018-FY	Property Improvement - Haycombe Crematorium Dignified Entrance	CSB	60,000		Resources and Deputy Leader		60,000	Officer Decision date 12.08.2020 by Chief Executive. Approval for £60k refurbishment to Haycombe Crematorium for 2021/22.

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP20#019-FY	Customer Payments Security and Channel Shift	CSB	-47,000		Resources and Deputy Leader		-47,000	Technical Adjustment with approval of Director of Finance & Chief Exec. Revised contract with supplier to commit more spend in Customer Payments project in 20/21 from 21/22
CAP20#020-FY	Keynsham High Street Public Realm - Implementation	WECA Grant + various	2,076,986		Housing, Planning and Economic Dev		2,076,986	Rephase to 2021. Decision E3224 date 04.09.20. SMD approved for Keynsham High Street renewal programme.
CAP20#021-FY	Keynsham High Street Public Realm - Implementation	Govt Grant, CIL, 3rd party contrib	572,247		Housing, Planning and Economic Dev		572,247	Rephase to 2021. Decision E3224 date 04.09.20. SMD approved for Keynsham High Street renewal programme.
CAP20#022-FY	Keynsham High Street Public Realm - Implementation	Govt Grant, 3rd party contrib	191,000		Housing, Planning and Economic Dev		191,000	Rephase to 2021. Decision E3224 date 04.09.20. SMD approved for Keynsham High Street renewal programme.
OVERALL TOTALS			2,853,311	0		0	2,853,311	
				2,853,311			2,853,311	

Capital Scheme	Cap Prog Number	Budget after July 2020 Cabinet	Reported Approvals to November Cabinet - see 4(i)	Budget at November 2020 Cabinet
		£'000	£'000	£'000
<b>Full Approval</b>				
<b>Resources and Deputy Leader</b>				
Agresso System Development & Upgrade	Cap1415125	80	0	80
Bath Area Forum - CIL Funded Schemes - Approved	Cap1718068	14	203	218
Capital Contingency	Cap1415131	2186	0	2186
Cleveland Pools	Cap1415130	10	0	10
Commercial Estate Investment Fund	Cap1415100	401	0	401
Commercial Estate Refurbishment Programme	Cap1920022	-303	0	-303
Corporate Estate Planned Maintenance	Cap1415097	3730	1	3731
Customer Payments Security and Channel Shift	Cap1920021	83	47	130
Digital Programme	Cap1718059	24	0	24
Equality Act Works	Cap1415104	175	0	175
Flexible Use of Capital Receipts	Cap1819080	3662	0	3662
Grand Parade & Undercroft	Cap1415103	138	0	138
Housing Delivery Vehicle	Cap1516042	1217	0	1217
IT Asset Refresh	Cap1819061	204	0	204
Keynsham Regeneration & New Build	Cap1415094	68	0	68
Property Company Investment	Cap1617027	8338	0	8338
Property Disposals	Cap1415098	831	0	831
Property Improvement - Haycombe Crematorium Dignified Entrance	CAP1920047	0	0	0
Refresh of Network Switch Equipment	CAP1920037	0	80	80
Voicemail Upgrade	CAP1920038	0	50	50
Workplaces Programme Delivery	Cap1415093	0	0	0
York Street Vaults Phase 2	Cap1819059	971	0	971
<b>Subtotal Full Approval - Resources and Deputy Leader</b>		<b>21829</b>	<b>381</b>	<b>22210</b>
<b>Adult Services</b>				
Adult Social Care Database Replacement	Cap1516005	140	0	140
Community Resource Centre Capital Investment	Cap1718076	246	0	246
Drugs and Alcohol Recovery House Public Health Grant	Cap1718074	0	0	0
<b>Subtotal Full Approval - Adult Services</b>		<b>386</b>	<b>0</b>	<b>386</b>
<b>Children's Services</b>				
Basic Needs - School Improvement / Expansion	Cap1415135	7452	-40	7412
Building Adaptations to Provide Short Breaks for Disabled Children	Cap1415078	20	0	20
Children's Education Management System	Cap1516009	35	0	35
Children's Centre Capital Schemes	Cap1415196	58	0	58
SEND Provision - Oldfield School	Cap1920044	392	0	392
Schools' Capital Maintenance Schemes	Cap1415073	1630	0	1630
Schools Devolved Capital	Cap1920028	-153	0	-153
Special Education Needs & Disability (SEND) Education Provision Loan	Cap1718071	172	40	212
Youth Service Capital Schemes	Cap1415167	38	0	38
<b>Subtotal Full Approval - Children's Services</b>		<b>9644</b>	<b>0</b>	<b>9644</b>

Capital Scheme	Cap Prog Number	Budget after July 2020 Cabinet	Reported Approvals to November Cabinet - see 4(i)	Budget at November 2020 Cabinet
		£'000	£'000	£'000
<b>Climate Emergency and Neighbourhood Services</b>				
Air Quality Management Area	Cap1819028	0	0	0
Clean Air Zone	Cap1920031	4682	7106	11788
Environmental Protection Vehicles	Cap1516028	10	0	10
Neighbourhood Services - Asset & Vehicle Replacement Programme	Cap1718036	1848	8	1856
Neighbourhoods Bin & Bench Replacement	Cap1415029	13	0	13
Waste Collection Vehicles In Cab Technology	Cap1920025	200	0	200
Waste Service Redesign	Cap1617032	401	0	401
Waste Depot Relocation	Cap1516011	1873	0	1873
<b>Subtotal Full Approval - Climate Emergency and Neighbourhood Services</b>		<b>9027</b>	<b>7114</b>	<b>16141</b>
<b>Transport Services</b>				
A37 to A362 Improvements to Access Somer Valley Enterprise Zone	Cap1718084	59	-59	0
Bath Transport Package Main Scheme	Cap1415001	1702	0	1702
City Centre Security	Cap1920027	118	0	118
Clutton Depot Refurbishment	Cap1920032	184	0	184
Chew Valley Recreational Trail	Cap1819090	2	0	2
Hicks Gate Roundabout Improvement	Cap1718085	156	0	156
Highways & Traffic Fleet Vehicle Renewal	Cap1920015	14	150	164
Highways Maintenance Programme	Cap1415184	5831	0	5831
London Road Modification	Cap1718022	3	0	3
Office for Low Emission Vehicles (OLEV) Bid	Cap1617008	604	32	636
Parking Vehicle Replacement Programme	Cap1415023	34	0	33
Passenger Transport Vehicles	Cap1516007	6	0	6
Somerdale Bridge, Keynsham – Initial Options Study	Cap1718016	9	0	9
Street Lighting LED Replacement Programme	Cap1617011	0	0	0
Transport Improvement Programme	Cap1415009	3338	0	3338
Speed camera	Cap1617012	0	0	0
<b>Subtotal Full Approval - Transport Services</b>		<b>12060</b>	<b>123</b>	<b>12183</b>
<b>Housing, Planning and Economic Development</b>				
Affordable Housing	Cap1415091	879	0	879
Bath Quays Bridge & Linking Infrastructure	Cap1617037	2872	0	2872
Bath Quays North	Cap1415114	8865	0	8865
Bath Quays South	Cap1415138	15644	0	15644
Bath Streetspace	Cap1920026	19	0	19
BWR - Council Project Team	Cap1415057	-58	0	-58
BWR - Infrastructure	Cap1415059	-91	0	-91
BWR - Relocation of Gas Holders	Cap1415065	1536	0	1536
BWR Phase 2	Cap1920012	8058	0	8058
Digital B&NES	Cap1415069	38	120	158
Disabled Facilities Grant	Cap1415089	1510	0	1510
Englishcombe Lane Development	Cap1920034	0	550	550
Innovation Quay - Strategic Flooding Solution	Cap1415064	308	0	308
Keynsham High Street Public Realm Implementation	Cap1718011	1490	-925	565
Midsomer Norton Public Realm	Cap1819050	180	0	180



Capital Scheme	Cap Prog Number	Budget after July 2020 Cabinet	Reported Approvals to November Cabinet - see 4(i)	Budget at November 2020 Cabinet
		£'000	£'000	£'000
North Keynsham SDL	Cap1819091	92	0	92
NRR Infrastructure	Cap1415062	115	0	115
Radstock & Westfield Implementation Plan	Cap1516014	7	0	7
Radstock Healthy Living Centre	Cap1718061	1336	0	1336
Saw Close Works	Cap1516008	315	0	315
Sladebrook Road: Energy Efficiency Measures	Cap1920033	128	0	128
Somer Valley Enterprise Zone - Infrastructure	Cap1718067	1174	59	1233
Waterspace	Cap1920029	5	0	5
<b>Subtotal Full Approval - Housing, Planning and Economic Development</b>		<b>44423</b>	<b>-197</b>	<b>44226</b>
<b>Community Services</b>				
Alice Park - Skate Park	Cap1415035	123	0	123
Bath Leisure Centre Refurbishment	Cap1516006	420	0	420
Bathscape	Cap1819011	259	0	259
Beechen Cliff Woodland & Other Open Spaces Improvements	Cap1415017	22	0	22
Haycombe Crematorium	Cap1819029	125	0	125
Heritage Infrastructure Development	Cap1415052	0	0	0
Heritage Services Energy Capture Scheme	Cap1819030	343	0	343
Leisure - Council Client / Contingency	Cap1516049	156	0	156
Leisure Bath - Car Park	Cap1718043	2	0	2
Leisure Facility Modernisation - Keynsham Sports Centre	Cap1516051	394	0	394
Modern Libraries & Workplaces	Cap1718058	28	0	28
Parade Gardens Café Acquisition	Cap1819085	10	-10	0
Parade Gardens Infrastructure for Business Development	Cap1617015	-2	0	-2
Parks and Bereavement Infrastructure	Cap1819051	72	0	72
Parks Equipment	Cap1718029	20	0	20
Parks S106 Projects	Cap1718037	325	15	340
Play Area Refurbishment / Equipment	Cap1415039	359	0	359
Roman Baths Archway Centre	Cap1617021	3419	0	3419
Sydney Gardens	Cap1415030	2842	0	2842
Visitor & Till Management System	Cap1415050	0	0	0
<b>Subtotal Full Approval - Community Services</b>		<b>8918</b>	<b>5</b>	<b>8922</b>
<b>TOTAL CAPITAL SCHEME BUDGET</b>		<b>106287</b>	<b>7425</b>	<b>113712</b>

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Bath & North East Somerset Council		
MEETING	Cabinet	
MEETING DATE:	5 <sup>th</sup> November 2020	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3220
TITLE:	Treasury Management Performance Report to 30 <sup>th</sup> September 2020	
WARD:	All	
AN OPEN PUBLIC ITEM		
<b>List of attachments to this report:</b>		
Appendix 1 – Performance Against Prudential Indicators		
Appendix 2 – The Council’s Investment Position at 30 <sup>th</sup> September 2020		
Appendix 3 – Average monthly rate of return for 1 <sup>st</sup> 6 months of 2020/21		
Appendix 4 – The Council’s External Borrowing Position at 30 <sup>th</sup> September 2020		
Appendix 5 – Arlingclose’s Economic & Market Review Q2 of 2020/21		
Appendix 6 – Interest & Capital Financing Budget Monitoring 2020/21		
Appendix 7 – Summary Guide to Credit Ratings		
Appendix 8 – Extract from Treasury Management Risk Register		

## **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 Cabinet agrees that;

- 2.1 The Treasury Management Report to 30<sup>th</sup> September 2020, prepared in accordance with the CIPFA Treasury Code of Practice, is noted.
- 2.2 The Treasury Management Indicators to 30<sup>th</sup> September 2020 are noted.
- 2.3 this Treasury Management Report and attached appendices are reported to November Council and December Corporate Audit Committee.

### 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 30<sup>th</sup> September 2020 is given in **Appendix 2**. The balance of deposits as at 30<sup>th</sup> September 2020, compared to those as at 30<sup>th</sup> 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 30<sup>th</sup> September 2020 totalled £245.4 million and is detailed in **Appendix 4**. On 1<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> 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.

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

## APPENDIX 1

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

#### 1. Authorised limit for external debt

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

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

#### 2. Operational limit for external debt

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

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

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

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

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

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



#### 4. Upper limit for variable interest rate exposure

While fixed rate borrowing contributes significantly to reducing uncertainty surrounding interest rate changes, the pursuit of optimum performance levels may justify keeping flexibility through the use of variable interest rates. This is the maximum amount of total borrowing which can be at variable interest rates.

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

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

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

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

#### 6. Maturity Structure of borrowing

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

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

\* 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 <sup>th</sup> September 2020
	Rating	Rating
<b>Minimum Portfolio Average Credit Rating</b>	<b>A-</b>	<b>AAA-</b>

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

## APPENDIX 2

### The Council's Investment position at 30<sup>th</sup> September 2020

The term of investments is as follows:

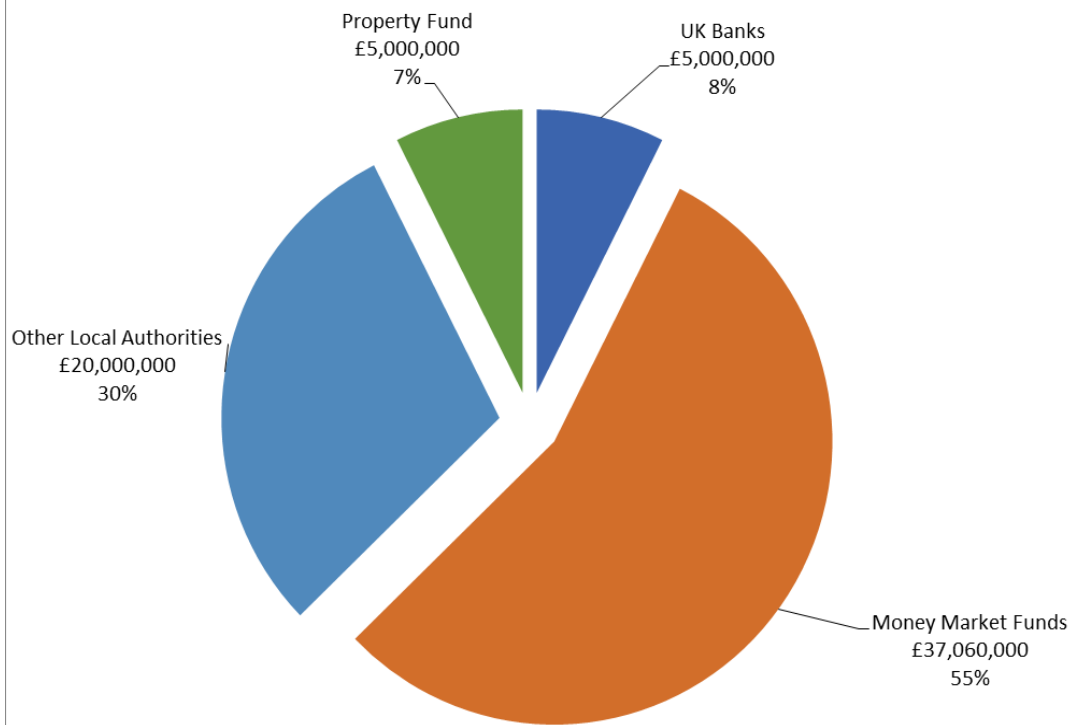
<b>Term Remaining</b>	<b>Balance at 30<sup>th</sup> September 2020</b>
	£'000's
Notice (instant access funds)	37,060
Up to 1 month	10,000
1 month to 3 months	10,000
3 months to 6 months	5,000
CCLA Property Fund (Strategic)	5,000
<b>Total</b>	<b>67,060</b>

The investment figure is made up as follows:

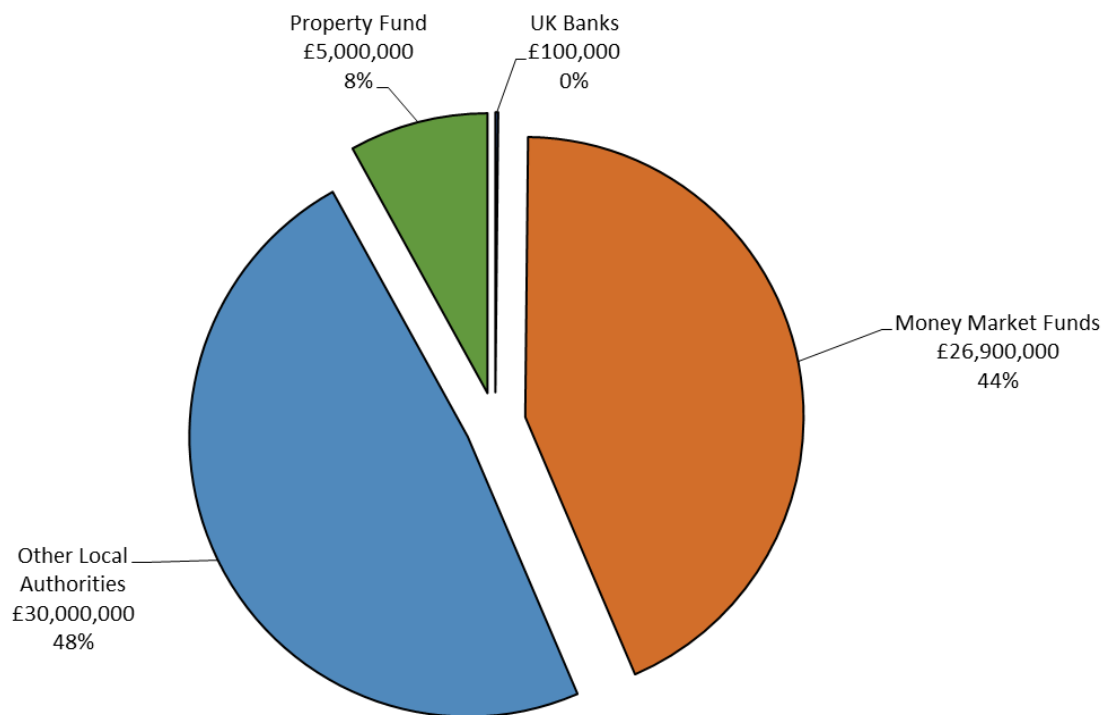
	<b>Balance at 30<sup>th</sup> September 2020</b>
	£'000's
B&NES Council	64,110
Schools	2,950
<b>Total</b>	<b>67,060</b>

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

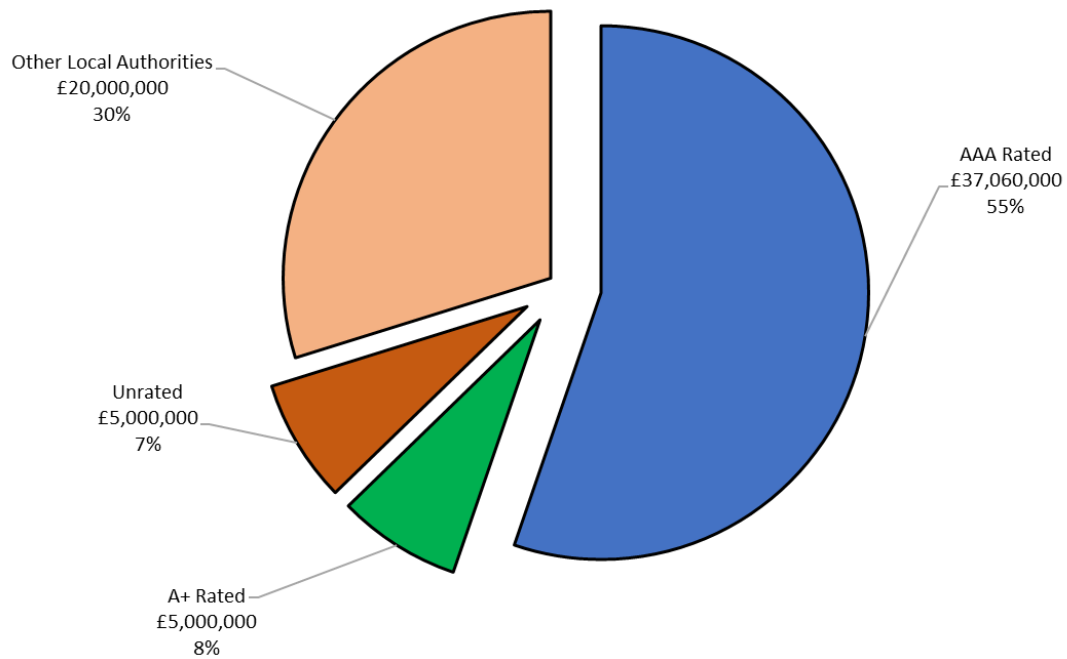
**Chart 1: Council Investments as at 30th September 2020 - £67.060m**



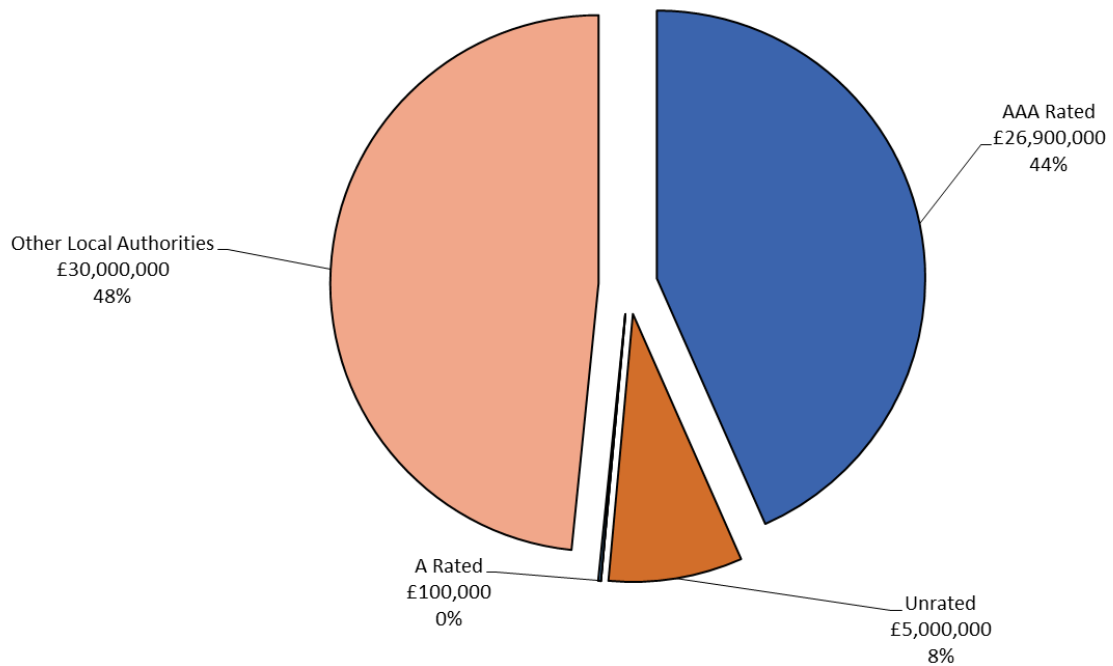
**Chart 2: Council Investments as at 30th June 2020 - £62.0m**



**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**

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

## APPENDIX 4

### Council's External Borrowing at 30<sup>th</sup> September 2020

Lender	Amount outstanding	Start date	End date	Interest rate
<b>Long term</b>				
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%
<b>Medium term</b>				
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%
<b>Short term</b>				
London Borough of Bromley	15,000,000	01/04/2020	01/04/2021	1.50%
<b>Total Borrowing</b>	<b>245,449,266</b>			

\*All LOBO's (Lender Option / Borrower Option) have reached the end of their fixed interest period and have reverted to the variable rate of 4.50%. The lender has the option to change the interest rate at 6 monthly intervals. Should the lender use the option to change the rate, then at this point the borrower has the option to repay the loan without penalty.

## **APPENDIX 5**

### **Economic 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	
<b>Interest &amp; Capital Financing</b>				
- 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
<b>Total</b>	<b>7,650</b>	<b>5,470</b>	<b>(2,180)</b>	<b>FAV</b>

## APPENDIX 7

### Summary Guide to Credit Ratings

Rating	Details
AAA	Highest credit quality – lowest expectation of default, which is unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality - expectation of very low default risk, which is not likely to be significantly vulnerable to foreseeable events.
A	High credit quality - expectations of low default risk which may be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB	Good credit quality - expectations of default risk are currently low but adverse business or economic conditions are more likely to impair this capacity.
BB	Speculative - indicates an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.
B	Highly speculative - indicates that material default risk is present, but a limited margin of safety remains. Capacity for continued payment is vulnerable to deterioration in the business and economic environment.
CCC	Substantial credit risk - default is a real possibility.
CC	Very high levels of credit risk - default of some kind appears probable.
C	Exceptionally high levels of credit risk - default is imminent or inevitable.
RD	Restricted default - indicates an issuer that has experienced payment default on a bond, loan or other material financial obligation but which has not entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, and which has not otherwise ceased operating.
D	Default - indicates an issuer that has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business.

## 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.	