

Cabinet

Date: Thursday, 11th February, 2021

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.



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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

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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>

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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 - 18)

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 19 - 22)

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

11. DECISION ON AWARD OF A CONTRACT TO A NEW OPERATOR FOR THE APPROACH GOLF COURSE SITE FOLLOWING A PROCUREMENT PROCESS (Pages 23 - 38)

Following Decision E 3201 on July 22nd to run an open procurement exercise to seek a new operator for the Approach Golf Course site this report sets out the process followed and makes a recommendation to appoint a preferred bidder.

The decision also resolved to delegate to the Director of Environment authority to appoint a contractor in accordance with the Council's prescribed governance and procurement process in consultation with the Cabinet Members for Finance and Communities

Once a preferred bidder is appointed they will engage with the local community on their proposals before final contracts are signed to consider refinements to their tender. The tender will however have to remain substantially similar to that submitted and evaluated.

12. DECISION ON AWARD OF A CONTRACT TO A NEW OPERATOR FOR THE ENTRY HILL GOLF COURSE SITE FOLLOWING AN OJEU PROCUREMENT PROCESS (Pages 39 - 58)

Following Decision E 3201 on July 22nd to run an open procurement exercise to seek a new operator for the Entry Hill site this report sets out the process followed and makes a recommendation to appoint a preferred bidder.

The decision also resolved to delegate to the Director of Environment authority to appoint a contractor in accordance with the Council's prescribed governance and procurement process in consultation with the Cabinet Members for Finance and Communities

At this stage of the procurement process Council has the option of appointing the highest scoring bidder or choosing not to proceed with the process. Procurement rules do not allow a lower scoring bid to be selected or the ability to select parts of different bids to achieve a different solution.

Once a preferred bidder is appointed they will engage with the local community on their proposals before final contracts are signed to consider refinements to their tender. The tender will however have to remain substantially similar to that submitted and evaluated.

13. PREPARING FOR THE FUTURE PROGRAMME (Pages 59 - 66)

The Preparing for the Future Programme will deliver changes to how we work which

will streamline our use of office buildings and provide a more flexible workforce that reflects the changes in how we now work and how we will deliver services in the future. The aim is to equip all staff to have a good day's work by providing them with the right technology, enabling blended working, being flexible in our approach to promote wellbeing and ensuring an effective work/life balance.

14. BUDGET & COUNCIL TAX 2021/22 AND FINANCIAL OUTLOOK (Pages 67 - 186)

This report presents the revenue and capital budgets together with proposals for Council Tax and Adult Social Care Precept for 2021/22.

15. REVENUE AND CAPITAL BUDGET MONITORING, CASH LIMITS AND VIREMENTS – APRIL 2020 TO DECEMBER 2020 (Pages 187 - 220)

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 December 2020.

16. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2021/22 (Pages 221 - 250)

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

17. TREASURY MANAGEMENT MONITORING REPORT TO 31ST DECEMBER 2020 (Pages 251 - 268)

In February 2012 the Council adopted the 2011 edition of the CIPFA Treasury Management in the Public Services: Code of Practice (subsequently updated in 2017), 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 nine 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, 10th December, 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 David Wood	Cabinet Member for Climate Emergency and Neighbourhood Services
Councillor Joanna Wright	Cabinet Member for Transport Services

68 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 will operate in line with that protocol. The meeting has the same status and validity as a meeting held in the Guildhall.

The Chair invited everyone to remember with a minute's silence four workers killed at the Avonmouth Wessex water treatment plant last week.

69 APOLOGIES FOR ABSENCE

Councillor Sarah Warren had sent her apology for this meeting.

70 DECLARATIONS OF INTEREST

There were none.

71 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

72 QUESTIONS FROM PUBLIC AND COUNCILLORS

There were 20 questions from Councillors and 2 questions from members of the public.

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

73 STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

David Redgewell in a statement *[a copy of which is attached to the Minutes as Appendix 2 and on the Council's website]* addressed the issues around bus travel around West of England Combined Authority during COVID19 pandemic.

Councillor Manda Rigby in a statement *[a copy of which is attached to the Minutes as Appendix 3 and on the Council's website]* addressed the Cabinet by welcoming the report on Local Plan Partial Update: Options Consultation and that she was very pleased that our communities would have the opportunity through the consultation period to make their views known

Councillor Paul Myers addressed the Cabinet by expressing his concerns on the recommendations within the report on Future Destination Management Arrangements. Councillor Myers said that he was astounded that this administration is proposing to hand over such an important and vital function to a new, untried and untested body. Tourism was a vital sector to the Bath and North East Somerset economy, employing in the region of 9,000 people. Councillor Myers felt that, given the devastating impact of COVID-19 on the tourism industry, now is a critical time to secure those jobs. Councillor Myers concluded by saying that if this Cabinet approves the proposals before them today, then it would inflict negative impact on the city, and on the local economy.

74 MINUTES OF PREVIOUS CABINET MEETING

RESOLVED that the minutes of the meeting held on Thursday 5th November 2020 be confirmed as a correct record and signed by the Chair.

75 CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET

There were none.

76 MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES

There were none.

77 SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING

The Cabinet agreed to note the report.

78 LIVEABLE NEIGHBOURHOODS

Councillor Shaun Stephenson-McGall read out a statement (*attached as Appendix 4 to these minutes*) where he welcomed the report which reflected the Council's climate emergency action plan, which was approved just over a year ago, which recommended a major shift to mass transport walking and cycling as ways to reduce our transport emissions.

Before reading out her statement in support of the report, Councillor Joanna Wright highlighted minor corrections to figures 6.1 and 9.2 of the report (*attached as Appendix 5*).

Councillor Joanna Wright read out the following statement:

'It is my great pleasure to propose to you tonight this paper on Liveable Neighbourhoods. This paper is without doubt one of the most radical changes to transport infrastructure and the reorganisation of road space ever presented to the Cabinet. Transport is one of the few sectors where our carbon emissions are still rising. This Council has declared a climate emergency, and it is necessary that we find innovative new ways of enabling residents in BANES Council to share road space. Liveable neighbourhoods will help to reframe how communities use the public highway, so that the greater emphasis is given to those using active travel. Liveable neighbourhoods will help to create pleasant, healthy and safe places for people to live, work, and be. There is no doubt that transport is one of the most difficult, and most contentious policy areas that we as Councillors have to consider. Behaviour change is one of the toughest nuts in politics to crack, asking all sections of the community to rethink their travel choices, is a demanding ask. Let us remember that 24% of households have no access to a car; that the youngest, the oldest and the poorest are unfairly affected by the dominance of vehicles, and rarely do we hear the concerns of those that are marginalised. But we do know is that the number of vehicles on our roads has increased significantly and is still rising. Whatever we do or do not do, congestion costs all of us in lost productivity and poor public health. Liveable neighbourhoods are a cost-effective way to reduce the dominance of vehicles in residential areas and helps to prioritise active travel. The overall aim of this policy is to reduce vehicle use rather than divert traffic elsewhere. Data shows that 42% of journeys made by private car for the trips that are less than three kilometres in March this year. Many of us can replace short car journeys, with an active travel choice. The positive impact that these changes to travel will be seen in a plethora of ways such as the environment, health, safety, and community. The liveable neighbourhoods' policy will enable a range of measures to be deployed, including modal filters, expansion of residence car parking, school streets, strategic corridor improvements to build capacity for active travel and investment in on-street electric vehicle charging. All these schemes will maintain vehicle access to homes and businesses and can be designed without disadvantaging disabled people, and other people with restricted mobility. Liveable neighbourhoods are not about stopping individuals using a vehicle. They are about encouraging unnecessary car use. The Council has taken this policy to the public and received 1,595 responses. And I am delighted to say significant support has been given to this new policy. Over three quarters of respondents agreed with the proposed approach to developing liveable neighbourhoods' themes. Many highlighted the need for improved walking and

cycling infrastructure, particularly to support children travelling to school. Residents emphasised the need for improved cycling from areas outside of Bath into the city. Many respondents flagged fairness and justice issues around a potential displacement of traffic onto main roads. Therefore, the Council will enhance capacity on the highway network for public transport, walking and cycling to mitigate potential displacement of traffic as part of the overall strategic delivery plan.

Over three quarters of respondents supported the Council's approach to reviewing and expanding residents parking zones. Residents have raised issues regarding the needs of disabled people, charges, enforcement, student parking and hotel permits. And, as asked by Councillor Stephenson-McGall on what are we doing to take this work forward. Work is already underway to expand residence parking zones in parts of Bath. Consultation on some of these things is expected to commence in early 2021, subject to the approval of this policy this evening. Over three quarters of respondents supported the proposals on street electric charging. One fifth of respondents were concerned about placing electric vehicle infrastructure in the carriageway to avoid obstructing the footway. Space for non-electric vehicles will need to be reduced consequently, but it is imperative that we shift vehicles from fossil fuels to new sustainable energy options.

For years, the Council has tinkered around the edges of community problems with ad hoc traffic calming schemes, the odd bollard and the strips of yellow paint. Liveable neighbourhoods' policy for the first time addresses the issues faced by communities in a holistic way.

Neil and I recognise that this is not going to be easy. And that many will only be convinced, when they see it in operation. This will require an ordinate level of political will and will take courage from the politicians, as well as the communities to take forward, these necessary changes. We are delighted to have the support of the Royal United Hospital to our proactive approach, and they are keen to work with the Council to actively engage with us, as this strategy develops. Can I assure you all both Neil, and myself will be monitoring the introduction of this policy closely. We want this to be a success. It is my contention that this new policy will deliver on the many promises made by this Liberal Democrat administration. The Council's aim is to create a connected city fit for the future, which will promote active travel. And in so doing, the Council will deliver on the climate emergency, it will deliver on public health, and it will deliver on social justice.

Before moving to recommendations. I would like to acknowledge the amazing work done by our Transport team, and the development of this policy, and the consultants and the consultation groups that they have been involved in through this process. Thank you.

I am very pleased to propose this paper, and that ask that you endorse the recommendations as printed.'

Councillor Joanna Wright moved the recommendations.

Councillor Neil Butters seconded the motion, and read the following statement: 'My pleasure in seconding this very significant motion. The Council's climate emergency plan approved in October 2019 recommends a major shift to walking, cycling and public transport to reduce transport emissions. The primary aim is to improve health and wellbeing, across the air in line with other forward-thinking authorities, and this would be by providing fair access for those travelling primarily on

foot and by bicycle, creating healthy outdoor spaces for everyone to enjoy. If we don't do this, then our children and grandchildren will be paying a heavy price action.

Liveable neighbourhoods are a cost-effective way of reducing the dominance of vehicles in less central areas and prioritising active travel. To get an idea of the scale of the task before us Emergency Planning indicated that in order to meet our net zero decarbonization target by 2030 we will need to reduce the number of vehicle miles per person by 25% and effective modal shift to sustainable modes of transport, the 7%.

Note that the aim is to reduce overall vehicle use rather than divert traffic elsewhere. There will be a lot more however who might well consider walking outside and instinctively getting their cars for short journey without getting the matters second thought. It is these people we hope can be persuaded, not to give up their cars, but to use them less frequently than before.

The more walking and cycling simply won't happen unless these notions become more obviously pleasant and safe. When streets are created primarily for people rather than benefits, they provide opportunities for better social connections. That means better mental health. They engender thriving local communities more sustainable living and encouraged more empowered communities, giving people are saying this design of their streets means much greater ownership in people's environments. Liveable neighbourhoods offer great benefits not only for children in itself, hugely important. But for the elderly and disabled. Jo and I need the ideas of members across the Council Chamber, which is not the preserve of one particular party. We would like all Councillors to give thought to what opportunities might present themselves in their Wards, and not just sitting back. What opportunities might that be in the towns in rural areas. We do recognise this is not just a city issue. This is a great opportunity to take a major leap forward. Let's seize the day *Carpe Diem*. Thank you.'

Councillor Richard Samuel also supported the motion by reading out the following statement:

'Today on the day that the Centre for cities, published information showing that nitrogen dioxide levels post lockdown had increased across most cities in Britain, we can see that action is still needed to tackle the problem of excessive air pollution. I strongly welcome these proposals because I think they seem to come on strong support within our communities. I have been campaigning to get these policy proposals in place for over three years in my Ward. And, as well as whilst I was chairman of Camden Residents Association, before being elected, but the association first produced ideas that we would now call liveable neighbourhoods aggressive driving, inconsiderate rattling, intolerance of buses, hostility to cyclists, pavement parking, and even driving on pavements are all things that I see certainly on a daily basis in my Ward. Residents who live in what should be traffic reduced areas will welcome these steps by the Council, and I thank Councillors Wright and Butters for bringing them to fruition.

I also want to comment on the need to expand residents parking zones and simplify the process. I have worked with several groups of residents in east of my ward, who wants to see residents parking zones extended.

I will recall a meeting with then Cabinet Member Councillor Shelford two years ago, when he told residents that the Council had lost the petitions they had presented, and that after seven years they would have to go back to the beginning of the RPZ process. That was no way to treat residents. It was appalling.

The problem we were trying to solve was that all day parking by commuters, parking for free and residential streets, to the detriment of residents who live in the city and contribute to its life and community.

These commuters always park just outside the current zones, which are zones 15 and 16, and cause daily problems of anti-social behaviour and nuisance for residents. In one street, cars are known to turn up at eight o'clock in the morning and actually hover in the street, waiting for residents to move out. And it's a real problem. So, I hope that long last night we will be able to consult residents on extensions to residents parking zones in east of my Ward.

I'd like to say that while I do recognise that there are particular problems in my Ward that need solving, I do understand that this is not possible for the Council to undertake these policies right across the whole area in the single go. Resources are too stretched and workloads are too high to do that. However, it must be recognised that I believe that the Northeast city has particular problems that need tackling as soon as possible.

Over the coming year, I believe we will see the beginning of a long, long needed transport changes, proper safe cycling routes will appear. CO2 charging in RPZ will discourage the use of larger polluting vehicles, the Clean Air Zone will improve air quality, further restrictions on vehicles entering the historic core of Bath, and the proposals in this report will create a paradigm shift in the way that our streets are used, away from the domination by fossil fuel powered vehicles to more sustainable modes of transport. All these actions form part of this administration's clear commitment to carbon reduction where transport and transport emissions form a third of UK carbon dioxide emissions. I would like to thank the Cabinet Members and officers who worked so hard to develop this challenging agenda from a standing start in 2019, after three wasted years under the previous administration. It's tough work, but it's going in the right direction. Well done.'

Councillor David Wood commented by congratulating the sensible approach in putting this together, particularly around considering access for emergency vehicles and recycling trucks within the liveable neighbourhoods' projects.

Also, low traffic, neighbourhoods and liveable neighbourhoods aren't just for our towns and cities. The traditional model does lend itself more to those urban areas, because often the modal filters just aren't suitable for the rural areas and villages. However, the spirit of liveable neighbourhoods can be applied to villages as in some of those villages people don't feel safe walking to the shop, to pub or school or to visit other people. Councillor Wood thanked the Cabinet Members and the officers for all the efforts they put into this so far.

Councillor Rob Appleyard also supported the motion and congratulated Councillors Wright and Butters and fantastic report. Councillor Appleyard stressed the significance of walking and cycling on the health and wellbeing of residents, including the substantial impact these have on mental health of the population.

Councillor Kevin Guy also supported the report by thanking Councillors Wright and Butters, and agreed with Councillors Wood and Appleyard that liveable neighbourhoods were not just created for the city, but also to rural areas of BANES, and its significance in encouraging residents to walk and cycle for the benefit of their health and wellbeing.

RESOLVED (unanimously) that the Cabinet agreed to:

- 1) Review the responses to the consultation on the proposed Liveable Neighbourhood strategies.
- 2) Delegate the decision to adopt the three Liveable Neighbourhood strategies (Low Traffic Neighbourhoods; Residents' Parking Schemes; and On-Street Electric Vehicle Charging Strategy) with minor amendments, updates and corrections, to the Director of Partnerships and Corporate Services, in consultation with the Joint Cabinet Members for Transport.
- 3) Support the need to allow all schemes once implemented to be in place for a minimum of 6 months to allow behaviour change to occur.

79 LOCAL PLAN PARTIAL UPDATE: OPTIONS CONSULTATION

Councillor Shaun Stephenson-McGall read out a statement (*attached as Appendix 6 to these minutes*) where he welcomed the report to consult on a range of various updates to the Local Plan.

Councillor Tim Ball introduced the report by thanking all officers in the planning policy department on the work they had put into place to produce the planning consultations in record time. The Local Plan needed to be partially updated to show that the policies help deliver the Council's current priorities. The Local Plan needs to take place along with WECA Spatial Development Strategy. These would include key policies to help address climate and ecological events such as renewable energy generation, sustainable construction, retrofitting buildings and biodiversity net gain. It would also update the parking standards, including HMO parking. The consultation with the residents would take place and the comments would be considered in the Plan which would be published in the spring of 2021.

Councillor Ball took the meeting through the rest of the report, as printed. Councillor Ball pointed out to the amendment on wording to pages 112 and 113 of the report - <https://democracy.bathnes.gov.uk/documents/s63846/E3239z%20Amendment%20to%20the%20wording%20on%20page%20112%20and%20113%20of%20Attachment%201%20for%20clarification.pdf>

Councillor Tim Ball again thanked the officers on the work and effort so far.

Councillor Tim Ball moved the recommendations.

Councillor Paul Crossley seconded the motion by saying that he welcomed the report. Councillor Crossley welcomed that the consultation would take place not just with residents but also with community groups and organisations such as universities, especially on issues of Houses of Multiple Occupancy (HMO). Councillor Crossley felt that Bath and North East Somerset would need to defend family homes by tightening HMO policies.

Councillor Richard Samuel welcomed the report. Councillor Samuel in particular welcomed the suite of measures proposed in relation to carbon reduction in construction, the complimentary policies on environmental conservation which were important given the pressure on natural habitats due to human activity and on the proposed changes to HMO policy which could limit the increase of HMO units.

RESOLVED (unanimously) that the Cabinet agreed with:

- 1) The policy options and proposals in Attachment 1 as the basis for public engagement,
- 2) The revised B&NES Local Development Scheme in Attachment 2, and
- 3) The approach to public engagement in Section 10 of this report, and
- 4) To delegate authority to the Director for Development and Public Protection, in consultation with the Cabinet Member for Planning and Housing, to finalise the Local Plan Partial Update Options consultation document and the Local Development Scheme.

80 PROPERTY SERVICES - SERVICE REVIEW

Councillor Richard Samuel introduced the report by saying that the Council's property holdings have produced income for many years, which was used for a wide range of services and on the improvements in the area. There were 1,200 properties with a value of around £1bn. Councillor Samuel stressed that this area of the Council was 'a jewel in the crown' that must be looked after and nurtured. However, the time has come to consider a change of direction especially in the recent months (since COVID19 pandemic). The budget 2021/2022 would consider how the decoupling of income from service provision could take place.

The elected Councillors were ultimately responsible for the performance of this portfolio, and it is for the Cabinet to uphold. However, a delicate balance was necessary between property portfolio decisions and the freedom for officers to manage the estate on a day to day basis without undue pressure from members. More rigorous governance was required drawing on national best practice in public and private sectors. Councillor Samuel said that he intended to bring these changes forward for agreement soon. The proposals would outline who would benefit from future arrangements and would emphasise the huge beneficial opportunity that exists with a fresh look at the service.

Councillor Samuel said that he would like to invite Mandy Bishop (Chief Operating Officer of the Council who had carried out quite a lot of work on this matter) to speak the recommendation as moved and seconded, to take the Cabinet through the details of the report.

Councillor Richard Samuel moved the recommendations.

Councillor Rob Appleyard seconded the motion by echoing comments made by Councillor Samuel in his introduction, in particular on the need to revisit the service provision through recent challenging times during the pandemic.

Mandy Bishop (Chief Operating Officer) took the Cabinet through the report.

The Bath and North East Somerset Council were fortunate to be the custodians of an extensive estate and land holdings. The Council commenced a review prior to the pandemic of its property arrangements. The report clearly indicated that the Council

had to accelerate this work as it was necessary and timely due to COVID and the impacts that has had not just on commercial estate but also on Council's operational estate.

There were four key strands that were looked at the newest estate strategy and it was really important to define at that strategic level what the objectives were for this study and look at those conflicting priorities. It was not just about Council's objectives; it was about being clear and transparent about governance arrangements and the decision making processes, and the general approach not just with the property but also with land holdings, including community asset transfers. There was a lot of interest in local communities, particularly around asset transfer which was really important point in terms of engagement with those communities in that process.

The developing strategy would align with the priorities contained in the Council's Corporate Plan for 2020-2024. The last time the Council had this extensive review of its estate strategy and asset management planning was back in 2012 so it was timely to bring that up to date.

This was also aligned with areas such as climate emergency and ecological emergency. The second area of focus was with the changes to Council's operational estate and like many other teams, they have had to work from home predominantly since the first lockdown, which was in accordance with National Public Health guidelines. Nevertheless, the Council has taken this as an opportunity to review future ways of working, and office requirements. Significant progress has been made on reducing overheads by reduction of some of leasehold costs, with the process of letting some of office accommodation in Bath to other public sector organisations. There is an intention to redesign Keynsham Civic Centre building, to maximise the efficiency and use of this award winning building, to become the primary office space for Council staff who will work in a more flexible way ensuring maximum use of digital facilities with investment in digital technology. It is the Council's intention for teams to work in a blended way with a mix of office use, home use and working from other localities. The Council is working closely with other local authorities and public sector organisations to look at the joint use of buildings for the staff.

One of the other strands was the commercial estate review. The sharp and potentially long-term shift in how commercial buildings were used meant that the Council had to move quickly and seek advice. The Council have engaged Montague Evans, one of the market leaders in this area of work ,to aid us in assessing Council's current strengths and weaknesses and also looking at our future strategic direction for both commercial estate focusing on commercial estate but also though some of the broader aspects that the Council may wish to consider. Sections 3.24 to 3.26 of the report provide further information on commercial estate review, which was due to report back in the first quarter of 2021. There has been lot of interest from Members on that document and how the Council might take the findings forward.

The fourth area of focus was the service review of Council's operational structures processes and procedures. The Council has already commenced work on that matter and a lot has been done in recent months, especially on supply chain arrangements and on repositioning some services so that the Council could be more

agile moving forward. That was the piece of work that the officers would be taking forward as a priority over the coming months.

Finally, the indicative timetable for the key activities that were highlighted in Section 3.5 and 3.8 at the end of the report. The Council would expect to have good Member engagement in this process with the Scrutiny Panels' engagement in the process. There has been a conversation with the Chair of the Resources PDS Panel who has welcomed this initiative.

The Leader thanked Mandy Bishop for taking the Cabinet through the report.

Councillor Paul Crossley welcomed the report and thanked officers for their work on this matter. Councillor Crossley agreed with the comments from Councillor Samuel on the need for a review, especially during the financial pressures throughout COVID19 pandemic. Councillor Crossley also thanked Mandy Bishop for detailed introduction of the report and for sound rationale around four key strands included in the report.

RESOLVED (unanimously) that the Cabinet agreed to:

- 1) Note the content of this report and endorse the focus for our proposed actions (2021):
 - A review of the council's Commercial Estate and note the principles for the review outlined in section 3.2.4
 - Endorse the principles of the 'Preparing for the Future Programme', to reconfigure our Operational (office) Estate (3.3.2)
 - The production of a new Corporate Estate Strategy and
 - A redesign of our estates, maintenance and construction etc functions to enable us to be in the best position to respond to our place shaping and renewal agenda, in support of our communities as we move into Covid recovery in 2021
- 2) Delegate decisions relating to the estate to the Cabinet Member for Resources, in consultation with the council's Chief Operating Officer, Section 151 Officer and Senior Officers in Estates; and
- 3) Engage the Corporate Policy Development and Scrutiny Panel in the emerging Corporate Estates Strategy.

81 FUTURE OF DESTINATION MANAGEMENT ARRANGEMENTS

Councillor Dine Romero introduced the report by saying that the Council would not lose their own unique brand of Visit Bath. The new destination management organisation would be more attractive to government, and so funding opportunities, which would open opportunities that have not been taken up by Visit Bath, and it would help build the offer for visitors to this region. Working with our neighbours means that some burdens would be shared, without losing the economic value that a vibrant local visitor economy brings.

Councillor Dine Romero moved the recommendations.

Councillor Richard Samuel seconded the motion by welcoming the points Councillor Romero has put forward as the rationale for this report. Councillor Samuel suggested an addition to recommendations which would read the following:

'9) Instruct the Chief Executive to urgently undertake a review of governance arrangements for arms-length service providers and larger contract holders and report the outcome of this review to the Cabinet as soon as practicable.

Councillor Dine Romero agreed with this addition to recommendations.

Councillor Paul Crossley welcomed the report and agreed with the additional recommendation proposed by Councillor Samuel and accepted by Councillor Romero. Councillor Crossley added that Visit Bath had been in sorry state for some time, and it was drifting into deficit since 2016. Councillor Crossley also said that he was happy with the partnership with three neighbouring authority areas and with expected cooperation between the private sector and the public sector.

RESOLVED (unanimously) that the Cabinet agreed to:

- 1) Authorise the Council to become a member of Visit West a company limited by Guarantee in accordance with the terms of the Membership Agreement.
- 2) Authorise the Council to enter into the Asset & Employee Transfer Agreement with Visit West as guarantor for Visit Bath and for the future delivery of the Council's destination management function through Visit West.
- 3) Authorise the Council to enter into the Asset & Employee Transfer Agreement with Bath Forum to provide an indemnity for staff transferring from Visit Bath to Bath Forum.
- 4) Authorise the Council to enter into the Asset & Employee Transfer Agreement with Visit Bath to provide for the transfer of Christmas Market staff to the Council and to address all residual matters.
- 5) Delegate to the Director of Economy & Growth in consultation with the Cabinet member for Resources the power to make any minor changes to the Transfer Agreements or the Membership Agreement.
- 6) Appoint the Director of Finance to the Board of Visit Bath to effect the voluntary strike-off of Visit Bath and to provide an indemnity to that officer to provide protection from personal liability pursuant to the Local Authorities (Indemnity to members and Officers) regulations 2004.
- 7) Approve the use of reserve funding to enable the Council to meet the outstanding company liabilities, with delegation given to the Director of Finance (S151 Officer) in consultation with the Chief Executive and Cabinet member for Resources to make final arrangements.
- 8) Authorise the Council to take leasehold assignments for Bath Street and Bridgewater House.
- 9) Instruct the Chief Executive to urgently undertake a review of governance arrangements for arms-length service providers and larger contract holders and report the outcome of this review to the Cabinet as soon as practicable.

The meeting ended at 8.30 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 27-Oct-2020 to 1-Dec-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>

Neighbourhood CIL for Bath - Approval of the ninth round of project recommendations

The Council Leader is asked to agree that following: -

An allocation of £45,000 for a Multi-Use Games Area (MUGA) at Rosewarn Park in Whiteway, Bath.

An allocation of £17,500 to replace the floodlights with energy efficient LED lighting at Combe Down Rugby Club, Bath.

An allocation of £37,500 for improvements to the play equipment and the creation of a football pitch area at The Sandpits Park, Bath.

Decision Maker: Council Leader

Decision published: 27/11/2020

Effective from: 05/12/2020

Decision:

The Cabinet Member agrees that:

1) An allocation of £45,000 for a Multi-Use Games Area (MUGA) at Rosewarn Park in Whiteway, Bath. (Capital External)

2) An allocation of £17,500 to replace the floodlights with energy efficient LED lighting at Combe Down Rugby Club, Bath. (Capital External)

3) An allocation of £37,500 for improvements to the play equipment and the creation of a football pitch area at The Sandpits Park, Bath. (Capital External)

4) Amend the provisional Capital Programme for Bath Area Forum to £311k to reflect balance of funding available prior to these allocations. These allocations, if approved, will reduce it to £211k.

Wards affected: Combe Down; Moorlands; Southdown; Twerton;

Lead officer: Mark Hayward

Test and Trace Support Payment Policy

A Policy to guide officers in making decisions on Test and Trace Support Payments

Decision Maker: Cabinet Member for Resources

Decision published: 25/11/2020

Effective from: 03/12/2020

Decision:

The Cabinet Member agrees to adopt the policy attached to the report.

Wards affected: (All Wards);

Lead officer: Damien Peak

Bath Record Office Collections Management Policies

The report seeks Cabinet Member endorsement of the updated Record Office collections management policies in advance of application for Accredited status with The National Archives (TNA).

Decision Maker: Cabinet Member for Community Services

Decision published: 24/11/2020

Effective from: 02/12/2020

Decision:

The Cabinet Member agrees to the adoption of the Bath Record Office (BRO) Collections Management Policies.

Wards affected: (All Wards);

Lead officer: Stephen Bird

COVID19 Business Support Grants: Additional Restrictions Grant Policy (Rule 4 and Rule 16 Urgent Decision)

The government has announced a further Covid-19 business support funding package to be administered by Local Authorities. The funding is available either at the point the area enters tier 3 local restrictions or on the imposition of national restrictions. National restrictions came into effect on 5th November 2020 triggering the need to implement the business support schemes in all Local Authority areas.

Decision Maker: Cabinet Member for Resources

Decision published: 13/11/2020

Effective from: 13/11/2020

Decision:

The Cabinet Member agrees to:

1) Approve the Additional Restrictions Grant scheme policy as set out in Appendix 1.

2) Delegate the application of the grant fund to the Director of Finance, in consultation with the Cabinet Member for Resources, the CX, and the Monitoring Officer to ensure the grant is distributed within the £3.866m government funding, with fair distribution across the eligible business groups.

Wards affected: (All Wards);

Lead officer: Andy Rothery

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Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	11 th February 2021	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3265
TITLE:	Decision on award of a contract to a new operator for the Approach Golf Course site following a procurement process	
WARD:	All	
LIKELY TO BE TAKEN IN EXEMPT SESSION		
List of attachments to this report: Please list all the appendices here, clearly indicating any which are exempt and the reasons for exemption: Appendix 1 - Tender report for Approach Golf Course Procurement Process – EXEMPT due to commercial sensitivity and procurement regulations of confidentiality during a live process. To be published once a preferred bidder has been appointed.		

1 THE ISSUE

- 1.1 Following Decision E 3201 on July 22nd to run an open procurement exercise to seek a new operator for the Approach Golf Course site this report sets out the process followed and makes a recommendation to appoint a preferred bidder.
- 1.2 The decision also resolved to delegate to the Director of Environment authority to appoint a contractor in accordance with the Council's prescribed governance and procurement process in consultation with the Cabinet Members for Finance and Communities
- 1.3 Once a preferred bidder is appointed they will engage with the local community on their proposals before final contracts are signed to consider refinements to their tender. The tender will however have to remain substantially similar to that submitted and evaluated.

2 RECOMMENDATION

The Cabinet is asked to;

- 2.1 Note that Company A has been selected as the Council's preferred bidder to operate the Approach Golf Course site. Company A submitted the most advantageous bid in accordance with the Council's evaluation criteria as explained in section 3.9-3.11.

- 2.2 Consider whether to support the appointment of the highest scoring bidder or to choose not to proceed with the process.
- 2.3 Consider how Members may wish to engage and support the community engagement process ahead of final contracts being signed.

3 THE REPORT

Procurement Process

- 3.1 The Council ran a market engagement exercise in August, via a PIN (Prior Information Notice) inviting expressions of interest and provided potential Tenderers with the opportunity to respond to an engagement questionnaire, for the provision of Facility Development and Operation at Entry Hill and The Approach. Details of the engagement process are shown below.
- 3.2 In line with the procurement process for an OJEU Competitive Dialogue Tender the OJEU advert was published on the 9th October 2020 via the e procurement system Pro-Contract, used by the council to advertise high value contract opportunities. 1 company responded to the Invitation to Submit Initial Tenders (ISIT), which included a Supplier Selection Questionnaire. The sole bidder engaged in the initial dialogue process.
- 3.3 The Council then re-issued the closed/invited tender, in line with the procurement process, on the 7th December 2020 via the e procurement system Pro-Contract.
- 3.4 All suppliers who had contributed to the engagement process and any other suppliers who had expressed an interest in the project were invited to the tender process. This included a number of suppliers who were recommended to the Council by interested parties.
- 3.5 The tender information and specification required either golf or golf derived activity and efforts were made throughout the process to engage with golf operators. More than 5 golf operators, or likely golf operators, were contacted either as part of the engagement, during the tender process, or both. None returned a tender and gave a variety of reasons for not doing so. Ultimately, the conclusion has to be drawn that golf operators do not see the site as viable for a traditional golf business. The submission deadline for returned tenders was 12th January 2021.
- 3.6 Only one company submitted a tender return. The tender has been assessed using a 40% commercial and 60% quality model. The Evaluation Team utilised additional support from within the Council for some technical aspects of the responses. A summary of the evaluation is set out in the table below;

Tenderer	Quality score (out of 100)	Weighted Quality score (%)	Commercial Score (out of 100)	Weighted Commercial score (%)	Total Weighted score %	Ranking
Company A	68	40.8	82	32.80	73.6	1

The tender from Company A has been assessed as offering the most economically advantageous tender.

Evaluation Criteria and Weighting

3.7 The overall Quality/Cost evaluation ratio is 60/40

Quality

3.8 The Quality assessment is made up of the following sub criteria weightings:

QUALITY AWARD CRITERIA & WEIGHTINGS		
1	Delivery Methodology	30%
2	Development Plans	10%
3	More people, More active, More often	25%
4	Climate Change Policy and Climate Emergency	25%
5	Social Value	10%
	Quality Totals	100%

Commercial

3.9 The Commercial assessment is made up of the following sub criteria weightings:

COMMERCIAL AWARD CRITERIA & WEIGHTINGS		
A robust business plan which will not require any Council subsidy	<ul style="list-style-type: none"> • Completion of the Business Plan template in line with the notes provided • Total value of payment made to the Council over the life of the contract, net of any capital finance costs • Robustness of the presented Business Plan and consistency with the Quality question responses 	80%
The value and source of any capital finance required to deliver the proposed outcomes	<ul style="list-style-type: none"> • Completion of the capital finance elements within the Business Plan template • Robustness of the capital finance presented, and consistency with the Quality question responses 	10%

Excess Profit Share proposals	<ul style="list-style-type: none"> • Excess Profit Share proposals for treatment of excess profit above the value shown in the business plan • Proposals to include administration process and payment timings 	10%
Commercial Totals		100%

3.10 The assessment of the final tenders is included within the tender report at appendix 1.

4 STATUTORY CONSIDERATIONS

4.1 Any lease or contract the Council enters into as will need to take into account the legislation regarding the transfer of public open space ensuring best value is achieved and restrictive covenants are put in place to protect the future of the sites and limit future development.

4.2 Sustainability, Natural Environment, public health and inequalities

4.3 Local Authorities are required to follow prescribed rules and regulations for procurement exercises which are designed to ensure a fair and open process for all suppliers. All public procurement must be based on value for money, defined as “the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought”.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 The site has historically cost the Council in excess of £30,000 per annum to operate. This is made up of c.£30k per year maintenance costs and a small operational loss in recent years.

5.2 The intention, as stated within the tender documentation, is for a concessionaire to be appointed to remove the subsidy requirement and, potentially, offer an income to the Council, support more people to be more active, more often and to demonstrate how it will support the Council's agenda on Climate change.

5.3 The preferred bidder achieves these aims ensuring there are no revenue requirements for the project and an income is provided to the Council over the life of the contract.

5.4 This is achieved by transferring maintenance responsibilities for the site from the Council to the new provider and from removing the requirement for Council subsidy required to deliver the current usage on the site as identified in 5.1 and replacing this with a payment to the Council from the preferred bidder.

6 RISK MANAGEMENT

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

7 EQUALITIES

- 7.1 An Equality Impact Assessment will be completed before the signing of the final contract documents. The preferred bidder will be required to have an equality and disability policy as part of the final contract documents.

8 CLIMATE CHANGE

- 8.1 As shown in section 3.9 Climate change was one of the key evaluation criteria to ensure that all projects considered how they could contribute to the Council's Climate change agenda.

9 OTHER OPTIONS CONSIDERED

- 9.1 The procurement process has made an assessment of all of the available opportunities.
- 9.2 Leave the existing arrangements in place, however, this is not in accordance with the medium-term financial plans of the organisation and the Council would have to seek an operator or run the facilities 'in-house'.

10 CONSULTATION

- 10.1 S151, Monitoring Officer, Cabinet Member for Resources, Cabinet Member for Neighbourhoods, Ward Councillors, the Council's Parks Team, the Council's Sustainability Team.

Contact person	Marc Higgins marc_higgins@bathnes.gov.uk
Background papers	Cabinet Decision E3201 July 22 nd 2020
Please contact the report author if you need to access this report in an alternative format	

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Access to Information Arrangements

Exclusion of access by the public to Council meetings

Information Compliance Ref: 99/21
Meeting / Decision: Cabinet
Date: 11 th February 2021
Author: Marc Higgins
Report Title: Decision on award of a contract to a new operator for the Approach Golf Course site following a procurement process EXEMPT APPENDIX 1 – Tender report for Approach Golf Course procurement process

The Report contains exempt information, according to the categories set out in the Local Government Act 1972 (amended Schedule 12A). The relevant exemption is set out below.

Stating the exemption:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

The public interest test has been applied, and it is concluded that the public interest in maintaining the exemption outweighs the public interest in disclosure at this time. It is therefore recommended that the exempt appendix be withheld from publication on the Council website. The paragraphs below set out the relevant public interest issues in this case.

PUBLIC INTEREST TEST

If the Cabinet wishes to consider a matter with press and public excluded, it must be satisfied on two matters.

Firstly, it must be satisfied that the information likely to be disclosed falls within one of the accepted categories of exempt information under the Local Government Act 1972.

The officer responsible for this item believes that this information falls within the following exemptions and this has been confirmed by the Council's Information Compliance Manager.

The following exemptions are engaged in respect to this report:

3. Information relating to the financial or business affairs of any particular person
(including the authority holding that information)

It is necessary to weigh up the arguments for and against disclosure on public interest grounds. It is considered that there is a public interest in information about property disposal being disclosed into the public domain. Other factors in favour of disclosure include:

- furthering public understanding of the issues involved;
- furthering public participation in the public debate of issues, in that disclosure would allow a more informed debate;
- promoting accountability and transparency by the Council for the decisions it takes;

Weighed against this is the fact that the exempt appendix contains strategic and financial information which could prejudice the commercial interests of the parties if disclosed at this time. The exempt appendix also includes the observations and opinions regarding the proposal. It would not be in the public interest if advisors and officers could not express in confidence opinions which are in good faith and on the basis of the best information available. It is important for public authorities to have some measure of 'private thinking space', and that they are able to share important information with Elected Members tasked with representing the local community.

It is in the public interest that the Council is able to deliver cost-effective solutions. This depends partly on the Council being able to protect its commercial position while the detailed terms of relevant schemes are agreed.

The Council considers that the public interest has been served by the fact that a significant amount of information regarding the report has been made available – by way of the main report. Therefore it is recommended that exemptions set out above apply. The Council considers that the public interest is in favour of not holding this matter in open session at this time and that any reporting on the meeting is prevented in accordance with Section 100A(5A).

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	11 th February 2021	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3264
TITLE:	Decision on award of a contract to a new operator for the Entry Hill Golf Course site following an OJEU procurement process	
WARD:	All	
LIKELY TO BE TAKEN IN EXEMPT SESSION		
List of attachments to this report:		
Please list all the appendices here, clearly indicating any which are exempt and the reasons for exemption:		
Appendix 1 - Tender report for Entry Hill procurement Process – EXEMPT due to commercial sensitivity and procurement regulations regarding confidentiality during a live process. To be published once a preferred bidder has been appointed.		

1 THE ISSUE

- 1.1 Following Decision E 3201 on July 22nd to run an open procurement exercise to seek a new operator for the Entry Hill site this report sets out the process followed and makes a recommendation to appoint a preferred bidder.
- 1.2 The decision also resolved to delegate to the Director of Environment authority to appoint a contractor in accordance with the Council's prescribed governance and procurement process in consultation with the Cabinet Members for Finance and Communities
- 1.3 At this stage of the procurement process Council has the option of appointing the highest scoring bidder or choosing not to proceed with the process. Procurement rules do not allow a lower scoring bid to be selected or the ability to select parts of different bids to achieve a different solution.
- 1.4 Once a preferred bidder is appointed they will engage with the local community on their proposals before final contracts are signed to consider refinements to their tender. The tender will however have to remain substantially similar to that submitted and evaluated.

2 RECOMMENDATION

The Cabinet is asked to;

- 2.1 Note that Company E has been selected as the Council's preferred bidder to operate the Entry Hill site. Company E has submitted the most advantageous bid in accordance with the Council's evaluation criteria as explained in section 3.7-3.9. In the event the Council is not able to conclude final arrangements with the preferred bidder it would seek to conclude final arrangements with the reserve bidder, Company B to operate the Entry Hill site.
- 2.2 Consider whether to support the appointment of the highest scoring bidder or to choose not to proceed with the process.
- 2.3 Consider how Members may wish to engage and support the community engagement process ahead of final contracts being signed.

3 THE REPORT

Procurement Process

- 3.1 The Council ran a market engagement exercise in August, via a PIN (Prior Information Notice) inviting expressions of interest and provided potential Tenderers with the opportunity to respond to an engagement questionnaire, for the provision of Facility Development and Operation at Entry Hill and The Approach. Details of the engagement process are shown below.
- 3.2 In line with the procurement process for an OJEU Competitive Dialogue Tender the OJEU advert was published on the 9th October 2020 via the e procurement system Pro-Contract, used by the council to advertise high value contract opportunities. 6 companies responded to the Invitation to Submit Initial Tenders (ISIT), which included a Supplier Selection Questionnaire. 1 supplier was deselected at this stage as their tender was not compliant.
- 3.3 The remaining 5 companies engaged in the dialogue process and were Invited to Submit Final Tenders (ISFT) via the Pro-Contract e-procurement system on 15th December 2020. Although tender returns were planned for 11 January 2021, following the Covid-19 lockdown and requests from tenderers, this deadline was extended to the 14 January 2021.
- 3.4 All five companies submitted final tenders. The tenders have been assessed using a 40% commercial and 60% quality model. The Evaluation Team utilised additional support from within the Council for some technical aspects of the responses and the moderation meeting was chaired by an independent Procurement Officer. A summary of the evaluation is set out in the table below;

3.5

Tenderer	Quality score (out of 100)	Weighted Quality score (%)	Commercial Score (out of 100)	Weighted Commercial score (%)	Total Weighted score %	Ranking
company A	93	55.8	32.4	13.0	68.8	3
company B	85	51.0	56.5	20.2	71.2	2
company C	60	36.0	26.5	10.6	46.6	4
company D	51	25.5	21.1	8.4	33.9	5
company E	100	60.0	40.0	16.0	76.0	1

3.6 The tender from company E has been assessed as offering the most economically advantageous tender. Approval is therefore sought to conclude final arrangements with and formally award the contract to the preferred bidder E or in default the reserve bidder B.

Evaluation Criteria and Weighting

3.7 The overall Quality/Cost evaluation ratio is 60/40

Quality

3.8 The Quality assessment is made up of the following sub criteria weightings:

QUALITY AWARD CRITERIA & WEIGHTINGS		
1	Delivery Methodology	30%
2	Development Plans	10%
3	More people, More active, More often	25%
4	Climate Change Policy and Climate Emergency	25%
5	Social Value	10%
	Quality Totals	100%

A public consultation that took place regarding the future of Entry Hill Golf Course which concluded in January 2020 as described in Cabinet report E 3201 from July 2020.

To ensure the results and views expressed in this were taken into account bidders were asked to demonstrate how their proposal would meet the outcomes from the exercise as part of their delivery methodology listed at point 1 in the table above. All bidders were provided with a copy of the consultation report.

Commercial

3.9 The Commercial assessment is made up of the following sub criteria weightings:

COMMERCIAL AWARD CRITERIA & WEIGHTINGS		
A robust business plan which will not require any Council subsidy	<ul style="list-style-type: none"> • Completion of the Business Plan template in line with the notes provided • Total value of payment made to the 	80%

	Council over the life of the contract, net of any capital finance costs <ul style="list-style-type: none"> • Robustness of the presented Business Plan and consistency with the Quality question responses 	
The value and source of any capital finance required to deliver the proposed outcomes	<ul style="list-style-type: none"> • Completion of the capital finance elements within the Business Plan template • Robustness of the capital finance presented, and consistency with the Quality question responses 	10%
Excess Profit Share proposals	<ul style="list-style-type: none"> • Excess Profit Share proposals for treatment of excess profit above the value shown in the business plan • Proposals to include administration process and payment timings 	10%
Commercial Totals		100%

3.10 The assessment of the final tenders is included within the tender report at appendix 1.

4 STATUTORY CONSIDERATIONS

4.1 Any lease or contract the Council enters into will need to take into account the legislation regarding the transfer of public open space ensuring best value is achieved and restrictive covenants are put in place to protect the future of the sites and limit future development.

4.2 Sustainability, Natural Environment, public health and inequalities

4.3 Local Authorities are required to follow prescribed rules and regulations for procurement exercises which are designed to ensure a fair and open process for all suppliers. All public procurement must be based on value for money, defined as “the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought”.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 The site has historically cost the Council in excess of £70,000 per annum to operate. This is made up of £35k-£40k maintenance costs per year and operational loss of £35k-£40k per year.

5.2 The intention, as stated within the tender documentation, is for a concessionaire to be appointed to remove the subsidy requirement and, potentially, offer an income to the Council, support more people to be more active, more often and to demonstrate how it will support the Council’s agenda on Climate change.

5.3 The preferred bidder achieves these aims ensuring there are no revenue requirements for the project and an income is provided to the Council over the life of the contract.

5.4 This is achieved by transferring maintenance responsibilities for the site from the Council to the new provider and from removing the requirement for Council subsidy required to deliver the current usage on the site as identified in 5.1 and replacing this with a payment to the Council from the preferred bidder.

5.5 Should Capital funds be required to deliver the preferred bid or the reserve bid at final contract agreement these will be funded by grants from external bodies and/or from the substitution of budget from the £385,000 of unspent funds from previously approved leisure budgets to this project. There is also £55,000 of CIL funding allocated to the project in 2021/22 with up to £60,000 of additional funds towards allotment provision on the site if this is delivered.

6 RISK MANAGEMENT

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

7 EQUALITIES

7.1 An Equality Impact Assessment will be completed before the signing of the final contract documents. The preferred bidder will be required to have an equality and disability policy as part of the final contract documents.

8 CLIMATE CHANGE

8.1 As shown in section 3.8 climate change was one of the key evaluation criteria to ensure that all projects considered how they could contribute to the Council's Climate change agenda.

9 OTHER OPTIONS CONSIDERED

9.1 None. The procurement process has made an assessment of all of the available opportunities.

9.2 The Council could decide to retain the existing arrangement. The decision to go to tender was taken following consideration of existing use and the medium-term financial plans.

10 CONSULTATION

10.1 S151, Monitoring Officer, Cabinet Member for Resources, Cabinet Member for Neighbourhoods, Ward Councillors, the Council's Parks Team, the Council's Sustainability Team.

Contact person	Marc Higgins marc_higgins@bathnes.gov.uk
Background papers	Cabinet Decision E3201 July 22 nd 2020
Please contact the report author if you need to access this report in an alternative format	

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Access to Information Arrangements

Exclusion of access by the public to Council meetings

Information Compliance Ref: 98/21
Meeting / Decision: Cabinet
Date: 11 th February 2021
Author: Marc Higgins
Report Title: Decision on award of a contract to a new operator for the Entry Hill Golf Course site following an OJEU procurement process
EXEMPT APPENDIX 1 – Tender report for Entry Hill procurement Process

The Report contains exempt information, according to the categories set out in the Local Government Act 1972 (amended Schedule 12A). The relevant exemption is set out below.

Stating the exemption:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

The public interest test has been applied, and it is concluded that the public interest in maintaining the exemption outweighs the public interest in disclosure at this time. It is therefore recommended that the exempt appendix be withheld from publication on the Council website. The paragraphs below set out the relevant public interest issues in this case.

PUBLIC INTEREST TEST

If the Cabinet wishes to consider a matter with press and public excluded, it must be satisfied on two matters.

Firstly, it must be satisfied that the information likely to be disclosed falls within one of the accepted categories of exempt information under the Local Government Act 1972.

The officer responsible for this item believes that this information falls within the following exemptions and this has been confirmed by the Council's Information Compliance Manager.

The following exemptions are engaged in respect to this report:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

It is necessary to weigh up the arguments for and against disclosure on public interest grounds. It is considered that there is a public interest in information about property disposal being disclosed into the public domain. Other factors in favour of disclosure include:

- furthering public understanding of the issues involved;
- furthering public participation in the public debate of issues, in that disclosure would allow a more informed debate;
- promoting accountability and transparency by the Council for the decisions it takes;

Weighed against this is the fact that the exempt appendix contains strategic and financial information which could prejudice the commercial interests of the parties if disclosed at this time. The exempt appendix also includes the observations and opinions regarding the proposal. It would not be in the public interest if advisors and officers could not express in confidence opinions which are in good faith and on the basis of the best information available. It is important for public authorities to have some measure of 'private thinking space', and that they are able to share important information with Elected Members tasked with representing the local community.

It is in the public interest that the Council is able to deliver cost-effective solutions. This depends partly on the Council being able to protect its commercial position while the detailed terms of relevant schemes are agreed.

The Council considers that the public interest has been served by the fact that a significant amount of information regarding the report has been made available – by way of the main report. Therefore it is recommended that exemptions set out above apply. The Council considers that the public interest is in favour of not holding this matter in open session at this time and that any reporting on the meeting is prevented in accordance with Section 100A(5A).

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	11 February 2020	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3261
TITLE:	Preparing for the Future Programme (Review of Office Accommodation)	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 - Draft design concept of upper floors of Keynsham Civic Centre		

1 THE ISSUE

- 1.1 The impact of the Covid pandemic has meant that the majority of office based staff at the Council have been working from home for the last 10 months and will continue to do so for some months to come. Most staff have adapted well to completing their work from a different environment and, in common with many organisations, we are now taking the opportunity to consider how we will work differently in the future.
- 1.2 A previous review of our office accommodation has shown us that Keynsham Civic Centre has been under-utilised for some time as the space is not being used effectively. A re-design of the internal space will allow us to improve utilisation and capacity of this office building and contribute to delivering existing budget savings in the Estates service from a reduction in our office buildings.
- 1.3 The Preparing for the Future Programme will deliver changes to how we work which will streamline our use of office buildings and provide a more flexible workforce that reflects the changes in how we now work and how we will deliver services in the future. The aim is to equip all staff to have a good day's work by providing them with the right technology, enabling blended working, being flexible in our approach to promote wellbeing and ensuring an effective work/life balance.

2 RECOMMENDATION

The Cabinet is asked to;

- 2.1 Agree the aims of the Preparing for the Future programme and to note the progress that has been made with the programme to date.

3 THE REPORT

Background

- 3.1 The Council has for some time been reviewing the way we work as part of the Improving How We Work Programme. Prior to the Covid pandemic progress had been made on plans to adapt Keynsham Civic Centre to improve utilisation, create greater flexibility and to enable more effective collaboration.
- 3.2 In common with many organisations the pandemic has accelerated the progress of these plans. A great deal has been learnt about how staff have adapted to working flexibly during the last 10 months and this has meant we are able to now consider how a blended working approach, where staff have the choice in how and where they work, is possible for the future.
- 3.3 Two staff wellbeing surveys were carried out last year in April and June when most office based staff were working from home, and a further survey was circulated in December 2020 for which the results are expected soon. 85% of staff who responded to the June survey told us that they felt confident about working from home on a more regular basis in the future with 68% of staff saying they would like to continue working from home for half their working week or more. 83% of staff said they had a safe, comfortable and private place to work at home and only 6% of staff felt they could not work from home at all.
- 3.4 The aim of the Preparing for the Future Programme is therefore to build on the progress made with the Improving How We Work Programme and take on board the results of the staff survey which confirm that the majority of staff would welcome a change to how they work in the future.
- 3.5 The programme includes reducing the number of office buildings we use in Bath and changing the work base for the majority of teams based at St Martin's Hospital, the Guildhall and Lewis House to be based at Keynsham Civic Centre instead. The current arrangements at the Hollies will remain in place.
- 3.6 The programme will enable reduced operating costs through a reduction of office buildings / rationalisation of office space along with the opportunity to create revenue through the commercial letting of Lewis House.
- 3.7 The programme will also enable greater flexibility and increased efficiency of staff who will be provided with the right IT equipment to complement the new ways of working and a Digital, Data and Technology Strategy will be put in place fit for the future which will fully support service delivery.
- 3.8 By changing the way our office buildings are used there will be a break-down of silo working between services and the opportunity for increased collaboration between teams leading to improved staff morale, well-being and productivity. We know that staff value face to face time with their team and colleagues to share ideas, get advice, guidance and mutual support and it is important that our office buildings provide this.
- 3.9 To achieve this there will be an internal re-design of Keynsham Civic Centre which will enhance the space, provide collaboration spaces and improve the

capacity of the office building. There will also be hot desking arrangements in some of our offices in the Guildhall for staff who need touch down spaces in Bath, and some teams will continue to be based there to include the Registration Service, Democratic Services, Elections team and the Records Office.

3.10 Whilst a large majority of office based staff have told us they do want some choice and flexibility in how and where they work we do know that individual circumstances, working styles, and job roles differ and will dictate how flexible staff are able to be, and so managers of teams will be able to discuss the most suitable working arrangements for their staff.

3.11 The aim is to create choices for staff by agreeing reciprocal arrangements with our key partners so that staff have some options about where they work, which are not just at Keynsham Civic Centre or at home. These options could also help to reduce travel time for some staff and increase work life balance.

Progress to date

3.12 In the first 7 months of the programme of work the following has been delivered:

- Vacation and clear out of equipment and paperwork from St Martins Hospital resulting in a reduction in leasehold costs.
- Vacation and clear out of equipment and paperwork from Lewis House floors 1 – 4. Floors 1 and 2 of Lewis House have been let to Bath University (from Sept 2020). Discussions are ongoing with other potential tenants for floors 3 & 4.
- Vacation and clear out of equipment and paperwork from the Guildhall floor 1 North.
- Covid safe preparation of Keynsham Civic Centre and the Guildhall for some staff to continue to work from there during the pandemic and to enable some staff to return following an individual risk assessment.
- Clear out of equipment and paperwork by some teams in Keynsham Civic Centre to prepare the building for re-design. Recruitment has taken place for a programme manager and a procurement process is underway using our architectural design framework to select a contractor to deliver the re-design.
- An initial purchase of 325 laptops is underway for phase one IT rollout and a review of our Digital, Data and Technology Strategy is ongoing with consultancy support provided by Socitm to ensure we future proof our organisation.
- A communication, change management and engagement plan is in place with staff. Regular written communications are issued to staff and members, and a service user group is in place to allow full consultation with all service areas.

Next stage

3.13 Keynsham Civic Centre was designed in 2014 and is a traditional office environment with designated service areas which doesn't facilitate across council working and partnership working. As a consequence there has been significant under utilisation of the building. Based on the current layout the

capacity is around 520 staff but by changing the layout early plans show that this will significantly increase (subject to fire regulations) meaning a better user experience and a reduction in cost per head of operating the building.

3.14 The focus for the next stage of the programme is on the re-design of Keynsham Civic Centre to increase capacity, maximise utilisation of the building and enable staff to work differently. We are currently out to procurement using an architectural design framework to select a provider to complete the re-design. Once the procurement stage is complete (end January 2020) there will be a series of engagement workshops to enable the concept designs to be confirmed by the end of March 2020 with the final designs and the technical specification for any works needed by end of June 2020. Whilst the designs are taking shape work will also take place to test prototypes and re-arrange existing furniture to create activity based working areas.

3.15 The architectural design firms have been asked to consider and explore the following possibilities in their concept designs:

- A partnership working space which will enable our key partners to book hot desks on the understanding there will be a reciprocal arrangement in their office buildings
- Removal of some meeting rooms and desks to create team collaboration spaces to include pods with screens and meeting areas as well as touch down areas with high bars and stools for temporary working in between meetings. Small booths will be provided to enable confidential discussions to take place.
- A flexible learning and development / training suite and different zones for different types of work – eg a technology zone housing specialist equipment such as plotters and CAD machines
- Addition of corporate strategy and values branding along with increased use of colour and relevant art to enhance the building and create a sense of belonging
- Resolution of the current equalities issues eg re-naming of areas and better identification of floors and wings

3.16 The aim is to create a workspace that staff *want* to go to in order to collaborate with others. A draft design concept of what could be achieved is contained in appendix 1.

4 STATUTORY CONSIDERATIONS

4.1 Consultation is taking place with statutory functions to ensure that services will continue to be delivered efficiently taking into account the blended working approach.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 To date there has been one officer who has been a dedicated resource to this programme, the Interim Director of Business Recovery funded by the Covid 19 local government grant, with support being provided by reallocating existing colleagues on a largely non-backfilled and part time basis.

- 5.2 The emerging capital budget for the Keynsham Civic Centre redesign programme is as follows. This capital request will form part of the Council considerations on the 2021/22 budget in February 2021.

(000)	21/22	22/23
Refurbishment works (inc furniture)	750	275
Fees (20%)	150	60
Contingency (30%)	225	90
Client PM (temporary post)	70	35
Total	1,195	460

- 5.3 In terms of IT, there is an existing £1.975m capital provision included in the budget for 21/22. A small amount of additional capital (£25k) has been put forward for Council consideration as part of the 21/22 budget setting process.
- 5.4 The Council's current 'Bring Your Own device' (BYOD) policy has caused significant issues during the pandemic as many staff did not have their own suitable IT devices to enable them to work flexibly. The capital budget will therefore be used to equip our workforce to enable the blended working approach, develop the IT/digital infrastructure and ensure continued improvements to both our internal and external facing systems.
- 5.5 The vacation of St Martins Hospital along with the commercial letting of the majority of Lewis House will contribute to existing savings already built into Estate revenue budgets.

6 RISK MANAGEMENT

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

7 EQUALITIES

- 7.1 An Equality Impact Assessment was carried out on the Preparing for the Future Programme in August 2020 and an improvement plan is in place. A number of impacts were identified, all with mitigating actions and a service user group is in place to enable full consultation with staff. The council's Inclusive Communities Manager is part of the council officer group leading this project and her advice and guidance is being considered as the project develops.

8 CLIMATE CHANGE

- 8.1 The streamlining of our office buildings and reducing the need to travel by further applying and encouraging blended working will contribute to our core policy of addressing the climate emergency in Bath.
- 8.2 The aim will be to improve the facilities at Keynsham Civic Centre for staff who cycle, walk or run to work to encourage sustainable travel choices. Commuting to the building will be limited to two or three days a week and travel between Keynsham and Bath for meetings will reduce as a significant proportion of our staff business mileage (and Co2) comes from inter- office face to face meetings

(and return to base) on the Bath/Keynsham corridor. A combination of home working/office based virtual meeting use / more efficient office occupancy and low emission/E.V. pool cars will see those business trips, along with expenses and CO2, significantly reduced.

8.3 When it was built in 2014, Keynsham Civic Centre was an award winning building for its high environmental performance. Officers are working closely with our surveyors as we develop the proposals to ensure that as a minimum this environmental performance is not compromised and that we identify any opportunities to improve environmental performance. In order for the carbon savings to be fully realised from this building the space needs to be fully utilised and the internal re-design of the building will support this aim.

8.4 The annual travel survey will be circulated in March 2021 which will give us an opportunity to gather data about staff travel and our staff will also be given the opportunity to take part in a Leeds University, Institute for Transport, research project in the coming weeks which will explore attitudinal behaviours towards travel in a post COVID world.

9 OTHER OPTIONS CONSIDERED

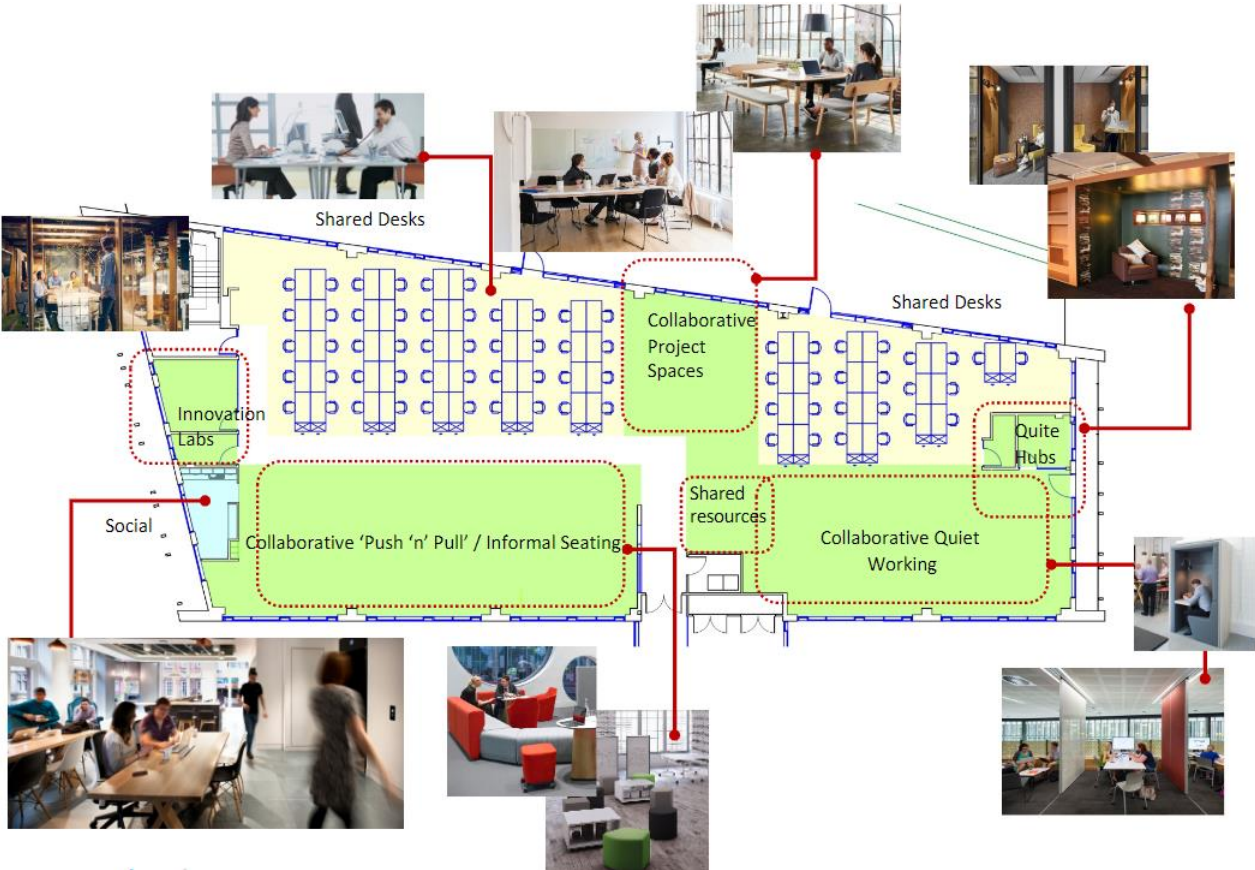
9.1 The Council could retain the current office building estate and associated costs, but would not be capitalising on the opportunity that the pandemic has presented us with. It is clear that the as a result of Covid the world of work is set to change on a permanent basis. It is recognised that organisations which proactively respond to the opportunities afforded by the pandemic and reorganise their arrangements, are most likely to have a more effective recovery.

10 CONSULTATION

10.1 This report has been agreed by the Chief Operating Officer, S151 Officer and Monitoring Officer.

Contact person	<i>Amanda George Tel: 07790 430827 Email: Amanda_george@bathnes.gov.uk</i>
Background papers	<i>Cabinet Paper – 10 December 2020, Property Services – Service Review: https://democracy.bathnes.gov.uk/documents/s63758/E3244%20Property%20Services%20Service%20Review.pdf</i>
Please contact the report author if you need to access this report in an alternative format	

Draft design concept of upper floors of Keynsham Civic Centre



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Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	11 th February 2021	EXECUTIVE FORWARD PLAN REFERENCE:
		E3256
TITLE:	Budget and Council Tax 2021/22 and Financial Outlook	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report		
Annex 1: Revenue Budget 2021/22 – individual service cash limits		
Annex 2: 2021/22 to 2023/24 Budget Savings proposals & 2021/22 to 2025/26 Growth and Pressures.		
Annex 3: Equalities Impact Assessment of 2021/22 to 2023/24 Savings Proposals		
Annex 4: Efficiency Strategy		
Annex 5: Draft Capital Programme 2021/22 to 2025/26		
Annex 5 (i): New and Emerging Capital Schemes		
Annex 5 (ii): Highways Maintenance Programme		
Annex 5 (iii): Transport Improvement Programme		
Annex 5 (iv): Community Infrastructure Levy (CIL) Allocations		
Annex 6: Capital & Investment Strategy		
Annex 7: MRP Policy		
Annex 8: Council Pay & Reward Policy 2021/22		
Annex 9: Advice of Monitoring Officer on the Budget Setting Process		
Annex 10: Community Contribution Fund proposal		

1. THE ISSUE

This report presents the revenue and capital budgets together with proposals for Council Tax and Adult Social Care Precept for 2021/22.

2. RECOMMENDATIONS

2.1 The Cabinet recommends Council approves-

- a) The General Fund net revenue budget for 2021/22 of **£130.07m** and the individual service cash limits for 2021/22 as outlined in Annex 1.
- b) The savings plans outlined in Annex 2(i), growth and pressures 2(ii), in conjunction with the Equalities Impact Assessment Report in Annex 3.

- c) An increase in Council Tax of 1.99% in 2021/22 (an increase of £28.99 per Band D property or 56p per week).
- d) An increase of 3% to Council Tax for the Adult Social Care Precept is approved in recognition of the current demands and financial pressures on this service. This is equivalent to an increase of £43.70 on a Band D property (84p per week).
- e) The movement in reserves outlined in section 5.6 and the adequacy of Un-earmarked Reserves at £12.59m within a risk assessed range requirement of £11.6m - £12.8m.
- f) The Efficiency Strategy attached at Annex 4.
- g) The Capital Programme for 2021/22 of £69.506m including new and emerging capital bids outlined in Annex 5(i), planned sources of funding in 5.8.2, and notes the programme for 2021/22 to 2024/25 and that any wholly funded projects coming forward during the year will be added to the Capital Programme in line with the Budget Management Scheme.
- h) The delegation of implementation, subject to consultation where appropriate, of the capital programmes set out in Annex 5(ii) to Annex 5(iii) to the relevant Director in Consultation with the appropriate Portfolio Holder.
- i) The Community Infrastructure Levy (CIL) allocations and amendments outlined in Annex 5(iv).
- j) The Capital & Investment Strategy attached at Annex 6.
- k) The MRP Policy attached at Annex 7.
- l) The Capital Prudential Indicators outlined in 5.8.8.
- m) The Annual Pay Policy Statement at Annex 8.
- n) The Community Contribution Fund proposal outlined in Annex 10.
- o) The Council Tax Support Scheme for 2021/22 shown in the following link: <https://beta.bathnes.gov.uk/sites/default/files/2021-01/Council%20Tax%20reduction%20scheme%20April%201%202021%20-%20March%2031%202022.pdf> and referred to in 5.3.4.

- 2.2 That the Council include in its Council Tax setting, the precepts set and approved by other bodies including the local precepts of Town Councils, Parish Councils, and Charter Trustees of the City of Bath, and those of the Fire and Police Authorities.
- 2.3 That Cabinet note the S151 Officer's report on the robustness of the proposed budget and the adequacy of the Council's reserves outlined in 5.7.
- 2.4 Authorise the Council's S151 Officer, in consultation with the Portfolio Holder for Resources, to make any necessary changes to the draft budget proposal for submission to Council.

3. RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

The resource implications are contained within the body of the report

4. STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSALS

A local authority has a statutory duty to set an annual budget and Council Tax. The advice of the Council's Monitoring Officer regarding the budget setting process is attached at Annex 9.

Members must have regard to the impact on specific groups in their decision making. The Equalities Team has reviewed savings plans to ensure that any impact the saving will have on diversity and equality has been assessed and to ensure that any issues are highlighted to members before a decision is made. The analysis is attached at Annex 3.

5. THE REPORT

5.1 The 2021/22 Budget Summary

The Medium-Term Financial Strategy (MTFS) was approved in October 2020 and outlined how the budget would be delivered over the medium to long-term. This incorporates the short to medium term impact of the Covid pandemic on Council finances. The MTFS for B&NES spans two years with a further three added to show the likely longer-term picture.

The Council needs to deliver a balanced budget over the term of the plan. A balanced budget means that balances or reserves are not used to meet on-going expenditure commitments. The updated plan shows a balanced budget for 2021/22 and a current projected budget gap for 2022/23 and beyond although this is expected to reduce once the impacts of returning income and further efficiencies are factored in to budget planning. The figures include all estimates for pay awards, pension costs, Council Tax, business rates, Government grant, and inflation. The revenue budget contingency has been increased by £0.65m and one off Covid risk reserve of £5m has been added as a budget for 2021/22.

The budget has been developed considering how to manage the financial impact of the Covid pandemic whilst delivering the Corporate Strategy to meet our key principles and commitments. After taking account of ongoing service cost pressures and the specific impact of the Covid pandemic, the starting point for the 2021/22 budget is a funding gap of c£20m. The proposed budget meets this funding gap in two ways:

- 1) A savings package of £8.48m.
- 2) one-off use of reserves of £11.31m (£8.5m revenue and £2.81m business rates), full repayment of the revenue reserves has been built into the five year budget planning period.

The impact of Covid on the Council has created a material imbalance in how the Council funds its services, Council tax and Business rates alone do not fully fund the Council's services – they are also funded by external income. Income budgets have been rebased and reduced by £13.24m from a £33.17m net income budget in 2020/21, this income funds all Council services including Adults and Children's Social Care and Waste collection. This is highlighted in more detail in section 5.2.5 of the report, the impact of this on the Adult Social Care budget alone is £6.82m of base budget pressure in 2021/22.

The budget includes a recommendation that general Council Tax is increased by 1.99% in 2021/22 (an increase of £28.99 per Band D). The proposed Band D Council Tax for Bath and North East Somerset Council next year including the Adult Social Care Precept increase of 3.00% is £1,529.57 (£1,456.88 in 2020/21) an overall increase of 4.99% and £72.69 per Band D (£1.40 per week).

The proposed net revenue budget for Bath and North East Somerset for 2021/22 is £130.07m.

The proposal for fully approved capital spend in 21/22 totals £69.506m.

5.1.1 Corporate Strategy and the Councils' Priorities

The budget focusses on delivery of the Corporate Strategy which is set within the following framework:

ONE: We have **one** overriding purpose – to improve people's lives.

This might sound simple but it brings together everything we do, from cleaning the streets to caring for our older people. It is the foundation for our strategy and we will ensure that it drives our commitments, spending and service delivery.

TWO: We have **two** core policies – **tackling the climate and ecological emergency** and **giving people a bigger say**. These will shape **everything** we do.

THREE: To translate our purpose into commitments, we have identified **three** principles. We want to **prepare for the future, deliver for local residents and focus on prevention**.

This is all set out clearly in the diagram below:



This is the “golden thread” which drives what we do ensuring that setting budgets and managing our people - our most valuable resource - are guided by the council's priorities. It also means that our commitments are realistic and achievable.

Areas of strategic priority and focus over the next two years will include:

- Ongoing investment to deliver more effective transport schemes across the council area, with a particular focus on creating low traffic neighbourhoods and more opportunity to prioritise walking and cycling and the introduction of financial incentives to reduce inward commuting through the extension of resident parking zones.
- Continued investment to support the most vulnerable people in our communities.
- Continued commitment to secure action to address the climate and ecological emergency.
- Focus on supporting the local economy to recover from the impact of the pandemic with a particular priority to work with partners to rebalance the economy to reduce the dependence on retail, hospitality and tourism.
- Support the “Preparing for the Future” programme to modernise the council with a focus on improved asset management and flexible working.

5.2 The Revenue Budget 2021/22

5.2.1 2020/21 Current Budget Position

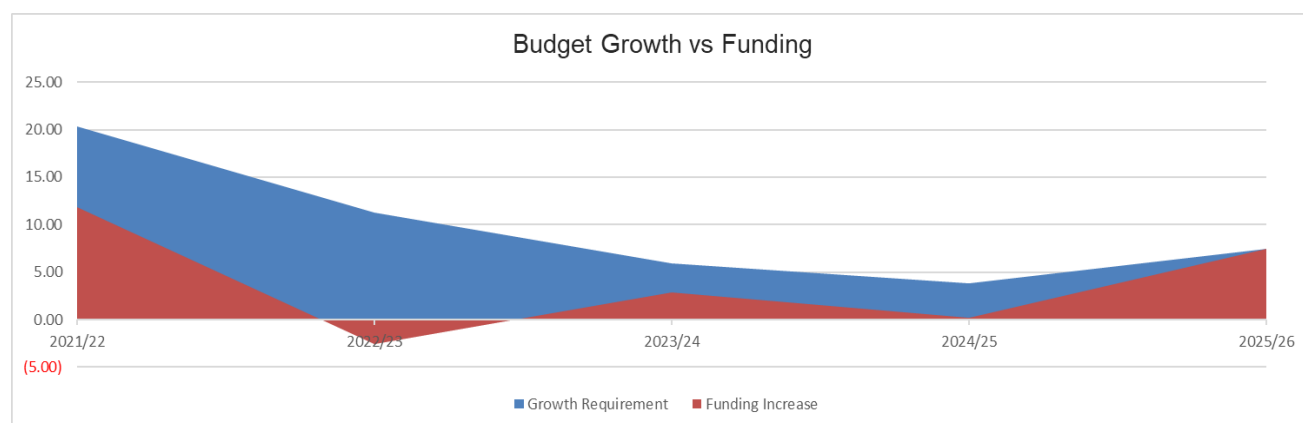
Due to the Council's financial recovery plans and government Covid grant the Council is forecasting an on-budget position. However, the impact of income commercial income loss is significant with up to £18m being supported from the government Sales Fees and Charges income compensation scheme. In addition, demand pressures have risen with increased cost pressures in Children's Services, we have seen good progress in the Adult Social Care service improvement plan that has helped mitigate the rising costs. The additional pressures and efficiencies above are recognised in the 2021/22 budget with the rebase of income budgets in recognition of this ongoing risk.

5.2.2 The Budget and Medium-Term Financial Outlook

The budget summary is set out below showing the demand and funding changes over the next five years:

Budget Planning	Future years assumptions £m					Total
	2021/22	2022/23	2023/24	2024/25	2025/26	
Growth Requirement	20.30	11.26	5.90	3.84	7.44	48.74
Funding Increase	11.82	(2.58)	2.89	0.20	7.44	19.77
Annual Funding gap	8.48	13.84	3.02	3.63	0.00	28.97
Savings Proposals	8.48	1.30				9.78
Remaining Funding Gap	0.00	12.54	3.02	3.63	0.00	19.19

Note: Growth requirement is after adjustments to corporate budgets for 2021/22 settlement grant funding.



This illustrates the significant budget rebasing that is required in 2021/22 and 2022/23 to manage the impact of the Covid pandemic on the Councils commercial income budgets. This is set out in more detail in section 5.2.5 of the report.

The budget detail, assumptions, and the future forecast is shown in the table below:

Budget Planning	Future years assumptions £m				
	2021/22	2022/23	2023/24	2024/25	2025/26
Budget Requirement (Previous Year)	118.25	130.07	127.49	130.38	130.58
Budget Adjustments	0.11	0.31	0.00	0.00	0.00
Pay & Pension	1.05	1.52	2.07	2.09	2.12
Demographic Growth	3.85	1.78	1.79	1.79	1.79
Contract Inflation	2.01	2.02	2.09	2.16	2.21
New Homes Bonus Pressure	2.62	0.68	0.96	0.00	0.00
Capital Financing	2.01	1.00	1.00	1.00	1.00
Settlement grant funding	(6.59)	5.55	0.00	0.00	0.00
Budget pressure / rebasing	15.25	(1.61)	(2.01)	(3.20)	0.31
Draft Budget Before Savings	138.55	141.33	133.40	134.22	138.02
Proposed Savings Plans	(8.48)	(1.30)	(0.09)	0.00	0.00
Estimated Savings Required	0.00	(12.53)	(2.93)	(3.63)	(0.00)
Budget Requirement	130.07	127.50	130.38	130.58	138.02
Funding of Budget Requirement					
Council Tax	101.96	105.57	110.91	117.05	122.94
Business rates retention	20.87	18.50	19.05	20.53	21.08
Business rates retail relief deficit (20/21) - s31 grant funded	(39.15)	0.00	0.00	0.00	0.00
Reserve transfer from Business Rates retail relief reserve	39.15	0.00	0.00	0.00	0.00
Reserve transfers From	11.31	3.43	0.43	0.00	0.00
Reserve transfers (To)	(4.07)	0.00	0.00	(7.00)	(6.00)
Funding of Budget Requirement Total	130.07	127.49	130.38	130.58	138.02

Note: transfer to reserves is the £4.07m 2021/22 government covid grant to contribute to the £5m Covid contingency budget. Future years is the repayment of the reserve use in 2021/22 and 2022/23.

The forecast includes the following cost pressures and assumptions:

- **Pay Inflation** – Estimated at 0% for staff salaries over £24k in 2021/22 and 2% per annum for future years. Pay contingency held at 1% of pay bill subject to finalisation of national Local Government pay award negotiation.
- **Council tax** – Assumed at 1.99% excluding Social Care precept in 2021/22.
- **Social Care precept** – Assumed at 3% for 2021/22
- **Council tax collection fund 2020/21 deficit** – Forecast at £1.2m recovered over the next 3 years.
- **Pension Costs** – Have been revised in line with the recent revaluation for the next two years followed by a 1% increase per annum from 2023/24;
- **Demographic Growth & Increase in Service Volumes** – Additional demand from new placement and market pressures in Adult & Children Social Care;

- **Interest Rates** - Continued very low rates of interest of around 0.05% per annum for treasury management cash investments. The Council will maintain a minimum cash policy;
- **Inflation** – CPI projections held at existing planning levels of up to 2%, this will be refreshed for the detailed budget proposal based on ONS data.
- **Budget Pressures / Rebasing** – 2021/22 budget rebasing of income budgets taking account of Covid pressures, with improvement in future years.
- **Capital Spending** – an allowance has been made to fund a minimal number of new schemes given current financial constraints;
- **Borrowing** – longer term borrowing costs have been factored into the MTFS however the authority will continue to optimise the use of cash balances subject to market conditions and the overriding need to meet cash outflows;
- **Budget risk / priorities** – Increase of £0.65m to the existing £1m corporate contingency budget to manage budget risk and meet new priorities that require additional funding.
- **Reserves** – Planned one-off use of reserves of £11.31m (£8.5m revenue reserves and £2.81m business rates reserve). Establishment of a £5m Covid risk reserve.

Annex 1 shows the Revenue Budget Summary for 2021/22, which totals £130.07m. Once approved by Council, these represent the financial plans that the Cabinet will manage under their delegated authority and monitor in accordance with the Budget Management Scheme.

5.2.3 The Government Settlement

The Provisional Settlement was received on the 17th December 2020 but has not yet been finalised by the government. The figures outlined in this report reflect the provisional figures. The final settlement details will be reflected within the report to Council if they are published before the report deadline.

- **Revenue Support Grant (RSG)**

As a result of the further delay in the Fairer Funding Review and Business Rate Retention the Council will continue to receive the RSG in 2021/22 of £0.498m (2020/21 £0.496m) for one further year before being removed in 2022/23 (The remaining RSG allocated to B&NES has been rolled into the 100% Business Rate Pilot).

- **New Homes Bonus**

The Provisional Settlement has outlined continuation of the changes made to the funding arrangements for New Homes Bonus in 2020/21, pending consultation on a replacement scheme. This results in a payment of £0.759m for new housing growth over the past year, taking the total New Homes Bonus Grant to £3.064m for 2021/22, a reduction of £2.624m from 2020/21. The settlement announced that the grant element for 2021/22 would only be paid for one year without the further 3 years of legacy payments which are made for growth rewarded in 2019/20 and prior years. The table below shows the likely annual remaining funding. The settlement

announced that the national housing growth baseline adjustment would remain at 0.4% for 2021/22.

	Total New Homes Bonus Grant			
<i>Payment relating to:</i>	2020/21 £'m	2021/22 £'m	2022/23 £'m	2023/24 £'m
2021/22		0.759		
2020/21	2.039			
2019/20	1.392	1.392	1.392	
2018/19	0.913	0.913		
2017/18	1.344			
Total	5.688	3.064	1.392	0.000

The MTFP also reflects an estimate of the Council's share of the nationally top-sliced funding for NHB being redistributed based on the old relative needs grant formula from 2022/23 onwards.

- **Social Care Grant**

The December 2020 provisional settlement has confirmed a further £300m Social Care grant funding (£0.33m) which will be combined with the continuation of the existing Social Care Support grant (£3.93m). This funding is assumed as recurrent in the base budget.

- **Better Care Fund**

The Better Care Fund is intended to incentivise the integration of health and social care, requiring Clinical Commissioning Groups (CCG) and Local Authorities to pool budgets and agree an integrated spending plan. Greater integration is seen as a potential way to use resources more efficiently and achieve better outcomes for people, in particular by reducing avoidable hospital admissions and facilitating early discharge from hospital.

The Council & B&NES CCG Better Care fund for 2021/22 is anticipated to be £68.8m with the Council contribution of £28.3m and CCG contribution of £40.5m. In addition to the mandated financial amounts for pooling this includes Council and CCG budgets for the Joint Community Services contract with Virgin Care and associated sub-contracts. The CCG contribution will increase by 5.3% in line with the previous year.

The Council budget assumes that the funding transfer from the estimated £12.7m NHS mandated minimum contribution will remain consistent with prior years; with £9.13m of this funding transferred in 2020/21 for Council commissioned schemes under the S75 pooled budget arrangements.

The December 2020 settlement has confirmed that the existing improved Better Care Fund social grant incorporating the Winter pressures Grant will continue with the same distribution as 2020/21. For B&NES this will mean a continuation of £4.76m protecting the Better Care Fund schemes that have committed this funding on an annual basis.

- **Non-Domestic Rates**

It has been confirmed that the 100% Business Rate Retention Pilot will continue into 2021/22. The Medium Term Financial plan currently assumes that the estimated benefit of approximately £3.8m will be removed in 2022/23 as part of the review of Local Government Financing and Fairer Funding Review and that the Council will be included in the 75% Business Rate Retention Scheme.

As part of the proposed budget, reasonable assumptions have been made for likely levels of future Business Rate income, together with specific provisions for appeals, increase in reliefs and growth and deletions. Any surplus or deficit on the Business Rate Collection Fund and associated income will be transferred to or from the Business Rates Reserve for consideration as part of the Business Rates calculations for future years. This approach will include any changes that arise from the final settlement announcement relating to Business Rates, the announcement was still awaited at the time this report was finalised.

The government has currently not announced any extension to the current emergency pandemic relief on business rates for retail properties, so the business rate income included in the budget assumes these properties revert to paying their normal business rate charges from 1st April 2021. If the government chooses to make any changes in respect of retail properties this is likely to be announced as part of the Chancellor's Budget Statement scheduled for 3rd March 2021. However, any such decision is expected to be revenue neutral for the council.

2020/21 Business Rate Collection Fund Deficit

The current forecast for the Business Rate element of the collection fund is for a deficit of £3.3m, 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 £3.1m. 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 appeals provision, and a reduction in rates payable.

Business Rates Collection Fund	Total (£m)	B&NES Share (94%) (£m)
Collection Fund - Projected 2020/21 In Year Deficit	44.6	41.9
Additional Extended Retail Relief Impact funded through s31 grant	-41.6	-39.1
Deficit after Extended Retail Relief s31 grant funding	3.0	2.8
2019/20 Deficit Carried Forward	0.3	0.3
Total Projected Deficit	3.3	3.1

The Council's share of the deficit that relates to the extended retail relief, which was introduced by government after the 2020/21 budget was set, is currently forecast to

be £39.1m. The s31 compensation grant in respect of this change is to be received in 2020/21 and will be transferred to the Business Rates Reserve so it is available in 2021/22 to offset recovery of this element of the deficit.

The residual collection deficit of £3.1m will be spread for recovery over the next three financial years commencing 2021/22 in line with the government Covid-19 support package allowance.

The Government has also announced a tax compensation scheme as part of its Covid-19 funding package whereby 75% of irrecoverable losses incurred in 2020/21 will be compensated by government. The amount of this funding will not be confirmed until the final outturn position on Business Rates is known. It is anticipated that the tax compensation funding will need to be reflected in the 2020/21 accounts and it is proposed that this funding will be transferred to the Business Rate Reserve so it is available to fund any further Business Rate pressures if they materialise in 2021/22 and future years.

- **Schools Funding**

Schools are funded by the Dedicated Schools Grant (DSG) which is initially allocated to the Council by the Department for Education (DFE). The DSG supports all expenditure in schools (who set their own budgets) and the activities that the Council carries out directly for schools. It does not cover the statutory responsibilities the Council has towards parents. These responsibilities are funded through the Councils main revenue funding and included as part of the proposed budget.

As schools convert to academies the DfE take back the element of DSG payable to the local authority in order to make payments direct to the academies. It is estimated that 91% of B&NES schools will have converted to academies by April 2021 and a number of other schools will develop plans to convert in the coming years.

With the introduction of the National Funding Formula for schools the DSG for schools (The Schools Block) was ring-fenced for schools from 2018/19 leaving it unclear as to which body was responsible for the demographic pressures being observed in the other Blocks, in particular the SEND / High Needs element of the DSG. The Government has confirmed in legislation that local authorities cannot support High Needs costs through their General Funds unless they obtain Secretary of State approval. In addition, it states that the local authority must carry forward the whole of the overspend to the schools budget in future years. The underlying overspend on the DSG including the High Needs Block was £1.2m in 2018-19 and that balance was carried forward to 2019-20. The estimated forecast in 2020-21 (including the carry forward from 2019-20) is £3.3m.

The Government have been allocating additional ongoing funding for High Needs through the DSG 2020/21 and B&NES has been allocated a further £2.7m. However, this is unlikely to be sufficient to meet current demand. A further national SEND review has now been tasked with looking at how to arrive at a fair and sustainable system of high needs support for the future.

Schools through the Schools Forum agreed to support the High Needs pressures to the full extent of their delegated powers with a contribution of 0.5% of the schools budget amounting to £0.58m.

5.2.4 Savings and Income Generation

Savings plans total £9.79m over the next two years with plans to deliver £8.48m in 2021/22 and a balanced budget, with a further £1.31m planned for 2022/23 leaving a gap of £12.53m. This will be reviewed early in the 2021/22 financial year to enable early budget planning to develop robust and deliverable proposals for the 2022/23 budget.

The proposals for savings are outlined in Annex 2(i) and will be reviewed by the Corporate Scrutiny Panel on the 1st February and feedback will be given to Cabinet as part of considering this report.

5.2.5 Budget Growth & Additional Pressures

Budget growth and additional pressures across portfolios of £22.14m have been added to ensure that the budget remains robust and to add additional budget funding to areas that require rebasing. This does not mean that savings cannot be found from these areas in future once savings opportunities are identified, but this ensures that spend and budget are aligned especially in high demand areas. Growth and pressures are outlined in Annex 2 (ii).

A significant sum £15.24m has been applied to the 2021/22 budget to take account of the pressures that the Covid pandemic has had on Council services, specifically its income budgets which have been rebased in line with recovery business plan projections. This pressure is broken down below:

- Commercial Estate £5m
- Parking £4m
- Heritage Services £4.24m
- Other pressures £2m

The other pressures are a rebasing of prior years' efficiency savings that have been thoroughly reviewed and assessed as not deliverable in 2020/21 or 2021/22. These are primarily cross Council efficiency programmes requiring staffing savings, the deliverability of these savings have been impacted by the Covid pandemic and the new demands on the organisation.

This represents an unprecedented level of budget rebasing and highlights that there has been a reliance on external commercial income to fund the Councils base budget. To manage this over the short and medium term there will need to be a re-balance found between appropriate Council tax increases alongside ensuring sustainable commercial income.

Whilst the majority of 2021/22 budget adjustments are for budget pressures, the budget has provided for the continuation of the Ward Councillor empowerment fund

providing £1k per Councillor for 2021/22 funded from the revenue budget contingency.

The table below illustrates the reduction in general funding across the Councils 2020/21 net budget from £13.24m recurrent commercial income loss, showing on a pro-rata basis which services this was previously supporting:

Portfolio	2020/21 Base Budget £'m	Funding impact £'m
Leader	(0.63)	
Resources and Deputy Leader	12.20	(1.31)
Adult Services	63.53	(6.82)
Children's Services	27.65	(2.97)
Climate Emergency & Neighbourhood Services	16.54	(1.77)
Transport Services	(0.09)	
Housing, Planning & Economic Development	3.47	(0.37)
Community Services	(4.42)	
Total	118.25	(13.24)

The table above shows that this represents a material impact on the funding of Council Services.

5.2.6 Clean Air Zone

On 16th January 2020, the Cabinet agreed the proposals for a Clean Air Zone (CAZ) in Bath, giving delegation to the relevant director, monitoring officer and S151 officer, in consultation with the Cabinet Member for Climate Change and the Deputy Leader, the decision to agree and to enter into any relevant legal agreement to secure, the national operational agreement(s) for the operation of the Clean Air Zone. The current proposal has set out:

- Bath's Clean Air Zone commences on 15th March 2021 for commercial vehicles exceeding specified emission levels.
- Operating costs will be met from income generated and Government grant having a nil net impact on the budget proposal.
- Surplus income after meeting the operational costs of the CAZ generated in any one year will be ringfenced to cover later years in the scheme, where the costs of administering the scheme may exceed income generated due to greater compliance.

- The Council's 2021/22 revenue budget will be adjusted accordingly to take account the operational cost and income generated in managing the scheme.

Further information can be found on the Council's website:

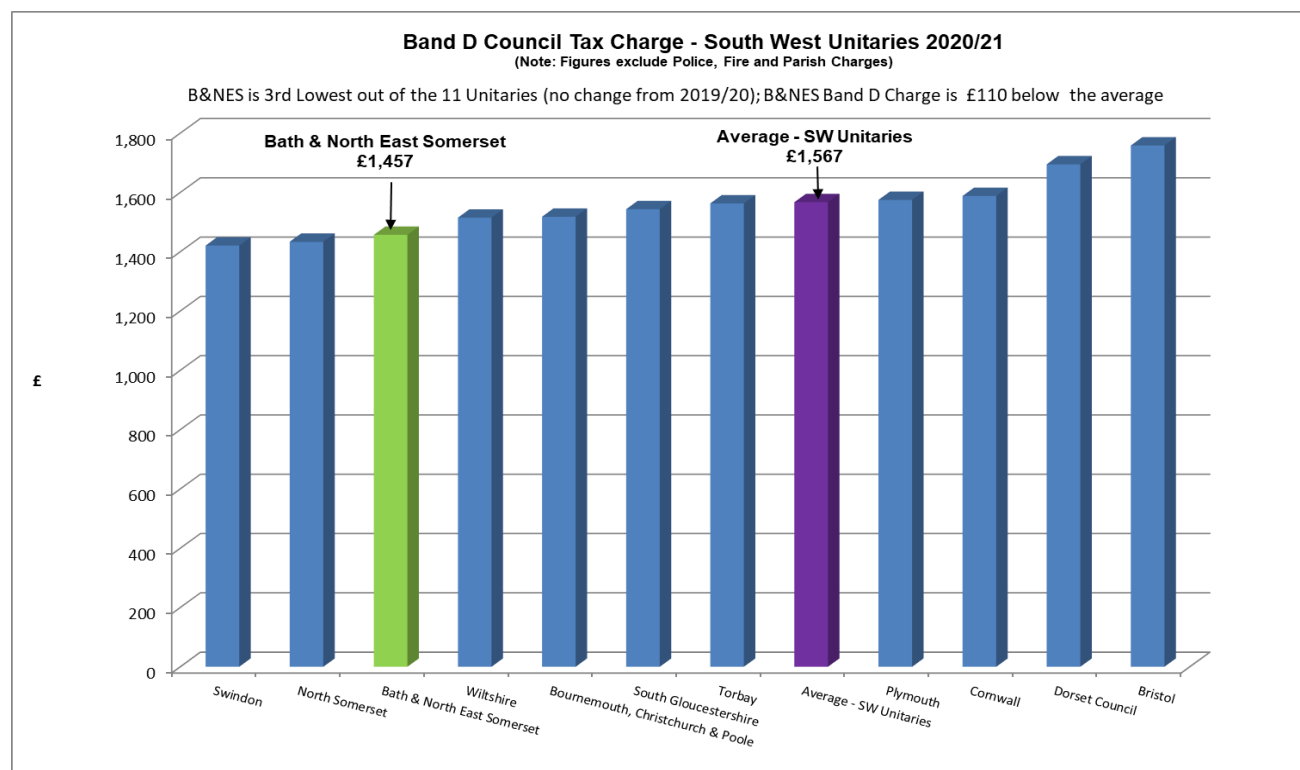
<https://beta.bathnes.gov.uk/bath-clean-air-zone>

5.3 Council Tax

5.3.1 Band D Equivalent Council Tax

The MTFS included an assumption that general Council Tax (excluding the Adult Social Care Precept) would increase by 3% per annum over the period of the plan. The Provisional Settlement has stated a referendum cap of 2%. The proposal within this report is to increase general Council Tax by 1.99% in 2021/22. This will increase a Band D by £28.99 for 2021/22 to £1,357.15. The overall proposed Band D Council Tax for Bath and North East Somerset Council next year including the Adult Social Care Precept increase of 3.00% is £1,529.57 (£1,456.88 in 2020/21) an increase of 4.99% and £72.69 per Band D (£1.40 per week). The tax base for 2021/22 is 66,711.85, a decrease of 168.05 (-0.25%) from 2020/21, the decrease reflects an increase in the number of Local Council Tax Support Scheme claimants.

The diagram below shows that B&NES had the third lowest Council Tax of the South West Unitary Authorities in 2020/21-



As billing authority, B&NES calculates a basic level of tax based on its own spending plans, to which is added the precepts from, Adult Social Care, Avon Fire Authority,

Avon and Somerset Police Authority, and any town/parish Council. The actual total of Council Tax for Bath and North East Somerset residents will be calculated once all precepting authorities have notified B&NES of their proposals to be approved at Full Council on 23rd February 2021.

5.3.2 Adult Social Care Precept

The Government in recognising the continued pressures facing Adult Social Care (ASC) authorities, has allowed for a further 3% increase in 2021/22. The Council's plans include this for 2021/22 (this would increase the Adult Social Care Precept to £11.50m an increase of £2.89m from 2020/21). The Medium-Term Financial Plan assumes that this only applies to 2021/22 as the Provisional Settlement does not outline any further funding above the 3% allowance through this source.

The Growth Requirement for Adult Social Care before savings is £2.88m which will be part funded from the Adult Social Care Precept increase.

5.3.3 Estimates for Future Years Band D Council Tax

The current Medium Term Financial Plan has factored in an annual increase of 3.99% per annum over the period of the plan. This is across both general Council Tax and the Adult Social Care precept; projections will be adjusted accordingly in line with any future referendum limits set by the Government.

5.3.4 Council Tax Support

The base Council Tax Support Scheme was approved in November 2019 and has been updated to reflect annual changes to statutory legislation and benefit rates from April 2021 – see link as follows: <https://beta.bathnes.gov.uk/sites/default/files/2021-01/Council%20Tax%20reduction%20scheme%20April%2021%202021%20-%20March%2031%202022.pdf>.

The 2021/22 tax base allows for an increase of 5% on the number of working age recipients as at the end of November 2020. The budget estimate is £11.0m compared to £9.6m in 2020/21.

5.3.5 Welfare and Hardship Support

In recognition of the hardship challenges our most vulnerable residents may be facing from the economic impact of Covid and Council tax increases the budget includes a one-off uplift of £0.4m to be managed through the Welfare Support service. Whilst the full detail of this fund will need to be developed, the general principle is that support would be for hardship in paying council tax bills and meeting general living costs.

This is in addition to rebasing the 2021/22 Local Council Tax Support Scheme to take into account forecast demand levels.

5.4 West of England Combined Authority (WECA)

The West of England Combined Authority (WECA) was formed in 2017 by Bath and North East Somerset, Bristol and South Gloucestershire councils. Initial financial benefits were part of a devolution deal initially bringing £900m of new investment funding and significant powers into the region. Since its formation, in total, £1.2bn of new funding has been secured for our region, because we have a Combined Authority.

Operating WECA incurs no additional costs to our constituent councils, as we are entirely funded through government grants and a small element of regional business rates retention growth (which would not have been available without forming the Combined Authority).

WECA has secured the following additional investment for our region:

- £103m for major transport schemes
- £3.7m emergency active travel funding (cycling and walking)
- £32m for MetroWest (secured by WECA and North Somerset Council)
- £24m for a Future Transport Zone
- £13.7m to accelerate infrastructure development work
- £5m to trial superfast 5G networks
- £4m for the Future Bright skills programme
- £75m from our business rates retention*
- £3m to progress housing development and attract additional funding
- £5.7m to improve roads
- Around £15m per annum to invest in adult education
- £4m to help SMEs plan and support their current and future workforce
- £2.2m to help people with learning disabilities gain job opportunities
- £2.8m for a new Energy Hub and Low Carbon Fund
- £1.35m to support the region's creative sector
- £3m to run the Combined Authority

** 100% of business rates growth are kept in the region – 5% to WECA*

The West of England is an economic leader and will be key to the UK's recovery from the impact of Covid-19. WECA is supporting our region's residents and businesses through Covid-19, and is taking action to help people and businesses affected. WECA is working with its constituent councils, other regional partners and government, to ensure people and businesses across the region are getting the support they need.

WECA and the West of England Local Enterprise Partnership have worked with the business community across all sectors, as well as voluntary and community groups, to develop an ambitious West of England Recovery Plan, which builds on our region's Local Industrial Strategy, and aims to:

- Rebuild business
- Get residents back to work
- Strengthen inclusion

- Support a green recovery
- Renew places

The West England Combined Authority Committee has committed £9.4m additional funding for regional recovery – this is in addition to the £100m investment already committed to businesses and skills over the next four years. This includes business support, skills and employment initiatives.

Overall, our four-year programme will invest:

- £115m in transport improvements and infrastructure;
- £114m in housing development and infrastructure;
- £99m in business and skills
- £22m to be allocated for new opportunities, challenges and other costs.

The Budget for WECA will be set on 29 January 2021 by the WECA Committee – at the time of writing the budget assumptions set out below are based upon the WECA Budget proposals and are subject to the outcome of the above meeting. The following elements of the WECA Budget and medium-term financial plan have therefore been incorporated within the Council Budget proposal:

- An annual revenue transport levy to reflect the cost of the core regional Integrated Transport services of:
 - Concessionary Travel
 - Real Time Information for bus services
 - Community Transport
 - Bus Service Information
 - Supported Bus Services (whilst remaining a joint function with the constituent councils)
 - TravelWest and
 - Metrobus operations

The levy charge for 2021/22 is £5.094m. Unitary Authority levies are pooled by the WECA Transport Integration Team and managed on a regional basis. Projected surpluses or deficits are managed on a regional basis and a transport smoothing reserve has been created to help manage financial risk.

Due to the current Covid situation, in line with government guidance, WECA has maintained payments to bus operators in line with budgeted profile level which has helped to stabilise the provider base through extended periods of significantly reduced patronage. This arrangement will roll forward into 2021/22.

- Within the 100% Business Rates Retention pilot, WECA will continue to passport £17.5m of capital funding to the West of England Unitary Authorities to provide Highways Maintenance and Transport Improvement Grants as per previous years. The total allocation for the Council in 2021/22 is £4.829m including £0.632m for the highest level of incentive grants which is automatically provided for Mayoral Combined Authority areas.

- The published WECA investment programme will continue to support a number of projects and initiatives for our Unitary Authority throughout 2021/22 including:
 - Bath Transport Delivery
 - Bath to Bristol Strategic Corridor
 - Land Acquisition Fund
 - Development Infrastructure Fund
 - Covid Recovery Plan
- These are funded from the additional investment funds received by WECA as part of the devolution arrangements and reflected accordingly with the councils' revenue and capital budget proposals. Further bids for infrastructure funding may be made in line with the WECA Strategy and Local Growth Assurance Framework and may come forward for inclusion in the capital programme in line with future delivery arrangements.
- Alongside specific projects, WECA will continue to develop, and progress, key longer term strategic initiatives including mass transit options, strategic rail investment and spatial planning to enable clean and green sustainable growth.

WECA is currently not permitted to levy a precept to fund any of its activity and therefore no precept will be requested.

Full details of the WECA Budget proposals are available at www.westofengland-ca.gov.uk

5.5 Community Contribution fund

Following the Full Council meeting on the 12th November 2020 that agreed a trial period of one year for the Community Contribution fund Annex 10 of the report sets out the proposal to implement and manage the fund.

In summary, the objective of the fund is:

To reduce inequalities in the area by investing in local projects that improve people's lives, focusing on those who are most disadvantaged. Inequalities relates to all protected characteristics as well as those people who are disadvantaged by financial circumstances, locality, health and wellbeing.

The fund will not be used to supplement Council tax and/or supplement Council services, every penny donated will be used to fund local projects. Local residents will be able to make a voluntary financial contribution, businesses and visitors can also contribute to the fund.

Any charity, voluntary or community organisation that supports residents of Bath and North East Somerset will be able to apply for funds. Following officer assessment of applications recommendations will be presented to a panel of 10 elected members who will decide on the use of the funds.

5.6 Revenue Balances, Contingency & Reserves

Reserves are amounts that have been set aside from annual revenue budgets to meet specific known events that will happen in the future. An estimate of the key reserves has been made for 2021/22 and future years maintaining capital receipts flexibility mainly to fund restructuring and severance costs.

	Estimated Balance 1/4/21 £'m	Estimated Balance 31/3/22 £'m	Estimated Balance 31/3/23 £'m	Estimated Balance 31/3/24 £'m
Revenue Budget Contingency	4.1	0.8	0.8	0.8
Financial Planning and Smoothing Reserve	5.6	1.6	1.6	1.6
Transformation Investment Reserve	2.1	0.9	-	-
Restructuring & Severance Reserve	2.2	2.2	2.2	2.2

5.6.1 Revenue Budget Contingency

The primary purpose of this reserve is to fund in year unforeseen events, overspends, and to meet the risks of non-delivery of budget savings. Budget monitoring for the period April to December 2020 has outlined that there is no expected requirement to utilise this by year end as the budget is expected to be on target. The Budget proposes that £3.3m is transferred from this reserve to smooth the budget rebasing and savings requirement in 2021/22, with this amount replenished in 2024/25 and 2025/26. This would leave a provision of £0.8m in the reserve until the planned replenishment.

To manage unplanned risk in the 2021/22 budget and also reduce the reliance on use of reserves for in year activity, the budget has increased the revenue contingency in the recurring Council base budget from £1m to £1.65m.

5.6.2 Financial Planning and Smoothing Reserve £5.6m

The Financial Planning Reserve will be used to smooth the delivery of organisational change. The 2021/22 Budget requires a transfer from this reserve of £4m to smooth the savings requirement, with this amount replenished in 2024/25. This would leave an allocation of £1.6m available in the reserve until the planned replenishment.

5.6.3 Transformation Investment Reserve £2.1m

The reserve facilitates delivery of future savings by providing additional short-term capacity and specialist advice. The 2021/22 Budget requires a transfer from this reserve of £1.2m to smooth the savings requirement, with this amount replenished in 2025/26. This will leave an allocation of £0.9m available in the reserve until the planned replenishment.

5.6.4 Restructuring and Severance Reserve £2.2m

The reserve was set up to fund severance costs and will only be utilised in future for spend that is not linked to a specific budget savings plan or where there are insufficient capital receipts to fund severance costs. The requirement for this reserve will be reviewed once the required flexible capital receipts target is reached.

5.6.5 Invest to Save Reserve £1.5m

The Invest to Save Reserve was separated from Un-earmarked Reserves as part of budget setting for 2018/19. The reserve of £1.5m is utilised for new projects that make savings and repay the sum borrowed over an agreed period of time. An example use of the reserve is the smoothing of Council and contractor costs in respect of the Leisure Centre improvements under the Leisure Contract. It is currently fully committed with repayments currently expected to commence in 2022/23.

5.6.6 Reserves and Flexible Capital Receipts

Flexible capital Receipts can be used for revenue spend that results in ongoing revenue savings. Estimated usage for 2020/21 is expected to be up to £0.5m with the remaining £3.17m estimated for 2021/22 as outlined in the Efficiency Strategy attached at Annex 4. Currently £3.4m of capital receipts through estate assets, land holdings etc have been received by the end of December 2020 with a further £5.3m (£1.8m in 2020/21 and £3.5m in 2021/22) identified to meet requirements for flexible capital receipts and to finance the capital programme in those years.

	Actual Usage 2017/18	Actual Usage 2018/19	Actual Usage 2019/20	Estimated Usage 2020/21	Estimated Usage 2021/22
	£'m	£'m	£'m	£'m	£'m
Flexible Capital Receipts	3.1	3.5	1.3	0.5	3.17

5.6.7 General Fund Un-Earmarked Reserve

The General Fund Un-earmarked reserve is retained to meet the Council's key financial risks. Budget Monitoring for the period April to December 2020 estimated that Un-earmarked reserves would total £13.52m by 31st March 2021.

It is proposed the £0.93 of this balance is committed to be held for Covid specific budget pressures in 2021/22 alongside the £4.07m of 2021/22 Government Covid grant providing a ringfenced fund for Covid pressures of £5m.

The budget risk assessment has set a range of between £11.6m and £12.8m to meet those risks. After allocating £0.93 for Covid risks the available balance is £12.59m which is within the budget risk assessment range.

There is a further commitment of £3m in 2022/23 to support the revenue budget, this will leave a 2022/23 reserve balance of £9.59m that is within Council benchmark levels for unearmarked reserves as a percentage of net budget. (benchmarked against South West Unitary Authorities).

As set out in the Council's Financial Regulations the specific arrangements for the governance and release of reserves are delegated to the Council's Chief Financial Officer in consultation with the Cabinet Member for Resources and the Chief Executive.

5.7 Robustness of and Risks within the Proposed Budget for 2021/22 Statutory Chief Finance Officer (CFO) Report and Advice on the Robustness of the Budget and Adequacy of Reserves and Balances

5.7.1 Introduction

The Local Government Act 2003 states that when a local authority is preparing its budget, "the Chief Finance Officer of the authority must report to it on the following matters:

- (a) the robustness of the estimates made for the purposes of the calculations; and
- (b) the adequacy of the proposed financial reserves."

And goes on to state that the authority "shall have regard to the report when making decisions about the calculations in connection with which it is made."

This report has been prepared by the Director of Finance (S151 Officer) to fulfil his duty and give the required advice relating to the 2021/22 financial year including a consideration of the budget proposals and the financial risks facing the Council within this budget. Also, it identifies the Council's approach to budget risk management and assesses the particular risks associated with the 2021/22 budget to inform the advice.

5.7.2 CIPFA's Financial Resilience Index

CIPFA will be publishing its 2019/20 Financial Resilience Indicators for each authority in February and will be incorporated into the report if released before the publishing deadline of this paper. These measure different aspects of financial indicators such as levels of reserves across each tier of local authority.

The majority of indicators show (in 2018/19) B&NES to be medium to low risk within the CIPFA family group of Unitary Authorities.

The areas highlighted as higher risk include reserve sustainability, changes in reserves, and the ratio of costs of Social Care compared to the net budget. In terms of a response to these risks:

Reserve sustainability and changes in reserves – This was recognised in the 2020/21 budget with a planned £4.6m transfer to reserves, in addition the 2019/20 outturn made a net transfer to reserves of £4m. This has enabled the Council to hold resilient reserve levels, whilst the exposure to income loss is high due to Covid the Council is holding a higher level of un-earmarked general reserve over 10% of net budget when benchmarked against other unitary Councils who hold reserve levels at c4-6%.

The high Social Care ratio in part reflects the fact that B&NES has a relatively low net budget reflecting the net income stream from Heritage and the Commercial Estate. The Council has embarked on an ambitious savings programme of service transformation in adult services, much of this integrated with local health service provision. The programme, being delivered in partnership with Virgin Care, will focus on:

- Managing the Councils budget to meet demand needs without overspending through robust needs assessment and care planning.
- Strengthen brokerage and contract monitoring to ensure payments to providers are made in a consistent and fair manner.
- Learn from our neighbours in improving services delivery whilst delivering savings.

Within Children's Services whilst we recognise the need to provide appropriate care and placements to meet the needs of children and young people we will continue to review the models of care, opportunities to bring in external investment and good practice, and to scrutinise individual needs and placement costs in order to mitigate these financial pressures as far as possible.

5.7.3 Executive Summary of the Director of Finance (CFO) on the budget position

For 2021/22 the savings requirement after planned use of reserves is £8.48m after the inclusion of council tax increases. The assessment of the plans to close the gap do not require additional funds from the Financial Planning Reserve to smooth the delivery of savings in 2021/22 as they are expected to be delivered by the 1st April. This savings requirement is after £8.5m one off use of reserves to enable the transition from the Covid impact on the Council income budgets that has required £13.24m of income budget rebasing. This will enable a balanced budget with the one off use of reserve being fully replenished within the 2021/22 – 2025/26 budget period.

In addition to putting forward a balanced budget for 2021/22, the Government 2021/22 Covid grant of £4.07m alongside £0.93m of un-earmarked general reserve is being held in a £5m Covid contingency reserve of for unplanned Covid related budget pressures in 2021/22.

5.7.4 Consequences of Failing to Deliver a Budget

If the Council is unable to produce a budget or a plan for reducing the budget requirement for future years or finds it cannot deliver the budget in year, the CFO (under s151 of the Local Government Act) would be required to produce a Section 114 report. (Note the conclusion under 5.7.5 of this report).

Section 114 of the Local Government Finance Act 1988 requires a report to all the authority's members to be made by the CFO, in consultation with the Council's Monitoring Officer and Head of Paid Service, if "the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure" (i.e. there is likely to be an unbalanced budget). In this event the Council must consider the report within 21 days and decide whether it agrees or disagrees with the views in the report and what action it proposes to take to bring the budget into balance. The publication of such a report starts an immediate 'prohibition period'. This means that everyone who has delegated authority to spend the Council money immediately has those powers suspended during the prohibition period, and only the CFO can authorise new commitments.

5.7.5 Report of the Director of Finance (CFO) in Respect of Statutory Duties

The Budget Report sets out the Council's financial position and budget. This is the formal report and is part of a continuum of professional advice and is the culmination of a budget process in which substantial detailed work has already been carried out with Directors, Senior Managers and their teams and Members. This section provides a summary of the conclusions which are considered in more detail within this report and its appendices.

In respect of the robustness of estimates, estimates have been prepared by Directors and their staff supported by appropriate finance staff reviewing pressures, priorities, savings, demographics, inflation and contractual obligations, and income generation. Each Director has completed a Robustness Statement outlining savings and delivery risk that have been incorporated into a corporate wide assessment. A £1.65m Revenue Budget Contingency has been allocated to mitigate unforeseen risks, and the risk of savings not being realised in 2021/22. This contingency includes a general provision as well as allowances against various specific savings and is intended to increase confidence in the deliverability of the overall budget.

In addition, and to account for Covid related budget pressures in 2021/22, a £5m Covid risk reserve has been provided, this is funded from the £4.07m government Covid grant and allocation of £0.93m of the Councils general reserve

The total known pressures of £15.24m have been included to ensure there should be sufficient funds to meet service demand and delivery costs as currently forecast. These have been reviewed on a regular basis by the Corporate Management Team and the Directors as part of the regular budget monitoring process in 2020/21.

Given the impact Covid has had on the Council's budgets, it has been critical to review the direct pressures (£15.24m) as well as demographic demand and inflation (a total of £6.91m) to prepare a robust budget for 2021/22. Monitoring of the budget

especially around demand pressures in Adult and Children's Services alongside ongoing loss of income will be critical to identifying any emerging issues as quickly as possible.

A shortfall of £12.53m has been identified for 2022/23 and plans will need to be finalised as soon as possible to fund this gap.

In the context of the overall budget the financial position continues to be challenging, but the **CFO concludes that the estimates are robust**, in that they have been robustly constructed.

With regard to the adequacy of balances, the 2021/22 planned level of General Fund Un-earmarked reserve at £12.59m (is within the required range of £11.6m to £12.8m).

With a further commitment of £3m in 2022/23 this will leave a reserve balance of £9.59m that is within Council benchmark levels for unearmarked reserves as a percentage of net budget. (benchmarked against South West Unitary Authorities)

The conclusion of the CFO is that the estimates for 2021/22 are robust and the budget is lawful, levels of balances have improved and are adequate and reasonable in meeting the Council's risks.

5.8 Capital Strategy, Programme and Capital Receipts 2021/22 to 2025/26

5.8.1 Capital & Investment Strategy

Production of a Capital and Investment Strategy was a new Government requirement for 2019/20 and is the overarching document which sets the policy framework for the development, management and monitoring of capital investment as well as lending to other organisations and commercial investments. The strategy focuses on core principles that underpin the council's capital programme, investment plans, financing and the risks that will impact on the delivery of the programme and commercial estate; and the governance framework required for decision making and delivery. The Capital and Investment Strategy is attached at Annex 6.

5.8.2 Overall Capital Programme & Financing including New Capital Schemes

The Prudential Code for Capital Finance in Local Authorities was updated in December 2017. The objectives of the Prudential Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.

It requires authorities to assess capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long-term financial implications and potential risks to the authority.

The Council follows this approach through:

- Continuing to review all existing schemes and simplify, reduce, pause or stop as necessary;
- Minimising new schemes except those that meet corporate priorities;
- Agreeing an affordable limit for new schemes requiring corporate borrowing;
- Ensuring adequate investment in assets supporting key service provision (including meeting health and safety requirements or replace obsolete or inefficient assets/equipment); and
- Delivering or working with partners to deliver high priority government funded programmes and WoE programmes where they meet corporate priorities.

The Capital Programme will retain the clear separation of schemes for **Full Approval** and those which are for **Provisional Approval**.

Items gaining **Full Approval** are clear to proceed to full scheme implementation and delivery, subject to appropriate project management and governance.

Items for **Provisional Approval** will require either a further Officer decision or in some cases a formal Executive decision for Full Approval. The budget estimates for schemes shown for Provisional Approval are therefore included on an indicative basis, and as an aid to planning.

The Capital Programme will retain narrative only reference to pipeline projects and grant funding in early stage progression. These items will require further decision to incorporate into the programme at a later date, in line with the delegations outlined in the February Budget report.

The capital programme is aligned with the Community Infrastructure Levy allocations agreed for the coming financial year.

A summary of the proposed capital programme and it's financing for 2021/2022 – 2025/2026 is shown below

Capital Schemes for Approval

Cabinet Portfolio: Capital Schemes	Budget 2021/2022 £'m	Budget 2022/2023 £'m	Budget 2023/2024 £'m	Budget 2024/2025 £'m	Budget 2025/2026 £'m	Total £'m
Resources & Deputy Leader	18.813	0.110	0.670	0.000	0.000	19.593
Adult Services	0.050	0.000	0.000	0.000	0.000	0.050
Children's Services	4.770	0.000	0.000	0.000	0.000	4.770
Climate Emergency & Neighbourhood Services	0.919	0.000	0.000	0.000	0.000	0.919
Transport	9.755	0.000	0.000	0.000	0.000	9.755

Services						
Housing, Planning & Economic Development	31.693	22.356	10.560	1.271	0.000	65.880
Community Services	3.098	0.210	0.130	0.000	0.000	3.438
Corporate Capital Contingency	0.408	0.000	0.000	0.000	0.000	0.408
Total	69.506	22.676	11.360	1.271	0.000	104.813

Capital Schemes for Provisional Approval (Subject to)

Cabinet Portfolio: Capital Schemes	Budget 2021/2022 £'m	Budget 2022/2023 £'m	Budget 2023/2024 £'m	Budget 2024/2025 £'m	Budget 2025/2026 £'m	Total £'m
Resources & Deputy Leader	39.211	5.010	3.500	3.500	3.500	54.721
Children's Services	15.913	0.000	0.000	0.000	0.000	15.913
Climate Emergency & Neighbourhood Services	22.998	1.767	1.365	2.607	0.000	28.737
Transport Services	11.587	9.729	6.874	8.009	6.959	43.158
Housing, Planning & Economic Development	31.815	5.230	3.420	0.615	0.000	41.080
Community Services	4.821	2.001	0.704	0.678	0.021	8.225
Total	126.346	23.737	15.863	15.409	10.480	191.834

Grand Total	195.851	46.413	27.223	16.680	10.480	296.647
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Funded By

Financing	Budget 2021/2022 £'m	Budget 2022/2023 £'m	Budget 2023/2024 £'m	Budget 2024/2025 £'m	Budget 2025/2026 £'m	Total £'m
Grant	70.774	10.796	8.976	7.258	4.829	102.633
Capital Receipts/RTB	4.150	1.865	5.700	0.000	0.000	11.715
Revenue	0.202	0.000	0.000	0.000	0.000	0.202
Borrowing	110.694	30.347	11.621	9.308	5.651	167.620
3rd Party (inc S106 & CIL)	10.031	3.405	0.926	0.114	0.000	14.476
Total	195.851	46.413	27.223	16.680	10.480	296.647

Note1: The figures in the tables above include re-phasing from prior years.

Note 2: Some of the figures in the above table are affected by rounding.

Attached at Annex 5(ii) is the Highways Maintenance Programme, and at 5(iii) the Transport Improvement Programme, for approval. Once approved implementation is delegated subject to internal authorisation of Project Initiation Documents.

5.8.3 Efficiency Strategy

Central Government outlined in December 2015 that local authorities will be able under certain circumstances to utilise capital receipts for revenue expenditure for certain purposes. This was updated in March 2016 which outlined a simpler approach to allow authorities to utilise receipts if the spend resulted in an ongoing saving. The guidance is clear however that expenditure should be once-off and the flexibility cannot be utilised for ongoing expenditure. The flexibility was due to end in March 2019, but the Government has extended this in the settlement for a further three years to March 2022.

The Efficiency Strategy remains a key lever in funding the one-off costs to deliver savings plans. An updated Strategy is attached at Annex 4 to earmark up to £3.2m in capital receipts to fund proposed savings plans in 2021/22. The Strategy must be approved by Full Council.

5.8.4 Review of the Capital Programme

A review of the Capital Programme was carried out as part of the Councils 2020/21 Finance Recovery Plan. The objective of the review was to aid the Council's financial recovery by minimising new Council borrowing that will need funding from the revenue budget and to also come up with a revised budget profile that takes into account the Covid-19 impact on delivery.

This resulted in enabling one-off 2020/21 savings of up to £3m in the revenue costs of capital and reprofiling of schemes totalling £69.52m to the 2021/22 budget.

5.8.5 Capital Risk Contingency

There are three levels of risk provision in relation to the capital programme.

- Individual major projects within the capital programme hold their own contingency in accordance with good project management practise to meet unavoidable and unforeseen costs;
- The capital programme includes a funded corporate risk contingency of £2.3m;
- The corporate risk assessment on which the general reserves target is based includes an element in the context of the capital programme based on the risks of the current programme.

As with all capital projects, relevant risks are being considered as part of the overall risk-assessed general reserves and the Corporate Risk Register.

5.8.7 Minimum Revenue Provision (MRP) Policy

The Council is required to make revenue provision to repay capital spend that is financed by borrowing (either supported or unsupported). This is called the Minimum Revenue Provision (MRP). The Department of Communities & Local Government has issued regulations that require full Council to approve an MRP Policy in advance each year, or if revisions are proposed during the year they should be put to the Council at that time. The policy is attached at Annex 7.

5.8.8 Prudential Indicators

The key objectives of the Prudential Code are to ensure that capital investment plans of local authorities are affordable, prudent, and sustainable. The Capital Prudential Indicators are shown below:

Prudential Indicator	2019/20 Actual	2020/21 Forecast Outturn	2021/22	2022/23	2023/24
Estimate of Capital Expenditure (£'000s)					
Actual/estimates of capital expenditure	63,091	94,115	195,851	46,413	27,223
Net Increase in Council Tax (band D per annum) Figures in £'s (not £'000's)					
The implied estimate of incremental impact of the new capital investment decisions on the Council Tax			£10.01	£7.88	£6.22
Cumulative totals:			£10.01	£17.89	£24.11
Capital Financing as % of Net Revenue Stream					
Actual/estimates of the ratio of financing costs to net revenue stream			13.20%	16.42%	17.51%
<i>Memo: estimates of the ratio of financing cost to gross revenue stream</i>			4.88%	5.99%	6.48%
Borrowing Limits (£m)					
Operational boundary – borrowing			£408m	£426m	£427m
Operational boundary – other long-term liabilities			£4m	£4m	£4m
Operational boundary – total			£412m	£430m	£431m
Authorised limit – borrowing			£438m	£456m	£456m
Authorised limit – other long-term liabilities			£4m	£4m	£4m
Authorised limit – total			£442m	£460m	£460m
Capital Financing Requirement (£'000s) (as at 31 March)					
Actual/estimate of capital financing requirement	323,672	338,656	437,967	455,975	455,536

Gross Debt and the Capital Financing Requirement

In order to ensure that over the medium-term debt will only be for a capital purpose, the Council should ensure that external debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

After reviewing the capital programme and borrowing proposals, the Section 151 officer reports that the Council will continue to meet the demands of this indicator.

Borrowing limits

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

The Operational boundary for external debt (or planned borrowing level) is based on the same estimates as the authorised limit, but including an allowance for cash flow funding of specific capital schemes and without the additional headroom for unusual cash movements.

5.8.9 Community Infrastructure Levy (CIL) Spend Proposals 2021/22

The allocations proposed for CIL spend are attached in Annex 5(iv) for approval. These allocations have been included in the capital programme where appropriate.

For future years budget setting new CIL allocation proposals will be managed through the Capital Strategy Group in consultation with the Cabinet Member for Resources.

6. RISK MANAGEMENT

A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance. The key risks to the budget are currently assessed as:

Risk	Likelihood	Impact	Risk Management Update
Further government restrictions from Covid in 2021/22.	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 the Director of Public Health. The budget has provided a £5m Covid risk reserve to mitigate the budget impact.
Long term impacts on the Councils Commercial Estate over and above	Possible	High	Current modelling has been prudent anticipating a material impact in 2020/21 if this continues into future years a full assessment will be required of the

anticipated levels.			Commercial Estate asset base.
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.
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 longer-term 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 was 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	We will continue to monitor the risk of Brexit on the Council through supply

			chain impacts and legislation changes.
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.

The key risks will continue to be monitored and reported through regular budget monitoring to Cabinet.

In addition, this report includes the Section 151 Officer's assessment of the Robustness of Estimates and Adequacy of Reserves. This assessment includes a review of the Directors' reviews of their budget, budget risks/sensitivities, and the Corporate Risk Register.

7 CLIMATE CHANGE

Addressing Climate Emergency is one of the two core policies within the new Corporate Strategy. The budget has recognised this priority through providing ongoing revenue funding for the Climate Emergency team and also introduced new capital items to explore and implement renewable energy schemes.

8 OTHER OPTIONS CONSIDERED

The report and annexes also contain the other options that can be considered in making any recommendations.

9 CONSULTATION

Planned scrutiny of the savings proposals, priorities, one-offs, pressures and capital bids took place on the 1st February 2021 through the Corporate Policy Development and Scrutiny Panel.

Engagement on the preparations for the 2021/22 budget took place through three public webinars, held on 15th, 18th and 22nd December, which were open to resident and other stakeholder participants and streamed live on YouTube. The webinars allowed for public questions on the council's budget to a panel comprising of the Council Leader, Deputy Leader and Cabinet Member for Resources, the Chief Executive and the Director of Finance.

Each webinar was built around an [Animation](#) which set out the council's current budget challenges and plans, as well as next steps, and with updated information also presented by panel members. As well as responding to "live" questions, the webinars also saw "quick polls" conducted to receive feedback from webinar participants on general and social care council tax precepts.

To date, the webinars have been viewed over 300 times on the council's [youtube channel](#), as has the budget animation. A [consultation webpage](#) was also established summarising the budget position and inviting responses to a survey and also more general responses, from 4th January 2021 until 20th January 2021.

Contact person	Andy Rothery, Director of Finance (S151 Officer), 01225 477103
Background papers	February Corporate PDS Panel October Cabinet - Medium Term Financial Strategy CIL Infrastructure List (Reg 123 List): http://www.bathnes.gov.uk/sites/default/files/sitedocuments/Planning-and-Building-Control/Apply-for-Planning-Permission/bnes_reg_123.pdf
Please contact the report author if you need to access this report in an alternative format	

Portfolio Cash Limits 2021/22 - Proposed Revenue Budgets

Annex 1

CABINET PORTFOLIO	Service	Current 2020/21 Cash Limits	Removal of One-offs (including one-off virements in 2020/21)	2021/22 Base Budget	MTFS Growth	MTFS Savings	Grant income items	Total 2021/22 Budget Changes	2021/22 Proposed Budget
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Leader	Housing Delivery Vehicle	(1,000)		(1,000)					(1,000)
	Visit Bath	367		367		(291)		(291)	76
	PORTFOLIO SUB TOTAL	(633)		(633)		(291)		(291)	(924)
Resources & Deputy Leader	Finance	3,069		3,069	3	(100)		(97)	2,972
	Risk & Assurance Services	1,082		1,082	97			97	1,179
	Procurement & Commissioning	228		228	12			12	240
	Revenues & Benefits	915		915	401			401	1,317
	Council Solicitor & Democratic Services	2,571		2,571	131	(150)		(19)	2,552
	Information Technology	4,963		4,963	342			342	5,305
	Strategy & Performance	1,910	(76)	1,834	1,140	(393)		747	2,581
	Human Resources & Organisational Development	1,565	(202)	1,363	1	(90)		(89)	1,274
	Improving The Way We Work	(210)		(210)	210			210	
	Property Services	675		675	5	(64)		(59)	616
	Corporate Estate Including R&M	3,492		3,492	15	(60)		(45)	3,447
	Commercial Estate	(15,217)		(15,217)	5,000			5,000	(10,216)
	Traded Services	24		24		(24)		(24)	
	Hsg / Council Tax Benefits Subsidy	(195)		(195)					(195)
	Capital Financing / Interest	7,650		7,650	980	(1,800)		(820)	6,830
	Unfunded Pensions	1,588		1,588					1,588
	Corporate Budgets incl. Capital, Audit & Bank Charges	3,282	(4,894)	(1,611)	1,703	(450)	(4,935)	(3,682)	(5,293)
	New Homes Bonus Grant	(5,688)		(5,688)			2,624	2,624	(3,064)
	Magistrates	12		12					12
	Coroners	335		335					335
	Environment Agency	244		244	7			7	251
	West of England Combined Authority Levy	4,994		4,994	100			100	5,094
	PORTFOLIO SUB TOTAL	17,290	(5,171)	12,119	10,148	(3,131)	(2,311)	4,706	16,825
Adult Services	Adult Services	63,019	64	63,083	2,876	(3,147)	(700)	(971)	62,112
	Adult Substance Misuse (Drug Action Team)	514		514			(357)	(357)	157
	Public Health	(250)		(250)		(282)	532	250	
	PORTFOLIO SUB TOTAL	63,283	64	63,347	2,876	(3,429)	(525)	(1,078)	62,269
Children's Services	Children, Young People & Families	15,899		15,899	2,426		(331)	2,095	17,994
	Integrated Commissioning - CYP	2,651	(25)	2,626	1			1	2,626
	Safeguarding - CYP	100	(90)	10					10
	Inclusion & Prevention	3,359	(17)	3,342	1	(97)		(96)	3,246
	Education Transformation	6,870	(75)	6,796	1	(168)		(167)	6,629
	Schools Budget	(3,272)	1,349	(1,923)					(1,923)
	PORTFOLIO SUB TOTAL	25,606	1,143	26,749	2,430	(265)	(331)	1,834	28,583
Climate Emergency & Neighbourhood Services	Neighbourhoods & Environment - Waste & Fleet Services	16,186		16,186	306	(191)		115	16,301
	Sustainability	511	(64)	447					447
	Environmental Monitoring (Air Pollution)	210		210	1			1	211
	PORTFOLIO SUB TOTAL	16,907	(64)	16,843	307	(191)		116	16,959

CABINET PORTFOLIO	Service	Current 2020/21 Cash Limits £'000	Removal of One-offs (including one-off virements in 2020/21) £'000	2021/22 Base Budget £'000	MTFS Growth £'000	MTFS Savings £'000	Grant income items £'000	Total 2021/22 Budget Changes £'000	2021/22 Proposed Budget £'000
Transport Services	Highways & Traffic Management	7,613	(150)	7,463	189	(159)		30	7,493
	Transport & Parking Services - Parking	(7,738)		(7,738)	3,519	(243)		3,276	(4,462)
	Transport & Parking Services - Public & Passenger Transport	(461)		(461)	504	(25)		479	18
	Emergency Planning	433		433	10	(20)		(10)	423
	PORTFOLIO SUB TOTAL	(152)	(150)	(302)	4,222	(447)		3,775	3,473
Housing, Planning & Economic Development	Housing	1,648	(124)	1,524	11	(140)		(129)	1,395
	Regeneration	301		301	4	(41)		(37)	264
	Development Management	1,543	(93)	1,450	11	(132)		(121)	1,329
	Business & Skills	482	(35)	447	2			2	449
	PORTFOLIO SUB TOTAL	3,975	(252)	3,723	28	(313)		(285)	3,437
Community Services	Building Control & Public Protection	884		884	4	(143)		(139)	745
	Heritage	(9,682)		(9,682)	4,235			4,235	(5,447)
	Leisure	702		702		(10)	(175)	(185)	517
	Community Safety	193		193					193
	Neighbourhoods & Environment - Parks & Bereavement Services	1,284	(124)	1,160	3	(105)		(102)	1,058
	World Heritage	154		154	2			2	155
	Registrars Service	(75)		(75)					(75)
	Events & Active Lifestyles	164		164	16			16	180
	Customer Services (including Libraries)	2,262		2,262	19	(157)		(138)	2,124
	PORTFOLIO SUB TOTAL	(4,114)	(124)	(4,238)	4,278	(415)	(175)	3,688	(550)
	NET BUDGET	122,162	(4,555)	117,607	24,289	(8,482)	(3,342)	12,465	130,072
	Sources of Funding								

Council Tax	97,436		97,436	4,604	102,040
Retained Business Rates*	23,209		23,209	(1,095)	22,115
Collection Fund Deficit (-) or Surplus (+)	2,225	(2,225)	.000	(1,328)	(1,328)
Business Rates Collection Fund Deficit (20/21) - Retail Relief Element				(39,147)	(39,147)
Transfer from Business Rates Retail Relief s31 Grant Reserve				39,147	39,147
Transfers (to) / from Reserves	(708)	(2,331)	(3,038)	10,283	7,245
Total	122,162	(4,555)	117,607	12,465	130,072

* 2021/22 Revenue Support Grant transferred into Retained Business Rates under the 100% Business Rate Pilot

Council Tax - Calculation

Council Tax Debit £'000	97,436	102,040
Taxbase (No. of Band D equivalent properties)	66,879.90	66,711.85
Band D Charge £	£1,456.88	£1,529.57
%age increase		4.99%

2021/22 - 2023/24 Budget Savings Proposals Annex 2 (i)

Savings Title	How to be achieved	Portfolio Holder / Director	21/22 Saving £000	22/23 Saving £000	23/24 Saving £000	Risk to delivery of saving (RAG)	FTE Reduction	Impacts to service delivery
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Portfolio: Leader

Visit Bath	Create new model to deliver tourism management to the District at lower annual cost	Cllr Dine Romero / Andy Rothery	291	0	0	G	0.0	The service impacts will be managed through the transition to Visit West. This will result in a more strategic, higher impact and sustainable Destination Management Company for the West of England.
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Leader Total

291	0	0
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Portfolio: Resources & Deputy Leader

Rebasing of Corporate budgets	Rebase of corporately administered grants budget to bring in line with current expenditure.	Cllr Richard Samuel / Andy Rothery	5	0	0	G	0.0	No direct service change just realigning budget to actual and forecast spend levels
Legal Services Savings	Employ an additional legal officer to reduce external spend on legal support, reduced member costs in line with reduced number of members and contract saving for case management system.	Cllr Richard Samuel / Michael Hewitt	150	0	0	G	0.0	Change to service delivery model to create and share efficiencies.
Capital Financing	Release of Capital Financing budget as a result of a revised delivery programme on capital schemes and reprofiled corporate borrowing requirement.	Cllr Richard Samuel / Andy Rothery	1,800	0	0	G	0.0	None
Training and Development	Removal of reimbursement for professional fees except for those staff which are required to have them for their licence to practice (legal and social workers), and/or as part of a current development programme.	Cllr Richard Samuel / Cherry Bennett	40	0	0	G	0.0	Professional fees will be reimbursed only for those staff which require them for their licence to practice. Staff will be advised to claim tax relief if not reimbursed.
Travel Budgets	With our new ways of working and in particular the increased use of technology, there is an opportunity to realise additional savings in staff travel. This will be achieved in part due to a decreasing requirement for staff to travel between sites and for training etc. There are already recurrent savings of £150k in place and we are proposing to increase this by a further £50k.	Cllr Richard Samuel / Cherry Bennett	50	0	0	G	0.0	This is the continuation of work already underway to promote new ways of working that rely less and less on travel and face-to-face meetings in order to deliver services, training or other activity. Would increase use of pool cars.
Organisation Restructure	We will review the senior management structure to enable delivery of corporate priorities whilst delivering recurrent savings.	Cllr Richard Samuel / Cherry Bennett	300	100	0	G	8.0	Up to 8 FTE
Digital processes and new ways of working	Review and modernise the One-Stop Shop and Libraries service taking into account changes in demand and user needs that have arisen from the Covid pandemic	Cllr Richard Samuel / David Trethewey	157	0	0	A	1.5	More flexibility to resource service delivery appropriately for the community where it is needed
Mental Capacity Act funding	Remove Mental Capacity Act contingency budget	Cllr Richard Samuel / Andy Rothery	445	0	0	G	0.0	Budget held as a corporate contingency, if new legislation is passed and work required in 2021/22 this will be treated as a new burden requiring government funding. This will have no impact on service delivery.

Savings Title	How to be achieved	Portfolio Holder / Director	21/22 Saving £000	22/23 Saving £000	23/24 Saving £000	Risk to delivery of saving (RAG)	FTE Reduction	Impacts to service delivery
Staffing Budget review	Hold vacancies and review staffing structure	Cllr Richard Samuel / Andy Rothery	100	0	0	G	1.0	The finance structure has regularly restructured and contributed MTFP savings. Further reductions will impact on service provision, this will be mitigated through service improvement work.
PDS Panels	Remove growth item for additional dedicated support to PDS Panels	Cllr Richard Samuel / David Trethewey	9	0	0	G	0.0	Potential impact on scrutiny enquiry days
Chairman's Budget	Remove Chairman's budget for events	Cllr Richard Samuel / David Trethewey	10	0	0	G	0.0	No Chairman's specific events could be held which incurred any type of cost.
Communications: Webcasting and Social Media	Transition to YouTube streaming from current full webcast/integration with modgov, in addition to 50% reduction in webcasting growth. Undertake all social media account management and media monitoring in-house	Cllr Richard Samuel / David Trethewey	34	0	0	G	0.0	It is proposed that YouTube streaming be continued wherever possible to webcast council meetings, with the current system only used where the specific functions within the dedicated webcasting system are needed + consolidation of all social media activities
Reduction in WECA Levy	Reduction in LEP contribution (WECA)	Cllr Richard Samuel / David Trethewey	40	(40)	0	G	0.0	None, this is a revision to the annual funding agreement.
Property Services	Property Services support review	Cllr Richard Samuel / Mandy Bishop	64	0	0	G	1.0	Savings have been identified in non-staffing budgets (27k), where there are staffing related savings, systems improvements will be put in place to mitigate the impact of reduced service levels.
Property disposal	Removal of holding costs of 2 surplus properties	Cllr Richard Samuel / Mandy Bishop	24	0	0	G	0.0	Assets became vacant when Catering and Print Services ceased trading. Costs will continue until assets are disposed of (either leasehold or freehold)
Corporate Estate	Reduction in utilities usage and general supplies to corporate offices	Cllr Richard Samuel / Mandy Bishop	60	0	0	G	0.0	Budgets would need reviewing if use of corporate offices increase above planned levels.

3,288	60	0
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Savings Title	How to be achieved	Portfolio Holder / Director	21/22 Saving £000	22/23 Saving £000	23/24 Saving £000	Risk to delivery of saving (RAG)	FTE Reduction	Impacts to service delivery
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Portfolio: Adult Services

Reallocation of Grant to Council Funded Public Health Activity	Reallocate surplus uplift	Cllr Rob Appleyard / Bruce Laurence	150	0	0	G	0.0	Further pressures likely to accumulate on demand led services as this is first grant uplift after five years of reducing budgets
Reallocation of Public Health Infection Control Budget	Reallocate budget	Cllr Rob Appleyard / Bruce Laurence	3	0	0	G	0.0	Leaves no budget for any contingencies around outbreak control, outbreak management will be managed from alternative funding sources including Covid grant.
School Health Education Survey	External Grant Fund to replace Public Health budget	Cllr Rob Appleyard / Bruce Laurence	7	0	0	G	0.0	No impact because 5 year external funding secured from St John's Foundation to recommission surveys
Reduction in Public Health Senior Leadership Team	Reduce Public Health senior management team	Cllr Rob Appleyard / Bruce Laurence	100	0	0	G	1.0	Post reduction is likely to be delayed until 2022 to protect Public Health's senior staff capacity during the pandemic. Base budget saving can be achieved by funding role from Covid grant funding over the short term
Non recruitment to Part Time Health Improvement Officer Post	Do not re-employ 11 hrs HIO	Cllr Rob Appleyard / Bruce Laurence	12	0	0	G	0.3	Limited but significant reduction in capacity to develop children's health programmes in B&NES
Miscellaneous Public Health Projects	Stop non essential work	Cllr Rob Appleyard / Bruce Laurence	10	0	0	G	0.0	Nil significant
Specialist & Complex - Procurement review	Strategically commission and procure a range of care and support services sufficient to meet identified needs and address gaps in B&NES and provide better value for money for people with complex and specialist needs	Cllr Rob Appleyard / Lesley Hutchinson	537	0	0	G	0.0	Improved strategic commissioning arrangements. Impacts will be managed through Commissioners working with providers to ensure service user needs are met when reviewing and re-procuring contracts.
Community - Contract Management Framework	Review of contract management for services	Cllr Rob Appleyard / Lesley Hutchinson	0	338	0	A	0.0	Improved contract management arrangements to be put in place by 2022 to achieve this.
Reablement Review	Review and redesign service model. This will ensure delivery of flexible and proactive reablement, improving independence and quality of life alongside reductions in individual care and support needs.	Cllr Rob Appleyard / Lesley Hutchinson	603	0	0	A	0.0	Change to service delivery model and contractual arrangements; the effectiveness of the new reablement (model) service will ensure individuals are supported to stay at home for longer and helped to avoid long term adult social care support. This will encourage independence and help manage demand on new care packages resulting in purchased care budget savings.
Learning Disability Commissioning	Remodel adult advocacy services	Cllr Rob Appleyard / Lesley Hutchinson	19	0	0	G	0.0	Part of the advocacy recommissioning so no adverse impact
Community - Review of Care Package Delivery	Review of existing packages to identify any efficiencies	Cllr Rob Appleyard / Lesley Hutchinson	1,988	1,000	0	G	0.0	Individual care and support arrangements. Social workers will work with individuals and carers in receipt of care and support to review their care and support plans; they will work with commissioners and providers to review packages and placement costs ensuring eligible adult social care needs are met. This includes all people in receipt of adult social care funded services.

Adult Services Total

3,429	1,338	0
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Savings Title	How to be achieved	Portfolio Holder / Director	21/22 Saving £000	22/23 Saving £000	23/24 Saving £000	Risk to delivery of saving (RAG)	FTE Reduction	Impacts to service delivery
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Portfolio: Children's Services

Children's Centres	Removal of one post within Children's Centres. Service provision to continue via revised service model.	Cllr Kevin Guy / Mary Kearney-Knowles	43	0	0	G	1.0	Revised service model. Mainstreaming our offer of support to settings to provide more tailored support to vulnerable children. We are aligning our Early Years support to St Martins akin to our support to other Children's Centres and Early Years settings. The Local Authority Early Years Support Team will provides advice and guidance to settings, whilst individual support will continue to be provided directly by Children Centre staff.
St Martin's Garden	Rent saving from not using the space at St Martin's Garden going forward.	Cllr Kevin Guy / Mary Kearney-Knowles	29	0	0	G	0.0	Consolidate use of existing children's centres premises to one location in Bath, releasing premises savings. As alternative location being used, no change in service provision. Other options for building use are being explored by LA.
Integrated Working Team	Delete Vacant Post.	Cllr Kevin Guy / Mary Kearney-Knowles	25	0	0	G	1.0	No change to current provision, which already delivers the same outcomes from this reduced financial envelope, due to admin support being provided in an alternative way.
Intensive Fostering Service	Intensive Fostering Service creation to avoid residential placements. This is a new project.	Cllr Kevin Guy / Mary Kearney-Knowles	0	222	90	A	0.0	This project is increasing the number of In House foster placements, and mother and baby placements. This will decrease the need for Independent foster agency and Residential placements. This will also help to keep children as close as possible, even in placement, to their original community.
Family Group Support	Intensive tactical and emotional support to support family groups to avoid residential placements. This is a new project.	Cllr Kevin Guy / Mary Kearney-Knowles	0	77	0	A	0.0	This saving will assist demand management, and help avoid using the Residential market for placements. This will also importantly improve children's lives, and help keep children and families connecting and connected with their extended families and communities.
School Improvement	School Improvement to be funded fully from grant. This is a decrease in financial provision but due to reduced number of LA maintained schools, there is still sufficient resource to support these schools.	Cllr Kevin Guy / Chris Wilford	87	0	0	G	0.0	Should support needed increase within maintained schools there is a contingent plan in place to enable alternative internal resource to be reallocated to enable this.
Early Years SEND	Delete Vacant Post.	Cllr Kevin Guy / Chris Wilford	53	0	0	G	1.0	No change to current provision, which already delivers the same outcomes from this reduced financial envelope.
SEND Advocacy	Contract for SEND Advocacy to be funded from external funding, therefore no change in provision.	Cllr Kevin Guy / Chris Wilford	28	0	0	G	0.0	No change in provision as the contract will be funded from external sources.

Children's Services Total

265	299	90
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Savings Title	How to be achieved	Portfolio Holder / Director	21/22 Saving £000	22/23 Saving £000	23/24 Saving £000	Risk to delivery of saving (RAG)	FTE Reduction	Impacts to service delivery
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Portfolio: Climate Emergency and Neighbourhood Services

Temporary reduction in CSB revenue needs	The Waste Depot project capital financing is being re-profiled and there is an opportunity to use the revenue set aside for Council Supported Borrowing (CSB) for two years - 20/21 and 21/22	Cllr David Wood / Lisa Bartlett	0	(400)	0	G	0.0	None
Household Waste Recycling Centres	Introduce charging for specific materials (rubble, plasterboard and tyres) at the recycling centres (common practice in other areas).	Cllr David Wood / Lisa Bartlett	71	0	0	A	0.0	Income levels are not guaranteed and can only be estimates. The perception that this will lead to increased fly tipping has not been realised by neighbours who have previously implemented these charges.
Waste & Fleet operational savings	A combination of increased income, reduction in contract spend, reduction in plant maintenance, and reduction in fuel spend.	Cllr David Wood / Lisa Bartlett	85	0	0	A	0.0	Reduction in plant maintenance – unforeseen consequences may arise.
Review in Environmental enforcement	Non front line vacancy management within cleansing team. Continue litter enforcement at current level and place greater emphasis on fly tipping.	Cllr David Wood / Lisa Bartlett	25	0	0	A	2.0	Continue patrols but Increased use of cameras to catch flytippers and litterers in the act – reducing the need to patrol as much. This will increase output and FPNs.
Review refuse collection times	Change waste collection services to secure service efficiencies, eg earlier in the morning and later into the evening	Cllr David Wood / Lisa Bartlett	10	0	0	G	0.0	None. This change was implemented in year in 2020.

Climate Emergency and Neighbourhood Services Total

191	(400)	0
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Portfolio: Housing, Planning & Economic Development

WECA funding	Funding from WECA to cover costs associated with officer time working on projects that benefit the West of England Combined Authority area.	Cllr Tim Ball / Lisa Bartlett	0	(35)	0	G	0.0	None
Regeneration budget review	Release of uncommitted supplies and services budgets from the regeneration cashlimit.	Cllr Tim Ball / Mandy Bishop	41	0	0	G	0.0	None as budget is not committed. Project based expenditure will require one-off grant or revenue funding.
Planning Restructure	Mini restructure	Cllr Tim Ball / Lisa Bartlett	49	9	0	G	2.0	Mini restructure and vacancy management with minimal service impact, providing demand does not increase and this will be closely monitored.
Housing Support Commissions	Do not renew an existing energy advice contract and instead provide in-house within existing resources. Fund a separate and existing housing support contract using the DFG (Disabled Facilities Grant) element of the Better Care Fund.	Cllr Tim Ball / Mandy Bishop	55	0	0	G	0.0	There is little immediate and direct impact upon service delivery. However, it should be noted that this will further reduce the available headroom within the DFG budget which could directly impact residents if demand for DFGs increases.
Vacancy Management	Not filling current Empty Property Assistant vacancy	Cllr Tim Ball / Mandy Bishop	35	0	0	G	1.0	Due to Covid-19 restrictions this former growth budget item vacancy has never been filled. As such deleting the vacancy would not impact directly on current service delivery. However, it would prevent the expansion of empty residential property recovery activities.
Development Management and Planning Policy	Service Review and reduce advertising budget	Cllr Tim Ball / Lisa Bartlett	83	0	0	G	2.5	This entails vacancy management and a realignment of resources to match demand across a number of teams to ensure efficient use of resources. There is expected to be minimal service impact providing demand on the service does not increase. It will require retraining of some staff, use of Planning Performance Agreements and coordinated working across the Services to ensure that Corporate priorities on the Climate and Nature Emergencies are addressed and statutory requirements are met.
Capitalisation of revenue budget	Further capitalisation of staffing salaries charged to the Disabled Facilities Grant (DFG) budget	Cllr Tim Ball / Mandy Bishop	50	0	0	G	0.0	Will reduce the effective DFG budget.

Housing, Planning & Economic Development Total

313	(26)	0
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Savings Title	How to be achieved	Portfolio Holder / Director	21/22 Saving £000	22/23 Saving £000	23/24 Saving £000	Risk to delivery of saving (RAG)	FTE Reduction	Impacts to service delivery
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Portfolio: Community Services

Spa Water	Potential income from additional spa water supply contract.	Cllr Paul Crossley / Lisa Bartlett	0	20	0	A	0.0	None
Parks & Bereavement Services	A combination of upskilling and staff reduction, and a reduction on spend for fuel, operational equipment & maintenance through the whole service.	Cllr Paul Crossley / Lisa Bartlett	53	0	0	G	1.0	Increased resilience throughout the Bereavement Service.
Leisure	Capitalise part of Leisure Project Manager post	Cllr Paul Crossley / Mandy Bishop	10	0	0	G	0.0	None
Licensing	Licensing - delay purchase of new canopies for Southgate Street traders in 21/22	Cllr Paul Crossley / Lisa Bartlett	7	(7)	0	G	0.0	Possible complaints.
Service Review in Pest Control	The service has already undergone review and the savings are already delivered	Cllr Paul Crossley / Lisa Bartlett	35	0	0	G	1.0	Recent service re-design means that we can reorganise the work and make a post saving without impacting service delivery
Pest Control / Urban Gulls	Formulate medium term strategy for Urban Gulls and defer Gull Count until 2022/23	Cllr Paul Crossley / Lisa Bartlett	36	(4)	0	G	0.0	The contract was introduced in 2015/16 due to large number of complaints from residents/visitors, however the budget was not fully committed. B&NES to be included in Natural England pilot scheme around Organisational Licences for gull control.
Page 106 Vacancy Management	Savings on vacant posts in Building Control & Public Protection	Cllr Paul Crossley / Lisa Bartlett	65	(38)	0	G	4.9	Land Charges is a statutory service and operates against strong private sector competition and operates effectively impacts will be closely monitored. Food Safety is a statutory service and is monitored by the Food Safety Agency (FSA) who require appropriate action plans to be in place. Vacant posts will be held open and with operational efficiencies performance can be reviewed against the plan. The risk is that we will not have sufficient staff to manage workload when it returns to normal levels and this will need to be closely monitored. Building Control, including Public Safety and enforcement work, is a statutory service. Building regulation work has to be cost recovery only by statute and the Service is subject to strong competition and performs well in this competitive environment. The service is running at minimum level to enable a competitive service to be provided.
Odd Down Sports Ground	Investment to enhance income generating activities	Cllr Paul Crossley / Mandy Bishop	0	45	0	A	0.0	The site could benefit from additional investment in facilities that could improve its income generating potential. The site was refurbished in 2015 with a new 3G pitch, new pavilion, new closed road cycle circuit and investment into the grass pitches, however it has been making a loss.
Golf	Revised community provision at Entry Hill and Approach courses resulting in a reduction in subsidy	Cllr Paul Crossley / Mandy Bishop	52	10	0	A	1.3	Both Entry Hill and Approach Golf Course have been subject to a full procurement process. A Cabinet decision is pending. Subject to Cabinet sign off, community provision of leisure will remain on this sites.

Community Services Total

258	26	0
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Savings Title	How to be achieved	Portfolio Holder / Director	21/22 Saving £000	22/23 Saving £000	23/24 Saving £000	Risk to delivery of saving (RAG)	FTE Reduction	Impacts to service delivery
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Portfolio: Transport Services

Maintenance of highways assets	The Council will continue to maintain highway assets within the portfolio in line with the current budget. The proposed saving would be released from not accepting responsibility for new non highway assets not previously maintained within the highways programme.	Cllr Neil Butters & Cllr Joanna Wright / David Trethewey	100	0	0	G	0.0	Highways are currently reviewing the asset and have undertaken limited maintenance. Returning to the original arrangement would result in the existing ongoing complaints continuing. Opportunity to include in the overall maintenance programme in the future following the Asset Management plan work
CCTV Service Redesign	Highways asset management plan	Cllr Neil Butters & Cllr Joanna Wright / Mandy Bishop	20	0	0	G	1.0	Opportunity to further align out of hours response to in-hours customer service arrangements
Maintenance Savings	Review non essential spend on maintenance schemes and increased income from drop kerb fees	Cllr Neil Butters & Cllr Joanna Wright / David Trethewey	50	0	0	G	0.0	Savings delivered during 2020/21 and adjustments made permanent
Traffic Management	Reduce Council funding of portable Vehicle activated speed (VAS) signs	Cllr Neil Butters & Cllr Joanna Wright / David Trethewey	9	0	0	G	0.0	The Council will reduce the use portable VAS at speeding locations, and/or explore alternative funding options.
Reduction of Pay and Display (P&D) machines	Reduce P&D machines in car parks by 50% (Est)	Cllr Neil Butters & Cllr Joanna Wright / David Trethewey	55	0	0	G	0.0	Customer complaints could rise. Loss of trade to competitors. Almost 2/3 of machines are mains powered and will require one off capital to terminate supply and make safe.
Removal of P&D based credit card payments for parking	Remove Credit card payments in car parks (all transactions through MiPermit). Saving from payment service provider transaction costs removal	Cllr Neil Butters & Cllr Joanna Wright / David Trethewey	30	0	0	G	0.0	Remove in machine CC readers and push all CC payments to MiPermit. May not be popular particularly with those with no phone.
Reduce maintenance contracts on P&D machines	Cancel SLA for maintenance of P&D machines in car parks -	Cllr Neil Butters & Cllr Joanna Wright / David Trethewey	25	0	0	G	0.0	Reduced maintenance of remaining P&D machines. Risk of loss of income as machines go off line. Parts and labour charges now applicable where repairs would be required.
Review coach parking contract at Weston Island	Review contract with First Buses Ltd for use of Weston Island for coach parking	Cllr Neil Butters & Cllr Joanna Wright / David Trethewey	13	0	0	G	0.0	Christmas market impact - increased use of on street locations for coach lay over including unpopular locations such as Lower Bristol Road, Wellsway and Royal Avenue.
Review running costs on car parks	Review and identify efficiencies for the annual revenue costs of car parks.	Cllr Neil Butters & Cllr Joanna Wright / David Trethewey	71	0	0	G	0.0	To mitigate lower service levels, flexible security options will be explored making best use of camera surveillance alongside physical security presence.
Review security contract on Terrace Walk	Cancel provision of security staff at Terrace Walk	Cllr Neil Butters & Cllr Joanna Wright / David Trethewey	23	0	0	G	0.0	Increased risk of traffic issues within location. Could be overcome by closing location to coaches completely if alternatives can be brought forward. Part of control measures contained in H&S Risk Assessment, RA will need to be reviewed
Remove vacant post of Service Delivery and Support Officer	Remove vacant post of Service Delivery and Support Officer	Cllr Neil Butters & Cllr Joanna Wright / David Trethewey	26	0	0	G	1.0	Increased workload on existing staff. Reduced capacity to delivery service improvements
Remove Compliance Officer post	Remove Compliance Officer post	Cllr Neil Butters & Cllr Joanna Wright / David Trethewey	25	0	0	G	1.0	Role can be split and undertaken by other staff at a reduced level.

Transport Services Total

447	0	0
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OVERALL SAVINGS

8,482	1,297	90
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Annex 2(ii) 2021/22 - 2025/26 Budget Growth and Pressures

Portfolio	Resources					
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Portfolio	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	5 YR TOTAL
Pay Inflation	997	354	322	328	0	2,001
Pensions Increase	24	(8)	600	600	600	1,816
Demography	0	0	0	0	0	0
Contractual Inflation	104	159	162	164	166	755
Budget Pressures / Rebasing	6,936	0	0	0	0	6,936
TOTAL	8,061	505	1,084	1,092	766	11,508

Portfolio	Adults					
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Portfolio	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	5 YR TOTAL
Pay Inflation	0	261	265	269	0	795
Pensions Increase	9	0	0	0	0	9
Demography	1,651	999	999	999	999	5,647
Contractual Inflation	1,216	1,241	1,266	1,291	1,317	6,331
Budget Pressures / Rebasing	0	0	0	0	0	0
TOTAL	2,876	2,501	2,530	2,559	2,316	12,781

Portfolio	Children's Services					
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Portfolio	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	5 YR TOTAL
Pay Inflation	0	250	250	250	0	750
Pensions Increase	5	5	5	5	5	24
Demography	2,173	758	761	763	763	5,218
Contractual Inflation	252	247	291	323	345	1,458
Budget Pressures / Rebasing	0	400	0	0	0	400
TOTAL	2,430	1,660	1,307	1,341	1,113	7,850

Portfolio	Climate Emergency & Neighbourhood Services					
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Portfolio	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	5 YR TOTAL
Pay Inflation	0	203	200	204	0	607
Pensions Increase	1	0	0	0	0	1
Demography	18	18	18	18	18	90
Contractual Inflation	178	180	183	186	186	913
Budget Pressures / Rebasing	(10)	(94)	0	0	0	(104)
TOTAL	187	307	401	408	204	1,507

Portfolio	Transport
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Portfolio	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	5 YR TOTAL
Pay Inflation	0	180	183	186	0	549
Pensions Increase	3	0	0	0	0	3
Demography	9	9	9	9	9	45
Contractual Inflation	210	169	170	172	175	896
Budget Pressures / Rebasing	4,010	(1,510)	0	0	0	2,500
TOTAL	4,232	(1,152)	362	367	184	3,993

Portfolio	Housing, Planning & Economic Development
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Portfolio	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	5 YR TOTAL
Pay Inflation	0	120	115	118	0	353
Pensions Increase	4	0	0	0	0	4
Demography	0	0	0	0	0	0
Contractual Inflation	24	0	0	0	0	24
Budget Pressures / Rebasing	0	0	0	0	0	0
TOTAL	28	120	115	118	0	381

Portfolio	Community
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Portfolio	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	5 YR TOTAL
Pay Inflation	0	155	133	134	0	422
Pensions Increase	4	0	0	0	0	4
Demography	0	0	0	0	0	0
Contractual Inflation	24	23	23	23	23	116
Budget Pressures / Rebasing	4,300	(95)	(2,008)	(3,204)	(886)	(1,893)
TOTAL	4,328	83	(1,852)	(3,047)	(863)	(1,351)

Portfolio	All
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Portfolio	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	5 YR TOTAL
Pay Inflation	997	1,522	1,468	1,489	0	5,477
Pensions Increase	49	(3)	605	605	605	1,860
Demography	3,851	1,784	1,787	1,789	1,789	11,000
Contractual Inflation	2,008	2,019	2,094	2,159	2,212	10,492
Budget Pressures / Rebasing	15,236	(1,299)	(2,008)	(3,204)	(886)	7,839
TOTAL	22,142	4,023	3,946	2,837	3,719	36,668

Annex 3: Equality impacts of 2021/22 to 2023/24 Savings Proposals

1. Introduction and legal background

This report outlines how the impacts of the Council's budget proposals are being considered from an equality perspective. The Equality Act 2010 makes it unlawful to discriminate against an individual because of certain personal characteristics ('protected characteristics'). The law also requires that equality issues are considered by public bodies as part of decision making, especially where services are reduced or redesigned.

Failure to undertake proportionate Equality Analysis/Equality Impact Assessment could present risks of legal challenge to the Council for failing to pay due regard to its public sector equality duty.

2. Actions so far

Each budget proposal has been set out in a Medium-Term Financial Plan (MTFP) Proposal template, with the high-level intentions outlined. The proposals describe what service redesign is being proposed and identify if there will be impacts upon residents and/or service users.

As part of the Council's equality analysis process, Directors (and their officers with delegated responsibilities) have been tasked to consider their proposals from an equality perspective. This initial 'screening' process aimed to highlight if any of the proposals have the potential to have significant impacts upon service users, and if so, what actions, if any, could be taken to mitigate any unexpected or unintentional impacts.

All savings proposals, new or recurrent recovery plans, were presented by lead portfolio members, supported by their directors, to a panel comprising the Leader of the Council, Deputy Leader, CEO and S151 Officer. Impacts of the proposals, including those of equality, were discussed and considered as part of these meetings. Proposals were either approved, amended or rejected at through this meeting framework.

It should be noted that some decisions on financial management related to Covid-19 Recovery have already been taken in the summer of 2020, as part of financial recovery planning processes.

3. Policy Development and Scrutiny Panels - equality scrutiny process

The budget proposals relevant to their respective remits were presented to the Climate Emergency and Sustainability Policy Development and Scrutiny Panel on 25th January and to the Children, Adults Health and Wellbeing Policy Development and Scrutiny Panel on 19th January. A budget report was also presented to the Corporate Policy Development and Scrutiny Panel on 1st February 2021.

The PDS panel members have received a brief to enable them to scrutinise the proposals from an equality perspective (see *Appendix 1*).

4. Savings proposals for 2021-22

Across the Council, every attempt has been made to achieve efficiencies through service redesign, with minimum reduction in frontline services or disproportionate increases in charges.

Regarding impacts on staff, the council's Human Resources policies and procedures ensure there is full consultation and consideration of staffing matters and that employment-related equality issues are fully considered.

5 Detailed equality analysis

The finer detail of how the final proposals will be implemented will follow in due course, and it is recommended that comprehensive and detailed equality analysis is carried out on some of the proposals as they are taken forward. This will help to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible, mitigated.

As above, regarding impacts on staff, the Council's Human Resources policies and procedures ensure there is full consultation and consideration of staffing matters and that employment-related equality issues are fully considered. Therefore, the focus here is largely on impacts upon service delivery and service users. Each item is accompanied by an appropriate recommendation based on information available at time of drafting.

The screening process has highlighted a number of proposals where there is a possibility of negative impact upon certain groups of people with protected characteristics and/or opportunities to enhance equality. Each item is accompanied by an appropriate recommendation based on information available at time of drafting.

5.1 Portfolio: Resources & Deputy Leader

Of the 16 budget proposals within this portfolio, 13 items were considered as part of the Finance Recovery Proposals 2020 Equality Impact Assessment in June 2020 and are therefore not included in this report. The remaining items for consideration are:

Travel budgets:

Increased use of technology, fewer face to face meetings along with new ways of working raises an opportunity to realise additional savings in staff travel.

Recommendation: Proportionate equality analysis should be carried out where social isolation and potential impact on professional development should be noted.

Organisation Restructure:

To review senior management structure, ensuring it is fit for purpose and effectively delivers the Corporate Plan. We expect this to lead to some savings and may affect up to 8 full time equivalent posts.

Recommendation:

To follow the usual Human Resources policies and process which have equality considerations built into departmental and corporate restructuring.

Digital processes and new ways of working:

Taking the digital learning and accelerated changes to user needs, habits and demand resulting from the Covid Pandemic, we will maximise both digital, operating and building efficiencies to focus on targeting service offering to those who most need our mediated support. More flexibility to resource service delivery appropriately for the community where it is needed.

Recommendation:

To ensure full analysis is carried out on differing aspects of the digital programme on a case by case basis as efficiencies are driven out. To complete a cumulative equality analysis including (but not exclusively) capital and other programmes affecting pedestrians and transport within and around Bath city centre.

5.2 Portfolio: Adults Services

Of the 11 budget proposals within this portfolio, 6 items were considered as part of the Finance Recovery Proposals 2020 Equality Impact Assessment in June 2020 and are therefore not included in this report. The remaining items for consideration are:

Specialist & Complex - procurement review:

Improved strategic commissioning arrangements. Impacts will be managed through Commissioners working with providers to ensure service user needs are met when reviewing and re-procuring contracts.

Recommendation:

A full equality analysis is required prior to final decision. Equality needs to be included throughout robust monitoring of any effects of this proposal on service users.

Community - Contract Management Framework

Review of contract management for services, improved contract management arrangements to be put in place by 2022 to achieve this.

Recommendation:

To ensure equality issues are included in the commissioning and procurement process as required by statute.

Reablement Review

Change to service delivery model and contractual arrangements; the effectiveness of the new reablement (model) service will ensure individuals are supported to stay at home for longer and helped to avoid long term adult social care support. This will encourage independence and help manage demand on new care packages resulting in purchased care budget savings.

Recommendation:

A full equality analysis is required prior to final decision. Equality needs to be included throughout robust monitoring of any effects, both positive and negative of this proposal on service users.

Learning Disability Commissioning

Remodel adult advocacy services

Recommendation:

A high-level screening of equality issues would be advised. Ensure equality issues are included in the commissioning and procurement process as required by statute. Best practice would include the voice of the user in this review.

Community - Review of Care Package Delivery

Individual care and support arrangements. Social workers will work with individuals and carers in receipt of care and support to review their care and support plans; they will work with commissioners and providers to review packages and placement costs ensuring eligible adult social care needs are met. This includes all people in receipt of adult social care funded services.

Recommendation:

A full equality analysis is required prior to final decision. Equality needs to be at the forefront of this proposal and should be included throughout robust monitoring of any effects, both positive and negative of this proposal on service users and carers.

5.3 Portfolio: Children's Services

Of the 8 budget proposals within this portfolio, 7 items were considered as part of the Finance Recovery Proposals 2020 Equality Impact Assessment in June 2020 and are therefore not included in this report. The remaining item for consideration is:

Early Years SEND

The deletion of a vacant post will not change current provision.

Recommendation:

No further action unless current level of provision and/or outcomes deteriorate. This should be identified by regular monitoring and service user feedback.

5.4 Portfolio: Climate Emergency and Neighbourhood Services

Of the 5 budget proposals within this portfolio, 3 items were considered as part of the Finance Recovery Proposals 2020 Equality Impact Assessment (EIA) in June or the 2020/21 Budget Report EIA in February 2020 and are therefore not included in this report. The remaining items for consideration are:

Household Waste Recycling Centres

Introduce charging for specific materials (rubble, plasterboard and tyres) at the recycling centres (common practice in other areas).

Recommendation:

No further action.

Reduction in Environmental enforcement

Non front line vacancy management within cleansing team. Continue litter enforcement at current level and place greater emphasis on fly tipping.

Recommendation:

No further action.

5.5 Portfolio: Leader

A single item included in this budget for consideration is:

Visit Bath

Create new model to deliver tourism management to the District at lower annual cost.

Recommendation:

To ensure equality issues are included in the commissioning and procurement process as required by statute.

5.6 Portfolio: Housing, Planning & Economic Development

Of the 7 budget proposals within this portfolio, 3 items were considered as part of the Finance Recovery Proposals 2020 Equality Impact Assessment (EIA) in June or the 2020/21 Budget Report EIA in February 2020 and are therefore not included in this report. The remaining items for consideration are:

Arts budget

Release the residual Arts budget as we have no annual commitments against this budget.

Recommendation:

No further action

Planning Restructure

Mini restructure and vacancy management with minimal service impact, providing demand does not increase and this will be closely monitored.

Recommendation:

No further action

Housing Support Commissions

Do not renew an existing energy advice contract and instead provide in-house within existing resources. Fund a separate and existing housing support contract using the DFG element of the Better Care Fund.

There is little immediate and direct impact upon service delivery. However, it should be noted that this will further reduce the available headroom within the DFG budget which could directly impact residents if demand for DFGs increases.

Recommendation:

A full equality analysis is required prior to final decision. Equality needs to be included via robust monitoring of any effects already felt from previous cost savings in recent years. The voices of Disabled people requiring Disabled Facilities Grants to make their homes accessible need to be heard in this equality analysis. This proposal may impact on the efficacy of proposal titled: 'Reablement Review' in Adult Services portfolio.

5.7 Portfolio: Community Services

Of the 8 budget proposals within this portfolio, 5 items were considered as part of the Finance Recovery Proposals 2020 Equality Impact Assessment (EIA) in June or the 2020/21 Budget Report EIA in February 2020 and are therefore not included in this report. The remaining items for consideration are:

Parks & Bereavement Services

A combination of upskilling and staff reduction, and a reduction on spend for fuel, operational equipment & maintenance through the whole service.

Recommendation:

Proportionate equality analysis should be carried out to ensure staff (particularly those on lower paid grades) are not financially disadvantaged. Any adverse impact on professional development should be noted. Human Resources policies and process will be followed which have equality considerations built into departmental restructuring thus providing assurance.

Leisure

Capitalise part of Leisure Project Manager post

Recommendation:

No further action.

Human Resources policies and process to be followed which have equality considerations built into departmental restructuring.

Odd down sports ground

Investment to enhance income generating activities

Recommendation:

Proportionate equality analysis should be carried out in order to inform any consultation processes.

5.8 Portfolio: Transport Services

Of the 13 budget proposals within this portfolio, 2 items were considered as part of the Finance Recovery Proposals 2020 Equality Impact Assessment (EIA) in June or the 2020/21 Budget Report EIA in February 2020 and are therefore not included in this report. The remaining items for consideration are:

Maintenance of highways assets

Highways are currently reviewing the asset and have undertaken limited maintenance. Returning to the original arrangement would result in the existing ongoing complaints continuing.

Recommendation:

No further action

CCTV Service Redesign

Opportunity to further align out of hours response to in-hours customer service arrangements

Recommendation:

Proportionate equality analysis should be carried out in order to inform any consultation processes particularly in regard to community safety issues affecting vulnerable users.

Traffic Management

Stop the use of portable Vehicle activated speed signs

Recommendation:

No further action

Reduction of Pay and Display (P&D) machines

Customer complaints could rise. Loss of trade to competitors. Almost 2/3 of machines are mains powered and will require one off capital to terminate supply and make safe.

Recommendation:

Proportionate equality analysis should be carried out in order to inform any consultation processes particularly in regard to issues affecting users without access to electronic banking and/or mobile devices.

Removal of P&D based credit card payments for parking

Remove credit or debit card payments in car parks (all transactions through MiPermit).

Recommendation:

Proportionate equality analysis should be carried out in order to inform any consultation processes particularly in regard to issues affecting users without access to mobile devices.

Reduce maintenance contracts on P&D machines

Reduced maintenance of remaining P&D machines.

Recommendation:

No further action

Review coach parking contract at Weston Island

Christmas market impact - increased use of on street locations for coach lay over including unpopular locations such as Lower Bristol Road, Wellsway and Royal Avenue.

Recommendation:

Proportionate equality analysis should be carried out in order to identify any negative impact on Blue badge users and those using dropped kerbs.

Review security contracts on car parks

Increased risk of anti-social behaviour in car parks.

Recommendation:

Proportionate equality analysis should be carried out in order to inform any consultation processes particularly in regard to community safety issues affecting vulnerable user who may become victims of crime.

Cancel security contracts on Park & Ride sites

Cancel security contracts on Park & Ride sites, install a height barrier at Lansdown Park & Ride.

Recommendation:

Proportionate equality analysis should be carried out in order to inform any consultation processes particularly in regard to community safety issues affecting vulnerable user who may become victims of crime.

Review security contract on Terrace Walk

Cancel provision of security staff at Terrace Walk

Recommendation:

No further action.

Remove Compliance Officer post

Role can be split and undertaken by other staff at a reduced level.

Recommendation:

No further action.

Human Resources policies and process to be followed which have equality considerations built into departmental restructuring.

6. Cumulative impacts

Budget proposals have the potential to impact on people across the full range of protected characteristics. In addition, whilst considerations of socio-economic status are not a requirement of the Equality Act public sector duty, the “narrowing the gap” agenda is an important focus for the Council and its partners.

The Council’s over-riding purpose of *improving people’s lives*, along with its Corporate Strategy core policies of addressing the climate and ecological emergency, delivering for residents, focusing on prevention and giving people a bigger say, will continue to influence the way that each proposal is carried out and implemented. It will be important to ensure that all the equality impacts are considered alongside each other as further details are developed (and within any consultation), in order to identify the cumulative impacts. These impacts will be assessed and managed through the Council’s relevant programme and project management and other governance processes.

7. Recommendations for Budget implementation phase

For each proposal that is taken forward, the following recommendations should be considered (as appropriate), to ensure that equality issues continue to be considered during the implementation stages.

- a. **Full or proportionate Equality Impact Assessments/equality analysis** should be carried out on all proposals where initial reviews have revealed likely impacts upon particular groups of people due to their protected characteristics (see 4.1 above). This enables the Council to demonstrate it has taken due regard to equality issues and has thoroughly considered how to uphold the requirements of the Public Sector Equality Duty. The Council’s Equality Impact Assessment template can be found on the Council’s [EIA web pages](#), and support is available from the Equality Team in carrying out the assessments. Completed EIAs should be published on this web page.
- b. **Inclusive consultation.** Where consultation is arranged as part of taking any of these proposals forward, it is vital that a diverse range of people are encouraged to take part. This will help highlight any additional equality impacts that may need to be addressed and mitigated where possible. A variety of methods should be used to access consultees. The Equality Team can advise on this and on how to access participants from groups representing different equality strands. The Independent Equality Advisory Group can also be used as a consultative body, and will provide further guidance on likely impacts, and ways of mitigating these.
- c. **Clear and transparent communication.** Wherever it is planned to introduce changes, it is important to ensure that the communication and publicity strategies are accessible to disabled people (for example, people with visual impairment or learning

disability) and those for whom English is an additional language. The Council has commissioned Oncall Interpreting services to assist with Interpreting and Translation where necessary.

- d. **Incorporating equality issues within commissioning specifications.** Where proposals include commissioning or recommissioning external providers, detailed equality requirements should be built into contract specifications. This will ensure that best practice relating to equality in delivery of services is continued and improved upon when delivered by external partners.
- e. **Workforce training and development.** A number of the budget proposals are dependent upon the ability of officers to recognise opportunities to advance equality (for example, within commissioning, or by targeting services towards those who are most vulnerable). It is also important that officers are aware of, and sensitive to, the particular needs of different groups of people. Equality training is available as part of the Corporate Training programme, and bespoke training can be arranged by the Council's Equality Team.
- f. **Ongoing monitoring.** Where services are subject to redesign, equality monitoring should be carried out to help identify if the service is operating as intended, if it is reaching and meeting the needs of our most vulnerable communities; and if there are any unforeseen impacts that need to be addressed. See the Council's sample [equality monitoring template](#) for the data categories that should be used.

Appendix 1.

Briefing note for panel members on equality in financial decision making **Background**

The Equality Act 2010 makes it unlawful to discriminate against an individual because of certain personal characteristics ('protected characteristics').

The law also requires that equality issues are considered by public bodies as part of decision making, especially where services are reduced or redesigned.

The Public Sector Equality Duty (PSED) requires us to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people.

The questions below are intended to assist PDS panels to scrutinise the proposals (within their remit) from an Equality perspective.

A). For each new draft proposal to be put before Cabinet in February 2021:

- Are panel members clear that this proposal has been considered from an equality perspective?
- Do we know what the impact will be on the most vulnerable people?
- Are there any potential unintended impacts or "knock-on" effects consequences - e.g. on partners, residents or other services?
- Have we consulted people and listened to what they have told us about this?
- During the implementation of the proposal – how will we continue to check for unintended effects on particular groups of people?
- Will there be room for discretion if during the implementation we discover that the change of service disproportionately disadvantages some people?
- Considering all the proposals together, what will the cumulative impact be, and will adverse impacts fall disproportionately on specific groups?

B). For any budget items agreed by Council in February 2020

- What have we learnt about equality impacts following the implementation of last years' proposals?

Bath and North East Somerset Council – Efficiency Strategy

1. Flexible Use of Capital Receipts

Central Government outlined in December 2015 that local authorities would be able under certain circumstances to utilise capital receipts for revenue expenditure for certain purposes. These include for example:-

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
- Collaboration between local authorities and central government departments to free up land for economic use;
- Sharing Chief-Executives, management teams or staffing structures;
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or regional procurement hubs;
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, selling services to others).
- Integrating public facing services across two or more public sector bodies to generate savings or to transform service delivery;
- Improving systems and processes to tackle fraud and corruption;

Further guidance was released in March 2016 which outlined a simpler approach to allow authorities to utilise receipts if the spend resulted in an ongoing saving. The guidance is clear however that expenditure should be once-off and the flexibility cannot be utilised for ongoing expenditure.

The Government announced as part of the 2018/19 Finance Settlement that the flexibility would extend to 2021/22 (a further three years).

The requirement states that the strategy should list each project that plans to make use of the capital receipts flexibility and that details of the expected savings/service transformation are provided. All uses of flexible receipts have therefore been linked to the savings plans approved as part of budget setting. The Strategy should report the impact on the local authority's Prudential Indicators for the forthcoming and subsequent years.

The strategy in future years will monitor the performance of projects approved in previous years. The Strategy must be approved by Full Council. A revised strategy may be replaced by another during the year.

2. Savings Projects Which Meet the Criteria

Council agreed in November 2017 to utilise the flexibility to fund the once-off revenue costs such as redundancy and legal costs allowable under the criteria to achieve the Directorate Savings Plans agreed as part of the 2017/18 and future years budgets. The flexibility was linked to the following budget savings plans for 2017/18 and future years:

<https://democracy.bathnes.gov.uk/documents/s45572/Budget%20Appx%203%20-%20Savings%20Details.pdf>

2018/19:

<https://democracy.bathnes.gov.uk/documents/s49864/Annex%202%20-%20Budget%20Savings%20Income%20Generation%20Proposals.pdf>

2019/20:

<https://democracy.bathnes.gov.uk/documents/s54628/08z%20Annex%202%20-%202019-20%20Savings%20and%20Income%20Proposals.pdf>

A total of £7.8m was utilised between 2017/18 and 2019/20 mainly to fund redundancy and other one-off costs to realise on-going savings.

2020/21:

<https://democracy.bathnes.gov.uk/documents/s60227/08z%20Annex%202i%20-%20Savings%20Income%20Proposals.pdf>

It is estimated that up to £0.5m will be utilised in 2020/21 in once-off costs to deliver savings. This will be reported as part of the outturn report in June/July 2021.

As the flexibility will continue beyond 2020/21 it is recommended that capital receipts will be utilised in 2021/22 to deliver the ongoing savings outlined in Annex 2(i). It is proposed that the remaining balance of £3.2m from the

originally allocated £11.5m in flexible capital receipts is held within the capital programme to meet eligible costs associated with the delivery of 2021/22 efficiency savings.

In summary the estimated overall level of receipts required has remained at the £11.5m reported in the 2020/21 strategy.

3. The Capital Receipts to be Used this Purpose

Capital receipts from the disposal of property, plant, and equipment received in the years in which the flexibility is offered can be used for this purpose. Right to Buy Receipts are excluded.

Individual receipts have not been listed but the target for financial planning purposes is for £3.2m of receipts to be available for use in 2021/22. This will impact on the amount of borrowing required and has been factored into the budget proposals as well as a target for new receipts.

It remains unchanged that the decision for the use of each receipt is delegated to the S151 Officer unless it results in an unplanned impact on the overall budget for 2021/22.

4. Impact on B&NES' Prudential Indicators

If the Council utilises this flexibility it impacts on the level of capital receipts that can be utilised to fund the capital programme. If it is assumed that B&NES has and will continue to utilise up to £11.5m of flexible receipts for once-off costs with the impact being factored into the Council's Prudential Indicators (as detailed in the Budget Report) as follows:-

Prudential Indicator	2019/20 Actual	2020/21 Forecast Outturn	2021/22	2022/23	2023/24
Estimate of Capital Expenditure (£'000s)					
Actual/estimates of capital expenditure	63,091	94,115	195,851	46,413	27,223
Net Increase in Council Tax (band D per annum) Figures in £'s (not £'000's) (1)					
The implied estimate of incremental impact of the new capital investment			£10.01	£7.88	£6.22

Annex 4

decisions on the Council Tax					
Cumulative totals:			£10.01	£17.89	£24.11
Capital Financing as % of Net Revenue Stream					
Actual/estimates of the ratio of financing costs to net revenue stream			13.20%	16.42%	17.51%
<i>Memo: estimates of the ratio of financing cost to gross revenue stream</i>			4.88%	5.99%	6.48%
Borrowing Limits (£m) (2)					
Operational boundary – borrowing			£408m	£426m	£427m
Operational boundary – other long-term liabilities			£4m	£4m	£4m
Operational boundary – total			£412m	£430m	£431m
Authorised limit – borrowing			£438m	£456m	£456m
Authorised limit – other long-term liabilities			£4m	£4m	£4m
Authorised limit – total			£442m	£460m	£460m
Capital Financing Requirement (£'000s) (as at 31 March)					
Actual/estimate of capital financing requirement	323,672	338,656	437,967	455,975	455,536

1. This is an indicator of affordability that shows the implied impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the proposed capital programme.
2. The figures show borrowing limits but it is important to note that the Council is utilising cash flow efficiency wherever possible.

Capital Scheme	PY Spend Pre 2020/2021	Forecast Outturn 2020/21	Actual / Projected Spend Pre 2021/2022	Projected Re-Phasing from 2020/21 to 2021/22	New Budget Request 2021/22	Total Budget 2021/2022	Total Budget 2022/2023	Total Budget 2023/2024	Total Budget 2024/2025	Total Budget 2025/2026	Total Cost 5 Years	Overall Project Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Full Approval												
Resources and Deputy Leader												
Agresso System Development & Upgrade	63	15	78	65	0	65	0	0	0	0	65	143
Capital Contingency	0	1,887	1,887	0	299	408	0	0	0	0	408	2,295
Corporate Estate Planned Maintenance	0	3,730	3,730	0	0	2,111	0	0	0	0	2,111	5,841
Customer Payments Security and Channel Shift	50	115	165	15	0	39	0	0	0	0	39	204
Flexible Use of Capital Receipts	7,837	500	8,337	3,162	0	3,162	0	0	0	0	3,162	11,500
Housing Delivery Vehicle	269	617	886	600	0	600	0	0	0	0	600	1,486
IT Asset Refresh	0	204	204	0	0	50	110	670	0	0	830	1,034
Property Company Investment	16,931	4,156	21,087	4,182	0	12,113	0	0	0	0	12,113	33,200
Property Improvement - Haycombe Crematorium Dignified Entrance	0	0	0	0	0	60	0	0	0	0	60	60
York Street Vaults Phase 2	1	357	358	614	0	614	0	0	0	0	614	971
Subtotal Full Approval - Resources and Deputy Leader	25,151	11,581	36,732	8,638	299	19,221	110	670	0	0	20,001	56,733
Provisional Approval												
Resources and Deputy Leader												
Batheaston Village Hall Grant	0	0	0	0	100	100	0	0	0	0	100	100
Cleveland Pools	0	0	0	0	95	95	250	0	0	0	345	345
Commercial Estate Improvement and Regeneration Fund	0	0	0	29,062	0	29,062	0	0	0	0	29,062	29,062
Commercial Estate Investment Fund	0	0	0	0	0	300	300	0	0	0	600	600
Commercial Estate Refurbishment Programme	0	0	0	0	800	800	0	0	0	0	800	800
Corporate Estate Planned Maintenance	0	0	0	0	0	1,650	3,000	3,000	3,000	3,000	13,650	13,650
IT Asset Refresh	0	0	0	0	25	2,000	500	500	500	500	4,000	4,000
IT Improvements at Children's Centres – Keynsham, St Martins, Radstock and Bath	0	0	0	0	0	30	0	0	0	0	30	30
Lewis House Refurbishment	0	0	0	400	0	400	0	0	0	0	400	400
Office Reconfiguration Costs	0	0	0	0	1,195	1,195	460	0	0	0	1,655	1,655
Project Inception Fund	0	0	0	0	0	400	200	0	0	0	600	600
Property Disposals	0	0	0	300	0	600	300	0	0	0	900	900
Property Improvement – Bath Library	0	0	0	275	0	275	0	0	0	0	275	275
Property Improvement – Orange Grove Structural Works	0	0	0	0	0	900	0	0	0	0	900	900
Property Improvement – Youth Centres	0	0	0	138	0	516	0	0	0	0	516	516
Revenues & Benefits System: End of Life Replacement	0	0	0	0	0	100	0	0	0	0	100	100
Saw Close RIF Repayment	0	0	0	0	788	788	0	0	0	0	788	788
Subtotal Provisional Approval - Resources and Deputy Leader	0	0	0	30,175	3,003	39,211	5,010	3,500	3,500	3,500	54,721	54,721

Capital Scheme	PY Spend Pre 2020/2021	Forecast Outturn 2020/21	Actual / Projected Spend Pre 2021/2022	Projected Re-Phasing from 2020/21 to 2021/22	New Budget Request 2021/22	Total Budget 2021/2022	Total Budget 2022/2023	Total Budget 2023/2024	Total Budget 2024/2025	Total Budget 2025/2026	Total Cost 5 Years	Overall Project Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Full Approval												
Adult Services												
Adult Social Care Database Replacement	1,422	90	1,512	50	0	50	0	0	0	0	50	1,562
Subtotal Full Approval - Adult Services	1,422	90	1,512	50	0	50	0	0	0	0	50	1,562
Provisional Approval												
Adult Services - no schemes	0					0	0	0	0	0	0	0
Subtotal Provisional Approval - Adult Services	0	0	0	0	0	0	0	0	0	0	0	0
Full Approval												
Children's Services												
Basic Needs - School Improvement / Expansion	0	5,843	5,843	2,138	0	3,206	0	0	0	0	3,206	9,050
Building Adaptations to Provide Short Breaks for Disabled Children	125	0	125	20	0	20	0	0	0	0	20	145
Special Education Needs & Disability (SEND) Education Provision	0	1,238	1,238	0	0	1,544	0	0	0	0	1,544	2,782
Subtotal Full Approval - Children's Services	125	7,081	7,206	2,158	0	4,770	0	0	0	0	4,770	11,976
Provisional Approval												
Children's Services												
Basic Needs - School Improvement / Expansion	0	0	0	9,895	4,461	14,356	0	0	0	0	14,356	14,356
Schools' Capital Maintenance Schemes	0	0	0	0	125	125	0	0	0	0	125	125
Schools CIL	0	0	0	692	250	942	0	0	0	0	942	942
Schools Devolved Capital	0	0	0	60	28	88	0	0	0	0	88	88
Special Education Needs & Disability (SEND) Education Provision	0	0	0	0	403	403	0	0	0	0	403	403
Subtotal Provisional Approval - Children's Services	0	0	0	10,647	5,266	15,913	0	0	0	0	15,913	15,913

Capital Scheme	PY Spend Pre 2020/2021	Forecast Outturn 2020/21	Actual / Projected Spend Pre 2021/2022	Projected Re-Phasing from 2020/21 to 2021/22	New Budget Request 2021/22	Total Budget 2021/2022	Total Budget 2022/2023	Total Budget 2023/2024	Total Budget 2024/2025	Total Budget 2025/2026	Total Cost 5 Years	Overall Project Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Full Approval												
Climate Emergency and Neighbourhood Services												
Environmental Protection Vehicles	0	10	10	0	0	18	0	0	0	0	18	28
Neighbourhood Services - Asset & Vehicle Replacement Programme	0	1,880	1,880	0	0	45	0	0	0	0	45	1,925
Neighbourhoods Bin & Bench Replacement	0	9	9	4	0	4	0	0	0	0	4	13
Waste Collection Vehicles In Cab Technology	0	177	177	23	0	23	0	0	0	0	23	200
Waste Service Redesign	8,392	56	8,448	185	0	185	0	0	0	0	185	8,633
Waste Depot Relocation	5,019	1,767	6,786	644	0	644	0	0	0	0	644	7,430
Subtotal Full Approval - Climate Emergency and Neighbourhood Services	13,411	3,898	17,309	855	0	919	0	0	0	0	919	18,228
Provisional Approval												
Climate Emergency and Neighbourhood Services												
Air Quality Monitors	0	0	0	0	0	43	30	30	0	0	103	103
Clean Air Zone	0	0	0	4,504	0	5,354	0	0	0	0	5,354	5,354
Neighbourhood Services - Asset & Vehicle Replacement Programme	0	0	0	0	0	1,364	987	835	2,607	0	5,793	5,793
Renewable Energy Development Fund	0	0	0	0	500	500	500	500	0	0	1,500	1,500
Renewable energy in B&NES	0	0	0	0	150	150	250	0	0	0	400	400
Waste Depot Relocation	0	0	0	0	0	15,587	0	0	0	0	15,587	15,587
Subtotal Provisional Approval - Climate Emergency and Neighbourhood Services	0	0	0	4,504	650	22,998	1,767	1,365	2,607	0	28,737	28,737

Capital Scheme	PY Spend Pre 2020/2021	Forecast Outturn 2020/21	Actual / Projected Spend Pre 2021/2022	Projected Re-Phasing from 2020/21 to 2021/22	New Budget Request 2021/22	Total Budget 2021/2022	Total Budget 2022/2023	Total Budget 2023/2024	Total Budget 2024/2025	Total Budget 2025/2026	Total Cost 5 Years	Overall Project Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Full Approval												
Transport Services												
City Centre Security	170	118	289	0	0	385	0	0	0	0	385	674
Clutton Depot Refurbishment	51	184	235	0	0	115	0	0	0	0	115	350
Hicks Gate Roundabout Improvement	304	76	380	80	0	80	0	0	0	0	80	460
Highways Maintenance Programme	0	6,661	6,661	140	4,166	5,806	0	0	0	0	5,806	12,467
London Road Modification	144	3	147	0	0	53	0	0	0	0	53	200
Office for Low Emission Vehicles (OLEV) Bid	190	636	826	0	0	110	0	0	0	0	110	936
Parking Vehicle Replacement Programme	0	33	33	0	0	33	0	0	0	0	33	67
Somerdale Bridge, Keynsham – Initial Options Study	3	0	3	9	0	9	0	0	0	0	9	11
Street Lighting LED Replacement Programme	2,684	0	2,684	0	0	350	0	0	0	0	350	3,034
Transport Improvement Programme	0	1,924	1,924	1,407	1,407	2,814	0	0	0	0	2,814	4,738
Subtotal Full Approval - Transport Services	3,547	9,636	13,183	1,635	5,573	9,755	0	0	0	0	9,755	22,937
Provisional Approval												
Transport Services												
Bus Lane Camera Replacement	0	0	0	0	0	0	300	0	0	0	300	300
City Centre Security	0	0	0	890	0	2,356	0	0	0	0	2,356	2,356
Cleveland Bridge Refurb	0	0	0	1,800	0	3,360	0	0	0	0	3,360	3,360
Cycling and Walking Design and Business Case	0	0	0	0	250	250	0	0	0	0	250	250
Dft Active Travel Tranche 2	0	0	0	0	561	561	0	0	0	0	561	561
Chew Valley Recreational Trail	0	0	0	1,000	0	1,000	0	0	0	0	1,000	1,000
Highways Maintenance Programme	0	0	0	0	0	0	5,666	5,666	5,666	5,666	22,664	22,664
Highways Road Salt Storage	0	0	0	0	0	675	0	0	0	0	675	675
Highways & Traffic Fleet Vehicle Renewal	0	0	0	0	0	0	325	0	0	0	325	325
Lansdown P&R Extension	0	0	0	0	0	240	0	0	0	0	240	240
Manvers St Car Park Security	0	0	0	20	0	20	0	0	0	0	20	20
Office for Low Emission Vehicles (OLEV) Bid	0	0	0	400	0	400	0	0	0	0	400	400
P&R Security	0	0	0	55	5	60	50	0	0	0	110	110
Parking Body Worn Video Cameras for Civil Enforcement Officers	0	0	0	0	0	0	30	0	0	30	60	60
Parking Enforcement Hand Held Computer Terminal Replacement	0	0	0	0	0	0	50	0	0	50	100	100
Parking Radio System Replacement	0	0	0	0	0	0	45	0	0	50	95	95
Passenger Transport Vehicle Replacement Programme	0	0	0	0	0	0	0	0	1,180	0	1,180	1,180
Pay & Display Replacement	0	0	0	15	0	300	0	0	0	0	300	300
Replacement Moped Vehicles for Outer Area Parking Enforcement	0	0	0	9	0	35	0	45	0	0	80	80
Securing of Sports and Leisure Centre car park	0	0	0	0	0	30	0	0	0	0	30	30
Somerdale Bridge	0	0	0	600	0	600	1,600	0	0	0	2,200	2,200
Liveable Neighbourhoods	0	0	0	120	100	1,700	500	0	0	0	2,200	2,200
Transport Improvement Programme	0	0	0	0	0	0	1,163	1,163	1,163	1,163	4,652	4,652
Subtotal Provisional Approval - Transport Services	0	0	0	4,909	916	11,587	9,729	6,874	8,009	6,959	43,158	43,158

Capital Scheme	PY Spend Pre 2020/2021	Forecast Outturn 2020/21	Actual / Projected Spend Pre 2021/2022	Projected Re-Phasing from 2020/21 to 2021/22	New Budget Request 2021/22	Total Budget 2021/2022	Total Budget 2022/2023	Total Budget 2023/2024	Total Budget 2024/2025	Total Budget 2025/2026	Total Cost 5 Years	Overall Project Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Full Approval												
Housing, Planning and Economic Development												
Affordable Housing	0	579	579	300	0	300	0	0	0	0	300	879
Bath Quays Bridge & Linking Infrastructure	2,236	3,743	5,979	229	0	253	0	0	0	0	253	6,231
Bath Quays North	4,727	7,674	12,401	1,191	0	6,519	19,654	8,878	0	0	35,051	47,452
Bath Quays South	13,962	13,193	27,155	2,324	0	3,315	427	0	0	0	3,742	30,897
Bath City Centre Renewal Programme	84	169	253	0	0	340	0	0	0	0	340	593
BWR - Council Project Team	132	0	132	-58	0	-58	0	0	0	0	-58	75
BWR - Infrastructure	50	0	50	-91	0	-91	0	0	0	0	-91	-41
BWR - Relocation of Gas Holders	0	0	0	1,536	0	1,536	0	0	0	0	1,536	1,536
BWR Phase 2	9,001	2,854	11,855	5,204	0	13,179	0	0	0	0	13,179	25,034
Digital B&NES	33	258	291	100	0	100	0	0	0	0	100	391
Disabled Facilities Grant	0	1,681	1,681	0	0	1,271	1,271	1,271	1,271	0	5,083	6,765
Englishcombe Lane Development	0	300	300	250	0	250	0	0	0	0	250	550
Innovation Quay - Strategic Flooding Solution	6,634	90	6,724	145	0	145	0	73	0	0	218	6,943
Keynsham High Street Renewal Programme	473	565	1,037	0	0	2,077	572	191	0	0	2,840	3,877
Midsomer Norton High Street Renewal Programme	22	127	149	47	0	367	382	97	0	0	846	994
Radstock Healthy Living Centre	14	244	258	671	100	1,376	0	0	0	0	1,376	1,634
Saw Close Works	8	19	27	0	0	19	0	0	0	0	19	45
Somer Valley Enterprise Zone - Infrastructure	316	592	908	641	0	741	0	0	0	0	741	1,649
Waterspace	26	5	31	0	0	54	50	50	0	0	154	185
Subtotal Full Approval - Housing, Planning and Economic Development	37,717	32,093	69,810	12,489	100	31,693	22,356	10,560	1,271	0	65,879	135,689
Provisional Approval												
Housing, Planning and Economic Development												
Affordable Housing	0	0	0	0	0	2,720	635	635	0	0	3,990	3,990
Bath Quays Delivery	0	0	0	3,895	0	9,127	0	0	0	0	9,127	9,127
Bath Quays - Weston Island	0	0	0	100	0	100	0	0	0	0	100	100
Bath River Line	0	0	0	102	500	702	2,710	1,700	0	0	5,112	5,112
Bath City Centre Renewal Programme	0	0	0	0	710	710	740	200	0	0	1,650	1,650
Borrowing Match Grant Programmes	0	0	0	0	0	300	0	0	0	0	300	300
BWR Phase 2	0	0	0	0	0	5,000	0	0	0	0	5,000	5,000
Cattlemarket	0	0	0	0	0	150	0	0	0	0	150	150
Digital B&NES	0	0	0	620	0	620	0	0	0	0	620	620
Englishcombe Lane Development	0	0	0	655	0	655	0	0	0	0	655	655
Housing Infrastructure Fund & Housing Deal	0	0	0	2,000	0	2,000	0	0	0	0	2,000	2,000
Keynsham High Street Renewal Programme	0	0	0	0	0	50	50	50	0	0	150	150
Local Centres Renewal Programme	0	0	0	0	70	70	150	170	0	0	390	390
Midsomer Norton High Street Renewal Programme	0	0	0	70	500	570	250	25	0	0	845	845
Somer Valley Enterprise Zone - Infrastructure	0	0	0	2,742	0	8,817	695	640	615	0	10,767	10,767
York Street & Swallow Street Public Realm	0	0	0	0	0	225	0	0	0	0	225	225
Subtotal Provisional Approval - Housing, Planning and Economic Development	0	0	0	10,184	1,780	31,816	5,230	3,420	615	0	41,081	41,081

Capital Scheme	PY Spend Pre 2020/2021	Forecast Outturn 2020/21	Actual / Projected Spend Pre 2021/2022	Projected Re-Phasing from 2020/21 to 2021/22	New Budget Request 2021/22	Total Budget 2021/2022	Total Budget 2022/2023	Total Budget 2023/2024	Total Budget 2024/2025	Total Budget 2025/2026	Total Cost 5 Years	Overall Project Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Full Approval												
Community Services												
Bathscape	40	40	80	81	0	174	110	130	0	0	414	494
Haycombe Crematorium	0	78	78	47	0	47	0	0	0	0	47	125
Heritage Services Energy Capture Scheme	7	5	12	338	0	338	0	0	0	0	338	350
Parks S106 Projects	0	288	288	112	0	112	0	0	0	0	112	400
Play Area Refurbishment / Equipment	0	254	254	65	0	65	0	0	0	0	65	319
Roman Baths Archway Centre	1,898	3,306	5,205	112	0	112	0	0	0	0	112	5,317
Sydney Gardens	307	800	1,107	2,213	0	2,249	0	0	0	0	2,249	3,356
Visitor & Till Management System	0	0	0	0	0	0	100	0	0	0	100	100
Subtotal Full Approval - Community Services	2,252	4,771	7,023	2,969	0	3,098	210	130	0	0	3,438	10,461
Provisional Approval												
Community Services												
CIL - Green Infrastructure / Recreation	0	0	0	140	135	275	0	0	0	0	275	275
Entry Hill Facilities	0	0	0	0	55	55	0	0	0	0	55	55
Heritage Collections Centre	0	0	0	250	0	750	0	0	0	0	750	750
Heritage Infrastructure Development	0	0	0	0	0	325	350	0	0	0	675	675
Heritage Services Energy Capture Scheme	0	0	0	0	250	250	0	0	0	0	250	250
Improvements at Victoria Park, Bath	0	0	0	0	56	56	0	0	0	0	56	56
Keynsham Memorial Park	0	0	0	0	100	100	0	0	0	0	100	100
Museums Acquisitions	0	0	0	5	0	5	0	0	0	0	5	5
Odd Down Sports Ground and Other Leisure Feasability	0	0	0	0	60	60	600	0	0	0	660	660
Parks Equipment Replacement Programme	0	0	0	0	0	106	45	21	21	21	213	213
Parks Foundation	0	0	0	88	0	303	108	110	114	0	635	635
Parks S106 Projects	0	0	0	1,181	0	1,737	566	573	543	0	3,419	3,419
Play Area Refurbishment / Equipment	0	0	0	100	0	600	332	0	0	0	932	932
Refurb of Roman Baths Shop	0	0	0	0	0	150	0	0	0	0	150	150
River Tow Path: Bathwick Hill to Deeplock, Widcombe	0	0	0	0	50	50	0	0	0	0	50	50
Subtotal Provisional Approval - Community Services	0	0	0	1,764	706	4,822	2,001	704	678	21	8,225	8,225
TOTAL CAPITAL SCHEME BUDGET	83,625	69,151	152,776	90,977	18,293	195,851	46,413	27,223	16,680	10,480	296,646	449,422

NEW SCHEMES WITHIN THE CAPITAL PROGRAMME

1. TRANSPORT SERVICES

1.1. Environmental Services

- 1.1.1. **Highways Maintenance Programme** for **Full Approval** of £3.666m in 2021/22 is funded by Grant and **Additional Funding** for **Full Approval** of £0.5m for 2021/22 is funded by Corporate Support Borrowing.

Additional Funding for **Provisional Approval** of £2m p.a. for future financial years is funded by Corporate Supported Borrowing.

Base funding comes from a Department for Transport (DfT) Section 31 Capital Grant of £3.666m, provided through WECA from DfT allocations. It is proposed to supplement this with a further £0.5m from Council borrowing which, along with £1.5m Council borrowing previously carried forward in the COVID-19 Financial Recovery Plan, makes a total programme for 2021/22 of £5.666m.

An Asset Management Plan is currently being produced for March 2021 which will enable rebasing of the investment needed on the maintenance programme. Future borrowing allocations of £2m p.a. along with an anticipated WECA grant of around £3.6m provides for future programme spending closer to what is necessary for long term average replacement spending needed to maintain safe highways conditions.

This programme is a key component in achieving and maintaining our overriding purpose of improving people's lives. Improving the overall condition of the highways network serves to minimise road works with associated traffic disruption and addresses poor & visually unattractive surfaces and end of life assets. Improved street lighting in communities makes people feel safer and happier with where they live. The transport network is crucial in achieving our principle of delivering for local residents.

This will be used to address a programme of priority works across all highway asset groups namely carriageways, footways, structures (bridges, retaining walls, embankments & culverts), drainage and electrical infrastructure as identified through on-going inspection, monitoring and evaluation.

A detailed list of schemes, attached at Annex 5 (ii), has been produced following technical assessment and in consultation with Cabinet Members for Transport. Any amendments to the programme will be approved by the Chief Operating Officer in consultation with the Cabinet Members for Transport.

As with 2020/21, if a Pothole Grant or other funding from DfT were to be forthcoming, we will consider substituting grant for borrowing in 2021/22 and deferring borrowing into future years. Pothole Grant for 2020/21 was an exceptional £2.5m.

1.1.2. Transport Improvement Programme for Full Approval of £1.407m from 2021/22.

The Transport Improvement Programme budget is included for Full Approval and is funded from £1.163m of Integrated Transport Block Government Grant and £200k Community Infrastructure Levy (CIL), £4k Ward Initiatives contributions and a £40k Camera Safety contribution.

The programme delivers highway improvement works under the general headings of road safety, safer routes to school, pedestrians, congestion and traffic management schemes.

2021/22 proposals continue to focus on supporting the five objectives identified in the West of England Joint Local Transport Plan:

- Reducing carbon emissions
- Supporting economic growth
- Promoting accessibility
- Contributing to better safety, security and health
- Improving quality of life & a healthy natural environment.

A detailed list of schemes, attached at Annex 5 (iii), has been produced following technical assessment and in consultation with Cabinet Members for Transport. Any amendments to the programme will be approved by the Chief Operating Officer in consultation with the Cabinet Members for Transport Services.

1.1.3. DfT Active Travel Tranche 2 for Provisional Approval of £561k in 2021/22 to be funded by WECA Grant.

Through the West of England Combined Authority (WECA), a bid was submitted to the Department for Transport's second round of funding for Active Travel schemes. This round of funding is to provide an alternative to journeys that may previously have been taken by public transport, which still has reduced capacity due to social distancing, and also to help enable more people to walk and cycle for short, local trips.

The schemes being taking forward to consultation form part of the Council's wider strategy for making it more convenient for short journeys to be taken by walking, wheeling, or cycling, and to help residents, businesses, and visitors to Bath and North East Somerset live healthier lives.

The Council will be consulting on three schemes in February 2021, two of which will use funding from the government's Active Travel Fund.

- 1.1.4. **WECA Cycling and Walking for Provisional Approval** of £250k in 2021/22 to be funded by WECA grant.

Funding will be allocated by WECA to develop business cases for the highest priority schemes listed in the Local Cycling and Walking Infrastructure Plan (LCWIP). B&NES will use the funding to continue the development and produce business cases for the Combe Down to Ralph Allen route known as Scholars Way plus routes to and from the Quays Bridge. Further investment is anticipated which will enable further scheme development across B&NES (see paragraph 7, Emerging Capital Schemes).

- 1.1.5. **Park and Ride Security for Provisional Approval** of £5k in 2023/24 to be funded by Service Supported Borrowing.

This extends the existing allocation to a total of £105k.

- 1.1.6. **Bus Lane Camera Replacement for Provisional Approval** of £300k in 2022/23 to be funded by Service Supported Borrowing.

Renewal of IT systems which support enforcement of bus lanes utilising Automatic Number Plate Recognition which will run alongside the re-tender of operational contracts envisaged in 2022.

- 1.1.7. **Parking Enforcement - Cameras for Civil Enforcement Officers** additional £5k from 2022/23 & £5k to 2025/26 to be funded by Service Supported Borrowing.

Parking Enforcement – Handheld Computer Terminals for Civil Enforcement Officers additional £50k 2025/26 to be funded by Service Supported Borrowing.

Amendment of the existing equipment replacement programme supporting the operations of the Council's Civil Enforcement Officers.

2. CLIMATE EMERGENCY & NEIGHBOURHOOD SERVICE

2.1 Environmental Services

- 2.1.1. **Renewable Energy in B&NES for Provisional Approval** of £150k in 2021/22 and £250k in 2022/23 to be funded by Corporate Supported Borrowing.

Renewable Energy Development Fund for Provisional Approval of £500k p.a in 2021/22, 2022/3 and 2023/24 to be funded by Service Supported Borrowing.

Corporate Borrowing funds will provide for a new resource to develop projects, seek opportunities to match-fund and consider whether greater investment is needed in future years. This will include advancing proposals developed by the South West Energy Hub (SWEH), a WECA hosted support, for the Council to progress renewables projects by investigating options for reducing their carbon emissions and increasing renewable energy generation across the Council owned sites. A desktop assessment has been undertaken on the potential of various sites for solar photovoltaic panels and onshore wind which now needs progressing to more detailed feasibility work.

In addition to the above, the Renewable Energy Development Fund provides for scope for borrowing funding to be available where business cases show existing energy spend may be switched to support investment instead. This will include proposals from within the Corporate Estate Planned Maintenance budget for the retrofit of plant and equipment.

3. **COMMUNITY SERVICES**

3.1. **Environmental Services**

- 3.1.1. **Odd Down Sports Ground and Other Leisure Feasibility for Provisional Approval** of £60k for 2021/22 and £600k in 2022/23 to be funded by Corporate Supported Borrowing.

2021/22 capital expenditure will be used to develop business cases to increase the mix of facilities on the Odd Down site and elsewhere, with a focus on profit making elements, which will, in return, reduce the future revenue subsidy for activities and elsewhere.

- 3.1.2. **Energy Capture Scheme (Roman Baths Heritage) for Provisional Approval** of further £250k for 2021/22 to be funded by Service Supported Borrowing.

This is an extension of budget to meet the updated cost forecast. A business case is needed to show whether there will be sufficient revenue savings to afford borrowing or will need to identify other sources of funding.

- 3.1.3. **Cleveland Pools Provisional Approval** of £95k for 2021/22 to be funded by Corporate Supported Borrowing and up to £250k support in future years to be funded from CIL.

A section of the western boundary of the site is to be retained by B&NES. The boundary currently consists of mature trees and some surviving sections of masonry wall and earthen bank which is generally in very poor condition. The Council is urgently addressing the risk of falling trees in 2020/21 and now needs to carry out the wall repairs before the restoration of the Cleveland Pools commences when access will be restricted.

An undertaking to the Trust has been made to make up to a further £250k of grant for project support but only at the end of the project (e.g. 2022/23 or later) and subject to a detailed application explaining why any project changes are proposed.

4. **HOUSING, PLANNING AND ECONOMIC DEVELOPMENT**

4.1. **Economy & Growth**

- 4.1.1. **Bath Riverline - Provisional Approval** of £0.5m for 2021/21, £2.510m for 2022/23 and £1.5m for 2023/24 to be funded by WECA grant and 3rd Party Contributions.

The project will establish a continuous 10km walking and cycling connection between Newbridge and the villages of Batheaston and Bathampton via Pulteney Bridge together with increased flood protection and environmental improvements such as improved public access, hard landscaping and green spaces. This may include a contribution towards replacement of Pulteney Radial Gate which has come to the end of its maintainable life.

- 4.1.2. The following four Renewal projects that support Covid Recovery will utilise funding from “Love Our High Streets” grants, WECA Recovery Funds and Community Infrastructure Levy (which is reported separately in Annex 5.v):

Bath City Centre Renewal for Provisional Approval of £610k for 2021/22, £740k for 2022/23 and £200k for 2023/24.

Midsomer Norton High Street Renewal for Provisional Approval of £500k for 2021/22 and £250k for 2022/23.

Local Centres Renewal for Provisional Approval of £25k for 2021/22, £150k for 2022/23 and £170k for 2023/24.

Keynsham High Street Renewal no change to existing approvals which already include “Love Our High Street” grant funding.

This will pursue work with communities to support the revival of town centres to include shops, businesses, community activities, services and homes. The Bath Programme will reinforce the identify and appeal of the area north of the city centre with focus on delivering recovery projects on Milsom Street and other key areas. Midsomer Norton will focus on reinventing the uses of the town with emphasis on developing the market square. The Local Centres project will fund enhancements to key high streets in local centres in Bath (locations to be agreed). The project will link up with the Council’s Liveable Neighbourhoods workstream to align public realm and highways interventions to support pedestrian and cycle access to the high streets and improve the environment for local businesses and communities.

5. **CHILDREN'S SERVICES**

5.1. **Education, Inclusion & Children's Safeguarding Transformation**

- 5.1.1. **Basic Need Programme** for **Provisional Approval** including further grant allocation of £4.8m for 2021/22 making the total available £15.5m.

The Council receives Basic Needs (BN) grant funding from the Department for Education (DfE) on an annual basis. The funding is allocated to support the provision of sufficient school places which is a statutory responsibility of the Council.

Following a review of the pupil number projections and assessment of future priorities for provision of sufficient places, the funding will be used to support emerging expansion schemes at primary and secondary schools.

Beyond 2021/22 the Council's School Organisation Plan will highlight any areas of basic need where additional school places may be required. At the appropriate time, feasibility studies will be required to determine the most suitable and cost-effective way to deliver the additional places required.

Indicative schemes for delivery in 2021/22 include:

Two Rivers Primary School - up to £1.5m to funded by S106 contributions & Basic Needs Grant. Delivery of this project is the responsibility of Department of Education and the funding provides a local contribution to ensure delivery of this primary to Passivhaus Environmental standards.

St Mark's Secondary School - £250k to support the expansion of the school from a Planned Admission Number (PAN) of 102 to 120 from September 2021. This increase will provide 90 additional places to meet demand from population growth and new housing development with CIL funding of £50k. It is not anticipated that all accommodation issues will be resolved but this will support a first step in the process.

St Keyna Primary School - £4.5m to increase the size of St Keyna Primary School from 210 places to 420 places to meet future need in the area. The extra capacity is needed to meet the additional demand generated by a large number of new housing developments and population increases in the Keynsham area.

Feasibility Studies - £150k for development work is required to inform further detailed project plans.

It is proposed that delegated authority for approval of individual budgets is given to the Director for Education, subject to consultation with the Cabinet Member for Children's Services.

- 5.1.2. **Schools' Capital Maintenance Programme**, total available for Provisional Approval of £1.2m to be funded by DfE grant. At the time of writing the announcement of our 2021/22 funding allocation is pending.

Emergency & Minor Works Allocation of £400k recommended for **Full Approval** - a budget to address ad hoc, unforeseen condition issues as they arise throughout the year. This may include items such as boiler replacement or roof repairs.

As in previous years it is proposed that delegated authority for approval of individual budgets from the approved total above is given to the Director for Education, subject to consultation with the Cabinet Member for Children's Services.

- 5.1.3. **Devolved Schools' Capital of £78k for Full Approval** – an allocation of DfE capital to be allocated directly for spending by the schools.

- 5.1.4. **SEND Capital for Provisional Approval** of £402.5k allocation for 2021/22 to be funded by DfE Grant

To deliver additional SEND provision at a location or locations to be identified following further discussions with providers.

It is proposed that delegated authority for approval of individual budgets is given to the Director for Education, subject to consultation with the Cabinet Member for Children's Services.

6. **RESOURCES**

6.1. **Finance**

- 6.1.1. **Corporate Capital Contingency** addition for **Full Approval** of £299k for 2021/22 funded by Corporate Supported Borrowing.

To replenish capital contingency funds to £2.3m having drawn down £299k during the financial year 2020/2021. £183k related to welfare pods which provided extra canteen/breakout space for staff working at depots where 'social distancing' could not be supported by existing facilities. £116k provided replacement match-funding towards the Connecting Devon and Somerset (CDS) broadband enablement programme.

- 6.1.2. **WECA RIF Repayment** for **Full Approval** of £788k for 2021/22 – funded by Corporate Supported Borrowing.

The WECA grant which paid for the completed Saw Close improvements is due for repayment to the Revolving Infrastructure Fund in 2021/22. The budget required that an operator's annual license fee income would provide a source of funds to service borrowing on this sum. However poor trading conditions means this income source is no longer secure and we need to provide for this corporately. Repayment of the capital grant is required to replenish the WECA administered fund as it is revolving to enable future investment.

6.2. **Economy & Growth**

- 6.2.1. **Corporate Estate Planned Maintenance Programme** for **Provisional Approval** of £1.6m 2022/23 and £3m p.a. in future years to be funded by Corporate Supported Borrowing

The 2021/22 Programme will total £3.761m, identified from the existing base Provisional Approval £1.650m and a Full Approval of £2.111m carried forward from 2020/21 as part of the Covid-19 Review.

The Corporate Planned Maintenance Programme comprises site-specific and multi-site programmes of work. The programme of work reflects intelligence held by the service and secures compliance with a range of legal duties.

A detailed plan of works will be brought forward for Single Member Decision to update the 2020/21 programme in the light of slippage and Covid-10 impacts, along with new 2021/22 proposals.

Future amendments for 2021/2022 will then be approved by the Chief Operating Officer in consultation with the Cabinet member for Resources.

6.2.2. **Commercial Estate Refurbishment for Provisional Approval** of £800k for 2020/21 to be funded by Corporate Supported Borrowing

A programme of work is needed to enable commercial properties to be re-let and minimising void periods. This allocation will act as pump-priming, as investments may not immediately realise returns.

The Council are also renaming the existing Commercial Estate Acquisitions Fund as the **Commercial Estate Improvements and Regeneration Fund**. This has existing **Provisional Approval** of **£29.062m** to be rephased into 2021/22, funded by Service Support Borrowing. Business Cases for developments will need to demonstrate that rentals will be enhanced by works undertaken to provide increased revenues to repay borrowing. Regeneration will be demonstrated in line with recent changes to Public Works Loan Board (PWLb) borrowing requirement

6.3. Partnership & Corporate Services

6.3.1. **IT Replacement & Increased Digitalisation for Provisional Approval** of £25k for 2021/22 (with an existing provisional programme of £1.975m) and £500k p.a. for four years 2022/23, 2023/24, 2024/25 and 2025/26 to be funded by Corporate Supported Borrowing.

Current hardware used across Council offices is over six years old and general technology has moved on with more suitable alternatives on the market. Improvements to home-working solutions will enhance the ability of staff to work flexibly, collaboratively and efficiently. This expenditure supports new blended ways of working through the purchase of standardised mobile equipment. Future years will have prioritised IT infrastructure needs following a further review and will promote a move to greater digitalisation.

6.3.2. **Office Reconfiguration Costs for Provisional Approval** of £1.195m for 2021/22 and £460k for 2022/23 to be funded by Corporate Supported Borrowing.

The office programme will result in reduced net expenditure through the reduction of leasehold arrangements and the letting of Council owned office space in Bath. Works to Keynsham Civic Centre will result in flexible, modern, enhanced spaces which will increase capacity and maximise the use of the building. Additional savings are likely via centralisation and a review of supplies.

7. **EMERGING CAPITAL SCHEMES**

The following schemes are not yet fully developed, and outline business cases have not been produced at this stage, so it is not possible to identify an appropriate provision for them within the proposed Capital Programme yet.

These schemes may require significant capital expenditure, some or all of which may be met through external sources or the related service provider. As the specific business cases are more developed and the capital requirements are more fully understood these schemes will come forward for Council consideration and decision.

The business cases will need to identify suitable capital and, if necessary, revenue funding provision at that time.

7.1. **Additional West of England Combined Authority (WECA) Funded Schemes**

These schemes may be taken forward for consideration as a result of either WECA feasibility and business case development funding and/or government initiatives with available funding sources. Emerging schemes which have been successful in securing external funding will be incorporated into the Capital Programme in line with the Council's Budget Management Scheme.

These will include, but are not limited to, any potential projects that may emerge and the following grant bids are either pending submission or awaiting confirmation:

- 7.1.1. **Bristol / Bath Strategic Corridor**– Investment in sustainable transport infrastructure to reallocate road space and improve the network in order to deliver high capacity public transport, walking and cycling improvements along the A4. It will provide integration with sustainable modes such as MetroBus and Park & Ride to transform public transport across the area. Currently funded from £2.02M approved WECA Investment fund, with a further £10M programmed in 2023, the project also aims to deliver early infrastructure to enable and accelerate increased housing delivery. *Funding Stage: Outline Business case to be submitted in 2021/2022*
- 7.1.2. **Somer Valley Enterprise Zone (SVEZ):** Infrastructure to enable site development - Public sector intervention is required in order to enable the development of the Somer Valley Enterprise Zone, which at completion will support approximately 1,300 jobs. More than 70% of Somer Valley residents currently commute out of the area for work (Somer Valley Transport Strategy) and development of the SVEZ aims to address this issue, in part by providing more

localised employment. The Council has identified a number of key workstreams, which include land assembly, a Local Development Order, delivery of enabling infrastructure and land servicing. Feasibility & development capital funding has been received from WECA. Somer Valley Enterprise Zone Development and a full business case is in progress (to include site and highways enabling works).

- 7.1.3. **iSTART (Science, Technology, Arts, Research, Training)** is collaboration between Bath & North East Somerset Council, Bath College, University of Bath and Bath Spa University. It will support people and businesses to develop the skills needed to generate and access good jobs, increasing productivity in a digital world. *Full Business Case Development taking place in 2021/22*
- 7.1.4. **Riverside Court and Manvers St / Weston Island / Bath City Centre Masterplan.** Currently funded from approved WECA Masterplan development revenue funds. These related projects will deliver Place Making Plan objectives, including new homes, public realm and mixed development to improve the economic prosperity of the city and achieve sustainable outcomes in line with the Council's Climate and Nature Emergency commitments. *Funding Stage: Pipeline only, and bid progression will require business case submission.*
- 7.1.5. **Green Infrastructure - Waterspace & Biodiversity projects.** Establishing projects that support the Climate and Nature Emergency and provide biodiversity and environmental net gain outcomes within B&NES. Development of full business cases in 2021/22 will apply to the WECA Green Infrastructure funding within the Investment fund.
- 7.1.6. **Milsom Quarter.** Building upon the Covid recovery and Love High Street funding that has been addressing immediate to short term recovery interventions, the city centre is experiencing structural change through a combination of factors that will have long term impacts upon the viability and vitality of our economy. Focussing upon economic renewal, housing delivery and energy efficiency retro fit the project will develop the spatial, heritage and delivery strategy to support future investment.
- 7.1.7. **Somer Valley Investment Plan** Supporting further investment in our rural communities builds upon the current initiatives being delivered through the Somer Valley Enterprise Zone, Heritage & Love High Street funding. The plan and delivery strategy will support the Local Plan, help address Climate and Nature Emergency through potential renewable energy investment and support increased community resilience to support a sustainable resilient rural economy.

- 7.1.8. **Enterprise Zone Delivery.** Building upon the Economic Development Fund revenue funding already received, this will define the post-Covid delivery strategy to realise the ambition to unlock the potential of our Enterprise Zones. Supporting future policy formulation to realise a green economy, the priority is to build capacity to address critical infrastructure constraints that support a more sustainable delivery programme
- 7.1.9. **Twerton Regeneration Delivery Plan.** Preparing a more comprehensive regeneration plan to support the 15 Minute Neighbourhood and work to address barriers to improve community and resident life chances. Bringing together high street, employment and housing components within the ward.
- 7.1.10. **WECA Cycling and Walking.** Following the adoption of the Local Cycling and Walking and Infrastructure Plan (LCWIP), WECA have created a £10m Cycling and Walking fund for the region. The funds will be allocated within the WECA assurance framework, which requires LCWIP schemes to be developed with business case submitted for approval. £1m has been top-sliced and will be used to develop business cases; B&NES' allocation is £250k as described earlier. The business cases will determine the value of the funding award to B&NES and is anticipated to be in the region of £3m.
- 7.2. Other Scheme updates – For information only**
- 7.2.1. **Waste Depot Relocation.** Further investment in waste infrastructure to cover additional costs for depot relocation and to deliver service improvement that builds on the approved capital budgets to date of £7.430m which have been used to progress the Cleansing Depot relocation and the land assembly, design and planning for the Pixash Site. *Progression require business case submissions.*
- 7.2.2. **Fashion Museum.** The Fashion Museum in Bath is one of the world's top 10 fashion museums. The project aims to allow greater public access to the collection and to protect the revenue it generates. *Progression will require business case submission.*
- 7.2.3. **Transportation Delivery Programme** will now be called **Liveable Neighbourhoods**. This programme is seeking to reduce car usage and increasing use of sustainable transport. A Member-led approach will oversee this work. Significant funding for this Programme was carried forward from 2020/21 as part of Covid-19 review, with Provisional Approval of £1.480m in 2021/22 and £0.5m in 2022/23 funded by Corporate Supported Borrowing.

- 7.2.4. **Bath Quays.** The slippage of approved budgets from 2020/21 to future years reflects the market uncertainty resulting from Covid-19 and future occupier demand. The programme is contractually committed but the triggers to commence development are subject to review and various conditions that relate to viability and occupier market interest. Infrastructure development works are reprofiled to reflect expected commencement in late 2021/22.
- 7.2.5. **Cleveland Bridge.** A grade II* listed structure built in 1826, crossing the River Avon east of the City Centre, linking the A4 London Road with the A36. Refurbishment and strengthening works are required to maintain the bridge and preserve its heritage value for the future. Works are due to commence during the summer 2021, with funding of £3.5m secured from DfT Grant.

Highways Maintenance Programme 2021/22	
Description	Budget
<u>Street Lighting Programme</u>	
Cleevedale Road, Horsecombe Brow, Pioneer Avenue & Pope's Walk - Combe Down	£25,150
Valley View Road - Lambridge	£3,975
Lympsham Green - Bloomfield	£11,915
Redland Park - Twerton	£46,330
Lorne Road, Oak Street, Sydenham Buildings, Westmoreland Street & Wood Street - Westmoreland	£31,770
Catherine Way & Coalpit Road - Batheaston	£39,700
Bathford Hill, Bradford Road & Mountain Wood - Bathford	£33,100
Tunley Hill, Camerton	£18,530
A4 Bath Road, Constable Close & Vandyck Avenue - Keynsham	£67,750
Charlton Road, Gullock Tynning, Phillis Hill, Pinewood Avenue, Pinewood Grove, Pinewood Road & Silver Street - Midsomer Norton	£60,890
Brummel Way, Cam View, Downsway, High Park, Roman Way, Westview & Woodview - Paulton	£55,600
Knobsbury Lane - Writhlington	£5,290
Highway Street Lighting Sub Total	£400,000
<u>Highway Structures Programme</u>	
Special Post Tension Inspections - Churchill Footbridge, Bath; A4 Keynsham Bypass - Avon Mill Lane Bridge and River Chew Bridge	£190,000
Structures Assessment Programme - Shrowl Bridge, West Harptree; Hollowbrook North Bridge, Stowey Sutton; Battle Lane Bridge, Chew Magna; Splott Bridge, Carlingcott; Single Hill Bridge, Shoscombe; Osborne Road Bridge, Newbridge; Iford Bridge, Freshford	£84,000
Structures Inspection Remedial Works Programme	£60,000
Minor Bridge Replacement Programme - Twinhoe Rural Bridleway, Wellow; Dumpers Lane Public Rights of Way Footbridge, Chew Magna; West Brook Footbridge, Upper Weston	£70,000
Turn Bridge, Compton Dando - Refurbishment	£40,000
A3604 Windsor Road, Bath - Bridge Bearing Replacement and disused footbridge removal	£196,000
B3118 Midland Bridge Road, Bath - Bridge Bearing Investigation Works	£100,000
Highway Structures Sub Total	£740,000
<u>Highway Drainage Programme</u>	
A37 Bristol Road, Whitchurch - Saltwell Viaduct Drainage Investigations	£15,000
Windrush, A37 Upper Bristol Road, Clutton - Highway Drainage Improvements	£30,000
Featherbed Lane/ A37 Upper Bristol Road, Clutton - Highway Drainage Improvements	£25,000
Smithams Hill, East Harptree - Culvert Improvement Works	£20,000
Sion Hill/Cavendish Road, Bath - Highway Drainage Improvements	£25,000
Bromley Road, Stanton Drew - Highway Drainage Improvements	£30,000
A37 Hursley Hill, Whitchurch - Highway Drainage Repair and Improvement	£10,000
A36 Churchill Bridge Gyratory, Bath - Highway Drainage Repairs	£25,000
Highway Drainage Sub Total	£180,000
<u>Carriageway Resurfacing & Major Re-Construction</u>	
Part of Milsom Street & New Bond Street - Bath	£48,000
Oldfield Road (part) & King Edward Road - Oldfield Park, Bath	£48,000
Hillside Road, Cotswold Road & Egerton Road - Moorlands, Bath	£181,000
Bloomfield Road - Odd Down	£319,000
Crown Road & Lucklands - Upper Weston, Bath	£85,000
Coalpit Road & Elmhurst Estate - Batheaston	£244,000
Dovers Park & Mountain Wood - Bathford	£212,000
Chandag Road - Keynsham	£176,000
Lockingwell Road & St George's Road - Keynsham	£121,000
Station Road - Clutton	£129,500
Coomb End - Clandown, Radstock	£126,000
Mill Road - Radstock	£173,000
Carriageway Resurfacing Sub Total	£1,862,500
<u>Carriageway Surface Dressing</u>	
A368 Main Road - Chelwood	£133,000
A37 The Flat - Clutton	£89,000
Lower Bristol Road - Clutton	£103,000
B3130 Stanton Road - Belluton/Stanton Drew	£112,000
Carriageway Surface Dressing Sub Total	£437,000

Description	Budget
<u>Carriageway Thin Surface Treatment</u>	
Northampton Street - Lansdown, Bath	£21,500
Harley Street - Lansdown, Bath	£17,000
Burlington Street - Lansdown, Bath	£16,500
Park Street Mews/Park Place - Lansdown, Bath	£27,500
Sion Hill, Sion Hill Place, Sion Road & Summerhill Road - Sion Hill, Bath	£225,000
East Way, East Close, St Michaels Road & West Close - Whiteway, Bath	£72,000
Croft Road, Queenwood Avenue, Evelyn Terrace, Fairfield Rd & Claremont Buildings - Fairfield Park, Bath	£90,000
Derwent Grove - Keynsham	£11,500
Tamar Drive - Keynsham	£7,500
Lambourn Road - Keynsham	£18,000
Tyning Road & Collingwood Close - Saltford	£54,000
Church Lane - Clutton	£39,000
Greenridge - Clutton	£12,000
Ridge Crescent & Ridge Way Close - West Harptree	£40,500
Fosse Way - Clandown, Radstock	£43,000
Chapel Road, Springfield Place & Chapel Lawns - Clandown, Radstock	£35,000
Carriageway Thin Surface Treatment Sub Total	£730,000
<u>Footway Programme</u>	
Paving Programme	£100,000
Asphalt Concrete Programme	£150,000
Footways Sub Total	£250,000
<u>Other Programmes</u>	
Planned Patching Programme	£991,500
Planned Road Marking Improvement Programme	£75,000
Other Sub Total	£1,066,500
PROGRAMME OVERALL TOTAL	£5,666,000

<u>Funding Sources</u>	
DFT Maintenance Block Settlement	£3,034,000
Additional Highways Funding - DFT Incentive Element	£632,000
Additional Council CSB Capital Funding (inc. £1.5million deferred from 2020/21).	£2,000,000
PROGRAMME OVERALL TOTAL	£5,666,000

Transport Improvement Programme 2021/22	
Description	Budget
<u>Local Safety Schemes</u>	
Anti-Skid Surfacing	£10,000
Accident investigation and prevention (AIP)	£15,000
A4175 route delivery	£50,000
A368 route review	£15,000
Covid 19 Social Distancing measure	£20,000
Minor Safety Improvements / assessment	£6,000
West Harptree , traffic calming study	£5,000
A39 Wells Road High Littleton pedestrian refuge	£5,000
Queen Charlton Lane, experimental road closure	£8,000
Red Hill speed reductions measures	£40,000
Wellsway, Keynsham 20mph speed measures	£5,000
Charlton Road Keynsham traffic management scheme	£20,000
Kelston Road, Newbridge speed reduction study	£7,000
Local Safety Schemes Sub Total	£206,000
<u>Public Transport</u>	
Bus stop improvements	£20,000
Public Transport Sub Total	£20,000
<u>Managing Congestion</u>	
Parking Schemes TRO	£45,000
Residents Parking Zones:	£80,000
Preparation for enforcement of moving traffic offences	£20,000
Managing Congestion Sub Total	£145,000
<u>Safer Routes to Schools</u>	
School zebra crossings	£60,000
Linear Way to Moorland School, Cotswold Road crossing	£8,000
Bloomfield Road and Wellsway crossing Design	£7,000
Molly Close Temple Cloud footway order	£10,000
Newbridge pedestrian island	£15,000
Safer Routes to School Sub Total	£100,000
<u>Cycle Schemes</u>	
Cycle parking development	£15,000
Charlton Road/Silver Street off-road cycle scheme, Midsomer Norton	£10,000
School Lane to garages Batheaston Footpath	£25,000
London Road Cycle scheme	£20,000
Local cycle Improvements	£20,000
Feasibility study Lansdown Road	£10,000
Combe Down / Ralph Allen /University route	£90,000
Development of cycle schemes and plan	£150,000
Cycle Schemes Sub Total	£340,000
<u>Pedestrian Schemes</u>	
Aids to mobility	£30,000
Public Rights of Way	£70,000
Pedestrian signal improvements	£150,000
Widcombe Canal path	£40,000
Monitor Dorchester Street signals	£3,000
Lansdown Lane, new zebra crossing and upgrade to an existing	£60,000
Longfellow Road Westfield footway widening	£20,000
Penn Hill Road /Kelston Road pedestrian refuge	£15,000
A367 Wellsway Odd Down zebra crossing improvement	£10,000
Cavendish Road Lansdown road narrowing	£15,000
Pedestrian Schemes Sub Total	£413,000
<u>Traffic Management Traffic Regulation Orders</u>	
A39 Corston Village , 50 to 40 mph	£5,000
A4 Bath Road 50mph to 40 mph	£5,000
Kelston Road, Kelston reduce 60 mph	£5,000
Woollard and Hunstrete Villages 20mph and 30 mph	£8,000
Hallatrow Road, Paulton extend 30mph	£5,000
Walleycourt Road, Chew Stoke review	£5,000
Langridge & Tadwick Lane review including 20 mph	£10,000
Midsomer Norton Redfield 20mph	£5,000
Keynsham (East) Wellsway extend 30mph	£10,000
Lansdown Granville Road 20mph	£6,000
Midsomer Norton extension of existing 20 mph	£15,000
Traffic Management Schemes Sub Total	£79,000

Description	Budget
Miscellaneous	
JLTP Monitoring, Equipment and NHT survey	£20,000
Programme Management	£60,000
Legacy/ Assessments	£24,000
Miscellaneous Sub Total	£104,000
	£0
PROGRAMME OVERALL TOTAL	£1,407,000

Funding Sources	
DfT Integrated Transport Block Grant Settlement	£1,163,000
Local Ward council initiative	£4,000
Speed choice Zebra crossing	£40,000
CIL walking and cycling	£200,000
PROGRAMME OVERALL TOTAL	£1,407,000

COMMUNITY INFRASTRUCTURE LEVY (CIL) ALLOCATIONS 2021/22

1. INTRODUCTION

Strategic CIL income for spend in the financial year 2021/22 is forecast to be around £1,866,000. This includes the re-allocation of £50,000 for Whitchurch Park following review of previous unspent allocations.

CIL funding will make an important contribution to fulfilling the Core Strategy requirement that new development must be properly aligned with infrastructure. It also makes a significant contribution to the Council's Capital Programme.

In addition, it is anticipated that local communities will also receive around £296,000 of income for local spend through Parishes or the Bath Forum.

2. CIL SPEND PRINCIPLES

The Council's principles underpinning the decisions on how CIL funds should be spent are:

- CIL regulations require that funding can only be spent on Infrastructure;
- Priority is given to infrastructure in the Infrastructure Delivery Plan (IDP) which is critical to supporting planned growth;
- Spend should be aligned with the Council's Capital Programme;
- Decisions are made annually but based on a longer-term programme of spend to ensure a co-ordinated approach;
- Spend should take account of where CIL is generated;
- Strategic and Local CIL spend should be aligned where it is beneficial.

3. CIL SPEND PRIORITIES FOR 2021/22

Based on the CIL Spend Principles above, the infrastructure projects to be funded by CIL in 2021/22 are summarised in Table 1 below, some of which are additions to on-going projects. The need to focus on Infrastructure which addresses the Climate and Nature Emergency concerns has been given greater priority across all the categories, so it does not appear as a separate item.

Should future amendments for 2021/2022 be required these will then be approved by the Chief Operating Officer in consultation with the Cabinet Member for Resources.

Table 1: CIL Spend projects 2021/22

Infrastructure Item	Allocation (£)	Commentary
Flood Risk Management	500,000	
Bath Quays Flood Defences	500,000	WECA has accepted the Change Request to enable to Council to repay £0.5m p.a. for the next six years.
Education	250,000	
Education in Bath as identified in the B&NES Infrastructure Delivery Plan	50,000	Contribution towards expansion of St Mark's Secondary School to help ensure the Council has sufficient secondary school places available in Bath to meet demand from an increase in pupil numbers as a result of population growth and new housing developments in the city.
Education in Keynsham as identified in the B&NES Infrastructure Delivery Plan	200,000	There is a need to increase the size of St Keyna Primary School by 1FE (210 places). The extra capacity is needed to meet the additional demand generated by a large number of new housing developments and population increases in the Keynsham area.
Green Infrastructure / Recreation	416,000	
Bathscape area Green Infrastructure Improvements.	20,000	Contribution to a larger project of £245k which entails improving access from the city to countryside and delivering nature recovery network.
Improvements to Keynsham Memorial Park	100,000	A detailed proposal will be worked up alongside the High Street Proposals. Subject to public consultation, the improvements are likely to include river restoration, landscape works to implement the Conservation Area Appraisal recommendations, play area replacement, wayfinding and event space.
Tree & Woodland Planting	75,000	Helps to deliver Council ambition to plant 100,000 trees by 2023 and helps address the Climate & Nature Emergencies as well as the impacts of Ash dieback. This will provide planting and management of approximately 3,000 small trees and 80 large trees and

		will enable access to other funding from Forest of Avon Tree for Climate funding and the Forestry Commission.
Somer Valley area Green Infrastructure Improvements	20,000	<p>Levers in substantial match-funding. £20k split between the 4 projects:</p> <p>Staddlestones, Midsomer Norton - £5k will be spent on the site masterplan and community consultation;</p> <p>Haydon Batch, Radstock - £5k for capital works which Radstock Town Council have pledged £5k to match</p> <p>Wellow Brook Walk - £5k will be a contribution towards path creation, habitat restoration, interpretation and seating for which Midsomer Norton Town Council have produced a site masterplan.</p> <p>Midsomer Norton Town Park - £5k will be a contribution towards interpretation, habitat restoration and continuation of path creation.</p>
Chew Valley area Green Infrastructure Improvements	20,000	This will lever substantial Government grant/WECA funding for Chew Valley Recreational Trail. It will also help address sensitive ecological issues relating to strategic plan making at sub-regional & B&NES levels in light of the sensitivity of the Chew Valley Lake Special Conservation Area.
Improvements at Victoria Park, Bath	56,000	Entails a series of projects using the Parks Foundation to try and match-fund this CIL with bids and crowdfunding. CIL would make a contribution towards a range of works.
Keynsham Project (Fox and Hounds Lane)	20,000	Contribution towards project to turn an area of woodland near Keynsham Town Centre into a public space. Keynsham is a key growth location in the Core Strategy.
River Tow Path: Bathwick Hill to Deeplock, Widcombe	50,000	Finalising towpath upgrade from Bathampton to Widcombe (end section). Match-funding for Canal and River Trust/ Wessex Water funding.
Entry Hill Facilities	55,000	A full site assessment is being undertaken to include contaminated land quality risk assessment, topographical, soil and ecological surveys to inform

		feasibility for alternative uses of the site.
Public Realm	220,000	
Bath City Centre Renewal	100,000	This forms match-funding for a WECA Full Business Case, leveraging in substantial grant funding of over £1m. Locations include Milsom Street Quarter, Kingsmead Square, York Street, Union Street, Cheap Street, Westgate Street and Upper Borough Walls.
Keynsham High Street Public Realm	50,000	This provides match-funding to WECA "Love your High Street" grant and helps consolidate the recent substantial housing growth in the town.
Midsomer Norton High Street Public Realm	25,000	This provides match-funding to WECA "Love your High Street" grant and helps consolidate the recent substantial housing growth in the town.
Local Centres/ High Streets Public Realm Improvements	45,000	The Local High Streets project will fund enhancements to key high streets in Bath local centres outside of the city centre. The project will link up with the Council's Liveable Neighbourhoods Scheme and may help secure WECA funding.
Strategic Transport Infrastructure	300,000	
The WECA Local Cycling and Walking Infrastructure Plan	200,000	The primary use of these funds is for the overarching cycling and walking strategy to provide the first step in bringing forward specific routes for implementation that may also attract WECA grant funding.
Traffic Mgt and Residents' Parking, Low Traffic Neighbourhood	100,000	To support other programmes for Resident parking and low traffic neighbourhoods to be developed in Bath. Low traffic neighbourhoods would be introduced to reduce through-traffic in residential areas whilst any vehicle restriction will maintain access for buses.
Health and Well Being	200,000	
Radstock Healthy Living Centre	100,000	Agreement now signed with GPs and building is to commence in 2021. A reduction to capital receipts has lead to the need to replace £100k of funding. Consolidates recent housing growth in the area

Batheaston Village Hall	100,000	To enable completion of project with health and wellbeing benefits. A new Community Hall in Batheaston is being built on the site of the old Church Hall, with a budget of £725k largely raised by local contributions.
TOTAL	1,886,000	

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Bath and North East Somerset Capital and Investment Strategy 2021/22

Introduction

The Government introduced a new requirement in 2019/20 for local authorities to approve a Capital and Investment Strategy. The strategy is the overarching document which sets the policy framework for the development, management and monitoring of capital investments as well as lending to other organisations and commercial investments. The strategy focuses on core principles that underpin also outlines the governance framework required for decision making and delivery.

The capital and investment strategy aligns with the principles set out in the Council's Corporate Strategy of:-

- Preparing for the future;
- Delivering for local residents;
- Focussing on prevention

The strategy is integrated with the Medium Term Financial Strategy and Treasury Management Strategy.

Capital Expenditure

Capital expenditure occurs when the Council spends money on assets, such as property or vehicles that have a life of more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies to enable them to buy assets. The Council has limited discretion on what can be accounted for as capital expenditure, and this is outlined through its Accounting Policies which are updated and published annually as part of the Statement of Accounts.

The Council's planned capital expenditure over the 5-year period covering 2021/22 to 2025/26 is as follows:

	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£'m	£'m	£'m	£'m	£'m
Total	195.9	46.4	27.2	16.7	10.5

Full details of new Capital Schemes over the 5 year period are outlined in Annex 5 of the budget report.

As part of the approval process Directors submit Needs Assessments for consideration to the Capital Strategy Group. These are then prioritised within the available capital financing available. Given the current constraints on local authority finances the following principles are used for the current programme as well as new schemes:-

- To continue to review all existing schemes and simplify, reduce, pause or stop as necessary;
- Minimise new schemes except those that meet corporate priorities;
- Agree an affordable limit for new schemes requiring corporate borrowing;
- Ensure adequate investment in assets supporting key service provision (including meeting health and safety requirements or replace obsolete or inefficient assets/equipment);
- Deliver or work with partners to deliver high priority government funded programmes and WoE programmes where they meet corporate priorities.

Bids are reviewed by the Finance team and funding streams such as Service Supported Borrowing, Corporate Supported Borrowing, S106, CIL, WECA, capital receipts, or external grant are assessed. Portfolio Holders review the overall bids to agree priorities and overall affordability. As part of the budget process the bids are linked to the Corporate Strategy Principles and reviewed by the Capital Strategy Group before putting forward for consideration in the budget. The final capital programme is then presented to Council in February each year. The Council's Capital Programme can be found at Annex 5.

Schemes can either be classified as **Fully Approved or Provisionally Approved**. Items gaining **Full Approval** are clear to proceed to full scheme implementation and delivery, subject to appropriate project management and governance.

Items for **Provisional Approval** will require either a further Officer decision and in some cases a formal Executive decision for Full Approval. The budget estimates for schemes shown for Provisional Approval are therefore included on an indicative basis, and as an aid to planning.

The Capital Programme will retain narrative only reference to pipeline projects and grant funding in an early stage of progression. These items will require further decision to incorporate them into the programme once finalised.

Financing the Capital programme

Capital expenditure for the council is financed through a variety of sources, typically:-

- Receipts from the sale of capital assets
- Capital grants
- External contributions such as S106 or Community Infrastructure Levy
- The use of reserves or from revenue budget contributions

Any capital expenditure not financed by the above will need to be funded by borrowing. Existing council debt is therefore the consequence of historical capital expenditure. The council can temporarily utilise other resources in lieu of external borrowing to fund capital expenditure. This is referred to as internal borrowing.

In approving the inclusion of schemes and projects within the capital programme, the council ensures all of the capital and investment plans are affordable, prudent and sustainable. In doing so the council will take into account the arrangements for the repayment of debt, through a prudent MRP policy in line with MRP guidance produced by the Ministry of Housing, Communities and Local Government.

The capital financing charges and any additional running costs arising from capital investment decisions are incorporated within the annual budget and Medium Term Financial Strategy. This enables members to consider the consequences of capital investment alongside other competing priorities for revenue funding.

Borrowing costs are allocated as either Service Supported Borrowing where the service can demonstrate that it can fund the costs of borrowing from their individual budgets or Corporate Supported Borrowing where the costs are financed centrally.

Financing of the revised capital programme is shown below:-

Source of Finance	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£'m	£'m	£'m	£'m	£'m
Grant	70.8	10.8	9.0	7.3	4.8
Capital Receipts /RTB	4.2	1.9	5.7	0.0	0.0
Revenue	0.2	0.0	0.0	0.0	0.0
Borrowing	110.7	30.3	11.6	9.3	5.7
3rd Party (inc S106 & CIL)	10.0	3.4	0.9	0.1	0.0
Total	195.9	46.4	27.2	16.7	10.5

Links to Treasury Management

One of the key aims of Treasury management is to retain sufficient but not excessive cash to meet the Council's spending needs, while managing the risks involved.

The Council is continuing with an agreed strategy of utilising its cash balances rather than incurring the higher cost of long-term borrowing at present. The strategy can be demonstrated through the CFR at the end of 2019/20 which was £323.7m which outlines the Council's underlying need to borrow compared to the current actual long-term borrowing of £244.4m as at 31st December 2020.

Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance and his/her team, who must act in line with the Treasury Management Strategy approved by Council. Quarterly reports on treasury management activity are presented to the Cabinet. The Corporate Audit Committee is responsible for scrutinising treasury management decisions.

Loans

The council has discretion to make loans for a number of reasons, primarily for housing, economic development, and renewable energy. Current loans include:-

Table 1: Loans for service purposes in £ millions

Loan Detail	Amount Outstanding at 31st March 2018	Amount Outstanding at 31st March 2019	Amount Outstanding at 31st March 2020
	£'m	£'m	£'m
Council's Housing Company	4.287	11.013	15.181
Council's Tourism Company	0.150	0.050	0.050
Bath & West Community Energy - Renewable Energy Scheme	0.121	0.115	0.108
Total	4.558	11.178	15.339

These loans are treated as capital expenditure. In making loans the council is exposing itself to the risk that the borrower defaults on repayments. The council, in making these loans, must therefore ensure they are prudent and has fully considered the risk implications, with regard to both the individual loan and that the cumulative exposure of the council is proportionate and prudent.

The council will continue to ensure that a full due diligence exercise is undertaken and adequate security is in place. The business case will balance the benefits and risks. All loans are either agreed by Cabinet or specific delegated authority. All loans will be subject to close, regular monitoring.

Shares

The Council holds nominal shares in its own wholly owned company Aequus Developments Ltd.

Asset Management

The overriding objective of asset management within the council is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable. The council's property portfolio consists of operational property, investment property and property held for specific community or regeneration purposes. The council has specific reasons for owning and retaining property:-

- Operational purposes e.g. assets that support core business and service delivery e.g. schools, office buildings.
- Non-operational purposes including Investment properties held to provide a financial return to the council that support service provision.
- Parks, playgrounds and open spaces.
- Regeneration, enabling strategic place shaping and economic growth.

Asset management is an important part of the council's internal business management arrangements and is crucial to the delivery of efficient and effective services. The ongoing management and maintenance of capital assets will be considered as part of the Medium-Term Financial Strategy. The Capital Programme also includes the following for capital works on Council owned properties:

- Corporate Estate – planned capital maintenance £3.761m in 2021/22 and £3m per annum in future years.
- Commercial Estate – investment & refurbishment programme £1.1m in 2021/22.

The property portfolio is continually reviewed for disposal or development by the Council's wholly owned companies Aequus Developments Ltd and Aequus Construction Ltd.

Commercial Activities

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The previous strategy has considered investment through new commercial

asset acquisition etc, this is now under review following the Treasury's Public Works and Loan Board (PWLB) consultation. The consultation response has set out that PWLB borrowing will not be made available to Council's undertaking debt for yield acquisitions.

In the context of the Capital and Investment Strategy, the Council will need to consider how it makes best use of its current asset base to sustain the existing budget income levels and support the Councils financial recovery from the Covid pandemic. This may require commercial investment on the grounds of repurposing and regeneration to diversify and sustain pre-Covid commercial income levels.

The reasons for taking out borrowing / providing capital for property investments are primarily:-

- To sustain existing financial return to fund services to residents
- Market and economic opportunity to repurpose and diversify the Commercial and Corporate Estate.
- Economic development and regeneration within B&NES

Historically, property has provided strong investment returns in terms of capital growth and the generation of stable income, however this is now under significant risk due to Covid and market uncertainty. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant which not only reduces income but incurs additional costs such as maintenance and business rates.

The Council currently owns 325 properties held for investment purposes. The revenue income supports Council frontline services including Adult and Children's Social Care Services as follows:-

Table 2: Property held for investment purposes in £ millions

Property Type	No of Properties as at 31/3/19	Value in Accounts as at 31/3/19	No of Properties as at 31/3/20	Value in Accounts as at 31/3/20
	No.	£'m	No.	£'m
Retail	197	234.077	199	224.104
Offices	16	25.455	17	29.930
Licenced	18	20.952	18	21.585
Industrial	23	21.055	20	15.990
Other	66	10.317	68	11.808
Leisure	3	7.464	3	7.345
Total	323	319.321	325	310.762

In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2020/21 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

The Authority assesses the risk of loss when considering its property investments by working closely with external commercial property advisors where required. In that capacity advice is provided to the Council on all its commercial assets and potential acquisitions.

Advice has been sought on the appropriate level of gearing for the portfolio and how this should be benchmarked. Staying within the agreed gearing ratio will ensure the Council's portfolio is protected from the risk of fluctuations in the rates of borrowing.

New investment will be supported by a Business Case detailing how the proposal fits the Council's investment criteria, any associated risks and how these can be mitigated.

The Council will continue to invest prudently within the B&NES area to take advantage of opportunities as they present themselves, supported by a robust governance process.

The Council will consider new investment on the grounds of regeneration of the wider portfolio and the actions required to diversify and sustain existing budget income levels. Any new investment will review the structural and risk implications of developing the existing portfolio.

Proportionality

The Authority dependency on profit generating investment activity to deliver services is shown below:-

Table 3: Proportionality of Investments

	2017/18 Actual	2018/19 Actual	2019/20 Actual
	£'m	£'m	£'m
Gross Council Expenditure	376.197	369.532	353.306
Gross Income from Investment Properties	18.184	18.957	19.580
Gross Income from Treasury Investments	0.102	0.329	0.607
Proportion of Investment Income to Overall Expenditure	4.86%	5.22%	5.71%

The proportion is all investment income divided by the gross service expenditure

If budgeted income is lower or overall budgeted expenditure is higher than expected the Authority holds a Revenue Budget Contingency and Un-Earmarked Reserves to meet any in-year shortfalls. If a shortfall were to continue into the medium to longer term a pressure would be added to the Medium Term Financial Plan that would have to be found from other sources either additional income elsewhere or cuts to services.

Borrowing in Advance of Need

New Government guidance in 2018 outlined that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority has previously borrowed for this purpose because the acquisitions have enabled the council to vary its portfolio mix to increase diversification from retail.

In line with the Council's financial planning the income continues to be utilised to protect frontline services, including the provision of adult social care; children and environmental services pursuant to the Council's general power of competence under s.1 Localism Act 2011.

The previous acquisitions of the properties were in pursuance of the benefits (and in particular those of an economic nature) that it conferred upon the Council and its area, in accordance with s120 of the Local Government Act 1972. The acquisitions aligned themselves with the Council's Investment Strategy for the Commercial Estate that was in place at that time.

Business cases are assessed using the prevailing long-term PWLB borrowing rate. Changes in interest rates are carefully monitored and managed through Treasury Management. A Capital Financing Reserve is held to manage any in year additional borrowing costs. Income from the commercial estate is monitored monthly and the Council holds a Revenue Budget Contingency and Un-earmarked balances to meet with in-year shortfalls. Ongoing shortfalls would be reflected in the MTFS as well as a review of whether individual properties should be held or sold.

Provision for Risks Capital Bids

Each capital bid is risk assessed and a reasonable contingency sum is allocated within the project budget. In addition to this the Council sets aside a sum each year as a Capital Contingency as part of setting the budget to meet risks that require additional capital financing within the financial year. It also retains a revenue reserve to meet any unforeseen or additional revenue requirements such as additional interest or revenue reversion risks that require additional financing.

Knowledge and Skills

The council has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

The council establishes project teams from all the professional disciplines from across the council as and when required. External professional advice is taken where required and will always be sought in consideration of any major commercial property investment decision.

Investment Indicators

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

The following indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 4: Total investment exposure in £millions

Total Investment Exposure	31/3/18 Actual	31/3/19 Actual	31/3/20 Actual
	£'m	£'m	£'m
Treasury Management Investments	37.700	39.720	52.300

Service Investments Loans	4.558	11.178	15.339
Commercial Investments - property	322.272	319.322	310.762
Total Investments	364.530	370.220	378.401
Contractual Commitments to Lend	0	0	0
Guarantees Issued on Loans	0	0	0
Total Exposure	364.530	370.220	378.401

Current Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, commercial investment properties shown in table 4 can be linked to the borrowing shown in the following table 5. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure through Treasury Management:

Table 5: Investments funded by borrowing in £millions

Investments Funded by Borrowing	2017/18 Actual	2018/19 Actual	2019/20 Actual
	£'m	£'m	£'m
Commercial Investments - Property	47.946	78.576	77.808

The following indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred:

Table 6: Investment rate of return (net of all costs)

Investments net rate of return	2018/19 Actual or Average Value/ Investment	2018/19 Actual Return	Rate of Return	2019/20 Actual or Average Value/ Investment	2019/20 Actual Return	Rate of Return
	£'m	£'m	%	£'m	£'m	%
Treasury Management Investments (weighted average balance)	45.096	0.329	0.73	59.473	0.607	1.02
Service Investments: Loans (weighted average balance)	6.574	0.257	3.91	14.108	0.622	4.41
Commercial Investments: Returns on Property Compared to Income	319.322	17.704	5.54	310.762	18.615	5.99

Other investment indicators

	2017/18 Actual	2018/19 Actual	2019/20 Actual
	%	%	%
<i>Debt Payments to net service expenditure</i>	<i>5.04</i>	<i>6.06</i>	<i>7.21</i>
Commercial Investments debt compared to asset value	14.88	24.61	25.04
Net commercial income compared to net Council expenditure	14.80	15.74	17.32

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Council MRP Policy – (2021/22 Policy)

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

- For capital expenditure incurred before 1st April 2008 MRP will be determined as the principal repayment on a 50 year annuity with an annual interest rate equal to 2% which will fully finance this element of the CFR within 50 years, incorporating an "Adjustment A" of £38.8m.
- For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
- For assets acquired by finance leases or the Private Finance Initiative [and for the transferred debt from Avon County Council], MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

Capital expenditure incurred during each financial year will not be subject to a MRP charge until the following financial year or until the year after the asset becomes operational.

Using the various elements outlined in this MRP Policy the Council will calculate a gross amount that it considers prudently necessary to fund previously incurred borrowing in respect of capital expenditure. It will then decide how much of this to fund from capital receipts with the residual amount being the Council's MRP for the year.

MRP Overprovision:

The Council reviewed and revised its MRP Policy in 2016/17. For expenditure financed by unsupported borrowing incurred before April 2016, an element of MRP had already been charged on a straight-line method rather than the revised annuity method. By applying the straight-line method rather than the annuity method an "overprovision" of MRP of £3.3m was available to be drawn down to reduce the revenue MRP charges in future years covering 2016/17 to 2020/21. The following table shows the drawdowns made and the final draw down planned for 2020/21.

MRP Overprovision – draw downs	£m
Original Overprovision	3.3
Less amounts drawn down 2016/17 to 2019/20	(2.6)
Expected Balance 31/03/20	0.7
Planned draw down 2020/21	(0.7)
Forecast Balance 31/3/21	0

Annex 8 - Bath and North East Somerset Council Pay and Reward Policy 2021/2022

Introduction

1. This document sets out the Pay and Reward Policy for Bath & North East Somerset Council (B&NES) for the period 1 April 2021 to 31 March 2022. It provides a clear and transparent policy to the public demonstrating accountability and value for money with regards to decisions on pay and reward for Council staff.
2. The Council's pay arrangements reflect the need to attract, retain and motivate skilled employees to ensure high levels of performance. The policy recognises flexibility which is essential in delivering a diverse range of services and is underpinned by principles of fairness and equality.
3. In accordance with the requirements of Section 38 of the Localism Act 2011 and of the Revised Guidance and the associated statutory guidance set out in the Openness and Accountability in Local Pay: Guidance and Supplementary Guidance under section 40 of the Localism Act (February 2012 & 2013), together with the Local Government Transparency Code 2015 from the Department for Communities and Local Government, B&NES Council is required to publish a Pay Policy Statement for each financial year detailing:
 - a) The Council's definition of senior posts
 - b) The Council's definition of lowest paid employees
 - c) Reasons for adopting these definitions
 - d) The relationship between the remuneration of senior posts and that of the lowest paid employees
4. In accordance with provisions of the Localism Act, the requirement to publish a Pay policy Statement does not extend to schools and therefore this policy does not include school based employees.

Definitions

5. The Council's senior posts are defined as:
 - Chief Executive (Head of Paid Service*)
 - Chief Operating Officer
 - Director of Public Health*
 - Chief Finance Officer (S151 Officer*)
 - Head of Legal & Democratic Services (Monitoring Officer*)
 - Director of Children and Education (DCS*)
 - Director of Adult Social Care (DASS*)
 - Director of People & Policy
 - Director of Sustainable Communities

- Director of Innovation
- Director of Place Management

6. The Council's deputies to statutory officers are defined as:

- Director of One West
- Head of Finance
- Head of Business Finance & Pensions
- Education Director
- Deputy Monitoring Officer

7. The term 'lowest paid employee' refers to those employees in substantive full time employment at the lowest scale point of the Council's published pay scale.

Principles

8. Bath & North East Somerset Council values all its employees and aims to apply a consistent and fair approach to pay and benefits in line with the following principles:

- To work within financial constraints and use those limited funds in the most effective way to support the Council in the provision of quality cost effective services and its workforce needs
- To aim for consistency and fairness in the processes used to manage pay and benefits, as appropriate to service delivery and in line with its commitment to remaining within the framework of the relevant national pay and conditions agreements
- To promote an equal pay agenda by ensuring that pay and job evaluation systems and processes meet legislative requirements and to actively work towards reducing any unjustified gender pay gaps
- To ensure that pay and benefits processes and policies are transparent and accessible to all employees
- To be clear about the recognition and reward of performance, whether at whole organisation, service, team or individual level
- To support a flexible approach to the acceptance of changes to tasks, duties and responsibilities by employees and allow for flexibility between posts.
- To enable the Council to attract and retain its employees and in order to do so, respond to situations where market forces dictate the necessity to apply supplements to established salaries.
- To retain a core set of benefits for all employees.

Responsibility for pay and reward decisions

9. The Council's Pay and Reward Policy incorporates the statutory provisions of the Localism Act (2011) in relation to pay policy statements. Approval of this statement and of any amendments to it is therefore a matter for full Council and cannot be delegated to any sub-committee.

10. All policy matters relating to the Council's role as an employer including pay under section 112 of the Local Government Act, 1972 are delegated to the Employment Committee. The Restructuring Implementation Committee recommend appointments to the posts of Chief Executive (Head of Paid Service), Section 151 Officer, Monitoring Officer to the Council who determine the decision. The Head of Paid Service has delegated authority to make appointments to Director posts subject to there being no objection to the appointment being lodged by a cabinet member.

11. Managers should be aware of their delegated levels of authority. Delegations for decisions on pay cannot be further delegated below these levels:

Decision	Delegated level of authority
Starting salary for Chief Executive (Head of Paid Services), Section 151 Officer and Monitoring Officer	Full Council
Starting salary for Chief Executive, Chief Operating Officer and Directors	Head of Paid Service
Performance related pay increases for Chief Executive	Leader and Deputy Leader of the Council in consultation with the Director of People & Policy
Performance related progression increases for Chief Operating Officer and Directors	Head of Paid Service in consultation with the Director of People & Policy
Market supplements for any post of Head of Service and below	Corporate Management Team
Honorarium payments for any post	Director in consultation with Human Resources
Individual grading including regrading	Head of Service in consultation with Human Resources
Planned overtime payments	Head of Service in consultation with Human Resources

12. The Director of People & Policy is responsible for ensuring that the Council's Job Evaluation Scheme and pay processes have been applied. Human Resources is responsible for overseeing any decision on pay to ensure that they are made in accordance with the delegated authority levels and are compliant with the terms of the Pay and Reward Policy.

Basic pay

13. The job role and its accountability in the overall context of the Council's services and responsibilities is evaluated using the HAY job evaluation scheme which is based on objective criteria and free from discriminatory bias.
14. All job roles are evaluated using this scheme including senior management appointments as well as Chief Officers and their Deputies.

15. Job roles are paid according to the terms of the relevant national agreements on pay and conditions of service.

Pay on appointment

16. Staff are normally appointed at the bottom scale point of the grade at which the post has been evaluated.
17. Managers have discretion to appoint at a higher scale point within the grade band if the appointee can demonstrate that they are currently earning more than the minimum salary for the grade or there are other extenuating circumstances such as difficulties in attracting suitable applicants.

Pay review dates

18. Grade progression (i.e. movement from a lower to a higher salary scale point (scp) within a grade where applicable) takes place on 1st April of each year until the highest scp in the grade is reached. Grade progression is subject to satisfactory performance (and may be withheld if performance is unsatisfactory) and a minimum of 6 months service in the grade.

Re-employment of former local government employees

19. The Council retains sufficient flexibility in its response to the re-employment of former local government employees to enable it to respond appropriately to the particular circumstances. It ensures that an open and fair selection process takes place before any appointment is confirmed. 'Merit' is the sole criteria for engagement.
20. The Council does not normally re-engage any B&NES employee that has taken voluntary redundancy for a period of 2 years after the date of redundancy.

Use of consultants, contractors and temporary 'agency' workers

21. Ordinarily staff will be engaged directly by the Council as employees but on an exceptional basis, where particular circumstances deem it necessary, people may be engaged under 'contracts for services' as consultants or contractors or on an 'agency basis'. When this situation arises, the Council will give detailed prior consideration to the benefit of doing so and that the overriding need to ensure value for money is achieved. Such arrangements must be in accordance with the Council's code of practice and HMRC rules.

Equal pay

22. The Council is committed to the principle of equal pay for all posts of the same size and value and has implemented the national 'single status' agreement. In order to put its commitment to equal pay into practice, the Council:

- regularly reviews its pay grade and salaries for all current staff and starting pay for new staff in line with the Equality Act 2010, Equality and Human Rights Commission guidance and the Council's Equality policy.
- informs employees of how these practices work and how their own pay is determined.
- provides training and guidance for managers and supervisory staff involved in decisions about pay and benefits.
- regularly monitors pay and grading data and statistics
- publishes pay equality data as statutorily required

23. The Council published its [2019 Gender Pay Gap](#) report in March 2020. The report sets out the overall difference between men and women's pay in the Council. This is known as the gender pay gap and is a measure of any difference in pay between the mean average and median earnings of men and women. This is then expressed as a percentage of male earnings. As the Council employs proportionately more women than men and with a greater number working part-time or in clerical roles, there is an overall difference or mean gender pay gap across the organisation of 2.38%.

Senior pay

24. The remuneration of the Chief Executive and senior officer appointments in the Council (see Annex 1) is set across five pay bands. Levels of pay are periodically benchmarked against similar posts in a wide range of public and not for profit sector organisations.
25. Any increases in pay rates will normally be in line with those negotiated nationally by Joint Negotiating Committees (JNCs) for Chief Executives and Chief Officers respectively. The pay policy, whilst agreed in advance of the financial year to which it relates, can be amended during the course of the year to incorporate a pay award negotiated nationally or for other reasons.
26. Where a pay band consists of a number of different salary points, any progression to the next incremental point is subject to satisfactorily meeting performance criteria agreed in advance with the Chief Executive or Chief Operating Officer, as appropriate (in consultation with the Director of People & Policy). Any increase is paid from 1 April subject to 12 months service in that pay band and the maximum not being exceeded.
27. This is no provision for the Council to pay any bonuses, charges, fees or allowances, benefits in kind to senior employees or any other employees other than relocation allowances and expenses necessarily incurred in the performance of their duties. This provision is kept under review.
28. The Council has agreed that the Chief Executive undertakes the role of Returning Officer in respect of all elections. The Returning Officer is an officer of the Council who is appointed under the Representation of the People Act 1983. Whilst appointed by the Council, the role of the Returning Officer is one which involves and incurs personal responsibility and accountability and is statutorily separate from their duties as an employee of the Council. As

Returning Officer, they are paid a separate allowance for each election for which they are responsible.

Pay ratios within the Council

29. The relationship between the rate of pay for the lowest paid Council employee and that of the Council's Chief Officers is determined by the processes used for determining pay and grading structures as set out in this Pay and Reward Policy.
30. The 'lowest paid' persons employed under a contract of employment with the Council are employed at spinal point 1 of the NJC payscale which is £18,562 and £9.62 per hour¹ as at 1 April 2020. The relationship between the rate of pay for the "lowest paid" employees and the Council's Chief Officers is regulated by the processes used for determining pay and grading structures as set out in this Pay and Reward Policy. The salary utilised for the Chief Officer calculations of all the pay multiple data is £102,177 and for the Chief Executive it is £151,042.
31. The Council employs apprentices and those through the Kickstart programme who are not included within the definition of 'lowest paid employees' as they are not employed under contracts of employment.
32. As part of its commitment to pay transparency, and following the recommendations of the Hutton "Review of Fair Pay in the Public Sector" (2011), the Council publishes information on pay ratios on an annual basis. The information for 2021-2022 is as follows:

Multiple of salary	Ratio
• the multiple between the annual salary of the lowest paid Council employee and the Chief Executive (full-time equivalent basis) as a ratio	1:9
• the multiple between the annual salary of the lowest paid Council employee and the average Chief Officer (full-time equivalent basis) as a ratio	1:6
• the multiple between median earning of Council employees and the Chief Executive (full-time equivalent basis) as a ratio	1:6
• the multiple between median earning of Council employees and the average Chief Officer (full-time equivalent basis) as a ratio	1:4

33. Bath & North East Somerset Council does not currently have a policy of maintaining or reaching a specific ratio of pay multiple between the Chief Executive and that of the median earner.

¹ This figure does include 233 staff that transferred to the Council with effect from 1 October 2020 on their previous terms and conditions as part of the in-sourcing of three Community Residential Centres and five Extra-Care Facilities. The lowest spinal point is £16,288 per annum which is £8.32 per hour. This is under review.

Employee Benefits

34. In addition to an employee's salary, the Council offers a comprehensive range of benefits designed to enhance the work life balance of our employees. The current benefits include:

- the Local Government / Teachers'/NHS Pension Schemes as applicable
- generous annual leave entitlements in addition to bank holiday entitlement
- the option to purchase additional annual leave and/or take unpaid leave
- a wide range of learning and development opportunities
- flexible working arrangements
- employee wellbeing schemes, including access to Occupational Health and an Employee Assistance Programme through Health Assured
- childcare vouchers
- cycle-to-work scheme
- car benefit scheme
- discounted gym and leisure membership
- use of the Vectis card scheme to provide retail discounts
- staff social club
- MOT testing with reduced rates for staff

Termination payments

35. Proposed voluntary redundancy or severance packages in excess of £90,000 (this threshold includes [but is not limited to] any proposals in respect of salary to be paid in lieu, redundancy compensation, pension benefits and holiday pay as appropriate) are referred to the Restructuring Implementation Committee for consideration..

36. Senior staff are not differentiated from other members of staff in terms of remuneration on resignation or termination. The Council's general arrangements for severance and scheme for discretionary payments apply to all employees.

Working with Trade Unions

37. The Council will endeavour to maintain a joint working approach with its recognised Trade Unions and will work closely with them on pay related matters. There has been consultation with representatives of the recognised Trade Unions during the development of this Pay and Reward Policy. Collective bargaining processes will be followed as appropriate for any proposed changes to pay and/or allowances.

Publication

38. The Council's approach to the publication of and access to information on the remuneration of Chief Officers is to include it on its public website as part of its requirements within the Accounts and Audit (England) Regulations 2011 and in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency. A copy of the Pay Policy Statement is published on the Council's website: www.bathnes.gov.uk/services/jobs/
39. For further information on the Council's pay policy please contact the Council's Human Resource Service email: HR_Payroll@bathnes.gov.uk Tel: 01225 395146

Annex 1 – Senior Officer remuneration

For the purposes of this statement, senior officer means ‘chief officers’ as defined within S38 of the Localism Act. The posts falling within the statutory definition are set out below together with salaries effective from 1 April 2021:

Chief Executive (Head of Paid Service)

The salary for the post is £151,042 per annum. The salary falls within a range between £147,000 and £165,000 per annum. Additional payments were made for Returning Officer duties. The Returning Officer fees are determined by Statutory Instrument and paid by the Cabinet Office for all National and European elections, rather than by the Council. The duties of the Returning Officer are detailed in paragraph 7 above.

Chief Operating Officer

The salary for the Chief Operating Officer is £120,000 per annum. The salary is a fixed point.

Directors and deputies to statutory officers

Pay Band	Roles	Number
Band 4 (JNC): £102,177 - £108,192	<ul style="list-style-type: none">• Adult Social Care, Complex and Specialist Commissioning• Children & Education• Finance [S151 Officer]• Place Management• Sustainable Communities• People & Policy	6
Band 5 (JNC): £90,159 - £96,165	<ul style="list-style-type: none">• Innovation• Education, Inclusion and Children’s Safeguarding• One West• Head of Business Finance & Pensions• Commercial• Capital Programmes	6
NHS fixed: £96,502	<ul style="list-style-type: none">• Director of Public Health Part of the transfer of Public Health Services to Local Government & salary paid in accordance with NHS senior consultant rates and before other statutory related protections	1
Grade 14 (NJC): £80,108 - £86,266	<ul style="list-style-type: none">• Head of Finance• Head of Legal & Democratic Services	1
Grade 13 (NJC): £55,067 - £60,416	<ul style="list-style-type: none">• Head of Procurement• Legal Services Manager	2

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BUDGET SETTING PROCESS – ADVICE OF THE MONITORING OFFICER

1. It is important to be clear on the process to be followed in setting the 2021/22 Budget. This paper sets out the guidance provided by the Council's Monitoring Officer.
2. The Cabinet has the responsibility to prepare and propose a draft Budget to Council for its approval.
3. The Cabinet can, in its absolute discretion, receive from any political group that so wishes, an alternative budget proposal to that published in the Cabinet agenda papers. It can only consider such proposals if it is satisfied that they have been discussed with the Council's statutory officers and relevant Directors and that an impact statement from Officers about such proposals is available.
4. All proposals that the Cabinet meeting is prepared to consider will therefore be cleared with the Section 151 Officer, the Monitoring Officer, and relevant Directors beforehand.
5. The Cabinet will formulate a budget proposal and Council Tax recommendation for the Council meeting on 23rd February 2021. Such budget proposal may either take the form of a composite proposal or may include agreed core proposals and options for allocating parts of the budget.
6. The Council has two options available to it at the budget setting meeting. It can object to specific parts of the proposals and if it does so, must require the Leader on behalf of Cabinet to reconsider its proposals. The Council is required to give the Cabinet the reason(s) why it considers those proposal(s) should be changed and it is then for the Cabinet to consider those proposed changes and the reasons put forward. Alternatively it is open to the Council to accept the budget in its proposed form at the meeting, in which case no further action is necessary.
7. Council may then determine the budget on the basis of the Cabinet's recommendations as set out in paragraph 5 above, plus any insignificant changes adopted as amendments at the Council meeting. The Constitution provides that the meeting itself (on advice from the Chief Executive) will decide whether any amendment to the budget proposals is of such significance as to amount to an "objection" to the budget so as to require reconsideration by the Cabinet.
8. If a significant proposal is accepted on a vote at Council (from those proposals notified at the Cabinet meeting), this stands as a formal objection within the terms of the law and will be referred to the Leader to secure consideration by the Cabinet and report back to the Council meeting on 4th March 2021.

9. When the Cabinet has considered the objections, it is required to put its proposals (which may or may not be revised) back to the Council Meeting. If the Cabinet does not agree with Council's views on a proposed change, it is required to state why and the Council can then take those reasons into account, along with its original thoughts as to why the change was desirable. At the meeting, it is open to Council to take such decision as it sees fit on any variation from the budget as originally proposed that has been the subject of consideration under the process outlined in paragraphs 6 to 8.

10. In setting the budget the Council is required to approve a full budget resolution including the police, fire and parish precepts and the proposed Council revenue and capital budgets for 2021/22. That budget will include within it the overall proposed Council cash limits for 2021/22 including the provision for inflation, the proposed use of balances in the 2021/22 budget (if any) and the resulting budget requirement and Council Tax for Bath and North East Somerset including any recommendations for special expenses. The Council will also approve the borrowing limits for 2021/22 and prudential indicators.

11. Legally, the Council must set a balanced budget for the forthcoming year and determine the level of Council Tax. If a budget is not set by the date of the first budget-setting meeting (23rd February 2021), this will lead to a delay in billing and a loss in council tax cash flow. It is highly likely that this will also translate into a higher level of uncollectable debt and debt collection costs and in addition this will significantly impact on council tax performance indicators. A delay until 4th March 2021 will compromise the Council's ability to meet current billing deadlines, and there is a serious risk billing will also be delayed with negative cash flow impacts.

12. The final Council Tax set will encompass all parish and police and fire precepts (that is the money we collect on behalf of the parishes, fire and police and pay to them).

Michael Hewitt, Acting Head of Legal & Democratic Services (Monitoring Officer)

Annex 10 - Community Contribution Fund

Title: Bath & North East Somerset Community Contribution Fund

About the fund: The Bath and North East Somerset (B&NES) Community Contribution Fund will enable residents who are able to contribute their own funds to support local initiatives and projects. The fund is a pilot scheme, which will be administered by the council. After the first year, the council will review the scheme.

Objectives: To reduce inequalities in the area by investing in local projects that improve people's lives, focusing on those who are most disadvantaged. Inequalities relates to all protected characteristics as well as those people who are disadvantaged by financial circumstances, locality, health and wellbeing.

What will the money be used for? Any charity, voluntary or community organisation that supports residents of Bath and North East Somerset will be able to apply for funds. These organisations play a key role in the delivery of local projects and services. Many have provided vital support during the current COVID-19 pandemic while facing a new or increased demand in services, at the same time their traditional means of fundraising have been severely curtailed. The fund will help support local organisations to continue to deliver these vital projects and services.

Will the Council be able to use the funds to support services? No. Whilst the funds will be administered by the council at no addition cost, the funds will not be used to supplement council services. Every penny donated will be used to fund local projects.

How can people donate to the fund? From the 1st April 2021, local residents will be able to make a voluntary financial contribution. Businesses and visitors can also contribute to the fund. They can do this through:

Online: <https://beta.bathnes.gov.uk/pay-for-it>

This contribution is separate to local residents Council tax contributions. Residents can donate more than once. The minimum contribution is £5, however there is no maximum contribution.

All donors will receive an acknowledgement of their contribution and personal records will be kept of donors and the amount they contributed, if this is consented, anonymous contributions will also be accepted.

Can residents request a particular project or area where their money is spent? No, applications will be encouraged from any charity, voluntary and community organisation across Bath and North East Somerset. Priority will be given to projects that benefit the whole B&NES area.

When will the fund open for local voluntary and community groups to apply? We will continue to assess the status of the fund. It is hoped that we will open the fund for bids after six months from the 1st April, this will allow time for contributions to be made. A monthly update on funds will be available here: (website link tbc)

How can organisations apply for funds: A simple on-line application form will be made available for organisations to apply for grants. Applicants will need to demonstrate how they will

improve the lives of those most disadvantaged across Bath and North East Somerset. The on-line application form will be available here: (website link tbc)

What is the criteria for the Fund: All applications must:

- support residents across Bath and North East Somerset. Priority will be given to projects that cover the whole B&NES area.
- evidence the need and demonstrate how they will address inequalities in their area.
- evidence that there is community support and or community consultation has been carried out.
- be a charity, voluntary or community organisation that operates for the benefit of the local community and is not for profit.
- have a constitution and valid bank account or a lead organisation, with a constitution and valid bank account.
- If consents, such as planning or licencing are required, details must be provided with the application.

Exclusions include:

- Individuals
- Medical research
- Political groups, or activities promoting political beliefs
- Projects which have already been completed
- Promotion of any religion, faith or belief

How much funding can organisations apply for: This will be defined in due course.

Who will make the decision on how the funding is spent? All applications will be scored against the fund's criteria. This will be undertaken by Council officers with advice from partner organisations where appropriate. Recommendations will be presented to a panel of 10 elected members who will decide on the use of the funds.

Can an organisation apply more than one?: No, as this is a pilot scheme organisations will only be able to apply once.

Will the fund be available after 1st April 2022? The council will seek feedback from local residents and organisations to gauge the level of interest in the scheme continuing in the future.

Bath & North East Somerset Council

MEETING:	Cabinet	
MEETING DATE:	11 th February 2021	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3235
TITLE:	Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2020 to December 2020	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report:</p> <p>Appendix 1 – Revenue Monitoring Commentary</p> <p>Appendix 2 – Key Scheme Capital Monitoring Commentary</p> <p>Appendix 3 (i) & 3 (ii) – Proposed Revenue Virements & Revised Revenue Cash Limits 2020/21</p> <p>Appendix 4 (i) & 4 (ii) – Capital Virements & Capital Programme by Portfolio 2020/21</p>		

EXECUTIVE SUMMARY

a) Revenue budget

The Revenue budget outturn is currently forecast to be on budget. This is no change from the position outlined in the Quarter 2 Monitoring Report. There have been movements across portfolios in relation to both expenditure and income generation, but the changes have offset each other in presenting a forecast break-even position for year end.

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. These pressures continue to 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 £4.3m 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 will not be achieved due to diverting resources to responding to the emergency. Those savings have been captured within the forecasts and have been reviewed as part of preparations for setting the 2021/22 budget.

The forecast position takes into account the current national lockdown but cannot predict the success of the vaccination programme and the consequential relaxation of restrictions for the remainder of the financial year.

b) Capital budget

The current position of the 2020/21 Capital Programme is a forecast spend of £88.4m against a budget of £117.9m. The variance of £29.5m reflects rephasing requests into future years and an underspend of £27k against the Community Libraries scheme which is now complete.

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 £1.95m 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 £1.40m, of which the Council's share is £1.16m.

The current forecast for the Business Rate element of the collection fund is for a deficit of £3.3m, after allowing for additional s31 grant funding in respect of the extended retail reliefs. The Council's share of the current estimated deficit is £3.1m. 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 appeals provision, and a reduction in rates payable.

d) 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.

- 1.1 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 December 2020.

2 RECOMMENDATION

The Cabinet is asked:

- 2.1 To note the 2020/21 revenue budget position (as at the end of December 2020).
- 2.2 To note the revenue virements listed for information only in Appendix 3(i).
- 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 third 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	17.31	11.96	(5.35)
Adult Services	63.35	61.63	(1.71)
Children's Services	25.50	27.52	2.02
Climate Emergency & Neighbourhood Services	16.91	16.79	(0.12)
Transport Services	(0.15)	1.14	1.29
Housing, Planning & Economic Development	4.00	2.96	(1.04)
Community Services	(4.11)	0.80	4.91
Quarter 2 Forecast Outturn Position	122.16	122.16	0.00

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 (£5.35m under budget, £0.24m 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. We are anticipating an on-going impact of the commercial estate budget due to lower

market rent, increased void levels and outstanding debt. This has been recognised in the 2021/22 budget proposal.

The Corporate Estate has a £0.6m savings target which is at risk of non-delivery. Work is ongoing to enable these to be delivered – it is currently estimated that only £0.15m will be achieved in 20/21. The service is also experiencing reduced income from room and building hire.

Savings targets relating to Digital £0.75m, Improving How We Work £0.3m and Procurement £0.3m will not be delivered this year due to diverting resource and focus to the pandemic and these pressures have been addressed in the 21/22 budget.

Reduced borrowing costs resulting from both higher cash balances and a reprofiled capital programme, combined with the £11.9m Covid-19 grant have offset the aforementioned pressures, creating an overall favourable position for the portfolio. Any uncommitted grant will be considered as part of the outturn.

Adult Services (*£1.71m under budget, £1.63m favourable movement*)

The 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. The supplier relief schemes have now ended with £0.825m of supplier relief having been paid to the supplier market to date. We are still receiving requests for support through supplier relief demand that cover the period it was in place and these are being processed.

Hospital discharges placed up to the 31st August were funded via the Health funding route and in line with government guidelines. This expenditure, where relevant, transferred to Social Care funding in November and is now reflected in our position. A further hospital discharge scheme commenced on the 1st September and this covers the first 6 weeks funding following discharge after which time, the assessed ongoing needs will move to the relevant funding source. We are seeing expenditure from this second scheme in our position. The duration of this scheme is subject to further government guidelines yet to be issued to health colleagues.

The current position reflects the reduced number of package placements seen to date when comparing with the same period in 2019/20, along with a lesser than forecast value of expenditure returning to social care funding from the health funded initial hospital discharge pathway. This figure has reduced as less packages than anticipated required funding and the scheme continued past the initial forecast end date, again reducing the in year impact of packages on the budgets. At the time of the quarter 2 report, it was anticipated that a potential £1.8m could return to be funded through the Adult services purchasing budgets. When the majority of packages and placements transitioned to ongoing funding, the net movement was £0.645m. The second discharge scheme, mentioned above, has a further impact on expected expenditure of £0.286m. Cumulative attrition of package numbers is 27%, this has further impacted on the expected spend and is being reflected in the favourable movement. This reduced activity will continue to offset the demand that the return of previously funded health packages from the second scheme will cause.

The level of future demand is still undetermined but is expected to cause pressure on budgets going forward. Considerable 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 (£2.02m over budget, £2.65m adverse movement)

Children's Services has a pressure of £2.1m predominately as a result of increased placement costs in the Joint Agency Panel (JAP) and Residential areas of the budget. JAP costs are over budget by £1.3m in-year and have increased from last year's costs by £1.7m. This is primarily due to an exceptionally complex placement that is not typical of historical costs. The service is continually searching for an alternative suitable provision to reduce costs going forward. Residential costs are over budget in-year and increased from last year by £1m. This is primarily due to an increase in the number of placements needed in this area, combined with costs associated with the complexity of provision needed for these our most vulnerable of young people.

In the last report a virement was included for approval to transfer a contingency budget of £0.9m for Special Educational Needs and Disabilities (SEND) held within Children's Services, to Corporate budgets reflecting the requirement for SEND costs to be covered by the Dedicated Schools Grant. This virement has now been completed and so £0.9m of the adverse movement in the forecast is as a result of this transfer with the corresponding benefit of the release of the contingency reflected in the Resources portfolio.

Education Services shows an under-budget position forecast of £88k. This is as a result of delivery of recovery savings in year. The previous pressure from Home to School Transport of £0.2m has now been released, and this area is forecast on budget.

Across the portfolio, underlying costs associated with Covid-19 total £1.1m. 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.

Recovery Plans across the portfolio, 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.

Schools DSG (£4.3m over budget, including an overspend of £1.25m carried forward from 2019-20)

The DSG has a forecast overspend of £3.05m 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 £4.5m, however mitigating actions have identified £1.5m of savings.

Particularly significant pressures are being felt in the pupils with most complex needs, supported though the Joint Agency Panel (JAP) pooling arrangement.

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.

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 (£0.12m under budget, £0.04m favourable 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 favourable budget position across the portfolio.

Transport Services (£1.29m over budget, £0.52m 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 December following an increase in visitors to the City Centre of Bath. However, income has reduced again in January following the start of lockdown and the trend is down to 80% of previous income levels. Based on the current income losses of £6.4m, £4.4m would be compensated through the 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 (£1.04m under budget, £0.86m favourable movement)

Planning income has been remodelled since the previous quarter. Whilst it has still been impacted by the pandemic, the £0.3m shortfall forecast is not as bad as previously feared and is offset in part by the government's sales, fees and charges compensation scheme. Financial Recovery Plans have been also been delivered across the portfolio, including releasing £0.6m of un-ringfenced Housing reserve and holding vacancies resulting in staff savings, which has resulted in a cumulative forecast under budget position for the portfolio.

Community Services (£4.91m over budget, £0.16m adverse 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 are forecasting a £19.7m shortfall in external income. Again, this is offset in part by £12.2m of sales, fees and charges compensation grant, which combined with cost mitigations leaves the service forecasting a £4.1m adverse position at year end. 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 year.

LATEST FUNDING ANNOUNCEMENT AND FINANCIAL RECOVERY PLANS

3.6 The total un-ringfenced Covid grant to B&NES for dealing with the on-going pandemic is £11.94m. Since this initial funding was announced additional, more

specific grant funding has been allocated to B&NES, including the Contain Outbreak Management Fund (COMF) £1.93m, Rapid Testing £0.56m, Winter Pressures £0.39m and Clinically Extremely Vulnerable £0.1m to support councils during the winter period, protect and support the vulnerable and prevent further spread of the virus.

- 3.7 The Council has submitted claims one and two of the three claim periods for the Sales, Fees and Charges compensation scheme – where if 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, and the second claim (August-November) was for £5.1m. The value of the last claim will not be known until year end but is forecast at a further with £5.4m, bringing the total grant compensation to £18.2m.

The income compensation scheme has allowed for some flexibility in delivering the full £20.7m financial recovery plans agreed by Cabinet. Recovery plans that have been delivered in 20/21 with no adverse service impacts are being considered as recurrent savings in the 21/22 budget proposal.

REVENUE BALANCES, CONTINGENCY AND RESERVES

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

Key Reserves

- 3.9 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	Estimated Balance 31/03/2021 £'m
Revenue Budget Contingency	4.90	0.75	4.15
Financial Planning and Smoothing Reserve	6.28	0.66	5.62
Transformation Investment Reserve	3.13	1.05	2.08
Restructuring & Severance Reserve	2.18	0.00	2.18

Reserves and Flexible Capital Receipts

3.10 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 2021/22 in recognition of future years' savings requirements as follows:

	Actual Usage 2017/18 £'m	Actual Usage 2018/19 £'m	Actual Usage 2019/20 £'m	Estimated Usage 2020/21 £'m	Estimated Usage 2021/22 £'m	Estimated Total Usage £'m
Flexible Capital Receipts	3.12	3.45	1.26	0.50	3.17	11.50

3.11 Unapplied capital receipts of £2.362m were carried forward from 2019/20 and £1.055m has been received in 2020/21 so far with a further £1.840m expected by 31st March 2021.

General Fund Un-Earmarked Reserve

3.12 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.

3.13 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.

SAVINGS PERFORMANCE

3.14 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 not be fully delivered given resources have been diverted to focus on the emergency response situation. However, all existing savings targets have been reviewed during preparing the 21/22 Budget and where necessary have been rebased or replaced, negating any ongoing pressures beyond this financial year.

3.15 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

3.16 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.

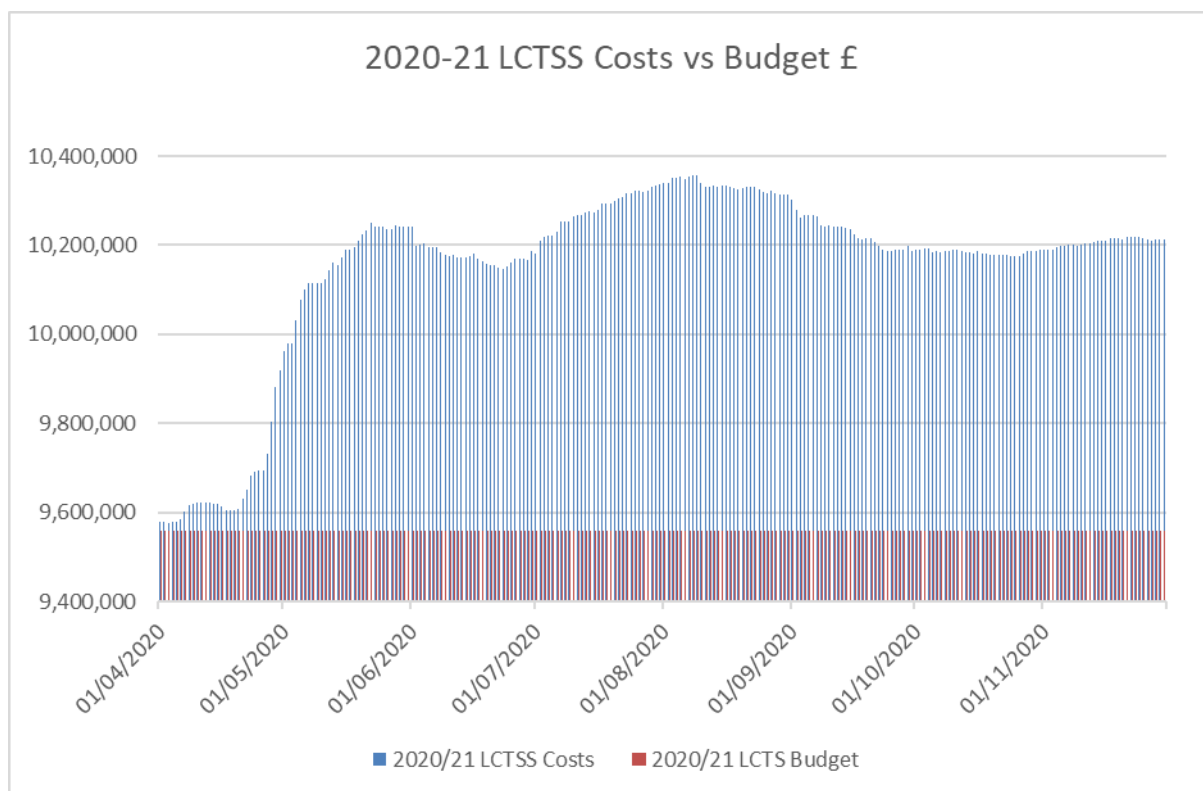
COUNCIL TAX, COUNCIL TAX SUPPORT AND BUSINESS RATES

3.17 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 December showing a reduction of 2%.

3.18 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.

3.19 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 December the current cost has risen to £10.23m, an increase of £0.67m. The costs peaked at £10.35m in early August but have since reduced to a similar level as reported at the end of June. The number of working age claimants at the end of December was 6,602 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 December 2020)



3.20 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 during the remainder of the year.

- 3.21 Taking both collection rates and the LCTSS claimants' impact into account the current forecast is for an in year £1.95m 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 £1.40m, of which the Council's share is £1.16m.
- 3.22 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.
- 3.23 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. This has been reflected in the 2021/22 Budget Report.

Council Tax Hardship Fund

- 3.24 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.
- 3.25 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.
- 3.26 The position, as at the end of December, is that reliefs totalling £965,440 have been applied to 7,126 Council Tax Accounts.
- 3.27 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

- 3.28 The current forecast for the Business Rate element of the collection fund is for a deficit of £3.3m, 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 £3.1m. 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. An increase in the appeals provision has also been incorporated into the forecast to reflect the potential impact of proposed changes by the Valuation Office in how it will value hospitals and fire stations (£226k), and to provide allowance for the potential reductions in business rate income due to appeals in respect of the impacts of the Covid pandemic causing "material changes in circumstances" to businesses (£835k).

Business Rates Collection Fund	Total (£m)	B&NES Share (94%) (£m)
Collection Fund - Projected 2020/21 In Year Deficit	44.6	41.9
Additional Extended Retail Relief Impact funded through s31 grant	-41.6	-39.1
Deficit after Extended Retail Relief s31 grant funding	3.0	2.8
2019/20 Deficit Carried Forward	0.3	0.3
Total Projected Deficit	3.3	3.1

3.29 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.

3.30 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

3.31 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:

- Small Business Grant Fund - all businesses in England in receipt of Small Business Rates Relief will be eligible for a payment of £10,000.
- 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
Overall Totals	-	3,124	£40,780,000

3.32 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.

3.33 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 £2.110m.

3.34 In light of the further local and national restrictions that the government introduced impacting the Council area from early November, the government has provided funding for further business support grants to be administered by the Council as follows:

- The Local Restrictions Support Grant (LRSG) provides support to business rate paying businesses that have either had to close due to the restrictions or which are still able to open but are severely impacted by Tier 2, Tier 3 or the national lockdown restrictions.
- The Additional Restrictions Grant provides a discretionary scheme to support businesses that are not eligible under the LRSG scheme, but which have been adversely impacted by the restrictions put in place to control the spread of COVID-19.
- The Christmas Support Payment Scheme provided additional support over the festive period for wet-led pubs in areas under Tier 2 or 3 restrictions. A wet-led pub is defined as a pub that derived less than 50% of its income from sales of food before 11 March 2020.
- The Closed Business Lockdown Payment Scheme provides a one-off top up grant for eligible businesses mandated to close during national restrictions which were introduced from 5th January 2021.

3.35 These grant schemes are operational and are each at differing stages of the application, assessment and payment cycle. More information on the grant schemes being currently administered by the Council can be found through accessing the website link below:

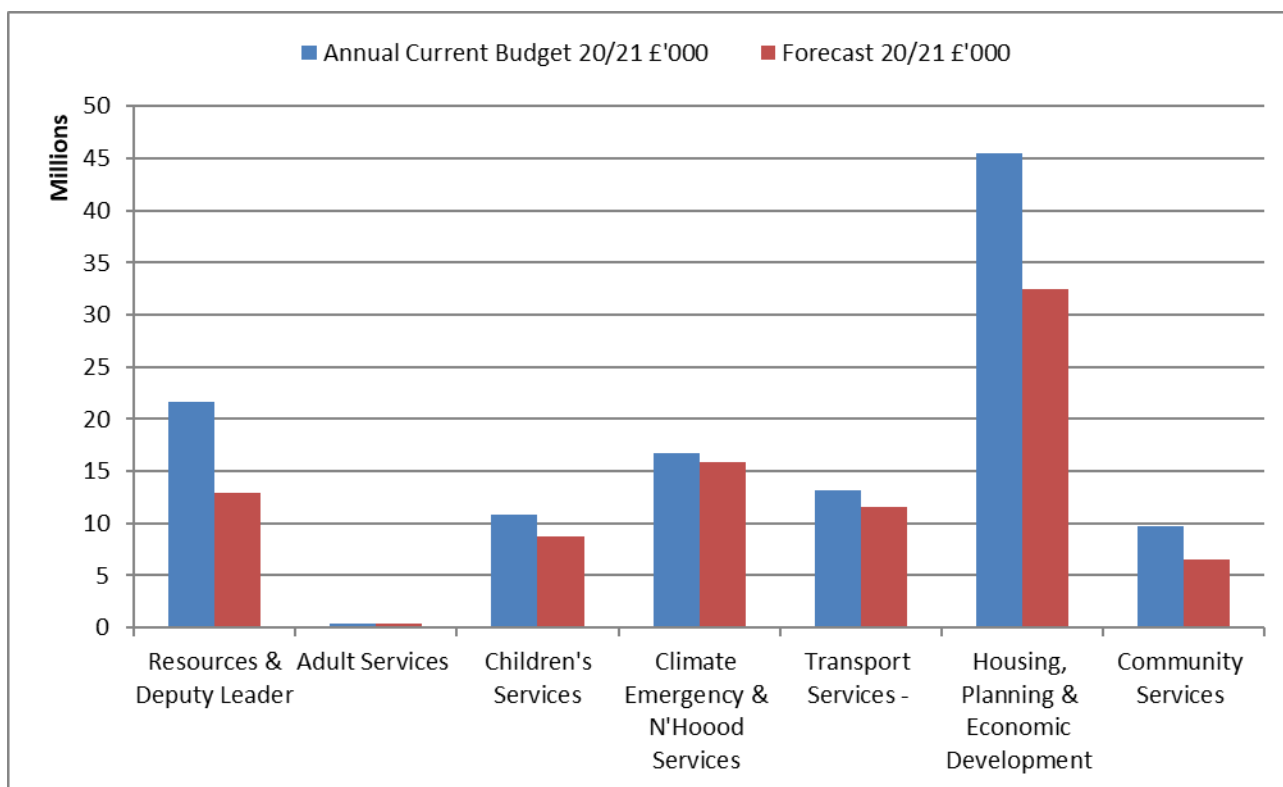
<https://beta.bathnes.gov.uk/coronavirus-covid-19-latest-information-and-advice/help-businesses>

CAPITAL BUDGET

3.36 The current position of the 2020/21 Capital Programme is a forecast spend of £88.4m against a budget of £117.9m. The variance of £29.5m reflects carry forward requests into future years, mainly from large Economic Development Projects, Housing development loans, School's Basic Need projects 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 Q2 monitoring to September 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	21,610	12,972	8,638	8,638	0
Adult Services	386	336	50	50	0
Children's Services	10,847	8,690	2,158	2,158	0
Climate Emergency & Neighbourhood Services	16,701	15,846	855	855	0
Transport Services -	13,146	11,511	1,635	1,635	0
Housing, Planning & Economic Development	45,530	32,435	13,095	13,095	0
Community Services	9,712	6,578	3,134	3,107	27
Grand Total	117,933	88,368	29,565	29,538	27

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** - £4.7m rephasing of loans to Aequus in respect of housing developments and £3.1m rephasing of Flexible Use of Capital Receipts into 2021/22.
- **Housing, Planning & Economic Development** - £10.9m programme rephasing on the various developments at Bath Quays North, Bath Quays South and Bath Western Riverside as outlined in Appendix 2. Rephasing also identified for Radstock Health Living Centre, Somer Valley Enterprise Zone, Affordable Housing, Midsomer Norton High Street and Englishcombe Lane.
- **Community Services** - £3.1m 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. Rephasing also identified for the Heritage Services Energy Scheme, Roman Baths Archway Project, and delivery of project schemes within Parks.
- **Children's Services** - £2.1m of rephasing requested in respect of school projects where delivery will continue into next financial year. Appendix 4(i) includes adjustments to the capital programme to allocate grant funding into the SEND provision project at the Aspire Academy site. This funding has allowed for the release of provisionally held corporately supported borrowing.
- **Transport Services** - £1.6m of programme rephasing associated mainly with the Transport Improvement Programme; full budget spend is anticipated but the impact of covid means some of these works cannot be delivered in the current financial year and slip into 21/22.

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
Uncertainty around the length of current government restrictions and the speed and success of the vaccination programme.	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 has been reviewed when setting the 2021/22 budget and budgeted income has been rebased.
The income from Heritage Services may not recover in the short term.	Possible	High	Budgeted income levels for Heritage Services has also been rebased as part of the 2021/22 Budget. Pre Covid-19 performance exceeded business plan targets, while visitor levels during the pandemic also exceeded adjusted expectations. However, we anticipate income will take time to recover to pre-pandemic levels and the speed of longer-term recovery hinges on both national and international social restrictions, which has been reflected in the Medium Term Financial Strategy.
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	Possible	High	The Council has a number of projects within this category. These risks will continue to be monitored

revenue reversion costs or liabilities from underwriting agreements			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	Impacts on the Councils supply chain will need close monitoring as a result of the Trade Deal struck in December 2020.
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.

Contact person	<i>Gary Adams – Head of Corporate Finance</i> 01225 477107 Gary_Adams@bathnes.gov.uk <i>Paul Webb – Finance Manager, Budget Reporting</i> 01225 477298 Paul_Webb@bathnes.gov.uk
Background papers	<i>E3210 Covid-19 2020/21 Financial Recovery Plan</i> <i>E3234 Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2020 to September 2020</i>
Please contact the report author if you need to access this report in an alternative format	

Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Actuals to date £000	Quarter 3 Published Forecast £000	Quarter 2 Published Outturn Variance £000	Change from Previous Quarter Forecast Over / (Under) £000	2020/21 Quarter 3 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)	(244)	(1,000)	0	0	0	Dividend from Aequus expected to be received in full.	Not applicable
P04	Leader	1126	Visit Bath	367	667	367	0	0	0	Any costs associated with the closure of Visit Bath will be funded by the Transformation Reserve. No impact on the in year budget position.	Not applicable
P04 Leader Total				(633)	423	(633)	0	0	0		
Detailed Analysis of Budgets for Resources and Deputy Leader											
P19	Resources and Deputy Leader	1032	Information Technology	4,963	4,414	5,200	146	91	237	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	728	602	(81)	8	(73)	Vacancies and a saving from the Business Support team make up the majority of the favourable forecast position	Not applicable
P19	Resources and Deputy Leader	1038	Corporate Estate Including R&M	3,492	3,502	3,755	561	(298)	263	A portion of the accommodation savings target is being forecast as unachievable and the costs of the BCA site are contributing to the unfavourable position (this will continue into 21/22). This is being offset by the financial recovery savings with more accurate forecasts in premises costs due to the clarification of the lockdown situation and the realisation of income from Lewis House.	Service review has commenced
P19	Resources and Deputy Leader	1039	Traded Services	24	2	5	0	(20)	(20)	Budget surplus after residual costs for Linear Way covered and existing costs for Larkhall forecast. Budget will cease in 21/22 as part of savings plan.	Not applicable
P19	Resources and Deputy Leader	1040	Finance	3,069	2,308	2,896	(64)	(109)	(173)	£100k Covid recovery staffing savings delivered in full and additional underspends through delays in recruitment	Not applicable
P19	Resources and Deputy Leader	1041	Revenues & Benefits	915	1,347	958	51	(8)	43	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	1,145	1,057	(26)	0	(26)	No current forecast pressures identified	Not applicable
P19	Resources and Deputy Leader	1045	Strategy & Performance	1,927	2,517	3,346	1,490	(71)	1,419	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 financial recovery and planning for the future 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	1,298	1,548	5	(22)	(17)	A £150k organisation wide travel savings target currently sits in HR and shows as unachieved. However, a significant reduction in travel costs are being realised within council services and the budgeted savings target will be re-allocated across the organisation in 2021/22 to reflect the reduced costs. In the meantime, the service's in year savings more than cover this, resulting in a small service underspend.	Not applicable
P19	Resources and Deputy Leader	1053	Council Solicitor & Democratic Services	2,571	2,121	2,627	79	(23)	56	Existing saving target around a shared legal service and members support are both unachievable and undesirable and are therefore being replaced with alternatives in the 2021/22 budget. These have been partially mitigated this financial year by savings in member allowances and vacancy management	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)	1,717	(195)	0	0	0	No current forecast pressures identified	Not applicable
P19	Resources and Deputy Leader	1055	Capital Financing / Interest	7,650	5,908	5,470	(2,180)	0	(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	Not applicable
P19	Resources and Deputy Leader	1056	Unfunded Pensions	1,588	1,143	1,543	(30)	(15)	(45)	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	(2,406)	(48,624)	(13,870)	(12,190)	726	(11,464)	This underspend includes the £11.9m 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 £220k Sales, Fees and Charges grant funding. The £909k SEN contingency budget is forecast as an underspend. There are other small variances in audit, banking and pension deficit costs.	Not applicable
P19	Resources and Deputy Leader	1058	Magistrates	12	8	12	0	0	0	No current forecast pressures identified	Not applicable
P19	Resources and Deputy Leader	1059	Coroners	335	389	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	244	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	4,994	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)	(11,285)	(8,614)	6,603	0	6,603	The financial position remains unchanged from the previous quarter 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. 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	774	223	14	(18)	(5)	Minor underspend.	Not applicable
P19	Resources and Deputy Leader	1125	Improving The Way we work	(210)	35	0	210	0	210	Corporate savings (Business Intelligence and Comms consolidation) have now been recognised as not achievable in current climate with refocus on recovery plans.	The ongoing pressure has been acknowledged in the 2021/22 budget proposals.
P19 Resources and Deputy Leader Total				17,307	(25,316)	11,955	(5,594)	242	(5,352)		

Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Actuals to date £000	Quarter 3 Published Forecast £000	Quarter 2 Published Outturn Variance £000	Change from Previous Quarter Forecast Over / (Under) £000	2020/21 Quarter 3 Outturn Variance Over / (Under) £000	Outturn Variance Analysis	Outturn Recovery Plan
Detailed Analysis of Budgets for Adult Care Health and Wellbeing											
P20	Adult Services	1036	Adults Substance Misuse (DAT)	514	206	428	(84)	(2)	(86)	The underspend reflects planned savings.	Not applicable
P20	Adult Services	1073	Adults & Older People- Mental Health Commissioning	10,654	7,300	10,093	(1,037)	476	(561)	The underbudget position remains constant due to attrition during the COVID period and Hospital Discharge packages funded by the NHS in year. Adjustments are reflected in the outturn forecast to account for the packages currently being funded in this way to transfer to Adult Social Care. There is an see an increase in placements coming to panel plus an increase in S117 packages reviewed as joint health and social care. A value for Risk is included in Older People's Nursing	The position remains relatively constant due to the reduced activity during Covid period. New placements are now being transferred from Covid Funding and service users with capital drops. Pressure continues in high cost placements but this continues to be reviewed by commissioners through panel processes and contract monitoring. There has been an increase in joint Health Fund finding for Section 117 service users which have been reviewed in the panel process.
P20	Adult Services	1086	Adult Care Commissioning	1,600	328	1,235	(105)	(260)	(365)	Underspend reflects vacancies being held.	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	6,920	12,458	109	(559)	(450)	Hospital discharges are being funded by Health covid-19 budget and this has given the Council a 'funding holiday' of many months. This short term health funding plus a covid effect has let to a reduction in care home placements. In Dec 2019 care home placements stood at 277 in Dec they were 209. The pandemic has also had a major impact on many support services such as day care and respite.	A number of actions have taken place to drive change and achieve savings in line with recovery plan. This includes targeted reviews and 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	9,794	18,069	31	(31)	0	There has been an increase in Supported Living package costs, an increase in residential/transition costs and a reduction in Direct Payment weekly costs. A hospital discharge grant has been received. A value for risk is included.	Pressure is still being seen in high cost placements. This continues to be reviewed by commissioners through the panel process and through contract monitoring particularly around Transitions. Work on recovery plans has commenced to bring the spend in balance by the end of the year. A value for Risk is included.
P20	Adult Services	1093	Physical Disability, Hearing & Vision	4,366	2,385	3,770	(409)	(187)	(596)	The net increase reflects an increase in month in Residential and Nursing. There has been a reduction in COVID-19 funded placements which become responsibility of ASC from 06/11/020. A value for Risk is included	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)	1,836	(250)	(0)	0	0	No current forecast pressures identified	Not applicable
P20	Adult Services	1110	Better Care Fund	11,792	15,388	12,253	1,483	(1,022)	461	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	770	0	0	0	0	No current forecast pressures identified	Not applicable
P20	Adult Services	1114	Community Equipment	203	232	203	0	0	0	No current forecast pressures identified	Not applicable
P20	Adult Services	1123	Safeguarding Adults	1,883	1,177	1,815	(43)	(25)	(68)	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	(60)	1,561	(28)	(20)	(48)	External D2A and 3R funding secured.	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 aiding control.
P20	Adult Services Total			63,347	46,277	61,635	(84)	(1,629)	(1,712)		
Detailed Analysis of Budgets for Children's Services											
P21	Children's Services	1076	Children, Young People & Families	15,899	20,967	18,208	254	2,055	2,310	The service is currently forecasting a £748k pressure arising from Covid-19 Children's Social Care costs, and a further £200k within the Disabled Children's Team being incurred mainly on individualised budgets. This pressure in year is partially mitigated by the Recovery Plan savings forecast to be achieved, totalling £372k. JAP (Joint Agency Panel) costs are £1.3m over budget and are £1.7m increased from last year. This is due primarily to an exceptionally complex placement that is not typical of historical costs. The service are continuously searching for an alternative suitable provision to reduce these costs going forward. Residential placement costs are £1m over budget and are £945k increased from last year. This is primarily due to an increase in the number of placements needed in this area, combined with costs associated with the complexity of provision needed for these most vulnerable of young people.	When the Government Covid-19 Expenditure Grant is allocated across Council Services at the end of the year, this cash limit will reduce to a £1,362k over budget position. The Children's Services Transformation Team are working at pace to establish various new provisions that will reduce costs in the key budget areas going forward, this will not affect the forecast Outturn for 20/21.
P21	Children's Services	1077	Learning & Inclusion	3,342	955	3,197	(1,009)	864	(145)	The underspends are mainly a result of holding vacancies across the cash limit. This is a one off saving for this year.	Not applicable
P21	Children's Services	1078	Health, Commissioning & Planning	6,796	4,973	6,708	271	(359)	(88)	Additional government grant of £210k forecast to be received to offset annualised losses in sales, fees & charges included for areas such as the music service. £110k financial recovery saving achieved (although risk of school improvement £60k reversing if circumstances change), reduced by non achievement of £20k Music Service base budget saving. Covid costs of £170k are included in this forecast to reflect payments to Early Years providers to ensure provision was available for key workers.	Not applicable
P21	Children's Services	1079	Schools Budgets	(3,173)	(8,379)	(3,173)	(75)	75	0	This cash limit is forecast on budget as any SEN overspend (currently forecast at £3.4 million) will be carried forward as part of the DSG accounting procedures.	Not applicable
P21	Children's Services	1116	Integrated Commissioning - CYP	2,626	2,920	2,578	(68)	20	(48)	Various forecast underspends, primarily within salaries.	Not applicable
P21	Children's Services	1117	Safeguarding - CYP	10	3	3	(7)	0	(7)	Small general underspend.	Not applicable
P21	Children's Services Total			25,499	21,439	27,521	(633)	2,655	2,022		

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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	50,265	16,409	79	144	223	Increased costs for additional staff required in the Collections and Recycling services for Lockdown 1 and 3. 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 but at the moment markets appear to be recovering. Dealing with significant increase in tonnages across all services, so we are seeing increases in operational costs and gate fees as a result.	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	160	188	(144)	(179)	(323)	Setting up new team delayed due to Covid, but is now in progress.	Not applicable
P22	Climate Emergency & Neighbourhood Services	1127	Air Pollution	210	159	189	(12)	(9)	(21)	Small staffing underspends.	Not applicable
P22	Climate Emergency & Neighbourhood Services Total			16,907	50,584	16,787	(77)	(43)	(120)		
Detailed Analysis of Budgets for Transport Services											
P25	Transport Services	1006	Highways & Traffic Management	7,613	4,712	7,165	(381)	(68)	(449)	Highways have seen a reduction in permit income, which is being reimbursed from the government's Sales, Fees and Charges scheme. All Recovery Plan savings have been actioned totalling £275k. Favourable movement in Q3 from vacancies and increased income.	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)	(4,406)	(6,422)	1,315	1	1,316	The forecast had improved during December following an increase in visitors to the City Centre of Bath. However income has reduced again in January following the start of lockdown, the trend is down to 80% of previous income levels. £4.4m of lost income is being reimbursed from the government's Sales, Fees and Charges scheme. Reduced expenditure and staff vacancy savings have contributed towards off setting the income losses. 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)	(190)	(648)	214	(401)	(187)	Contract payment to us from First Bus now being paid in full for the Park and Ride Contract resulting in a £372k favourable movement. A reduction in advertising income. Further staff vacancy savings and furlough income within Passenger Transport.	Not applicable
P25	Transport Services	1119	Emergency Planning	433	1,303	1,046	668	(55)	613	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	(1,945)	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			(152)	(526)	1,140	1,815	(523)	1,292		
Detailed Analysis of Budgets for Housing, Planning & Economic Development											
P23	Housing, Planning & Economic Development	1029	Housing	1,674	975	1,002	(591)	(81)	(672)	Housing are experiencing a number of COVID related cost pressures. These arise from: MHCLG 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 was agreed as part of the COVID recovery plan to draw down £656k from Housing Reserves as an in year saving. Also other additional income relating to capital recharges for time.	Not applicable
P23	Housing, Planning & Economic Development	1052	Regeneration	301	463	159	(114)	(28)	(142)	Salary savings, including an extra post now being forecast vacant to the end of the year, along with an underspend on contract spend results in the favourable variance of £142k.	Not applicable
P23	Housing, Planning & Economic Development	1106	Development Management	1,543	1,226	1,377	506	(673)	(166)	A remodelling of Q2 figures and Q3 movements result in underachieved income of £113k which includes the MHCLG Fees and Charges grant income reimbursement. In year salary savings on held vacancies and other supplies and services financial recovery plan savings totalling £242k offset this unfavourable	Not applicable
P23	Housing, Planning & Economic Development	1128	Business & Skills	482	369	421	18	(79)	(61)	Salary saving as post has become vacant to the end of the year rather than part year.	Not applicable
P23	Housing, Planning & Economic Development Total			4,001	3,032	2,960	(181)	(860)	(1,041)		

Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Actuals to date £000	Quarter 3 Published Forecast £000	Quarter 2 Published Outturn Variance £000	Change from Previous Quarter Forecast Over / (Under) £000	2020/21 Quarter 3 Outturn Variance Over / (Under) £000	Outturn Variance Analysis	Outturn Recovery Plan
Detailed Analysis of Budgets for Community Services											
P24	Community Services	1005	Building Control & Land Charges	884	794	962	118	(40)	78	Income levels in Building Control, Land Charges and Licensing under threat due to dramatically reduced economic activity in early part of year. Casino operator has entered liquidation and so whole of Council annual income from Schedule 9 payment has not been received.	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)	(2,016)	(5,567)	4,117	(2)	4,115	Income at the Roman Baths was strong through the Summer period, although considerably lower during December as a result of increasing restrictions across the UK, limiting where people could visit from. The forecast revenue has been reduced as the Roman Baths has had to shut again. The expected claim under the sales fees and charges scheme has been increased to compensate for further income losses.	The Service have also implemented savings plans and the furlough scheme has also helped to mitigate the financial impact. The forecast shortfall of £19.7m in external income translates to a forecast shortfall of £4.1m against budget.
P24	Community Services	1019	Public Protection & Health Improvement - Leisure	702	1,187	1,579	558	320	878	Financial Support has been provided to leisure operator GLL for the period March-November 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	207	193	(0)	0	(0)	No material variance. Full funding allowance has been committed	Not applicable
P24	Community Services	1102	Neighbourhoods & Environment - Parks & Bereavement Services	1,284	930	1,158	(70)	(55)	(126)	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. Favourable movement in Q3 due to ES Director Vacancy	Recovery Plan Savings being implemented across Parks. £100k Recovery Plan Saving from Environmental Services
P24	Community Services	1109	World Heritage	154	59	115	(38)	0	(38)	Savings on supplies and services identified as part of Council recovery plan	Savings on supplies and services identified as part of Council recovery plan
P24	Community Services	1115	Registrars Service	(75)	(32)	(2)	73	0	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	73	213	43	6	49	Loss of income for Events and Weddings for 20/21, partially reduced following a reimbursement from the government's Sales, Fees and Charges Scheme. Also pressure for two staff members transferring from Visit Bath	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	1,507	2,145	(46)	(71)	(117)	Library closures during pandemic has resulted in some reduction of spend. General vacancy management has also contributed to the favourable position.	Not applicable
P24 Community Services Total				(4,114)	2,710	798	4,754	158	4,912		
Council Total				122,162	98,624	122,162	(0)	0	0		

FINANCE BUDGET MONITORING MONTHLY DASHBOARD - April to December 2020

CAPITAL APPENDIX 2 - KEY SCHEME VARIANCE ANALYSIS

	NARRATIVE	2020/21 BUDGET PER AGRESSO £'000	2020/21 FORECAST SPEND £'000	2020/21 VARIANCE TO BUDGET £'000	2020/21 REPHASED TO FUTURE YEARS £'000
Children's Services					
Basic Needs - School Improvement / Expansion	<p>Programme Highlights are :-</p> <ul style="list-style-type: none"> - St Nicholas Primary expansion to a 420 place school. Works to provide a pedestrian footbridge were scheduled for early 2020 now delayed to 2021 due to problems with the housing developer and their agreement to a variation of the S106 Agreement for the relocation of the footbridge. £174k rephased into 21/22 due to the footbridge more likely to proceed summer 2021. - 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. 964k rephased into 21/22 due to Covid restrictions and site shut down period impacting on programme and delaying overall project completion by 12 weeks. - 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. - 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. Completion due September 2021. 1m rephased into 21/22 due to Covid delays at the development stage impacting on early programme. - St Keyna Primary - Feasibility Study to expand to a 420 place school. 	7,981	5,843	2,138	2,138
Schools Capital Maintenance Schemes	Various schools capital maintenance schemes are moving forward including feasibility work to explore replacement of windows at Twerton Infants and boilers at Newbridge Primary.	1,630	1,630	-	-
SEND (Special Education Needs & Disability) Capital Programme	<p>Projects under this scheme are:</p> <ul style="list-style-type: none"> - BCA - Additional SEN Placements created during 2020/21. - St Mark's - to complete in 2020/21 - Oldfield Secondary School, SEN Resource Base. Demolition of Caretakers bungalow and replaced with a purpose built SEN Resour 	1,238	1,238	-	-
Transport Services -					
Highways Maintenance Block	<p>Commitments of 1.8m relate to Cleveland Bridge works scheduled for 2021/22.</p> <ul style="list-style-type: none"> - DIT Pothole Action Funding through WECA now received and integrated into 2020/21 programme. - All carriageway surfacing and surface treatment works completed by October 2020. - Large planned carriageway patching 90% complete. - Footway Improvement works commence January 2021 for completion by end of March 2021. - Cleveland Bridge. Highway Structures – Listed Building Consent now received works programmed for 2021. - Camden Crescent works progressing well - due to complete January 2021. - Street Lighting Column replacement programme progressing due to complete February 2021. - Drainage programme substantially completed - some investigatory works scheduled to March 2021. - Temple Cloud 100k too be rephased - re footway improvements linked to the Air Quality Management Plan. Requiring Legal Orders, to be progressed in 2021/22. - Windsor Pipe Bridge, Bath 40k will be rephased. Gas main diversion scheduled for July 2021. 	6,801	6,661	140	140
Office for Low Emission Vehicles (OLEV) Bid -GULW	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. Programme is now projecting an underspend of 234k, with 217k proposed for carry forward, subject to OLEV approval (currently being requested) and 17k contingency. Covid has severely impacted WPD response time to our connection requests, which has delayed the delivery programme for eBikes by approximately 4 months (still awaiting WPD response/update). At the same time Covid has impacted business uptake of business charge point grants as well as the last mile delivery service. Expected completion dates have been delayed by approximately four months.	636	636	-	-
Transport Improvement Programme	<p>The programme has been impacted by Covid-19 but still anticipated to use the full budget with contractors progressing schemes.</p> <p>The programme is also being assessed in light of WECA / Government Covid-19 Sustainable measures funding, some resources have been reallocated.</p> <p>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. Proposed budget rephasing of 1,407k that relate mainly to CIL and s106 funded schemes that have been rephased due to complexity of delivering in 1 year and moving staff to work on emergency Covid measures.</p>	3,331	1,924	1,407	1,407
Resources & Deputy Leader					
Corporate Estate Planned Maintenance	The Work Programme was re-aligned with updated priorities. Works carried out up to December include Manvers Street Car parking resurfacing, further Guildhall works, refurbishment of Bath Central Library, works to heating systems and alarms and statutory testing. Planned works include maintenance of Haycombe and Locksbrook cemeteries.	3,730	3,730	-	-
Housing Delivery Vehicle/ Schemes (Capital Disposals ADL)	Funded used where required to facilitate ADL/ACL capital schemes, including the refurbishment of flats returned by Curo. ADL/ACL have also prepared a business case for 117 Newbridge and are in the process of doing so for Argyle Works & Station Road. We are also looking at the repurposing of some former commercial units.	1,217	617	600	600
Property Company Investment - Council (Loan): Developments	During 2020/21 loans to ACL will fund the development of Sladebrook Road and potentially Newbridge Hill 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	4,156	4,182	4,182
York Street Vaults Phase 2	The project consists of Phase 2 works to waterproof beams and remediate the road surface. Some technical approvals are required and the programme of work will slip into 2021/22.	971	357	614	614
Adult Services					
Community Resource Centre Capital Investment	<p>The 8 services transferred as planned on 1st October 2020.</p> <p>The current activity is transitional where service needs are still being identified.</p> <p>It is anticipated that from now until March 2021 the remaining budget will be used to replace essential operational equipment, the installation of CCTV and replacement flooring across two of the sites.</p>	246	246	-	-
Housing, Planning & Economic Development					
Affordable Housing	Preparation work is underway to start refurbishment of Grosvenor Place and purchase two Platform for Life Properties with the help of Government grant. Plans to extend the temporary accommodation at Theobald House are in progress and the project for Sladebrook Road is under review. 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

CAPITAL APPENDIX 2 - KEY SCHEME VARIANCE ANALYSIS

	NARRATIVE	2020/21 BUDGET PER AGRESSO £'000	2020/21 FORECAST SPEND £'000	2020/21 VARIANCE TO BUDGET £'000	2020/21 REPHASED TO FUTURE YEARS £'000
Bath Quays Bridge & Linking Infrastructure	The bridge substructure works have been completed and the superstructure was lifted into place on the weekend of the 7/8 November 2020. The installation of the bridge deck is underway. Programme completion is projected to have slipped into Feb 2021 from Dec 2020 predominantly as consequence of redesign work earlier in the year and COVID related delays. Additional WECA funding has been secured for the project	3,972	3,743	229	229
Bath Quays North	The Developer has obtained approval to S96A and S73 planning applications. Subject to the approval of Design Codes associated with S73 planning condition the Reserved Matters Application (RMA) will be submitted in January 2021.	8,865	7,674	1,191	1,191
Bath Quays South	No.1 office works are advancing well with internal fit out progressing to all floors, external stone and brickwork is completed, bar snagging which is taking place as the scaffold is removed. The 'mitigated' programme has brought most of the contract s	15,944	13,193	2,751	2,751
BWR Phase 2	The project is progressing with key milestones being achieved. The infrastructure pre-works have commenced onsite and are due to complete in March 2021. Major gas rationalisation works are due to commence in April 2021. Planning consent for residential redevelopment at Midland Road waste site was granted 17 Dec 2020.	8,058	2,854	5,204	5,204
Digital BANES	City Wi-Fi installations are on target to complete by 31 March 2021. £200k is committed to fund costs of the infrastructure delivery of Phase 2 of the Connecting Devon & Somerset Programme to further extend superfast broadband connectivity to households currently without access. It is expected that some design/ build costs will be incurred in the final quarter of 2020/21, with scheduled completion in 2024.	358	258	100	100
Disabled Facilities Grant	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 with work planned to the end of the year.	1,681	1,681	-	-
Radstock Healthy Living Centre	The Development Agreement with the GP Practice was signed in December, allowing work to commence on site. Completion expected Q4 2021/22.	915	244	671	671
Somer Valley Enterprise Zone - Infrastructure	The Local Development Order (LDO) commission is progressing. The consultation for the LDO is due to take place in the Q1 of 21/22. Dialogue continues with site landowners.	1,233	592	641	641
Community Services					
Alice Park - Skate Park	Project to construct a skatepark on the land of the Trust at Alice Park, the main construction works completed in November, reinstatement works were carried out in December, and the remaining landscaping and fencing work will complete in January 2021.	123	123	-	-
Parks S106 Projects	This relates to a number of projects that are s106 funded. Works include play area refurbishments at Kensington Meadows and Kelston Road, railings, handrails and entrance improvements at Hedgemoed, shrubbery landscape improvements at Cappards Farm, and new footpaths at The Tumps woodland in Bath Corston View. Budget slips into 21/22 for project delivery including finalisation of works across various open spaces, Westfield Road and Sullis Meadows, where a consultation and project plan is being developed this year.	400	288	112	112
Roman Baths Archway Project	Due to known delays and Covid-19, the project is running behind the budget schedule, however work has continued through 2020/21 and construction/building work is expected to end over coming months. This will be followed by exhibition and retail fitout. T	3,419	3,306	112	112
Sydney Gardens (Round 2)	The Lottery funded park restoration project at Sydney Gardens is now in its construction phase. Works to the Bothy are complete, the Community Pavilion extension is progressing with foundations already in, an initial refurbishment of the upper tennis courts and wider vegetation clearance and minor landscape works started. A fund has been set up by HLF to compensate for delays due to Covid and we expect to make an application to this scheme.	3,013	800	2,213	2,213
Climate Emergency & N'Hood Services					
Clean Air Zone	The Clean Air Zone objective is to achieve compliance with NO2 limit values, the launch date of 16th March 2021 for control measures remains as planned, with implementation of further mitigation measures continuing to minimise the impacts on businesses a	11,765	11,765	-	-
Neighbourhood Services - Asset & Vehicle Replacement Programme	Vehicle replacements agreed to update the end of life fleet, including readiness for CAZ implementation.	1,880	1,880	-	-
Waste Depot Relocation	Public consultation on the Keynsham Recycling proposals finished on Monday 21st Dec, and with the Planning pre-app response, the Design team are now preparing reports and studies for a full planning application at the end of January 2021. A Waste Strategy & Infrastructure review and financial resourcing plan is in progress	2,410	1,767	644	644

2020/21 Revenue Virements for INFORMATION

Appendix 3 (i)

REF NO	REASON / EXPLANATION	CABINET MEMBER	TRANSFER FROM CASHLIM	Income (£'s)	Expenditure (£'s)	CABINET MEMBER	TRANSFER TO CASHLIM	Income (£'s)	Expenditure (£'s)	DESCRIPTION	ONGOING EFFECTS
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#27	Domestic Abuse Services Contracts	Adult Services	Adult Services		26,078	Housing, Planning & Economic Development	Housing		26,078	Elimination of internal income budget within Housing Services, along with the corresponding internal expenditure budget in Adult Services for the Domestic Abuse Service contract, to more accurately reflect which service is delivering the functions.	Budget virement is ongoing.
INFO 20#28	Business Intelligence Centralisation	Children's Services	Inclusion & Prevention		17,050	Resources	Strategy & Performance		17,050	Transfer of Children's Centre Data Analyst post to the centralised Business Intelligence Team.	Budget virement is ongoing.
INFO 20#29	Rehabilitation Dogs (for Blind)	Children's Services	Integrated Commissioning - CYP		25,000	Children's Services	Schools' Budgets		25,000	Transfer of management of budget for blind rehabilitation dogs within Children's Services.	Budget virement is ongoing.
INFO 20#30	Children's & Adults' Safeguarding Budgets	Children's Services	Safeguarding - CYP		89,836	Adult Services	Adult Services		89,836	Transfer and consolidation of Children's and Adults' Safeguarding budgets between Cash Limits, following the creation of the BCSSP (Bath & North East Somerset Community Safeguarding Partnership).	Budget virement is ongoing.
INFO 20#31	DSG Re-Profiling	Children's Services	Education Transformation		74,504	Children's Services	Schools' Budgets		74,504	Re-Profiling of cash limits within Education to reflect the actual services' DSG spend in 2020/21.	Budget Virement is ongoing.
OVERALL TOTALS				0	232,468			0	232,468		

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

CABINET PORTFOLIO	Service	Nov'20 Cash Limits	Technical Adjustments, below BMS limits or already agreed - shown for information	Total Virements for Approval	Feb'21 Cash Limits
		£'000			£'000
Leader	Housing Delivery Vehicle	(1,000)			(1,000)
	Visit Bath	367			367
	PORTFOLIO SUB TOTAL	(633)			(633)
Resources	Finance	3,069			3,069
	Risk & Assurance Services	1,082			1,082
	Procurement & Commissioning	228			228
	Revenues & Benefits	915			915
	Council Solicitor & Democratic Services	2,571			2,571
	Information Technology	4,963			4,963
	Strategy & Performance	1,910	17		1,927
	Human Resources & Organisational Development	1,565			1,565
	Improving The Way We Work	(210)			(210)
	Property Services	675			675
	Corporate Estate Including R&M	3,492			3,492
	Commercial Estate	(15,217)			(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	3,282			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
	PORTFOLIO SUB TOTAL	17,290	17		17,307
Adult Services	Adult Services	63,019	64		63,083
	Adult Substance Misuse (Drug Action Team)	514			514
	Public Health	(250)			(250)
	PORTFOLIO SUB TOTAL	63,283	64		63,347
Children's Services	Children, Young People & Families	15,899			15,899
	Integrated Commissioning - CYP	2,651	(25)		2,626
	Safeguarding - CYP	100	(90)		10
	Inclusion & Prevention	3,359	(17)		3,342
	Education Transformation	6,870	(75)		6,796
	Schools Budget	(3,272)	100		(3,173)
	PORTFOLIO SUB TOTAL	25,606	(107)		25,499
Climate Emergency & Neighbourhood Services	Neighbourhoods & Environment - Waste & Fleet Services	16,186			16,186
	Sustainability	511			511
	Environmental Monitoring (Air Pollution)	210			210
	PORTFOLIO SUB TOTAL	16,907			16,907
Transport Services	Highways & Traffic Management	7,613			7,613
	Transport & Parking Services - Parking	(7,738)			(7,738)
	Transport & Parking Services - Public & Passenger Transport	(461)			(461)
	Emergency Planning	433			433
	PORTFOLIO SUB TOTAL	(152)			(152)
Housing, Planning & Economic Development	Housing	1,648	26		1,674
	Regeneration	301			301
	Development Management	1,543			1,543
	Business & Skills	482			482
	PORTFOLIO SUB TOTAL	3,975	26		4,001

CABINET PORTFOLIO	Service				
		Nov'20 Cash Limits	Technical Adjustments, below BMS limits or already agreed - shown for information	Total Virements for Approval	Feb'21 Cash Limits
		£'000	£'000	£'000	£'000
Community Services	Building Control & Public Protection	884			884
	Heritage	(9,682)			(9,682)
	Leisure	702			702
	Community Safety	193			193
	Neighbourhoods & Environment - Parks & Bereavement Services	1,284			1,284
	World Heritage	154			154
	Registrars Service	(75)			(75)
	Events & Active Lifestyles	164			164
	Customer Services (including Libraries)	2,262			2,262
	PORTFOLIO SUB TOTAL	(4,114)			(4,114)
	NET BUDGET	122,162			122,162

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	(708)			(708)
Total	122,162			122,162

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP20#041-2020	Waste Welfare Facilities	CSB	183,000		Climate Emergency & Neighbourhood Services		183,000	Officer Delegated Decision dated 01.10.2020. Approved through the Recovery Board and the Capital Strategy Group to enable the creation of welfare facilities at waste depots in light of COVID19 regulations. To be funded from the Corporate Capital Contingency budget on an urgency basis.
CAP20#042-2020	Capital Contingency	CSB	-183,000		Resources & Deputy Leader		-183,000	Officer Delegated Decision dated 01.10.2020. Approved through the Recovery Board and the Capital Strategy Group to enable the creation of welfare facilities at waste depots in light of COVID19 regulations. To be funded from the Corporate Capital Contingency budget on an urgency basis.
CAP20#043-2020	Sydney Gardens (Round 2)	s106	47,770		Community Services		47,770	Technical Adjustment with approval from the Director of Development & Public Protection to increase budget to create disabled access from the canal towpath into Sydney Gardens.
CAP20#044-2020	Parks S106 Projects	Grant - Pocket Parks	10,000		Community Services		10,000	Technical Adjustment with approval from the Director of Development & Public Protection to increase budget on Kensington Meadows project by 10k, all of which is funded by grant from the Pockets Park.
CAP20#045-2020	Parks S106 Projects	S106	10,000		Community Services		10,000	Technical Adjustment with approval from the Director of Development & Public Protection to increase the budget on Freefields Park project by 10k of s106 funding, to complete a new path into the woodland.
CAP20#046-2020	Clean Air Zone	Govt Grant	-23,130		Climate Emergency & Neighbourhood Services		-23,130	Technical Adjustment with approval from Director of Finance to match budgets to grant award.
CAP20#047-2020	Digital B&NES	CSB, Revenue	200,000		Housing, Planning and Economic Dev		200,000	Officer Delegated Decision dated 31.1.2020. Connecting Devon and Somerset (CDS) is a match funded broadband enablement programme intended to challenge the issues of poor broadband connectivity in the rural areas of the South West.
CAP20#048-2020	Capital Contingency	CSB	-116,000		Resources & Deputy Leader		-116,000	Officer Delegated Decision dated 31.1.2020. Connecting Devon and Somerset (CDS) is a match funded broadband enablement programme intended to challenge the issues of poor broadband connectivity in the rural areas of the South West.
CAP20#049-2020	Bath Streetspace	CIL	150,000		Housing, Planning and Economic Dev		150,000	Officer Delegated Decision dated 29.07.2020 by Corporate Director (People) £100K for Kingsmead Square & £50K for Reopening and Renewing High Streets
CAP20#050-2020	Sydney Gardens (Round 2)	Various	123,467		Community Services		123,467	Technical Adjustment with approval from the Director or Finance to match budget to approved funding
CAP20#051-2020	Midsomer Norton High Street Renewal Programme	Govt Grant	100,000		Housing, Planning and Economic Dev		100,000	Officer Delegated Decision dated 23.9.2020 from Director of Economy & Growth to accept Historic England Grant, agreed in SMD E3223.
CAP20#052-2020	Basic Needs - School Improvement / Expansion	CIL	320,000		Children Services		320,000	Officer Delegated Decision dated 08.07.2020 to support Norton Hill School in a capital project to refurbish and remodel a gym into a multi-use PE, drama and performance space.
CAP20#053-2020	Transport Improvement Programme	S106	27,532		Transport Services		27,532	Technical Adjustment with approval from the Director of Partnerships and Corporate Services. Polestar Paulton s106 fund being used as a funding contribution towards the Winterfield Road Zebra Crossing.
CAP20#054-2020	Transport Improvement Programme	Capital Receipts	4,000		Transport Services		4,000	Technical Adjustment with approval from the Director of Partnerships and Corporate Services. Capital contribution from Bristol Water Authority towards the development of the Chew Valley Trail.
CAP20#055-2020	Highways Maintenance Block	Govt Grant	970,510		Transport Services		970,510	Officer Delegated Decision dated 6.11.2020; Budget allocation for the Pothole Funding Grant 2020/21
CAP20#056-2020	SEND Provision	3rd party contrib.	18,625		Children Services		18,625	Technical Adjustment with approval from the Director of Education, Inclusion and Children's Safeguarding. Increase budget to cover insurance work on roof leak at former Culverhay School site, funded from third party insurance claim.
CAP20#057-2029	SEND Provision	Govt Grant	614,932		Children Services		614,932	Officer Delegated Decision dated 16.11.2020. The project will fund works to expand The Aspire Academy to provide up to 120 additional places for children with special educational needs from primary age through to 6th Form.
CAP20#058-2020	Public Tennis Improvements	Govt Grant, CIL, 3rd party contrib.	543,500		Community Services		543,500	Officer Delegated Decision dated 09.11.2020 to fully approve budget to enable the refurbishment of a number of public tennis courts in Bath, Keynsham, Chew Valley and Salford.
CAP20#059-2020	Heritage Infrastructure Development	SSB	55,000		Community Services		55,000	Officer Delegated Decision dated 25.11.2020 by Corporate Director (Place) for Heritage Services Visitor Management System
CAP20#060-2020	Saw Close Works	Various	-296,094		Housing, Planning and Economic Dev		-296,094	Technical Adjustment with approval from the Director of Finance to realign budget to match agreed WECA Funding Change Request
CAP20#061-2020	BAF CIL Funded - Approved	Bath CIL	100,000		Resources & Deputy Leader		100,000	Single Member Decision E3227 on 27.11.2020 to approve BAF CIL of which £100K is External Capital. Allocated for a Multi Use Games Area at Rosewar, LED lighting at Combe Down Rugby Club and Improvements at Sandpit Park.
CAP20#062-2020	Transport Improvement Programme	3rd party contrib.	270		Transport Services		270	Technical Adjustment with approval from the Director of Partnerships and Corporate Services. 3rd party contribution from Bristol Water Authority towards the development of the Chew Valley Recreational Trail.
CAP20#063-2020	Neighbourhood Services Asset & Vehicle Replacement	Revenue	23,553		Climate Emergency & Neighbourhood Services		23,553	Technical Adjustment approved by the Director of Development & Public Protection. Weighbridge at Welton - replacement needed on the grounds of Health & Safety.

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP20#064-2020	Disabled Facilities Grant	Gov Grant	171,116		Housing, Planning and Economic Dev		171,116	Technical Adjustment approved by the Director of Finance; additional government funding for disabled facilities grants in 2020/21.
CAP20#065-2020	Commercial Estate Acquisitions	SSB	-401,020		Resources & Deputy Leader		-401,020	Technical Adjustment with approval from the Director of Finance. Transfer of remaining approved balance for acquisitions to provisional.
CAP20#066-2020	Waste Depot Relocation	s106	122,604		Climate Emergency & Neighbourhood Services		122,604	Technical Adjustment approved by the Director of Development & Public Protection. Budget uplift funded from remaining s106 contribution.
CAP20#067-2020	Waste Service Redesign	SSB	-160,000		Climate Emergency & Neighbourhood Services		-160,000	Technical Adjustment approved by the Director of Development & Public Protection. Radstock Road depot, health and safety works.
CAP20#068-2020	Waste Depot Relocation	SSB	160,000		Climate Emergency & Neighbourhood Services		160,000	Technical Adjustment approved by the Director of Development & Public Protection. Radstock Road depot, health and safety works.
CAP20#069-2020	Waste Depot Relocation	SSB	255,000		Climate Emergency & Neighbourhood Services		255,000	Officer Delegated Decision dated 14.12.2020. Approval of budget for demolition works at Pixash as part of the Waste Depot relocation project.
CAP20#070-2020	Basic Needs - School Improvement / Expansion	Gov Grant	250,000		Children Services		250,000	Technical Adjustment approved by the Director of Education. Budget for contribution towards build and equipment costs at Oldfield School.
CAP20#071-2020	Bath City Centre Renewal Programme	Capital Receipts	89		Housing, Planning and Economic Dev		89	Technical Adjustment approved by the Director of Finance to align funding.
CAP20#072-2020	Transport Improvement Programme	s106	-40,000		Transport Services		-40,000	Technical adjustment approved by the Director of Partnership & Corporate Services to realign funding
CAP20#073-2020	Bath Quays Bridge & Linking Infrastructure	WECA Grant	1,100,000		Housing, Planning and Economic Dev		1,100,000	Technical Adjustment approved by the Director of Finance - increase in grant awarded.
CAP20#074-2020	Bath Quays South	WECA Grant	300,000		Housing, Planning and Economic Dev		300,000	Technical Adjustment approved by the Director of Finance - increase in grant awarded.
CAP20#075-2020	Radstock Healthy Living Centre / Library Transfer	Capital Receipts	-421,000		Housing, Planning and Economic Dev		-421,000	Technical Adjustment approved by the Director of Finance - realignment of budget in line with contract award and to reflect lower capital receipt.
CAP20#076-2020	Neighbourhood Services Asset & Vehicle Replacement	SSB	170		Climate Emergency & Neighbourhood Services		170	Technical Adjustment approved by the Director of Finance to align funding on the capital programme to agreed budget held in a gresso.
Total			4,220,894	0		0	4,220,894	
			4,220,894				4,220,894	

Capital Virements - Additions & Reductions Future Years

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP20#023-FY	Digital B&NES	Other	200,000		Housing, Planning and Economic Dev		200,000	Office Delegated Decision dated 31.1.2020. Connecting Devon and Somerset (CDS) is a match funded broadband enablement programme intended to challenge the issues of poor broadband connectivity in the rural areas of the South West for 2021/22
CAP20#024-FY	Capital Contingency	Other	-116,000		Resources & Deputy Leader		-116,000	Officer Delegated Decision dated 31.1.2020. Connecting Devon and Somerset (CDS) is a match funded broadband enablement programme intended to challenge the issues of poor broadband connectivity in the rural areas of the South West from 2021/22
CAP20#025-FY	Bath Streetspace	CIL	-150,000		Housing, Planning and Economic Dev		-150,000	Officer Decision dated 15.07.2020 E3205 by Corporate Director (People) £100K for Kingsmead Square & £50K for Reopening and Renewing High Streets from 2021/22
CAP20#026-FY	Midsomer Norton High Street Renewal Programme	Govt Grant	320,000		Housing, Planning and Economic Dev		320,000	Officer Delegated Decision dated 23.9.2020 from Director of Economy & Growth to accept Historic England Grant, agreed in SMD E3223.
CAP20#027-FY	Midsomer Norton High Street Renewal Programme	Govt Grant	300,000		Housing, Planning and Economic Dev		300,000	Officer Delegated Decision dated 23.9.2020 from Director of Economy & Growth to accept Historic England Grant, agreed in SMD E3223.
CAP20#028-FY	Midsomer Norton High Street Renewal Programme	Govt Grant	73,000		Housing, Planning and Economic Dev		73,000	Officer Delegated Decision dated 23.9.2020 from Director of Economy & Growth to accept Historic England Grant, agreed in SMD E3223.
CAP20#029-FY	Highways Maintenance Block	CSB	1,500,000		Transport Services		1,500,000	Officer Delegated Decision dated 06.11.2020 by the Director Partnership & Corporate Services. Budget allocation for the Pothole Funding Grant 2020/21 - funding adjustment of £1.5m from CSB grant from 20/21 to 21/22.
CAP20#030-FY	SEND Provision	Govt Grant	1,544,015		Children Services		1,544,015	Officer Delegated Decision dated 16.11.2020. The project will fund works to expand The Aspire Academy to provide up to 120 additional places for children with special educational needs from primary age through to 6th Form.
CAP20#031-FY	Saw Close Works	WECA, 3rd party contrib.	18,587				18,587	Technical Adjustment with approval from the Director of Finance to realign budget to match agreed WECA Funding Change Request
CAP20#032-FY	Bath City Centre Renewal Programme	Capital Receipt	-89		Housing, Planning and Economic Dev		-89	Technical Adjustment approved by the Director of Finance to align funding.
CAP20#033-FY	Sydney Gardens (Round 2)	Various	-123,091		Community Services		-123,091	Technical Adjustment with approval from Director or Finance to match budget to approved funding
OVERALL TOTALS			3,566,422	0		0	3,566,422	
				3,566,422			3,566,422	

Capital Scheme	Cap Prog Number	Budget after October 2020 Cabinet	Reported Approvals - see 4(i)	Budget at February 2021 Cabinet
		£'000	£'000	£'000
Full Approval				
Resources and Deputy Leader				
Agresso System Development & Upgrade	Cap1415125	80	0	80
Bath Area Forum - CIL Funded Schemes - Approved	Cap1718068	218	100	318
Capital Contingency	Cap1415131	2,186	-299	1,887
Cleveland Pools Grant	Cap1718065	10	0	10
Commercial Estate Acquisitions	Cap1415100	401	-401	0
Commercial Estate Refurbishment Programme	Cap1920022	-303	0	-303
Corporate Estate Planned Maintenance	Cap1415097	3,731	0	3,731
Customer Payments Security and Channel Shift	Cap1920021	130	0	130
Digital Programme	Cap1718059	24	0	24
Equality Act Works	Cap1415104	175	0	175
Flexible Use of Capital Receipts	Cap1819080	3,662	0	3,662
Grand Parade & Undercroft	Cap1415103	138	0	138
Housing Delivery Vehicle	Cap1516042	1,217	0	1,217
IT Asset Refresh	Cap1819061	204	0	204
Keynsham Regeneration & New Build	Cap1415094	68	0	68
Property Company Investment	Cap1617027	8,338	0	8,338
Property Disposals	Cap1415098	831	0	831
Property Improvement - Haycombe Crematorium Dignified Entrance	CAP1920047	0	0	0
Refresh of Network Switch Equipment	CAP1920037	80	0	80
Voicemail Upgrade	CAP1920038	50	0	50
Workplaces Programme Delivery	Cap1415093	0	0	0
York Street Vaults Phase 2	Cap1819059	971	0	971
Subtotal Full Approval - Resources and Deputy Leader		22,210	-600	21,610
Adult Services				
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
Subtotal Full Approval - Adult Services		386	0	386
Children's Services				
Basic Needs - School Improvement / Expansion	Cap1415135	7,412	570	7,982
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
Schools' Capital Maintenance Schemes	Cap1415073	1,630	0	1,630
Schools Devolved Capital	Cap1920028	-153	0	-153
Special Education Needs & Disability (SEND) Education Provision	Cap1718071	604	634	1,238
Youth Service Capital Schemes	Cap1415167	38	0	38
Subtotal Full Approval - Children's Services		9,644	1,204	10,848

Capital Scheme	Cap Prog Number	Budget after October 2020 Cabinet	Reported Approvals - see 4(i)	Budget at February 2021 Cabinet
		£'000	£'000	£'000
Climate Emergency and Neighbourhood Services				
Air Quality Management Area	Cap1819028	0	0	0
Clean Air Zone	Cap1920031	11,788	-23	11,765
Environmental Protection Vehicles	Cap1516028	10	0	10
Neighbourhood Services - Asset & Vehicle Replacement Programme	Cap1718036	1,856	24	1,880
Neighbourhoods Bin & Bench Replacement	Cap1415029	13	0	13
Waste Collection Vehicles In Cab Technology	Cap1920025	200	0	200
Waste Service Redesign	Cap1617032	401	-160	241
Waste Depot Relocation	Cap1516011	1,873	538	2,410
Waste Welfare Facilities	Cap2021003	0	183	183
Subtotal Full Approval - Climate Emergency and Neighbourhood Services		16,140	561	16,701
Transport Services				
A37 to A362 Improvements to Access Somer Valley Enterprise Zone	Cap1718084	0	0	0
Bath Transport Package Main Scheme	Cap1415001	1,702	0	1,702
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	164	0	164
Highways Maintenance Programme	Cap1415184	5,831	971	6,801
London Road Modification	Cap1718022	3	0	3
Office for Low Emission Vehicles (OLEV) Bid	Cap1617008	636	0	636
Parking Vehicle Replacement Programme	Cap1415023	33	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	3,338	-8	3,330
Speed camera	Cap1617012	0	0	0
Subtotal Full Approval - Transport Services		12,183	962	13,145

Capital Scheme	Cap Prog Number	Budget after October 2020 Cabinet	Reported Approvals - see 4(i)	Budget at February 2021 Cabinet
		£'000	£'000	£'000
Housing, Planning and Economic Development				
Affordable Housing	Cap1415091	879	0	879
Bath Quays Bridge & Linking Infrastructure	Cap1617037	2,872	1,100	3,972
Bath Quays North	Cap1415114	8,865	0	8,865
Bath Quays South	Cap1415138	15,644	300	15,944
Bath City Centre Renewal Programme	Cap1920026	19	150	169
BWR - Council Project Team	Cap1415057	-58	0	-58
BWR - Infrastructure	Cap1415059	-91	0	-91
BWR - Relocation of Gas Holders	Cap1415065	1,536	0	1,536
BWR Phase 2	Cap1920012	8,058	0	8,058
Digital B&NES	Cap1415069	158	200	358
Disabled Facilities Grant	Cap1415089	1,510	171	1,681
Englishcombe Lane Development	Cap1920034	550	0	550
Innovation Quay - Strategic Flooding Solution	Cap1415064	308	0	308
Keynsham High Street Renewal Programme	Cap1718011	565	0	565
Midsomer Norton High Street Renewal Programme	Cap1819050	180	100	280
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	1,336	-421	915
Saw Close Works	Cap1516008	315	-296	19
Sladebrook Road: Energy Efficiency Measures	Cap1920033	128	0	128
Somer Valley Enterprise Zone - Infrastructure	Cap1718067	1,233	0	1,233
Waterspace Connected	Cap1920029	5	0	5
Subtotal Full Approval - Housing, Planning and Economic Development		44,226	1,304	45,531
Community Services				
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	55	55
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	0	0	0
Parade Gardens Infrastructure for Business Development	Cap1617015	-2	0	-2
Parks and Bereavement Infrastructure	Cap1819051	72	0	72
Parks Equipment Replacement Programme	Cap1718029	20	0	20
Parks S106 Projects	Cap1718037	340	60	400
Play Area Refurbishment / Equipment	Cap1415039	359	-40	319
Public Tennis Improvements	Cap1920010	0	544	544
Roman Baths Archway Centre	Cap1617021	3,419	0	3,419

Capital Scheme	Cap Prog Number	Budget after October 2020 Cabinet	Reported Approvals - see 4(i)	Budget at February 2021 Cabinet
		£'000	£'000	£'000
Sydney Gardens	Cap1415030	2,842	171	3,014
Heritage Services Retail System	Cap1415050	0	0	0
Subtotal Full Approval - Community Services		8,922	790	9,712
TOTAL CAPITAL SCHEME BUDGET		113,712	4,221	117,933

Sources of Funding				
EU / Grant		56,353	10,611	66,964
Revenue		282	108	389
Other Council Support including Borrowing and Capital Receipts		52,830	-7,691	45,139
S106 Contribution		1,324	167	1,492
CIL Contribution		2,082	980	3,062
Other Third Party		841	46	887
TOTAL SOURCES OF FUNDING		113,712	4,221	117,933

Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	11 th February 2021	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3222
TITLE:	Treasury Management Strategy Statement 2021/22	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 - Treasury Management Strategy 2021/22 Appendix 2 –Authorised Lending List		

1 THE ISSUE

- 1.1 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 1.2 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 1.3 Investments held for service or commercial purposes are considered in the Capital and Investment Strategy within the Budget Report which is also included on this meeting's agenda.

2 RECOMMENDATIONS

The Cabinet agrees to;

- 2.1 Recommend the actions proposed within the Treasury Management Strategy Statement (**Appendix 1**) to February Council.

The Cabinet is also asked to:

- 2.2 Note the Treasury Management Indicators detailed in **Appendix 1** and delegate authority for updating the indicators prior to approval at Full Council on 23rd February 2021 to the Chief Finance Officer and Cabinet Member for Resources, in light of any changes to the recommended budget as set out in the Budget Report elsewhere on the agenda for this meeting.
- 2.3 Note that any comments made by the Corporate Audit Committee at their meeting on the 4th February 2021 will be reported to Full Council on the 23rd February 2021.

3 THE REPORT

Background

- 3.1 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 3.2 The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare a Treasury Management Strategy; this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 3.3 The suggested strategy for 2021/22 in respect of the following aspects of the treasury management function is based on the Treasury Officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisor, Arlingclose.

The strategy covers:

•	Treasury limits in force which will limit the treasury risk and activities of the Council;
•	Treasury Management Indicators;
•	The current treasury position;
•	The borrowing requirement;
•	Prospects for interest rates;
•	The borrowing strategy;
•	The investment strategy.

- 3.4 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code). This requires the Treasury Management Strategy and policies to be scrutinised by an individual / group of individuals or committee, and the Corporate Audit Committee have been nominated by Council to carry out this function, and the report was on the agenda for the 4th February 2021 meeting.

2021/22 Treasury Management Strategy Statement

- 3.5 The Strategy Statement for 2020/21 set Treasury Indicators for 2020/21 – 2022/23, which included a forecast for total borrowing requirement at the end of 2020/21 of £457 million. At the end of December 2020, actual external borrowing was at £244.4 million, with no further borrowing anticipated this financial year due to the high level of cash balances as a result of Covid related government grants received this year. The level of borrowing is in line with the policy of utilising internal cash to reduce net borrowing costs and investment counterparty risk.
- 3.6 The proposed Treasury Management Strategy is attached as **Appendix 1** and includes the Treasury Management Indicators required by the Treasury Management Code.
- 3.7 Although the indicators provide for a maximum level of total borrowing, this should by no means be taken as a recommended level of borrowing as each year affordability needs to be taken into account together with other changes in circumstances, for example revenue pressures, levels and timing of capital receipts, changes to capital projects spend profiles, and levels of internal cash balances.
- 3.8 The Budget Report, which is also on the agenda, includes appropriate provision for the revenue costs of the capital programme in accordance with this Treasury Management Strategy.
- 3.9 **Appendix 1** also details the Council's current portfolio position as at 31st December 2020, which shows after the netting off of the £81.5 million investments, the Council's net debt position was £162.9 million.
- 3.10 The Treasury Investment Strategy section of **Appendix 1** sets 'outer limits' for treasury management operations. While the strategy uses credit ratings in a "mechanistic" way to rule out counterparties, in operating within the policy, officers complement this with the use of other financial information when making investment decisions, for example Credit Default Swap (CDS) prices, Individual Ratings, and the financial press. This has been the case in previous years, which has protected the Council against losses of investment, for example in Icelandic banks.
- 3.11 The Counterparty listing in **Appendix 2** includes credit ratings from three agencies, as well as a sovereign rating for each country. Counterparties who now meet the minimum criteria as recommended in **Appendix 1** as at 31st December 2020 are included in the listing in **Appendix 2**.
- 3.12 The Council has met the conditions to opt up to MiFID II professional status and intends for this to continue in 2021/22 in order to continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to continue to receive the same level of support from our treasury management advisors.

4 STATUTORY CONSIDERATIONS

- 4.1 This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The resource implications are included in the report and appendices.

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 & Borrowing advice is provided by our Treasury Management consultants Arlingclose.
- 6.3 The 2017 edition of the CIPFA Treasury Management in the Public Services: Code of Practice requires the Council nominate a committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies. The Corporate Audit Committee carries out this scrutiny.
- 6.4 In addition, the Council maintain a risk register for Treasury Management activities, which is regularly reviewed and updated where applicable during the year.

7 CLIMATE CHANGE

- 7.1 The Council commissioned Arlingclose to undertake a review of possible ESG (Environmental, Social and Corporate Governance) funds the Council could invest any surplus treasury assets. The 2021/22 Treasury Management Strategy has now been updated to include a section considering potential ESG treasury investment options for the Council.

8 OTHER OPTIONS CONSIDERED

- 8.1 The Chief Financial Officer, having consulted the Cabinet Member for Resources, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are the table below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times.	Interest income will be lower.	Lower chance of losses from credit related defaults, but any such losses may be greater.
Invest in a wider range of counterparties and/or for longer times.	Interest income will be higher.	Increased risk of losses from credit related defaults, but any such losses may be smaller.
Borrow additional	Debt interest costs	Higher investment balance

sums at long-term fixed interest rates.	will rise; this is unlikely to be offset by higher investment income.	leading to a higher impact in the event of a default; however long-term interest costs may be more certain.
Borrow short-term or variable loans instead of long-term fixed rates.	Debt interest costs will initially be lower.	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain.
Reduce level of borrowing.	Saving on debt interest is likely to exceed lost investment income.	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain.

9 CONSULTATION

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

9.2 Consultation was carried out via e-mail.

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

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Appendix 1

Treasury Management Strategy Statement 2021/22

1. Introduction

1.1 Treasury management overview

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service or commercial purposes are considered in the Capital & Investment Strategy document which is included as an appendix to the Council's 2021/22 Budget Report.

1.1 External Context

1.11 Economic background: The impact on the UK from coronavirus, together with its exit from the European Union and future trading arrangements with the bloc, will remain a major influence on the Authority's treasury management strategy for 2021/22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in November 2020 and also extended its Quantitative Easing programme by £150 billion to £895 billion. The Monetary Policy Committee voted unanimously for both, but no mention was made of the potential future use of negative interest rates. Within the latest forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast.

UK Consumer Price Inflation (CPI) for September 2020 registered 0.5% year on year, up from 0.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 1.3% from 0.9%. The most recent labour market data for the three months to August 2020 showed the unemployment rate rose to 4.5% while the employment rate fell to 75.6%. Both measures are expected to deteriorate further due to

the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In August, the headline 3-month average annual growth rate for wages were 0% for total pay and 0.8% for regular pay. In real terms, after adjusting for inflation, total pay growth fell by -0.8% while regular pay was up 0.1%.

GDP growth fell by -19.8% in the second quarter of 2020, a much sharper contraction from -2.0% in the previous three months, with the annual rate falling -21.5% from -1.6%. All sectors fell quarter-on-quarter, with dramatic declines in construction (-35.7%), services (-19.2%) and production (-16.3%), and a more modest fall in agriculture (-5.9%). Monthly GDP estimates have shown the economy is recovering but remains well below its pre-pandemic peak. Looking ahead, the BoE's November Monetary Policy Report forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in October, the third successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time with further monetary stimulus expected later in 2020.

The US economy contracted at an annualised rate of 31.7% in Q2 2020 and then rebounded by 33.1% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

1.12 Credit outlook: After spiking in late March as coronavirus became a global pandemic, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 is likely to be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

1.13 Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the end of 2023. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 50-year to rise to around 0.5% and 0.75% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 0.05%, and that new long-term loans will be borrowed at an average rate of 1.5%.

1.2 Local Context

1.21 Council position as at 31st December 2020: The Authority held £244.4m of borrowing and £81.5m of treasury investments. This is set out in further detail in Table 1 below.

Table 1: Balance sheet summary

	31/12/2020 Actual portfolio £m	31/12/2020 Average rate %
External borrowing:		
Public Works Loan Board	199.4	2.99
Local authorities	25	1.53
LOBO loans from banks	20	4.50
Other loans		
Total external borrowing	244.4	2.96
Treasury investments:		
The UK Government		
Local authorities	45	0.11
Banks (unsecured)	8	0.07
Building societies (unsecured)		
Money market funds	23.5	0.02
Strategic pooled funds		
CCLA LA Property Fund	5	3.92
Other investments		
Total treasury investments	81.5	0.32
Net debt	162.9	

1.22 Capital Financing Requirement: The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The Council's Capital Financing Requirement (CFR, or underlying need to borrow) as at 31st March 2021 is expected to be £339m, and is forecast to rise to £438m by March 2022 as capital expenditure is incurred.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years.

2. Borrowing Strategy

2.1 Current borrowing

The Authority currently holds £244.4 million of loans, an increase of £11.1 million on the previous year, as part of its strategy for funding previous years' capital programmes.

2.2 Objectives

The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

2.3 Strategy

Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose may assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources as set out in section 2.4 below, and may investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

2.4 Sources of borrowing

The Approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Avon Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

2.41 Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject to specific approval in accordance with the Council's appropriate delegation.

2.42 LOBOs: The Authority holds £20m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £20m of these LOBOs have options during 2021/22, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk.

The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

2.43 Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

2.44 Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

3. Treasury Investment Strategy

3.1 Current investments

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £44.9 and £125.6 million, however it is expected that levels will be lower in 2021/22. Invested funds held have been particularly high during 2020/21 due to the unprecedented level of government grants the Council has received in light of the Global Pandemic.

3.2 Objectives

The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

3.3 Strategy

Given the current risks in the financial system the Council will continue to invest the majority of any surplus funds into highly rated money market funds, other Local Authorities or banks on short notice periods in line with advice from Arlingclose. The Council will continue to hold the £5m long term strategic investment balance in the CCLA LA Property fund which has provided strong income in the last year which has helped to improve the Council's average return significantly.

The Council may, from time to time, borrow in advance of spending need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the 2021/22 authorised borrowing limit of £438m. The maximum periods between borrowing and expenditure is expected to be two years, although the Council links loans with its budgeted programme, individual items within that programme are not linked to the loans at a granular level.

Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

As noted under section 3.8 below the Council has also now developed an initial approach to Environment, Social and Governance (ESG) investment to align with the Council's wider strategy related to the climate emergency which has been declared.

3.4 Approved counterparties

The Authority may invest its surplus funds with any of the counterparty types in Table 3 below, subject to the limits shown.

Table 3: Treasury investment counterparties and limits

Sector	Minimum credit rating*	Time limit	Counterparty limit	Sector limit
The UK Government	NA	50 years	Unlimited	Unlimited
Local authorities & other government entities	NA	25 years	£10m	Unlimited
Secured investments	A-	25 years	£10m	Unlimited
Banks (unsecured)	A-	13 months	£10m	Unlimited
Building societies (unsecured)	A-	13 months	£10m	£15m
Registered providers (unsecured)	A-	5 years	£5m	£5m
Money market funds	A-	n/a	£10m	£50m
Strategic pooled funds	NA	n/a	£5m	£10m
Foreign countries per country	AA+	13 months	£10m	£10m
ESG focussed short term deposits	A-	13 months	£5m	£5m
Other investments	A-	5 years	£5m	£5m

This table must be read in conjunction with the notes below

*** Minimum credit rating:** Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

3.40 Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

3.41 Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

3.42 Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

3.43 Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

3.44 Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

3.45 Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

3.46 Foreign countries: This category covers investment with both the governments of foreign countries and banks based in foreign countries. Where a bank is domiciled in a foreign country, the bank must meet the minimum credit criteria set out in Table 3 of A-for 'Banks (unsecured)' and be domiciled in a country which meets the minimum credit rating criteria set of AA+.

3.47 ESG focussed short term deposits: Some banks and credit institutions now offer deposit accounts where the funds raised by the banks in these accounts are ring fenced

to only be lent on for activities with an ESG focus. Such deposit accounts afford the same protections as other deposits with the bank hence allowing the Council to support the ESG agenda whilst acting within the strict requirements for security and liquidity. As detailed in section 3.8 below, where such accounts exist the Council will act with discretion, allowing for some flexibility around duration of the deposit. Any investment will be subject to agreement of the S151 Officer.

Note: Any funds placed with an institution under this category will also count towards the overall limit for that individual counterparty under whichever sector limit it falls. For example, if £5m is placed with a bank on an ESG deposit, that £5m will also count towards the overall £10m limit for that bank.

3.48 Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk. Any investment under this category will only be made following a favourable external credit assessment and on the specific advice of the Council's treasury management adviser.

Note: Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

3.49 Operational bank accounts: The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

3.5 Risk assessment and credit ratings

Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be

made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

3.51 Other information on the security of investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

3.6 Investment limits

To limit risk from any a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

3.7 Liquidity management

The Authority uses forward looking forecasting based on prior year cashflows combined with knowledge of upcoming income/spending to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

The Authority will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

3.8 Environment Social and Governance investment approach

3.81 The Climate Emergency: In 2019 Bath and North East Somerset Council declared a Climate emergency reflecting the concern that the Council has over climate change, and the commitment of the Council to address the issue with regards to evaluating the climate change impact of all our decisions. Actions available to be taken by the treasury management function are limited in scope due to the principles of Security, Liquidity and Yield, as set out in the CIPFA Treasury Management Code and MHCLG Investment Guidance, which remain at the heart of local authority treasury decisions and risk management.

3.82 Background: Despite the restrictions around what the Council is able to commit to in relation to its treasury investments, it was agreed that a policy around the Council's investment strategy related to climate change would be added to the Treasury Management Strategy to assist in guiding future investment decisions, and bring the issue of climate change closer to the forefront of treasury investment decisions where possible.

As noted in 3.81, The CIPFA Code sets out a suggested framework for managing treasury management risk. With regard to investment activity, the Code primarily states that public sector organisations should focus on security and portfolio liquidity, and seek value for money (minimise net debt costs) within their risk parameters. With this in mind, the majority of the Council's treasury balances must be invested with highly secure institutions, where it is possible to withdraw funds at short notice and the risk of losses to the taxpayer are minimised as much as possible. In order to fulfil these criteria the Council is largely limited, as detailed in this strategy, to short term deposits with highly rated banks, building societies, money market funds and government institutions such as other local authorities.

The Council does however have the possibility of investing core surplus treasury assets for longer term horizons where these exist. There are further restrictions on such investments however, as The Capital Finance Regulations, formally SI 2003 No. 3146 (as amended), set out what is and what is not to be regarded as capital expenditure. This plays an important role in investment activity because some investments, particularly purchases of units in investment funds, are capital expenditure and as such cannot form part of treasury management activities. However, an exemption was made to allow investment in some funds structured in a certain manner, such as Undertakings for Collective Investments in Transferable Securities (UCITS) funds. These are investment funds that are perceived as being safe and well regulated and are popular among many investors, examples of current funds include:

- Gravis Clean Energy Income Fund
- Royal London Sustainable Diversified Trust

The UCITS regulations place limitations on fund management, including enforcing certain levels of diversification and the liquidity of the underlying investment. There are also rules on disclosure and fees. A key element is the easy transferability of underlying assets, so the funds are generally limited to listed securities, such as shares or bonds.

Arlingclose was commissioned to conduct a review looking into what potential investment options would be available to the Council which would fulfil the Council's objective of supporting climate related activities. This type of investment is defined as investing with regard to Environmental, Social and Governance concerns (ESG). There is not yet a mature market focusing solely on Environmental issues, however the Social and Governance areas covered within this category are also in line with the Council's objectives. One key theme of ESG investment is that there is now a focus on engagement with companies which are not necessarily environmentally focussed, hence it is less the types of company such a fund will invest in, as opposed to how the fund will use its influence to encourage more ESG focused behaviour. This is known as the engagement approach, which contrasts with the divestment approach that focusses on precluding investment in any company deemed to be weak in ESG matters.

The review highlighted that the Council could consider investing through a collective investment scheme such as UCITS funds authorised or recognised by the Financial Conduct Authority (FCA) which would provide the Council with a diversified pool of assets which are professionally managed.

3.83 Approach to ESG Treasury investment:

The Council will consider options for investment of up to £5 million of short-term funds with institutions who ring fence the use of such funds for ESG related matters. The criteria for credit rating of security of such deposits will need to remain in line with the wider Council policy, however where appropriate and at the Council's discretion, some flexibility will be provided to allow for slightly longer durations of investment and potentially lower returns in order to support the ESG focus. Any investment will be subject to agreement of the S151 Officer taking these factors into consideration.

The Council will also consider investing longer term core treasury funds identified up to £5m into ESG focussed UCITS funds. The Council will work alongside its treasury advisors in order to identify, review and assess potential suitable UCITS funds. Again, any investment in these funds will be subject to agreement of the S151 Officer.

Direct involvement and financing of Green energy projects is treated as capital expenditure, and as such is not covered within the remit of treasury management.

3.9 Other matters

3.91 Negative interest rates: The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments

cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

3.92 Avon Pension Fund Investments: The Council's Treasury Management team also manage the Avon Pension Fund's internally held cash on behalf of the Fund. The cash balance held internally is a working balance to cover pension payments at any point in time and it is estimated will be an average of £25 million, being around 0.5% of the overall assets of the Fund. The regulations require that this cash is accounted for separately and invested separately from the Council's cash.

Investments held will operate within the framework of this Investment Strategy, but the maximum counterparty limit and investment term with any counterparty are set annually by the Avon Pension Fund Committee. These limits are in addition to the Council's limits for counterparties as set out in Appendix 3.

The Fund's investment managers, are responsible for the investment of cash held within their portfolios and this policy does not relate to their cash investments. The Brunel Pension Partnership does not have any direct impact on the Council's treasury management activities.

4. Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

4.1 Treasury Borrowing Limits for 2021/22 to 2023/24

It is a statutory duty under s.3 of the Local Government Act 2003, and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. This amount is termed the 'Affordable Borrowing Limit'.

The Council must have regard to the Prudential Code when setting the Affordable Borrowing Limit. The Code requires an authority to ensure that its total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is 'acceptable'.

The Affordable Borrowing Limit must include all planned capital investment to be financed by external borrowing and any other forms of liability, such as credit arrangements. The Affordable Borrowing Limit is to be set on a rolling basis for the forthcoming year and two successive financial years.

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

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. This level also factors in the proposed approach to use internal cash-flow and future capital receipts as the preferred financing method for the capital programme.

Table 4: Operational and authorised borrowing limits

	2021/22	2022/23	2023/24
Operational boundary – borrowing	£408m	£426m	£427m
Operational boundary – other long-term liabilities	£4m	£4m	£4m
Operational boundary – TOTAL	£412m	£430m	£431m
Authorised limit – borrowing	£438m	£456m	£456m
Authorised limit – other long-term liabilities	£4m	£4m	£4m
Authorised limit – TOTAL	£442m	£460m	£460m

4.1 Security

The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Table 5: Portfolio average credit rating criteria

Credit risk indicator	Target
Portfolio average credit rating	A-

4.2 Liquidity

The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Table 6: Minimum 3 month liquidity limit

Liquidity risk indicator	Target
Total cash available within 3 months	£15m

4.3 Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as an amount of net principal borrowed will be:

Table 7: Interest Rate Exposures

	2021/22
Upper limit on fixed interest rate exposures	£408m
Upper limit on variable interest rate exposures	£184m

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

4.4 Maturity structure of borrowing

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Table 8: Borrowing maturity limits

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	75%	0%
5 years and within 10 years	75%	0%
10 years and within 25 years	100%	25%
Over 25 years	100%	

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

4.5 Principal sums invested for periods longer than a year

The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Table 9: Investment maturity limits

Price risk indicator	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£50m	£20m	£10m

5. Related Matters

The CIPFA Code requires the Authority to include some of the following in its treasury management strategy.

5.1 Treasury management advisers

The Council's has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues, although responsibility for final decision making remains with the Council and its officers. The services received include:

- advice and guidance on relevant policies, strategies and reports,
- advice on investment decisions,
- notification of credit ratings and changes,
- other information on credit quality,
- advice on debt management decisions,
- accounting advice,
- reports on treasury performance,
- forecasts of interest rates, and
- training courses.

The quality of this service is monitored by officers on a regular basis, focusing on supply of relevant, accurate and timely information across the headings above.

5.2 Financial derivatives

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

5.3 External Funds

Where schools have not opted to have their own bank account the Council manages their investment balances as part of their own. The Council treats the schools' balances in its accounts as part of the Council's investment portfolio but assigns a return at a rate of base rate less 0.25% (capped to a minimum of zero where base rate drops below 0.25%) to schools for their respective balances.

5.4 Markets in Financial Instruments Directive

The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

5.5 Staff training

The needs of the Council's treasury management staff for training in investment management are assessed every year as part of the staff performance development review process, and additionally when the responsibilities of individual members of staff change.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

5.6 Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Cabinet Member for Resources, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Table 10: Alternative treasury strategy options considered

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Annex A – Arlingclose Economic & Interest Rate Forecast - November 2020

Underlying assumptions:

- The medium-term global economic outlook remains weak. Second waves of Covid cases have prompted more restrictive measures and further lockdowns in Europe and the UK. 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.
- Although these measures supported a sizeable economic recovery in Q3, the imposition of a second national lockdown in England during November will set growth back and likely lead to a fall in GDP in Q4.
- Signs of a slowing economic recovery were already evident in UK monthly GDP and PMI data, even before the latest restrictions. Despite some extension to fiscal support measures, unemployment is expected to rise when these eventually come to an end in mid-2021.
- 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 continue to price 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, the development of a vaccine or if the UK leaves the EU without a deal.

Forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level.
- Additional monetary loosening through increased financial asset purchases was delivered as we expected. Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.

- Downside risks remain in the near term, as the government continues to react to the escalation in infection rates and the Brexit transition period comes to an end.

	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	-0.10	-0.20	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
3-month money market rate													
Upside risk	0.05	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	-0.40	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.15	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60
10yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.30	0.30	0.35	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.55	0.55	0.55
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
20yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.70	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.20	-0.20	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30
50yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.60	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.20	-0.20	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80% PWLB HRA Rate = Gilt yield + 0.80%
PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix 2: Proposed Counterparty list - Unsecured Bank Investments (ratings as at 31/12/2020)

Counterparty	Country of Domicile	FITCH RATINGS					MOODY'S RATINGS				STANDARD & POOR'S RATINGS			Banking Group	Accepts Deposits	Notes	AUTHORITY SPECIFIC LIMITS		
		Short-term	Long-term	Viability	Support	Outlook	Short-term	Long-term	Baseline Credit Assess	Outlook	Short-term	Long-term	Outlook				Individual Cash Limit (£m)	Group Cash Limit (£m)	Max Investment period
UNITED KINGDOM: BANKS																			
BANK OF SCOTLAND PLC	GB	F1	A+	a	5	NEG	P-1	A1	a3	STABLE	A-1	A+	NEG	Lloyds Banking Group	Yes	Ringfenced bank	10	10	13 months
LLOYDS BANK PLC	GB	F1	A+	a	5	NEG	P-1	A1	a3	STABLE	A-1	A+	NEG		Yes	Ringfenced bank	10		13 months
BARCLAYS BANK PLC	GB	F1	A+	a	5	NEG	P-1	A1	baa3	STABLE	A-1	A	NEG	Barclays Group	Yes	Non-ringfenced bank	10	10	13 months
BARCLAYS BANK UK PLC	GB	F1	A+	a	1	NEG	P-1	A1	a3	NEG	A-1	A	NEG		Yes	Ringfenced bank	10		13 months
HSBC BANK PLC	GB	F1+	AA-	a	1	NEG	P-1	A1	baa2	STABLE	A-1	A+	STABLE	HSBC Group	Yes	Non-ringfenced bank	10	10	13 months
HSBC UK BANK PLC	GB	F1+	AA-	a	1	NEG	P-1	Aa3	a2	NEG	A-1	A+	STABLE		Yes	Ringfenced bank	10		13 months
NATIONAL WESTMINSTER BANK	GB	F1	A+	a	5	NEG	P-1	A1	baa1	STABLE	A-1	A	NEG	RBS Group	Yes	Ringfenced bank	10	10	13 months
ROYAL BANK OF SCOTLAND PLC/T	GB	F1	A+	a	5	NEG	(P)P-1	A1	baa1	STABLE	A-1	A	NEG		Yes	Ringfenced bank	10		13 months
ULSTER BANK LIMITED	GB	F1	A+		1	NEG	P-1	A1	baa1	STABLE	A-1	A	NEG		Yes	Ringfenced bank	10		13 months
SANTANDER UK PLC	GB	F1	A+	a	2	NEG	P-1	A1	a3	STABLE	A-1	A	NEG		Yes	Ringfenced bank	10		13 months
STANDARD CHARTERED BANK	GB	F1	A+	a	5	NEG	P-1	A1	baa2	STABLE	A-1	A	STABLE		Yes		10		13 months
UK: BUILDING SOCIETIES																			
NATIONWIDE BUILDING SOCIETY	GB	F1	A+	a	5	NEG	P-1	A1	baa1	STABLE	A-1	A	STABLE		Yes		10		13 months
UK: OTHER INSTITUTIONS																			
UNITED KINGDOM GOVERNMENT	GB	F1+	AA-			NEG		Aa3		STABLE	A-1+u	AAu	STABLE		Yes		Unlimited		50 years
LCR FINANCE PLC	GB		AA-			NEG		Aa3		STABLE		AA					10		25 years
NETWORK RAIL INFRASTRUCTURE	GB		AA-			NEG	P-1	Aa3		STABLE							10		25 years
WELLCOME TRUST FINANCE PLC	GB							Aaa		STABLE		AAA	STABLE				10		25 years
LOCAL AUTHORITIES	GB																10		25 years
AUSTRALIA	AU	F1+	AAA			NEG		Aaa		STABLE	A-1+u	AAAu	NEG						
AUST AND NZ BANKING GROUP	AU	F1	A+	a+	1	NEG	P-1	Aa3	a2	STABLE	A-1+	AA-	NEG		Yes		10	10	13 months
NATIONAL AUSTRALIA BANK LTD	AU	F1	A+	a+	1	NEG	P-1	Aa3	a2	STABLE	A-1+	AA-	NEG		Yes		10		13 months
FINLAND		FI																	
NORDEA BANK ABP	FI	F1+	AA	aa-	5	NEG	P-1	Aa3	a3	STABLE	A-1+	AA-	NEG		Yes		10		13 months
GERMANY		GE	F1+	AAA		STABLE		Aaa		STABLE	A-1+u	AAAu	STABLE						
DZ BANK AG DEUTSCHE ZENTRAL-	GE	F1+	AA-			NEG	P-1	Aa1	baa2	NEG	A-1+	AA-	NEG		Yes		10	10	13 months
KREDITANSTALT FUER WIEDERAUFBAU (KFW)	GE	F1+	AAA		1	STABLE	P-1			STABLE	A-1+	AAA	STABLE			"KfW"	10		13 months
LANDESBANK BADEN-WUERTTEMBER	GE	F1	A	bbb	1	NEG	P-1	Aa3	baa2	STABLE	NR	NR		Yes	"LBBW"	10	13 months		
NETHERLANDS		NE	F1+	AAA		STABLE	P-1u	Aaa		STABLE	A-1+u	AAAu	STABLE						
COOPERATIEVE RABOBANK UA	NE	F1+	AA-	a+	5	NEG	P-1	Aa3	a3	STABLE	A-1	A+	NEG		Yes	"Rabobank"	10		13 months
SINGAPORE		SI	F1+	AAA		STABLE		Aaa		STABLE	A-1+u	AAAu	STABLE						
DBS BANK LTD	SI	F1+	AA-	aa-	1	NEG	P-1	Aa1	a1	STABLE	A-1+	AA-	STABLE		Yes		10		13 months
SUPRANATIONAL																			
COUNCIL OF EUROPE DEVELOPMENT BANK (CEDB)	FR	F1+	AA+			STABLE	P-1	Aa1		STABLE	A-1+	AAA	STABLE				10		25 years
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	GB	F1+	AAA			NEG	P-1	Aaa		STABLE	A-1+	AAA	STABLE				10		25 years
EUROPEAN INVESTMENT BANK (EIB)	LX	F1+	AAA			STABLE	P-1	Aaa		STABLE	A-1+	AAA	STABLE				10		25 years
INTER-AMERICAN DEVELOPMENT BANK (IADB)	US	F1+	AAA			STABLE	(P)P-1	Aaa		STABLE	A-1+	AAA	STABLE	World Bank Group			10		25 years
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	US	F1+	AAA			STABLE	P-1	Aaa		STABLE	A-1+	AAA	STABLE			"World Bank"	10		25 years
NORDIC INVESTMENT BANK (NIB)	FI						P-1	Aaa		STABLE	A-1+	AAA	STABLE				10		25 years

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Bath & North East Somerset Council		
MEETING	Cabinet	
MEETING DATE:	11 th February 2021	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3221
TITLE:	Treasury Management Performance Report to 31 st December 2020	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Performance Against Prudential Indicators		
Appendix 2 – The Council’s Investment Position at 31st December 2020		
Appendix 3 – Average monthly rate of return for 1 st 9 months of 2020/21		
Appendix 4 – The Council’s External Borrowing Position at 31 st December 2020		
Appendix 5 – Arlingclose’s Economic & Market Review Q3 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 (subsequently updated in 2017), 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 nine months of 2020/21.

2 RECOMMENDATION

The Cabinet agrees that;

- 2.1 The Treasury Management Report to 31st December 2020, prepared in accordance with the CIPFA Treasury Code of Practice, is noted.
- 2.2 The Treasury Management Indicators to 31st December 2020 are noted.

3 THE REPORT

Summary

- 3.1 The average rate of investment return for the first nine months of 2020/21 is 0.45%, which is 0.45% 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 31st December 2020 is given in **Appendix 2**. The balance of deposits as at 31st December 2020, compared to those as at 30th September 2020, are also set out in the pie charts in this appendix.
- 3.4 Gross interest earned on investments totalled £266k. **Appendix 3** details the investment performance, showing the average rate of interest earned over this period was 0.45%, which was 0.45% 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 (3.92% for the first nine months of 2020/21).

Summary of Borrowings

- 3.5 The Council's external borrowing as at 31st December 2020 totalled £244.4 million and is detailed in **Appendix 4**. On 1st April 2020, the Council borrowed £15.0m short term from a local authority for general cashflow requirements, and to lower liquidity risks arising from uncertainties surrounding the Covid-19 pandemic.
- 3.6 The Council's Capital Financing Requirement (CFR) as at 31st March 2020 was £323.7 million. This represents the Council's underlying need to borrow to finance capital expenditure, and demonstrates that the borrowing taken to date relates to funding historical capital spend.
- 3.7 The CFR represents the underlying need to borrow, and the difference between that and the current borrowing of £244.4 million represents re-investment of the internal balances including reserves, reducing the in-year borrowing costs in excess of the potential investment returns.
- 3.8 Following Local Government Reorganisation in 1996, Avon County Council's residual debt is administered by Bristol City Council. All successor Unitary Authorities make an annual contribution to principal and interest repayment, for which there is a provision in the Council's revenue budget. The amount of residual debt outstanding as at 31st March 2020 apportioned to Bath & North East Somerset Council is £11.4m. Since this borrowing is managed by an external body and treated in the Council's Statement of Accounts as a deferred liability, it is not included in the borrowing figures referred to in paragraph 3.5.
- 3.9 The borrowing portfolio as at 31st December 2020 is shown in **Appendix 4**.

Strategic & Tactical Decisions

- 3.10 As shown in the charts in **Appendix 2**, the investment portfolio of £81.5 million as at 31st December 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 31st December 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.
- 3.14 The Council commissioned Arlingclose to undertake a review of possible ESG (Environmental, Social and Corporate Governance) funds into which the Council could invest surplus treasury assets. The report has been received and is currently being reviewed. The potential for future ESG focussed investments is covered in the 2021/22 Treasury Management Strategy report which is also on this meetings agenda.
- 3.15 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 resulted in significant reductions in interest rates across the globe. The impact of the interest rate reduction is partly offset by the size of the Council's cash balances being higher than forecast when the budget was set leaving a current forecast underachievement in interest income of £20k.

Future Strategic & Tactical Issues

- 3.16 The Council's Treasury Management advisor's economic and market review for the third quarter of 2020/21 is included in **Appendix 5**.
- 3.17 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.
- 3.18 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. Given the high levels of cash balances the Council is holding as at 31st December 2020 it is unlikely that any further borrowing will be required this financial year.

PWLB Borrowing Rate Margin Changes

- 3.19 On 9th October 2019, the PWLB increased the margin applied to loan rates by 100 basis points (1%) without warning, with the revised margin above gilts becoming 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 the months prior to the change, as the cost of borrowing had fallen to record lows, and stated that HM Treasury was therefore restoring interest rates to levels available in 2018, by increasing the margin that applied to new loans from the PWLB by 100bps (one percentage point) on top of usual lending terms.
- 3.20 On 26th November 2020, following the consultation feedback from Councils. the PWLB removed the 100 basis point surcharge with immediate effect, significantly reducing the cost of long term borrowing for the Council. Accompanied with the announcement to remove the surcharge however are some further controls and procedures around applying for PWLB loans. These are focussed on giving the PWLB information on what the borrowing will be used for to restrict any Council's seeking to borrow money to purchase assets primarily for yield in order to supplement income.
- 3.21 As of 31st December 2020, the 25 year PWLB certainty rate for annuity loans was 1.24% (2.25% as at 30 September 2020).
- 3.22 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

- 3.23 A breakdown of the revenue budget showing interest and capital financing and the forecast year end position based on the period April to December 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 his report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

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 to 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 maintains 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.
- 7.2 The Council commissioned Arlingclose to undertake a review of possible ESG (Environmental, Social and Corporate Governance) funds the Council could invest in. The report has now been received and is currently being reviewed.

8 OTHER OPTIONS CONSIDERED

- 8.1 None

9 CONSULTATION

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

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

APPENDIX 1

Performance against Treasury Management Indicators agreed in Treasury Management Strategy Statement

1. Authorised limit for external debt

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

	2020/21 Prudential Indicator	Actual as at 31st December 2020
	£'000	£'000
Borrowing	457,000	244,373
Other long term liabilities	4,000	0
Cumulative Total	461,000	244,373

2. Operational limit for external debt

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

	2020/21 Prudential Indicator	Actual as at 31st December 2020
	£'000	£'000
Borrowing	427,000	244,373
Other long term liabilities	4,000	0
Cumulative Total	431,000	244,373

3. Upper limit for fixed interest rate exposure

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

	2020/21 Prudential Indicator	Actual as at 31st December 2020
	£'000	£'000
Fixed interest rate exposure	427,000	224,373*

* 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 31 st December 2020
	£'000	£'000
Variable interest rate exposure	214,000	20,000

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

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

	2020/21 Prudential Indicator	Actual as at 31 st December 2020
	£'000	£'000
Investments over 364 days	50,000	5,000

6. Maturity Structure of borrowing

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

	Upper Limit	Lower Limit	Actual as at 31 st December 2020
	%	%	%
Under 12 months	50	Nil	16.4%
12 months and within 24 months	50	Nil	2.0%
24 months and within 5 years	75	Nil	0.0%
5 years and within 10 years	100	Nil	4.1%
10 years and above	100	Nil	77.5%

* The CIPFA Treasury management Code now requires the prudential indicator relating to Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment, i.e. the next call date (which are at 6 monthly intervals for the £20m of LOBO's). However, the Council would only consider repaying these loans if the Lenders exercised their options to alter the interest rate.

7. Average Credit Rating*

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the weighted average credit rating of its investment portfolio. A summary guide to credit ratings is set out at **Appendix 7**.

	2020/21 Prudential Indicator	Actual as at 31 st December 2020
	Rating	Rating
Minimum Portfolio Average Credit Rating	A-	AAA-

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

APPENDIX 2

The Council's Investment position at 31st December 2020

The term of investments is as follows:

Term Remaining	Balance at 31st December 2020
	£'000's
Notice (instant access funds)	26,500
Up to 1 month	15,000
1 month to 3 months	20,000
3 months to 6 months	5,000
6 months to 12 months	10,000
CCLA Property Fund (Strategic)	5,000
Total	81,500

The investment figure is made up as follows:

	Balance at 31st December 2020
	£'000's
B&NES Council	78,696
Schools	2,804
Total	81,500

The Council had a total average net positive balance of £80m during the period April 2020 to December 2020.

Chart 1: Council Investments as at 31st December 2020 - £81.5m

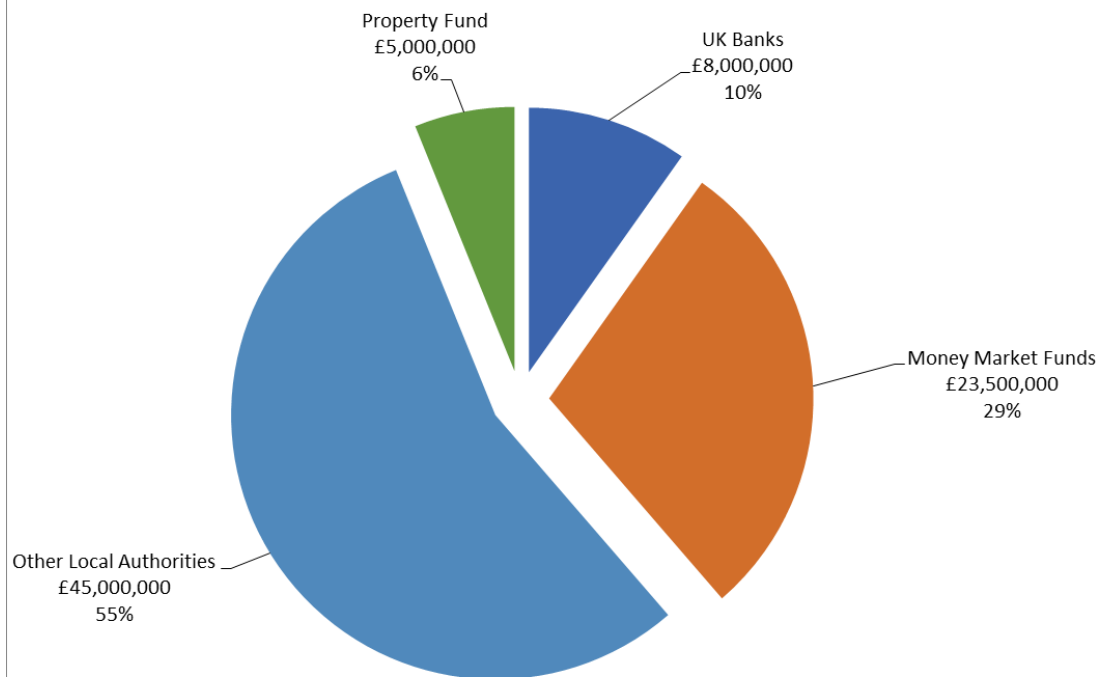


Chart 2: Council Investments as at 30th September 2020 - £67.060m

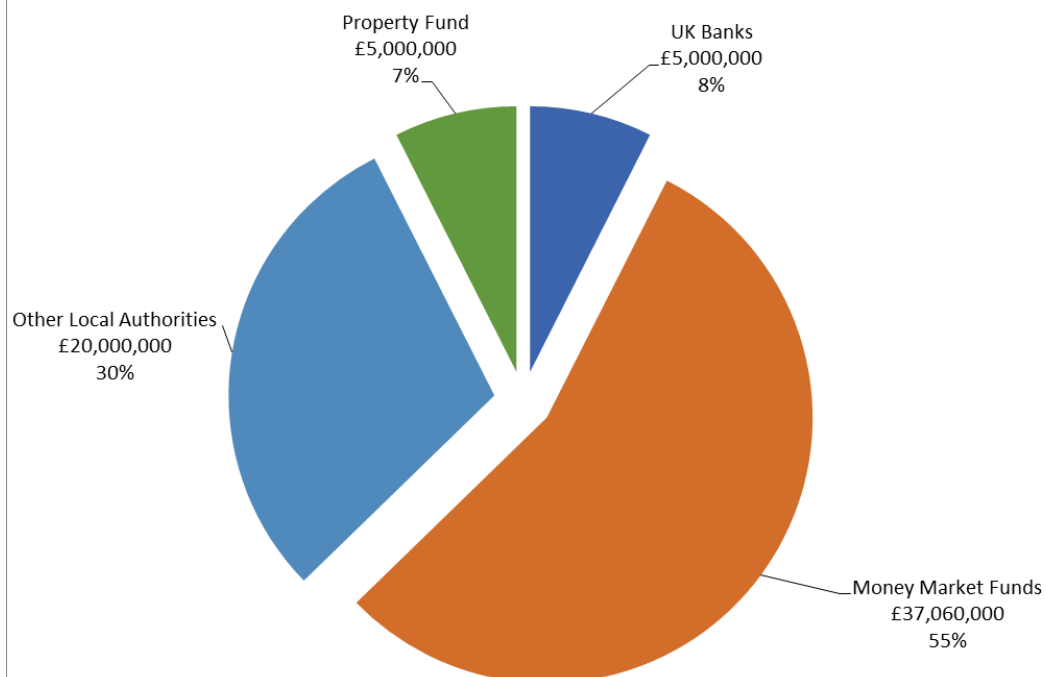


Chart 3: Council Investments Per Lowest Equivalent Long Term Credit Rating as at 31st December 2020 - £81.5m

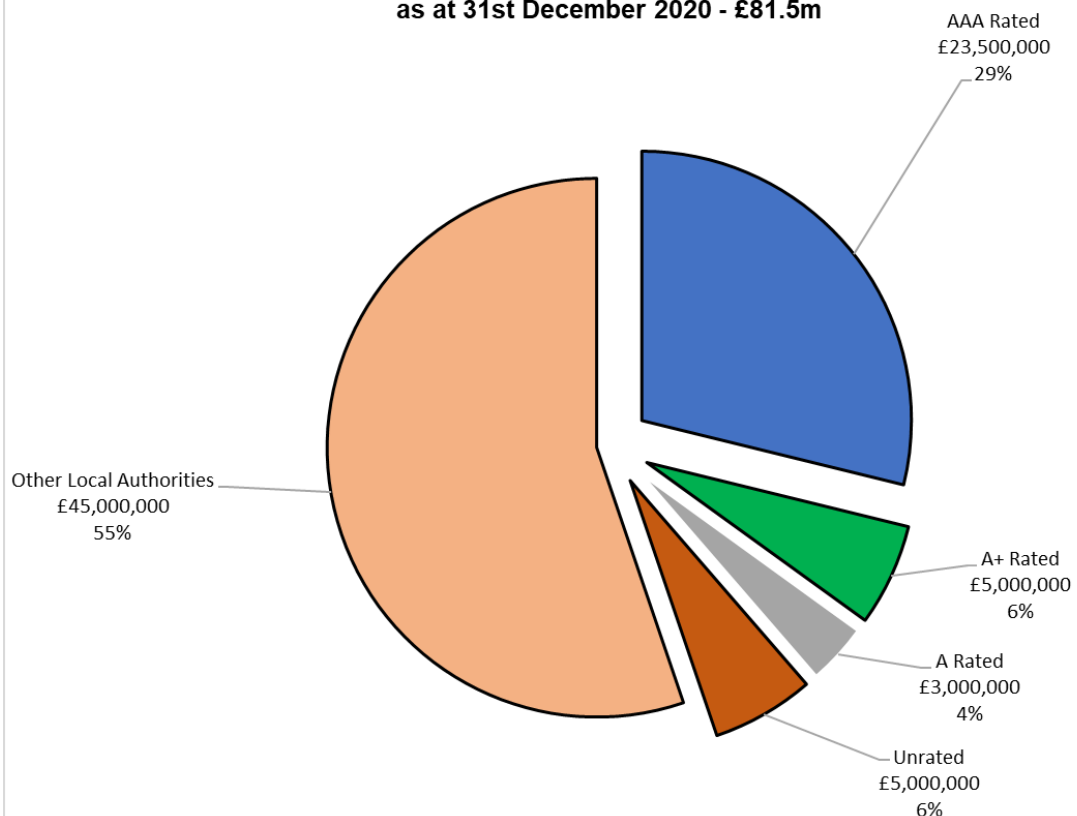
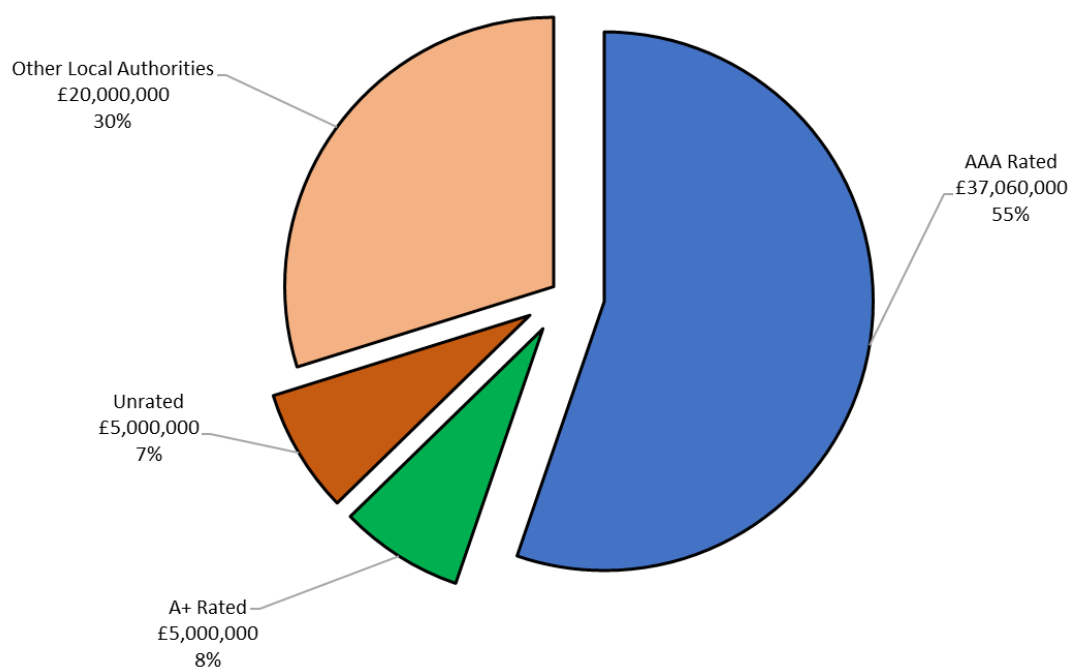


Chart 4: Council Investments Per Lowest Equivalent Long Term Credit Rating as at 30th September 2020 - £67.060m



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

	Apr. %	May %	Jun. %	Jul. %	Aug. %	Sep. %
Average rate of interest earned	0.46%	0.60%	0.58%	0.54%	0.51%	0.45%
Benchmark = Average 7 Day LIBID rate +0.05% (source: Arlingclose)	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Performance against Benchmark %	+0.43%	+0.60%	+0.58%	0.54%	0.51%	0.45%

	Oct. %	Nov. %	Dec. %	Average %
Average rate of interest earned	0.36%	0.33%	0.32%	0.45%
Benchmark = Average 7 Day LIBID rate +0.05% (source: Arlingclose)	0.00%	0.00%	0.00%	0.00%
Performance against Benchmark %	0.36%	0.33%	0.32%	0.45%

APPENDIX 4

Council's External Borrowing at 31st December 2020

Lender	Amount outstanding	Start date	End date	Interest rate
Long term				
PWLB489142	10,000,000	15/10/2004	15/10/2034	4.75%
PWLB497233	5,000,000	12/05/2010	15/08/2035	4.55%
PWLB497234	5,000,000	12/05/2010	15/02/2060	4.53%
PWLB498834	5,000,000	05/08/2011	15/02/2031	4.86%
PWLB498835	10,000,000	05/08/2011	15/08/2029	4.80%
PWLB498836	15,000,000	05/08/2011	15/02/2061	4.96%
PWLB503684	5,300,000	29/01/2015	08/04/2034	2.62%
PWLB503685	5,000,000	29/01/2015	08/10/2064	2.92%
PWLB505122	17,208,385	20/06/2016	20/06/2041	2.36%
PWLB508126	9,244,638	06/12/2018	20/06/2043	2.38%
PWLB508202	9,746,453	12/12/2018	20/06/2068	2.59%
PWLB508224	4,616,238	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	6,751,779	10/08/2017	10/04/2067	2.64%
PWLB506729	9,084,826	13/12/2017	10/10/2042	2.35%
PWLB506995	9,103,440	06/03/2018	10/10/2042	2.52%
PWLB506996	9,313,693	06/03/2018	10/10/2047	2.62%
PWLB507749	9,402,320	10/09/2018	20/07/2043	2.42%
PWLB508485	19,688,066	11/02/2019	20/07/2068	2.52%
PWLB509840	9,663,367	04/09/2019	20/07/2044	1.40%
KBC Bank N.V *	5,000,000	08/10/2004	08/10/2054	4.50%
KBC Bank N.V *	5,000,000	08/10/2004	08/10/2054	4.50%
Eurohypo Bank *	10,000,000	27/04/2005	27/04/2055	4.50%
Medium term				
Gloucestershire C.C.	5,000,000	25/11/2019	25/11/2021	1.50%
Portsmouth C.C.	5,000,000	19/12/2019	19/12/2022	1.65%
Short term				
London Borough of Bromley	15,000,000	01/04/2020	01/04/2021	1.50%
Total Borrowing	244,372,995			

*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)

External Context

Economic background: Some good news came during the quarter as two COVID-19 vaccines were given approval by the UK Medicines and Healthcare products Regulatory Agency (MHRA). The UK Medicines and Healthcare products Regulatory Agency (MHRA) provided authorisation for emergency supply of two COVID-19 vaccines in December and the rollout to individuals in the highest priority groups began in earnest.

A Brexit trade deal was agreed with only days to spare before the 11pm 31st December 2020 deadline. Having been agreed with the European Union (EU) on Christmas Eve, the Brexit trade deal was voted through the House of Commons by 521 votes to 73 and then written into law after passing through the House of Lords and given royal assent.

The Bank of England (BoE) maintained Bank Rate at 0.1% during the quarter but extended its Quantitative Easing programme by £150 billion to £895 billion at its November 2020 meeting. In its December interest rate announcement, the BoE noted that plans to roll out COVID-19 vaccines would reduce some of the downside risks to the economic outlook but that recent rises in the number of infections is likely to lead to weaker GDP growth than had been predicted in its November Monetary Policy Report.

Government initiatives continued to support the economy as the furlough (Coronavirus Job Retention) scheme was extended once again to April 2021, supporting some 10 million jobs, and meaning that by then the government would have provided taxpayer support to jobs for over a year.

GDP growth rebounded by 16.0% (upwardly revised from first estimate of 15.5%) in Q3 2020 (Jul-Sep) according to the Office for National Statistics (ONS), pulling the annual growth rate up to -8.6% from -20.8% in Q2. Construction rose by a huge 41% over the quarter, services output was up almost 15% as was production output. However, recent monthly estimates of GDP have shown growth is slowing and only a 1.1% monthly rise was managed in September.

The headline rate of UK Consumer Price Inflation (CPI) rose to 0.3% year/year in November, below expectations (0.6%) and still well below the Bank of England's 2% target. The ONS' preferred measure of CPIH which includes owner-occupied housing was 0.6% year/year (0.8% expected). The weaker-than-expected readings were due to falling prices for clothing as Black Friday deals started earlier than usual and for food and non-alcoholic drinks.

In the three months to October, labour market data showed the unemployment rate increased from 4.3% to 4.9% while wages rose 2.7% for total pay in nominal terms (2.8% for regular pay) and was up 1.9% in real terms (2.1% for regular pay). The employment rate fell to 75.2% from 75.8%. Unemployment is expected to increase strongly once the various government job support schemes come to an end, with the BoE predicting unemployment could peak at almost 8% in the second quarter of 2021.

The US economy rebounded at an annualised rate of 33.4% in Q3 2020 (Jul-Sep), fuelled by more than \$3 trillion in pandemic relief. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25%.

The European Central Bank maintained its base rate at 0% and deposit rate at -0.5% but increased the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

Financial markets: Equity markets continued to rise, and the Dow Jones beat its pre-crisis peak on the back of continued outperformance by a small number of technology stocks. The FTSE indices continued to perform well, with the more internationally focused FTSE 100 getting back to around 60% of its pre-March level while the more UK-focused FTSE 250 was closer to 80% of its previous peak over the same period.

Ultra-low interest rates prevailed through the quarter. Gilt yields remained low but volatile over the period with the yield on some short-dated UK government bonds continuing to remain negative. The 5-year UK benchmark gilt yield started the October–December period at -0.07% and ended at -0.09% (with much volatility in between). The 10-year gilt yield fell from 0.23% to 0.19% over the same period but peaked at 0.40% in November during a volatile quarter. The 20-year fell from 0.76% to 0.69%. 1-month, 3-month and 12-month SONIA bid rates averaged -0.01%, 0.06% and 0.07% respectively over the three months.

At the end of December, the yield on 2-year US treasuries was around 0.12% while for 10-year treasuries the yield was 0.92%. German bund yields remain negative across most maturities.

Credit review: After rising in late October/early November, credit default swap spreads declined over the remaining period of the calendar year to broadly pre-pandemic levels and the gap in spreads between UK ringfenced and non-ringfenced entities remained. At the end of the period Barclays Bank Plc was trading the highest at 57bps and Standard Chartered the lowest at 32bps. The ringfenced banks were trading between 33 and 36bps.

During the period Moody's downgraded the UK sovereign rating to Aa3 with a Stable outlook which then impacted a number of other UK institutions, banks and local government. These included Cornwall Council and Guildford BC which were downgraded to Aa3. Transport for London, Aberdeen CC, Lancashire CC, Lloyds Bank and HSBC Bank downgraded to A1 and Warrington BC was downgraded to A2.

While the approval of two coronavirus vaccines is a credit positive, there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions. 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.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024.

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Official Bank Rate													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	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	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

APPENDIX 6

Interest & Capital Financing Costs – Budget Monitoring 2020/21

April 2020 to December 2020	YEAR END POSITION			ADV/FAV
	Budgeted Spend or (Income) £'000	Forecast Spend or (Income) £'000	Forecast over or (under) spend £'000	
Interest & Capital Financing				
- Debt Costs	8,789	7,489	(1,300)	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	6,896	(400)	FAV
- Interest on Balances	(466)	(445)	20	ADV
Total	7,650	5,470	(2,180)	FAV

APPENDIX 7

Summary Guide to Credit Ratings

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

APPENDIX 8

Extract from Treasury Management Risk Register – Top 5 Market Risks

			Current Risk Score										
	Risk Nr	Description	Likelihood					Impact					Management Action
			1	2	3	4	5	1	2	3	4	5	
			L	M	H	L	M	H					
1	R01	Liquidity Risk - The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised.		2					3			Obtain approval of annual Treasury Management Strategy by February Council. Carry out weekly reviews of investment portfolio and planned actions. Carry out monthly 'dashboard' meeting with Chief Finance Officer. 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			3			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 Chief Finance 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 Chief Finance Officer and external advisors to consider any issues / change in circumstances of counterparties.	

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