

# Council

**Date: Tuesday, 15th February, 2022**

**Time: 6.30 pm**

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

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

**To: All Members of the Council**

Dear Member

You are invited to attend a meeting of the **Council** on **Tuesday 15th February 2022** in **Virtual Meeting - Zoom - Public Access via YouTube** <https://www.youtube.com/bathnescouncil>.

This informal virtual meeting will help to inform the decision-making meeting on 16th February 2022. This virtual meeting will be conducted in the normal manner but, as any decisions made will not be legally enforceable, they will be formally made on 16th February 2022.

The agenda is set out overleaf.

Yours sincerely



Jo Morrison  
Democratic Services Manager  
for Chief Executive

## 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 Openness of Local Government Bodies Regulations 2014 now allows filming and recording by anyone attending a meeting. This is not within the Council's control. Some of our meetings are webcast. At the start of the meeting, the Chair will confirm if all or part of the meeting is to be filmed. If you would prefer not to be filmed for the webcast, please make yourself known to the camera operators. We request that those filming/recording meetings avoid filming public seating areas, children, vulnerable people etc; however, the Council cannot guarantee this will happen.

The Council will broadcast the images and sounds live via the internet [www.bathnes.gov.uk/webcast](http://www.bathnes.gov.uk/webcast). The Council may also use the images/sound recordings on its social media site or share with other organisations, such as broadcasters.

### 4. **Public Speaking at Meetings**

The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group.

**Advance notice is required not less than two full working days before the meeting. This means that for meetings held on Thursdays notice must be received in Democratic Services by 5.00pm the previous Monday.**

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

Further details of the scheme can be found at:

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

### 5. **Supplementary information for meetings**

Additional information and Protocols and procedures relating to meetings

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

## Council - Tuesday, 15th February, 2022

at 6.30 pm in the Virtual Meeting - Zoom - Public Access via YouTube  
<https://www.youtube.com/bathnescouncil>

### A G E N D A

1. WELCOME
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 complete the green interest forms circulated to groups in their pre-meetings (which will be announced at the Council Meeting) to indicate:

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

(b) The nature of their interest.

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

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

4. MINUTES - 18TH NOVEMBER 2021 (Pages 5 - 11)

To be confirmed as a correct record and recommended for approval to Council on 16<sup>th</sup> February 2022.

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

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

6. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

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

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

The Democratic Services Manager will announce any submissions received. The Council will be invited to decide what action it wishes to take, if any, on the matters

raised in these submissions. As the questions received and the answers given will be circulated in written form there is no requirement for them to be read out at the meeting. The questions and answers will be published with the draft minutes.

8. BUDGET AND COUNCIL TAX 2022/23 AND FINANCIAL OUTLOOK (Pages 13 - 139)

This report presents the revenue and capital budgets together with proposals for increases in Council Tax and the Adult Social Care Precept for 2022/23.

9. TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23 (Pages 141 - 170)

The Authority is required to approve a treasury management strategy before the start of each financial year.

10. LAND AT MANOR ROAD, WRITHLINGTON (Pages 171 - 172)

Officers are seeking delegated authority to take the decision making powers from Mendip District Council for a planning application for approx. 35 houses and new access from the A362 which is located within the Mendip area on the edge of the B&NES district. B&NES currently have an associated planning application for approx. 220 dwelling adjoining the site and utilising the same access.

11. CORPORATE AUDIT COMMITTEE ANNUAL REPORT (Pages 173 - 188)

The Corporate Audit Committee is required to report back annually on its work to Council under its Terms of Reference. Appendix 1 details the work carried out by the Committee for the period July 2020 to December 2021.

As part of its work, the Corporate Audit Committee resolved at its meeting on the 15<sup>th</sup> December 2021, to recommend to Full Council that they approve the use of Public Sector Audit Appointments Ltd to carry out the re-procurement of External Auditors to be appointed to B&NES Council for the 5-year period commencing 1<sup>st</sup> April 2023.

12. AMENDMENTS TO THE CONSTITUTION - PROPORTIONALITY REVIEW (Pages 189 - 194)

The Constitution is a single point of reference which contains the principal governance structures and procedures of the authority. The proportionality table currently sits within part 5 of the Constitution and, following a change in political group membership, needs amendment by Council.

13. QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS

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

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



**BATH AND NORTH EAST SOMERSET COUNCIL**

**MINUTES OF COUNCIL MEETING**

Thursday, 18th November, 2021

Present:- **Councillors** Paul Crossley, Andrew Furse, Kevin Guy, Duncan Hounsell, Shaun Hughes, Hal MacFie, Robin Moss, Lisa O'Brien, Vic Pritchard, Manda Rigby, Dine Romero, Richard Samuel, Alastair Singleton, Karen Walker and Karen Warrington

**65 WELCOME & EMERGENCY EVACUATION PROCEDURE**

The Chair drew attention to the emergency evacuation procedure, as set out on the agenda.

**66 APOLOGIES FOR ABSENCE**

There were none.

**67 DECLARATIONS OF INTEREST**

There were no declarations made.

**68 MINUTES - 16TH SEPTEMBER 2021**

On a motion from Councillor Karen Walker, seconded by Councillor Karen Warrington, it was

**RESOLVED** that the minutes of 16<sup>th</sup> September 2021 are approved as a correct record and signed by the Chair.

**69 ANNOUNCEMENTS FROM THE CHAIR OF THE COUNCIL OR FROM THE CHIEF EXECUTIVE**

There were none.

**70 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

There were no items of urgent business.

**71 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM THE PUBLIC**

There were no statements from the public made at this meeting, although Members noted the statements made at the virtual meeting on 17<sup>th</sup> November 2021;

<https://democracy.bathnes.gov.uk/documents/g6059/Public%20minutes%2017th-Nov-2021%2018.30%20Council.pdf?T=11>

**72 CONSTITUTION REFRESH**

On a motion from Councillor Kevin Guy, seconded by Councillor Karen Walker, it was unanimously

**RESOLVED**

- 1 To approve the formation of the Constitution Working group with the Terms of Reference, as detailed in Appendix 1 of the report;
- 2 To note the timeline for providing an updated Constitution, in accordance with Appendix 2 to the report; and
- 3 To approve the interim recommended Constitutional changes detailed in Appendix 3 of the report.

**73 AMENDMENTS TO THE CONSTITUTION - PROPORTIONALITY REVIEW**

On a motion from Councillor Kevin Guy, seconded by Councillor Vic Pritchard, it was unanimously

**RESOLVED to**

1. Agree a revised political proportionality table, noting that the Liberal Democrat group have relinquished one place on the Children Adults, Health & Wellbeing Policy Development & Scrutiny Panel, and the Conservative group have relinquished a place on the Corporate Audit Committee; and
2. Instruct Democratic Services to make the necessary arrangements for those places to be filled.

**74 AVON PENSION FUND ANNUAL REPORT**

On a motion from Councillor Paul Crossley, seconded by Councillor Richard Samuel, it was unanimously

**RESOLVED to**

1. Approve the Committee's revised Terms of Reference;
2. Note the Committee's Annual Report to Council; and
3. Note the Pension Board's Annual Report.

**75 STANDARDS COMMITTEE ANNUAL REPORT 2020-21**

On a motion from Councillor Duncan Hounsell, seconded by Councillor Paul Crossley, it was

**RESOLVED** unanimously to note the Annual report of the Standards Committee for 2020/21.

**76 TREASURY MANAGEMENT PERFORMANCE REPORT TO 30TH SEPTEMBER 2021**

On a motion from Councillor Richard Samuel, seconded by Councillor Andy Furse, it was

**RESOLVED** unanimously to note

1. The Treasury Management Report to 30<sup>th</sup> September 2021, prepared in accordance with the CIPFA Treasury Code of Practice; and
2. The Treasury Management Indicators to 30th September 2021.

**77 CORPORATE PARENTING - REFERRAL FROM CHILDREN, ADULTS, HEALTH & WELLBEING PDS PANEL**

On a motion from Councillor Vic Pritchard, seconded by Councillor Dine Romero, it was

**RESOLVED** unanimously to

1. Note the progress made to date in these duties; and
2. Note that this work will continue to be a priority within the Local Authority.

**78 SAFETY FOR WOMEN - UPDATE REPORT**

On a motion from Councillor Dine Romero, seconded by Councillor Karen Walker, it was

**RESOLVED** unanimously

1. To note the progress being made on the implementation of the Council motion regarding safety for women and girls in public places; and
2. Request that the Chief Executive be asked to bring forward a report to the Cabinet on the most effective corporate response to this report.

**79 RACE PANEL UPDATE**

On a motion from Councillor Dine Romero, seconded by Councillor Vic Pritchard, it was

**RESOLVED** to

1. Note the update report;
2. Agree that the panel should continue to run for a further period to 30 April 2023; and

3. Note the panel's purpose and terms of reference.

## 80 MOTION FROM COUNCILLOR WRIGHT - CARBON TAX

On a motion from Councillor Alastair Singleton, seconded by Councillor Richard Samuel, it was

**RESOLVED** that

**This Council believes:**

Man-made climate change is widespread, rapid, and intensifying, affecting every part of the globe. Since the second half of the 19th century, the release of greenhouse gases (GHGs) from human activities has warmed the planet by 1.1C. Rapid reductions in GHGs are needed immediately otherwise limiting global warming to 1.5C or even 2C will be impossible. These are the stark conclusions from the latest Intergovernmental Panel on Climate Change (IPCC) report, released in August 2021[1]. The report presents the findings from years of in-depth work from over 200 scientists in 66 countries. It provided key evidence for the 2021 United Nations Climate Change Conference (COP26), which was hosted by the UK Government in Glasgow from October 31st to November 13th 2021.

This year has already seen record extreme heat in both North America and Europe, the hottest July globally since records began, catastrophic floods in Europe and China, and raging wildfires in Siberia, Europe, and California. And this is with only 1.1C warming. It will get worse, but how much worse depends on how quickly GHG emissions are reduced.

It is estimated that the UK will be responsible for ~800 million tonnes of CO2 equivalent in 2021[2]. We need mechanisms to reduce GHG use quickly. One potentially 'game changing' mechanism is carbon pricing, which could cover either carbon tax or an enhanced emissions trading scheme (ETS), covering all GHGs emitted in the provision of goods and services. The current UK ETS arrangement covers only around a third of industrial emissions and so falls some way short of an effective carbon pricing mechanism.

The moral and economic case for comprehensive carbon pricing lies in the 'polluter pays' principle:

- Currently the costs of climate breakdown are not borne by the industries and activities that are causing the damage, but by people and communities coming under increasing pressure and danger.
- Outdoor air pollution from fossil fuels causes 3 million deaths globally each year and up to 36,000 in the UK. [4]
- Carbon pricing, set at the right level, will drive fossil fuel consumption out of the economy and promote investment in clean alternatives.

This year's COP26 meeting in Glasgow failed to address an international carbon pricing framework, so the UK should introduce its own mechanism, including a carbon 'border adjustment mechanism' applied to goods imported into the UK to

ensure that the GHGs emitted in their production are also subject to the pricing mechanism. A border adjustment mechanism would protect more cleanly produced UK made goods and incentivise other economies to lower emissions.

Carbon pricing would have a regressive effect in the UK, impacting the cost of transport fuel, electricity, heating, and food. Low-income households in the UK spend a greater proportion of their income on these carbon intensive goods. So, to ensure the fairness and equitability of a carbon pricing framework any inequality needs to be offset by a progressive mechanism of returning revenues to low-income households. In particular, carbon pricing must:

- Help deliver a just transition, which shares the burdens of decarbonisation equitably.
- Target the biggest polluters and those activities where emissions can most swiftly be reduced in a way that is fair to individuals and to businesses.
- Support and incentivise smaller emitters, such as households, to reduce emissions before applying carbon pricing to their energy bills.

### **Therefore, we propose**

1. that this Council resolves to support calls for comprehensive and effective carbon pricing by writing to our leaders:
  - a. The UK Prime Minister, Rt Hon Boris Johnson MP
  - b. Rt Hon Alok Sharma MP, President of COP26 (the Glasgow 26th United Nations Climate Change Conference)
  - c. Rt Hon George Eustace MP, Secretary of State for Environmental, Food and Rural Affairs, and to
  - d. Our Bath MP and our North East Somerset MP

In our letter, calling for the UK government to:

2. Introduce a UK-wide carbon pricing framework by the end of 2025, to be applied to all sectors of industry and to imports as well as to domestic production.
3. Include a mechanism to use the proceeds fairly to ensure social justice and support a fair and equitable transition to a cleaner economy.

#### *[\*Notes:*

1. *The successful resolution above was an amendment to Councillor Wright's motion (moved at this meeting by Councillor Robin Moss & seconded by Councillor Hal McFie) - agreed with 13 Councillors voting in favour and 2 Councillors abstaining.*
2. *The amendment as substantive was subsequently agreed with 12 Councillors voting in favour and 3 Councillors abstaining.]*

## **81 MOTION FROM THE CONSERVATIVE GROUP - ENSURING PRIVATE CARS ARE PROTECTED FROM CLEAN AIR ZONE CHARGES**

This motion was not moved.

**82 MOTION FROM THE CONSERVATIVE GROUP - THE QUEEN'S PLATINUM JUBILEE**

On a motion from Councillor Karen Warrington, seconded by Councillor Karen Walker, it was unanimously

**RESOLVED** that

1. This Council notes that the Queen's Platinum Jubilee will take place in 2022.
2. This Council notes that the 2022 May Bank Holiday Weekend will be moved to Thursday 2 June and an additional Bank Holiday on Friday 3 June will see a four-day weekend to celebrate the Jubilee - the first time any British monarch has reached this historic milestone.
3. This Council recognises the esteem in which the Queen is held by the British public and considers it highly likely that residents in B&NES would wish to see the authority mark the Jubilee in a significant way.

Council therefore:

4. Requests that the Leader of the Council takes steps to explore the feasibility of renaming a road, property asset or landmark in B&NES after Queen Elizabeth II to mark the Platinum Jubilee.

**83 MOTION FROM THE CONSERVATIVE GROUP - THE IMPACT OF FIREWORKS**

On a motion from Councillor Karen Warrington, seconded by Councillor Vic Pritchard, it was

**RESOLVED** that

Council recognises:

1. The unpredictable, loud and high intensity noises that many fireworks make can cause fear and distress to animals.
2. That debris produced by fireworks, if found on the ground, can pose a hazard to animals such as horses and farm livestock.
3. That noise from fireworks can make it difficult for the police or local authority officers to pinpoint locations and take actions.
4. That the RSPCA believes there is a real need to raise awareness among owners of animals about phobia of fireworks.

Council therefore resolves:

5. To recommend that all public firework displays within the local authority boundaries be advertised in advance of the event, allowing residents to take precautions for their animals and vulnerable people.

6. Actively to promote a public awareness campaign about the impact of fireworks on animal welfare and vulnerable people in the lead up to relevant celebrations and cultural events through existing council communication channels.
7. To write to the Local Government Association to lobby for a limit to the maximum noise level of fireworks to 90dB for those sold to the public for private displays.
8. To encourage local suppliers of fireworks to stock quieter fireworks for public display.

**84 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS**

There were no statements made at this meeting, but it was noted that a statement had been made by Councillor Eleanor Jackson at the meeting on 17<sup>th</sup> November 2021;

<https://democracy.bathnes.gov.uk/documents/g6059/Public%20minutes%2017th-Nov-2021%2018.30%20Council.pdf?T=11>

The meeting ended at 4.12 pm

Chair .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**

This page is intentionally left blank



<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>Council</b>
MEETING DATE:	<b>15<sup>th</sup>/16<sup>th</sup> February 2022</b>
TITLE:	<b>Budget and Council Tax 2022/23 and Financial Outlook</b>
WARD:	All
<b>AN OPEN PUBLIC ITEM</b>	
<p><b>List of attachments to this report</b></p> <p><b>Annex 1: Revenue Budget 2022/23 – individual service cash limits</b>  <b>Annex 2: (i) 2022/23 to 2024/25 Budget Savings and Income proposals &amp; (ii) 2022/23 to 2024/25 Funding Requirements.</b>  <b>Annex 3: Equalities Impact Assessment of 2022/23 to 2024/25 Savings Proposals</b>  <b>Annex 4: Efficiency Strategy</b>  <b>Annex 5: Draft Capital Programme 2022/23 to 2026/27</b>  <b>Annex 5 (i): New and Emerging Capital Schemes</b>  <b>Annex 5 (ii): Highways Maintenance Programme</b>  <b>Annex 5 (iii): Transport Improvement Programme</b>  <b>Annex 5 (iv): Corporate Estate Planned Maintenance Programme</b>  <b>Annex 5 (v): Community Infrastructure Levy (CIL) Allocations</b>  <b>Annex 6: Capital &amp; Investment Strategy</b>  <b>Annex 7: MRP Policy</b>  <b>Annex 8: Council Pay &amp; Reward Policy 2022/23</b>  <b>Annex 9: Advice of Monitoring Officer on the Budget Setting Process</b>  <b>Annex 10: Budget 2022/23 Consultation Report</b>  <b>Annex 11: Formal Council Tax Setting Resolutions (incorporating precepts from Parishes, Fire, and Police) – TO FOLLOW</b></p>	

**1. THE ISSUE**

This report presents the revenue and capital budgets together with proposals for increases in Council Tax and the Adult Social Care Precept for 2022/23.

**2. RECOMMENDATIONS**

2.1 The Council approves-

- a) The General Fund net revenue budget for 2022/23 of **£126.74m** and the individual service cash limits for 2022/23 as outlined in Annex 1.

- b) The savings and income plans outlined in Annex 2(i), funding requirements 2(ii), in conjunction with the Equalities Impact Assessment Report in Annex 3.
- c) An increase in Council Tax of 1.99% in 2022/23 (an increase of £30.44 per Band D property or 59p per week).
- d) An increase of 1% 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 £15.29 on a Band D property (29p per week).
- e) The movement in reserves outlined in section 5.6 and the adequacy of Un-earmarked Reserves at £12.58m within a risk assessed range requirement of £11.9m - £13.2m.
- f) The Efficiency Strategy attached at Annex 4.
- g) The Capital Programme for 2022/23 of £96.064m including new and emerging capital bids outlined in Annex 5(i), planned sources of funding in 5.8.2, and notes the programme for 2022/23 to 2026/27 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(i) to Annex 5(iv) to the relevant Director in Consultation with the appropriate Portfolio Holder.
- i) The Community Infrastructure Levy (CIL) allocations and amendments outlined in Annex 5(v).
- j) The Capital & Investment Strategy attached at Annex 6.
- k) The MRP Policy attached at Annex 7.
- l) The Establishment and funding of a Business Change Hub outlined in 5.2.6.
- m) The Capital Prudential Indicators outlined in 5.8.7.
- n) The Annual Pay Policy Statement at Annex 8.
- o) The Community Contribution Fund pilot 12-month extension outlined section 5.5.
- p) The Council Tax Support Scheme for 2022/23 shown in the following link: <https://beta.bathnes.gov.uk/sites/default/files/2022-01/Council%20Tax%20reduction%20scheme%20April%201%202022%20-%20March%2031%202023.pdf> and referred to in 5.3.4.

2.2 That the Council approves the technical resolutions that are derived from the budget report, and all the figures in that report, including the precepts for towns, parishes and other precepting bodies as set out in Annex 11.

- 2.3 That the Council 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 That the Council note the budget consultation responses in Annex 10.

### **3. RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 3.1 The resource implications are contained within the body of the report

### **4. STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSALS**

- 4.1 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.
- 4.2 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 2022/23 Budget Summary**

The Medium-Term Financial Strategy (MTFS) was approved in September 2021 and outlined how the budget would be delivered over the medium to long-term. This incorporates the ongoing 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 2022/23 and a current projected budget gap for 2023/24 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 £2m in recognition of pressures on Children's and Adult's Social Care and a one off Covid risk reserve of £5m has been maintained as a contingency for 2022/23.

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 new funding requirements, the starting point for the 2022/23 budget is a funding gap of c£17m. The proposed budget meets this funding gap in two ways:

- 1) A savings and income generation package of £11.87m.

2) One-off use of reserves of £5.2m (£3m corporate revenue, £2.2m release of service reserves), full repayment of the corporate revenue reserves has been built into the five year budget planning period.

The ongoing 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 were rebased and reduced by £13.24m in 2021/22 from a £33.17m net income budget. The 2022/23 budget has increased income expectations on Parking by £2.5m to align with the 2021/22 budget forecasts, other areas such as the Roman Baths are taking longer to bounce back. This is highlighted in more detail in section 5.2.5 of the report.

The budget includes a recommendation that general Council Tax is increased by 1.99% in 2022/23 (an increase of £30.44 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 1.00% is £1,575.30 (£1,529.57 in 2021/22) an overall increase of 2.99% and £45.73 per Band D (88p per week).

The proposed net revenue budget for Bath and North East Somerset for 2022/23 is £126.74m.

The proposal for fully approved capital spend in 22/23 totals £96.064m.

### 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:

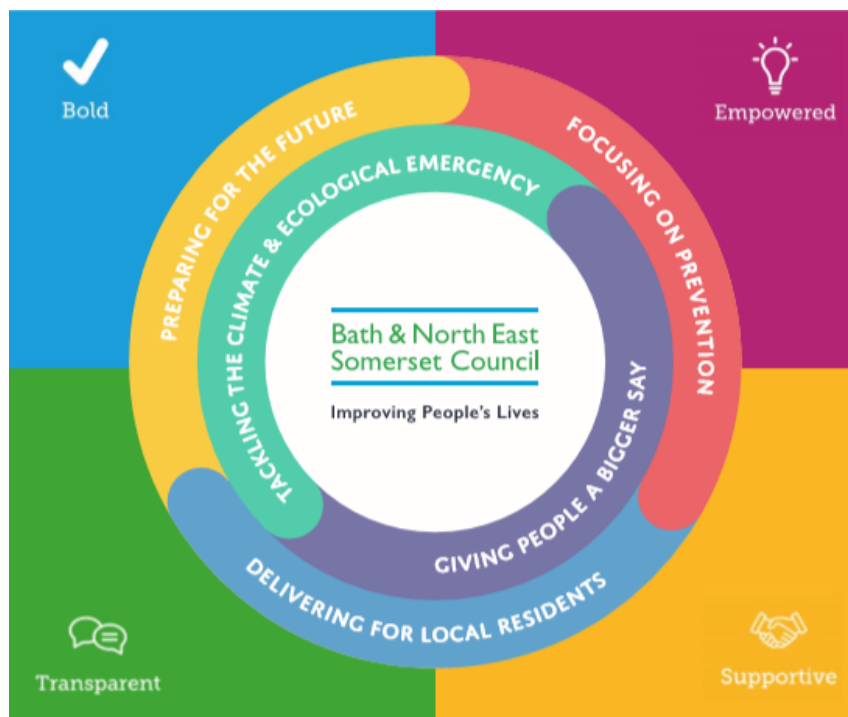
ONE: We have **one** overriding purpose – to improve people's lives.

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:

- Further investment to deliver more effective transport schemes across the council area, with a particular focus on creating liveable neighbourhoods, prioritising active travel and reducing reliance on the car for commuting and short journeys.
- Continued investment to support the most vulnerable people in our communities.
- Continued commitment to address the climate and ecological emergency, investing in energy.
- Focus on supporting the local economy to recover from the impact of the pandemic, regenerate local high streets and increase the diversification of the economy away from 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 2022/23

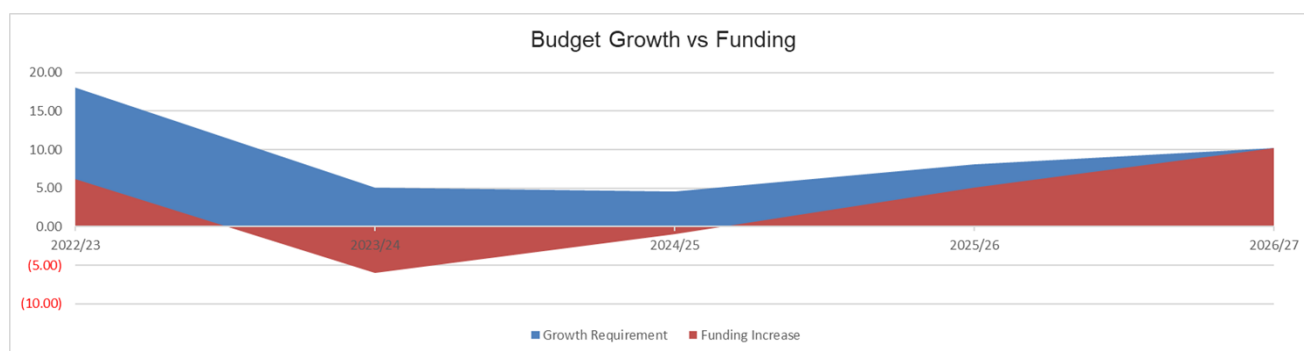
### 5.2.1 2021/22 Current Budget Position

The Council is currently forecasting a minor under budget position (£0.06m). Social Distancing restrictions imposed at the beginning of the year, coupled with the Omicron Covid variant over Christmas and into the last quarter of the year have significantly impacted the income generated in Heritage Services. Demand pressures in Children’s and Waste services, along with further income shortfalls across the Council form the key budget pressures. These are mitigated by a much quicker recovery on Parking income than expected, and reduced costs in Adult Social Care. On-going savings and funding requirements are recognised in the 2022/23 budget with the rebase of some budgets to reflect changes in demand.

### 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
	2022/23	2023/24	2024/25	2025/26	2026/27	
Growth Requirement	18.01	5.11	4.62	8.07	10.21	46.01
Funding Increase	6.14	(5.99)	(0.93)	5.05	10.17	14.44
<b>Annual Funding gap</b>	<b>11.87</b>	<b>11.10</b>	<b>5.55</b>	<b>3.02</b>	<b>0.04</b>	<b>31.58</b>
Savings Proposals	11.87	2.32	0.23	0.00	0.00	14.42
<b>Remaining Funding Gap</b>	<b>0.00</b>	<b>8.78</b>	<b>5.32</b>	<b>3.02</b>	<b>0.04</b>	<b>17.16</b>



This illustrates that the budget gap remains significant over the next two years due to the ongoing impacts of the pandemic. 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				
	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Budget Requirement (Previous Year)</b>	<b>130.07</b>	<b>126.74</b>	<b>129.27</b>	<b>128.34</b>	<b>133.39</b>
Budget Adjustments	2.00	0.00	0.00	0.00	0.00
Pay & Pension	3.07	2.30	2.28	2.28	2.30
Demographic Growth	1.45	1.72	1.72	1.72	2.72
Contract Inflation	3.99	0.48	2.22	2.28	2.31
New Homes Bonus Pressure	1.03	0.61	0.00	0.00	0.00
Capital Financing	1.60	1.62	1.64	1.08	1.02
Settlement grant funding	1.35	0.00	0.00	0.00	0.00
Budget pressure / rebasing	3.52	(1.62)	(3.24)	0.71	1.86
<b>Funding Requirement Sub Total</b>	<b>18.01</b>	<b>5.11</b>	<b>4.62</b>	<b>8.07</b>	<b>10.21</b>
<b>Draft Budget Before Savings</b>	<b>148.08</b>	<b>131.86</b>	<b>133.88</b>	<b>136.41</b>	<b>143.59</b>
Proposed Savings Plans	(11.87)	(2.32)	(0.23)	0.00	0.00
Estimated Savings Required	0.00	(8.78)	(5.32)	(3.02)	(0.04)
<b>Savings Requirement Sub Total</b>	<b>(11.87)</b>	<b>(11.10)</b>	<b>(5.55)</b>	<b>(3.02)</b>	<b>(0.04)</b>
<b>Budget Requirement</b>	<b>136.21</b>	<b>120.76</b>	<b>128.34</b>	<b>133.39</b>	<b>143.55</b>
Business Rate Relief Adjustment*	(9.47)	8.51	0.00	0.00	0.00
<b>Revised Budget Requirement</b>	<b>126.74</b>	<b>129.27</b>	<b>128.34</b>	<b>133.39</b>	<b>143.55</b>
<b>Funding of Budget Requirement</b>					
Council Tax	108.76	110.64	115.66	119.14	122.72
Business rates retention*	14.97	18.20	19.68	20.25	20.83
Business rates relief deficit (21/22) - s31 grant funded	(22.54)	0.00	0.00	0.00	0.00
Reserve transfer from Business Rates s31 grant reserve	22.54	0.00	0.00	0.00	0.00
Reserve transfers From	5.22	0.43	0.00	0.00	0.00
Reserve transfers (To)	(2.20)	0.00	(7.00)	(6.00)	0.00
<b>Funding of Budget Requirement Total</b>	<b>126.74</b>	<b>129.27</b>	<b>128.34</b>	<b>133.39</b>	<b>143.55</b>

\*Note: Budget reflects that the impacts of the Retail, Hospitality & Leisure business rate relief and frozen business rates multiplier reduces the amount of Business Rate Retention with a corresponding increase in s31 grant income included in the net revenue budget for 2022/23

The forecast includes the following cost pressures and assumptions:

- **Pay Inflation** – Estimated 2.00% per annum.
- **Council tax** – Assumed at 1.99% excluding Social Care precept.
- **Social Care precept** – Assumed at 1% for the next three years.
- **Pension Costs** – Have been revised in line with the last revaluation for the next year 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 low rates of interest of around 0.25% per annum for treasury management cash investments and 3.5% for Longer Term Strategic investments. The Council will maintain a minimum cash policy;
- **Inflation** – CPI projections held at existing planning levels of 2%, this will be refreshed for the detailed budget proposal based on ONS data. Financial risk is being recognised with contingencies made in high risk areas totalling £4.5m.
- **Budget Pressures / Rebasing\*** – 2022/23 budget rebasing of income budgets taking account of Covid recovery, 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;
- **Reserves** – Planned use of £3m corporate & £2.22m service reserves to manage the transitional pressures from reduced income.

*\* Rebasing is the alignment of budgets to current and forecast expenditure and income levels*

Annex 1 shows the Revenue Budget Summary for 2022/23, which totals £126.74m. 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 16th December 2021 but has still not had the final grant allocations confirmed 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 Revenue Support Grant (RSG) in 2022/23 of £0.517m (2021/22 £0.498m) for one further year before being removed in 2023/24 (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 and 2021/22, pending consultation on a replacement scheme. This results in a payment of £0.645m for new housing growth over the past year, taking the total New Homes Bonus Grant to £2.037m for 2022/23, a reduction of £1.027m from 2021/22. The settlement announced that the grant element for 2022/23 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 2022/23.

	<b>Total New Homes Bonus Grant</b>		
<i>Payment relating to:</i>	<b>2021/22 £'m</b>	<b>2022/23 £'m</b>	<b>2023/24 £'m</b>
2022/23		0.645	
2021/22	0.759		
2020/21			
2019/20	1.392	1.392	
2018/19	0.913		
<b>Total</b>	<b>3.064</b>	<b>2.037</b>	<b>0.000</b>

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 2023/24 onwards.

- **Social Care Grant**

The December 2021 provisional settlement has confirmed a further £1.73m Social Care grant funding which will be combined with the continuation of the existing Social Care Support grant (Total £5.99m). This funding is assumed as recurrent in the base budget.

- **Market Sustainability & Fair Cost of Care Grant**

The December 2021 provisional settlement included new grant funding for 2022/23 of £0.493m through the Market Sustainability & Fair Cost of Care Grant. 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 2022/23 is anticipated to be £70m with the Council contribution of £29m and CCG contribution of £41m. In addition to the mandated financial amounts for pooling this includes Council and CCG budgets for the Joint Community Services contract with HCRG Care Services (formerly Virgin Care) and associated sub-contracts. The CCG contribution is expected to rise in line with planned NHS uplifts once confirmed. For 2021-22 this increase was 5.3%.

The Council budget assumes that the funding transfer of £13.3m NHS mandated minimum contribution will remain consistent with prior years; with £9.6m of this

funding transferred in 2021/22 for Council commissioned schemes under the S75 pooled budget arrangements.

The December 2021 settlement has confirmed that the existing improved Better Care Fund social grant will include a 3% inflationary uplift and for B&NES this will mean an increase of £0.14m to £4.9m. This will protect the Better Care Fund schemes that have committed this funding on an annual basis and form part of the additional resources for adult social care within the settlement.

- **Business Rates**

It has been confirmed that the 100% Business Rate Retention Pilot will continue into 2022/23. The Medium Term Financial plan currently assumes that the estimated benefit of approximately £3.2m will be removed in 2023/24 as part of the review of Local Government Financing and Fairer Funding.

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.

As part of the Autumn Budget Statement, the Chancellor announced that the Government would provide the following package of business rate measures to support businesses:

- A new relief for eligible retail, hospitality and leisure properties with 50% relief on rates bills up to £110,000 per business
- A freezing of the multipliers at 49.9p (small business multiplier) and 51.2p (standard multiplier)
- The extension of the current Transitional Relief and Supporting Small Business schemes

The government has confirmed that the Council would be compensated for the loss of Business Rates for granting these reliefs through section 31 grants paid to the revenue account.

### **2021/22 Business Rate Collection Fund Deficit**

The current forecast for the Business Rate element of the collection fund is for a surplus of £1.8m, after allowing for additional s31 grant funding in respect of the extended retail relief and the Covid Additional Relief Fund which were announced by government after the 2021/22 budgets were set. The table below shows the Council's share of the current estimated surplus is £1.7m. The surplus is due to the favourable outturn position carried forward from 2020/21, including the adjustment for 3 year spreading, partly offset by the small in year forecast deficit, and has been transferred to the Business Rate Reserve.

<b>Business Rates Collection Fund</b>	<b>Total (£m)</b>	<b>B&amp;NES Share (£m)</b>
Collection Fund - Projected 2021/22 In Year Deficit	24.11	22.66
<b><i>Less impacts of reliefs funded through s31 grant:</i></b>		
Additional Extended Retail Relief	-19.69	-18.51
Covid Additional Relief Fund	-4.29	-4.04
<b>In Year Deficit after Retail Relief &amp; CARF s31 grant funding</b>	<b>0.13</b>	<b>0.12</b>
2020/21 Surplus Carried Forward	-2.90	-2.73
3 Year Deficit Spreading Adjustment	0.99	0.93
<b>Total Projected Surplus</b>	<b>-1.79</b>	<b>-1.68</b>

The Council's share of the in year deficit that relates to the extended retail relief and the Covid Additional Relief Fund, both of which were introduced by government after the 2021/22 budget was set, is currently forecast to be £22.5m. The s31 compensation grant in respect of these changes is to be received in 2021/22 and will be transferred to the Business Rates s31 Grant Reserve so it is available in 2022/23 to offset recovery of this element of the deficit.

- **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 92% of B&NES schools will have converted to academies by April 2022 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. This legislation is time

limited and it is anticipated that further legislation will be included within the SEN review due to be published in the spring of 2022. The underlying overspend on the DSG including the High Needs Block was £5.4m in 2020-21 and that balance was carried forward to 2021-22. The estimated forecast in 2021-22 (including the carry forward from 2020-21) is £12.6m.

The Government have been allocating additional ongoing funding for High Needs through the DSG in 2022-23 and B&NES has been allocated a further £2.5m. Additionally, to recognise pressures in schools the DFE have issued a supplementary grant with B&NES receiving a further £1.15m towards pressures in high needs. 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. The outcome of the review is expected in spring 2022.

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 £0.6m.

#### **5.2.4 Savings and Income Generation**

Savings plans total £14.19m over the next two years with plans to deliver £11.87m in 2022/23 and a balanced budget, with a further £2.32m planned for 2023/24 leaving a gap of £8.78m. This will be reviewed early in the 2022/23 financial year to enable early budget planning to develop robust and deliverable proposals for the 2023/24 budget. The Council has a good track record of delivering proposed savings, in relation to the 2021/22 approved savings of £8.5m, 93% (£7.9m) have been delivered in full and a further 5% (£0.4m) have been mitigated by one-off underspends in year.

The proposals for savings are outlined in Annex 2(i) and were reviewed by the Corporate Scrutiny Panel on the 10<sup>th</sup> and 31<sup>st</sup> January and feedback will be given to Cabinet as part of considering this report.

#### **5.2.5 Budget Funding Requirements**

Budget growth and additional pressures across portfolios of £18m 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).

The material items requiring additional funding on top of annual budget adjustments are listed below, this illustrates some of the economic and financial challenges the Council is facing from the ongoing impact of the Covid pandemic.

- Corporate contingency for Social Care £2m
- Contract inflation risks £1.67m
- Pay contingency £1m

- Home to School Transport £0.8m

The other items include rebasing budgets where service running costs and budgets have become misaligned, this includes additional investment into IT, Property Services, Recycling and Children's Services. The budget has also recognised that investment is needed into frontline services to ensure the staffing budgets are appropriate to deliver core services such as Waste, City Centre Security and Educational Psychology.

In addition, there has been £0.95m earmarked against the £5m Covid contingency for one-off investment into Neighbourhoods Services to help manage demand pressures and the delivery of service priorities.

This represents a further year of budget rebasing and highlights that pre-Covid 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.

#### 5.2.6 Business Change

The Council is creating a Business Change Hub to provide a dedicated resource to drive transformation programmes across the Council. The establishment of a professional hub will provide the tools to deliver change more effectively, allow for interdependencies between programmes to be identified and managed more strategically and improve resource planning to ensure the right support, governance and structure is in place to realise the identified benefits of each programme.

It will lead on future-focused service redesigns in key areas to deliver optimum efficiency to the business, while providing corporate oversight and assurance of change programmes focusing on early identification, management and mitigation of the key risks to delivering change. This will support the commitment to ensure that we are a modern council which meets the needs of people today, and in the future, with the funding available to us.

The Hub will be funded for the first year from the Transformation reserve during which time strategic and long term business change plans will be developed in order to support and enable service transformation plans and associated savings to be realised. It is envisaged that revenue budget will fund the management posts in 2023/24 and business cases will be developed to demonstrate the value of the Business Change Hub to support the delivery of savings and ensure return on investment both in year and to address future years' budget gap.

It is also anticipated that projects funded from the reserve will allocate an initial portion of the savings they generate to be used to 'top up' the reserve to ensure funding remains available on an ongoing basis. This would clearly only be relevant to projects of an 'invest to save' nature. A "gateway" process for accessing transformation reserve funding will be put in place to ensure the funding model remains viable.

Funding for staff of £330k has been built into the 2023/24 budget proposals which will cover the core staff for the Hub.

### **5.2.7 Preparing for the Future**

The Council is continually evolving and looking for new and improved ways to operate and modernise the ways we provide services to our residents.

A decision was made in July 2020 to reduce the number of office buildings we use in Bath and change the work base for the majority of our staff to be based at our preferred location, Keynsham Civic Centre. This will result in new and modern hybrid ways of working, less reliant on traditional office working, supported by investment in technology and digital solutions to make us fit for the future.

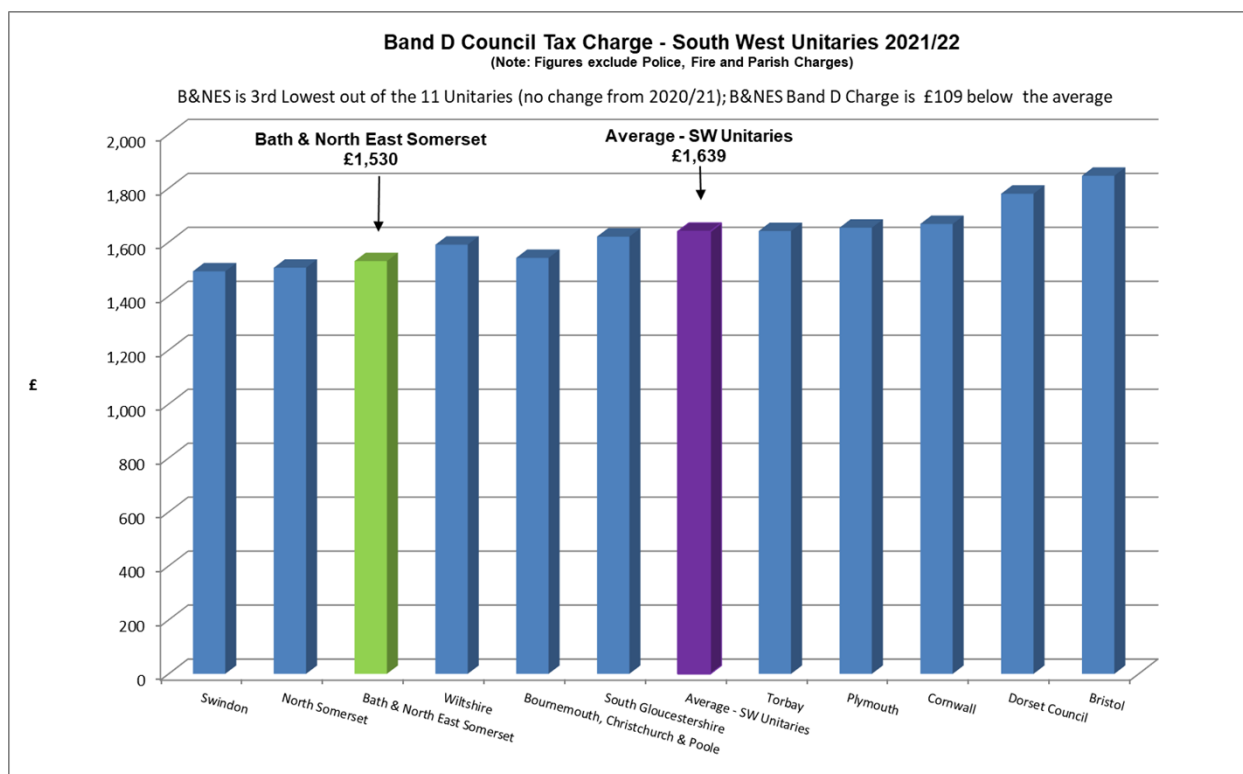
At the same time work has also been taking place on the ground floor of Lewis House to accommodate bringing the Police back into Bath City Centre as well as providing the Council's Housing, Welfare and Advice Service. As part of modernising our approach to customer services we are now investigating different ways to deliver some of our information services, in order to offer residents and visitors an enhanced and more visible service in central Bath. We need to make the most of new technology and be smarter and more flexible in the ways that we work and so increasingly we will enable residents to self-serve for our more transactional services, so that we can better support customers who need our help the most.

## **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 1.99% 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 2022/23. This will increase a Band D by £30.44 for 2022/23 to £1,387.59. The overall proposed Band D Council Tax for Bath and North East Somerset Council next year including the Adult Social Care Precept increase of 1.00% is £1,575.30 (£1,529.57 in 2021/22) an increase of 2.99% and £45.73 per Band D (88p per week). The tax base for 2022/23 is 67,853.74, an increase of 1,141.89 (+1.71%) from 2021/22.

The diagram below shows that B&NES had the third lowest Council Tax of the South West Unitary Authorities in 2021/22-



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 15th February 2022.

### 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 1% increase per annum through the three year spending review period from 2022/23 to 2024/25. The Council's plans include this for 2022/23 (this would increase the Adult Social Care Precept to £12.74m an increase of £1.23m from 2021/22). The Medium-Term Financial Plan assumes that this applies annually to 2024/25.

The funding requirement for Adult Social Care before savings is £2.4m (Annex 2i) which will be part funded from the Adult Social Care Precept increase. This number excludes the £2m Corporately held contingency for Social Care funded through the budget proposal.

### 5.3.3 Estimates for Future Years Band D Council Tax

The current Medium Term Financial Plan has factored in an annual increase of 2.99% per annum for the two years covering 2023/24 and 2024/25 across both general Council Tax and the Adult Social Care precept. The annual increase for 2025/26 and 2026/26 is included at 1.99% for general Council Tax only. 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 2022 – see link as follows: <https://beta.bathnes.gov.uk/sites/default/files/2022-01/Council%20Tax%20reduction%20scheme%20April%201%202022%20-%20March%2031%202023.pdf>.

The tax base currently assumes the same number of recipients as at the end of November 2021 will continue into 2022/23. The budget estimate is £10.6m compared to £11.0m in 2021/22.

#### 5.4 West of England Combined Authority (WECA)

The West of England Combined Authority 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, over £1.6bn of new funding has been secured for our region, because we have a Combined Authority. This money would not have come to the region without the Combined Authority.

With local councils facing continued financial challenges, this additional funding secured by the Combined Authority is providing added value for our region's councils; bringing forward investments and programmes which would not have been possible otherwise. The success of the Combined Authority in securing significant new funding – which would not be available to councils – is helping us support people and businesses across the West of England.

The Combined Authority is working to improve public transport thanks to £540 million secured from Government through a successful City Region Sustainable Transport Settlement. This was the highest amount per head awarded anywhere in England.

The Combined Authority also secured £4m from Government for the Future Bright programme – which offers free, one-to-one career coaching and support to help local residents improve their work prospects and income. From 1 March 2021 to 31 December 2021, nearly 500 people have benefitted from advice and support.

The West of England Combined Authority has secured the following additional investment for our region:

- £613m for major transport schemes
- £3.8m emergency active travel funding (cycling and walking)
- £32m for MetroWest (secured by the Combined Authority and North Somerset Council)
- £24m for a Future Transport Zone



- £13.7m to accelerate infrastructure development work (including North Somerset)
- £5m to trial superfast 5G networks
- £4m for the Future Bright skills programme
- £75m from our business rates retention\*
- £3.7m to progress housing development
- 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
- £2.5m to improve skills, employability and the environment
- £3m to run the Combined Authority

*\* 100% of business rates growth are kept in the region – 5% to the West of England Combined Authority*

Operating the Combined Authority incurs no additional costs to our constituent councils, because it is 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).

The West of England is an economic leader and will be key to the UK's recovery from the impact of Covid-19. The Combined Authority is supporting our region's residents and businesses through Covid-19, and is taking action to help people and businesses affected. The West England Combined Authority 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.

The Combined Authority Committee has committed over £10m additional funding for regional recovery – this is in addition to the £125m investment already committed to businesses and skills over the next four years. This includes business support, skills and employment initiatives

Overall, our five year programme will invest at least:

- £180m in transport improvements;
- £75m in housing development and supporting infrastructure;
- £135m in business and skills

The Budget for the Combined Authority will be set on 28 January 2022 by the West England Combined Authority Committee – at the time of writing the budget assumptions set out below are based upon the Combined Authority Budget proposals and are subject to the outcome of the above meeting. The following elements of the West England Combined Authority 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 2022/23 is £5.19m. Unitary Authority levies are pooled by the Combined Authority's 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, the West of England Combined Authority 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 2022/23.

- Within the City Region Sustainable Transport Programme, the Combined Authority will passport £25m per annum of capital funding to the West of England Unitary Authorities to provide Highways Maintenance and Transport Improvement Grants. This represents a significant increase in comparison with the previous £17.5m baseline as funded through the 100% Business Rates Retention Pilot. The Council's share is £7m per annum.
- The published West of England Combined Authority investment programme will continue to support a number of projects and initiatives for our Unitary Authority throughout 2022/23 including:
  - Love High Streets – High Street Regeneration Bath City Centre and High Street Renewal Keynsham and Midsomer Norton High Streets
  - Milsom Quarter Masterplan
  - Bath Riverline
  - Bath Quays
  - Somer Valley Enterprise Zone
- These are funded from the additional investment funds received by the West of England Combined Authority 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 Combined

Authority's 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, West of England Combined Authority 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.

The Combined Authority is not currently permitted to raise Council Tax to fund any of its activity and therefore no precept will be requested.

Full details of the West of England Combined Authority Budget proposals are available at [www.westofengland-ca.gov.uk](http://www.westofengland-ca.gov.uk)

## **5.5 Community Contribution fund**

The Community Contribution Fund was launched in March 2021 as a pilot scheme offering residents the chance to pay into a good causes fund to help local charity, community and voluntary groups to reduce inequalities in the area.

To date, over 300 people have donated to the fund with several individuals donating more than once. 73% of the donations received were valued between £5 and £50 with the largest donations being £1,000 and £2,000 respectively.

In October 2021, the fund had reached over £20,000 enabling it to be opened for grant applications from charitable, voluntary and community organisations. As of 20/12/21, the fund total was £25,128 (as at 20/12/21).

29 applications for funding have been received totalling £51,715. The projects include supporting people's mental health; providing emergency medical supplies; investing in refurbishment of community facilities; mentoring; support for families; training; group therapy and youth provision.

An assessment panel of Councillors, comprising 3 Liberal Democrat, 1 Conservative, 1 Labour and 1 Independent will meet on 26th January to determine which of the applications will be awarded funding.

In February 2022, donors to fund; applicants and the wider community will be given opportunity to provide feedback on the scheme. This will help inform decisions on the future of the scheme. Some feedback has already been received by donors which will also need to be considered as part of the review. These related to gift aid/tax relief, making regular payments or alternative payment methods.

The recommendation is to agree an extension to the pilot of 12 months (financial year 2022/23) to assess continued donor interest and enable a fuller evaluation to take place. This to include options for longer term delivery models, incorporating feedback from PDS Panel on getting the gift aid tax benefit from the contributions.

## 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 2022/23 and future years maintaining capital receipts flexibility mainly to fund restructuring and severance costs.

	Estimated Balance 1/4/22 £'m	Estimated Balance 31/3/23 £'m	Estimated Balance 31/3/24 £'m	Estimated Balance 31/3/25 £'m
Revenue Budget Contingency	2.5	2.5	2.5	5.5
Financial Planning and Smoothing Reserve	6.9	2.2	2.1	6.1
Transformation Investment Reserve	2.0	0	0	0
Covid Grant Reserve	4.0	0	0	0
Restructuring & Severance Reserve	1.9	1.9	1.9	1.9

### 5.6.1 Revenue Budget Contingency £2.5m

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 2021 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 continues to propose that the £3.3m that was transferred from this reserve to smooth the budget rebasing and savings requirement in 2021/22 is replenished in 2024/25 and 2025/26. This would increase the reserve from its current level to £5.5m in 2024/25 and £5.8m in 2025/26.

### 5.6.2 Financial Planning and Smoothing Reserve £6.9m

The Financial Planning Reserve will be used to smooth the delivery of organisational change. The 2022/23 Budget requires a transfer from this reserve of £3m to smooth the savings requirement, with this amount replenished in 2025/26, in addition £1m is proposed to be transferred to the Covid Grant Reserve to give a balance of £5m. The £4m used in supporting the 2021/22 Budget is planned for repayment in 2024/25.

These movements would leave an allocation of around £2m available in the reserve until the planned replenishment.

### 5.6.3 Transformation Investment Reserve £2.0m

The reserve facilitates delivery of future savings by providing additional short-term capacity and specialist advice. The £2m will be used to support one-off costs associated with the Business Change Programme during 2022/23.

### 5.6.4 Covid Contingency reserve £5.0m

In recognition that the 2022/23 financial year may result in ongoing demand increases as a result of the pandemic that requires revenue funding. This reserve will be funded from a planned £4m carry forward of 2021/22 government covid grant and £1m top up from the Financial Planning and Smoothing reserve.

### 5.6.5 Restructuring and Severance Reserve £1.9m

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.

### 5.6.6 Reserves and Flexible Capital Receipts

Flexible capital Receipts can be used for revenue spend that results in ongoing revenue savings. Estimated usage for 2021/22 is expected to be up to £0.5m with the remaining £3.07m carried forward for use in 2022/23 as outlined in the Efficiency Strategy attached at Annex 4. Currently £3.9m of unapplied capital receipts through estate assets, land holdings etc are held as at the end of December 2021 with a further £4.7m forecast in 2022/23 to meet requirements for flexible capital receipts and to finance the capital programme in those years.

	<b>Actual Usage 2017/18 – 2020/21 £'m</b>	<b>Estimated Usage 2021/22 £'m</b>	<b>Available Balance 2022/23 £'m</b>	<b>Est Total Usage £'m</b>
Flexible Capital Receipts	7.93	0.50	3.07	11.50

### 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 2021 estimated that Un-earmarked reserves would total £12.58m by 31<sup>st</sup> March 2022.

The budget risk assessment has set a range of between £11.9m and £13.2m to meet those risks. The available balance is £12.58m which is within the budget risk assessment range.

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 2022/23 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 Chief Financial Officer (S151 Officer) to fulfil his duty and give the required advice relating to the 2022/23 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 2022/23 budget to inform the advice.

### **5.7.2 CIPFA's Financial Resilience Index**

CIPFA will be publishing its 2020/21 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 2019/20) 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 2021/22 budget proposal, whilst reserves have been utilised to enable the Council to mitigate its temporary loss of income (£8.5m in 2021/22 and £5.22m in 2022/23), these balances will be repaid in 2024/25 to 2025/26. In addition, the 2020/21 outturn made a net transfer to reserves of £5.42m due to the early work put in place on the

Council's Covid financial recovery plan. 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 alongside care and health providers, 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 Chief Financial Officer (S151) on the budget position**

For 2022/23 the savings requirement after planned use of reserves is £11.87m 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 2022/23 as the amounts proposed have been profiled to consider the delivery timeframe. This savings requirement is after £5.22m one off use of reserves to enable the transition from the Covid impact on the Council income budgets. This will enable a balanced budget with the one off use of reserve being fully replenished within the 2022/23 – 2026/27 budget period.

In addition to putting forward a balanced budget for 2022/23, the budget is proposing to maintain a £5m Covid contingency reserve of for unplanned Covid related budget pressures in 2022/23, this is funded from retained Covid grant and the Councils financial planning reserve.

### **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 alongside £2m Social Care Contingency are held Corporately to mitigate unforeseen risks, and the risk of savings not being realised in 2022/23. 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 2022/23, a £5m Covid risk reserve has been provided.

The budget has recognised the current and future years funding requirement with £18m allocated in 2022/23 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 2021/22.

A shortfall of £8.78m has been identified for 2023/24 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 2022/23 planned level of General Fund Un-earmarked reserve at £12.58m (is within the required range of £11.9m to £13.2m).

**The conclusion of the CFO is that the estimates for 2022/23 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 2022/23 to 2026/27**

### **5.8.1 Capital & Investment Strategy**

Production of a Capital and Investment Strategy 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 2022/2023 – 2026/2027 is shown below**

Capital Schemes for Approval

<b>Cabinet Portfolio: Capital Schemes</b>	<b>Budget 2022/2023 £'m</b>	<b>Budget 2023/2024 £'m</b>	<b>Budget 2024/2025 £'m</b>	<b>Budget 2025/2026 £'m</b>	<b>Budget 2026/2027 £'m</b>	<b>Total £'m</b>
Economic Development & Resources	38.824	15.886	13.480	1.593	0.000	<b>69.784</b>
Climate & Sustainable Travel	1.006	0.000	0.000	0.000	0.000	<b>1.006</b>
Adults & Council House Building	14.089	1.442	1.442	1.442	1.442	<b>19.857</b>
Children and Young People, Communities and Culture	1.886	0.000	0.000	0.000	0.000	<b>1.886</b>
Neighbourhood Services	35.418	10.374	0.800	0.000	0.000	<b>46.592</b>
Transport Services	2.014	0.000	0.000	0.000	0.000	<b>2.014</b>
Corporate Capital Contingency	2.828	0.000	0.000	0.000	0.000	<b>2.828</b>
<b>Total</b>	<b>96.064</b>	<b>27.702</b>	<b>15.722</b>	<b>3.035</b>	<b>1.442</b>	<b>143.966</b>

Capital Schemes for Provisional Approval (Subject to)

<b>Cabinet Portfolio: Capital Schemes</b>	<b>Budget 2022/2023 £'m</b>	<b>Budget 2023/2024 £'m</b>	<b>Budget 2024/2025 £'m</b>	<b>Budget 2025/2026 £'m</b>	<b>Budget 2026/2027 £'m</b>	<b>Total £'m</b>
Economic Development & Resources	49.339	12.755	12.268	4.440	4.400	<b>83.202</b>
Climate & Sustainable Travel	7.603	0.530	0.000	0.000	0.000	<b>8.133</b>
Adults & Council House Building	6.692	0.435	0.000	0.000	0.000	<b>7.127</b>
Children and Young People, Communities and Culture	21.817	0.000	0.000	0.000	0.000	<b>21.817</b>
Neighbourhood Services	9.028	12.417	24.661	9.463	9.497	<b>65.065</b>
Transport Services	5.535	1.163	1.163	1.293	1.163	<b>10.317</b>
<b>Total</b>	<b>100.013</b>	<b>27.300</b>	<b>38.092</b>	<b>15.196</b>	<b>15.060</b>	<b>195.661</b>

<b>Grand Total</b>	<b>196.077</b>	<b>55.003</b>	<b>53.814</b>	<b>18.231</b>	<b>16.502</b>	<b>339.627</b>
--------------------	----------------	---------------	---------------	---------------	---------------	----------------

Funded By

<b>Financing</b>	<b>Budget 2022/2023 £'m</b>	<b>Budget 2023/2024 £'m</b>	<b>Budget 2024/2025 £'m</b>	<b>Budget 2025/2026 £'m</b>	<b>Budget 2026/2027 £'m</b>	<b>Total £'m</b>
Grant	53.405	16.973	17.151	8.595	8.439	<b>104.563</b>
Capital Receipts/RTB	7.013	5.500	0.000	0.000	0.000	<b>12.513</b>
Revenue	0.632	0.000	0.000	0.000	0.000	<b>0.632</b>
Borrowing	126.224	31.713	36.663	9.636	8.063	<b>212.299</b>
3rd Party (inc S106 & CIL)	8.803	0.816	0.000	0.000	0.000	<b>9.619</b>
<b>Total</b>	<b>196.077</b>	<b>55.003</b>	<b>53.814</b>	<b>18.231</b>	<b>16.502</b>	<b>339.627</b>

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, at 5(iii) the Transport Improvement Programme, and at 5(iv) the Corporate Estate Planned Maintenance Programme for approval. The substitution of one scheme for another that is unable to proceed within these programmes will be allowed following

consultation and approval with the Chief Financial Officer, and subject of any specific provisions agreed as part of the budget approval.

### **5.8.3 City Region Sustainable Transport Settlement**

WECA led the City Region Sustainable Transport Settlement bid into the Department for Transport in August 2021. A settlement of £540m was made as part of the Spending Review in 2021. The final allocation to schemes in the Bath and North East Somerset area is proposed to be £129.39m for 2022-27, rising to £146.6m when local match funding is included (required for capital enhancements at a rate of 20%) future amendment to the programme subject to business case approval. The Local Contribution for B&NES based on the proposed schemes is £17.2m as set out in Annex 5i.

Following the approval of the CRSTS strategic outline case and scheme funding with the DFT, the Council will incorporate the schemes and funding being delivered by B&NES into the capital programme.

### **5.8.4 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. The flexibility has been extended for a further 3 years from 2022-23 onwards for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery.

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 £3.1m in capital receipts to fund proposed savings plans in 2022/23. The Strategy must be approved by Full Council.

### **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 £5m, the contingency has been increased by £2.8m to reflect the increased cost risks on projects from inflation and other market pressures;
- 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.

### 5.8.6 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.

### 5.8.7 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	2020/21 Actual	2021/22 Forecast Outturn	2022/23	2023/24	2024/25
<b>Estimate of Capital Expenditure (£'000s)</b>					
Actual/estimates of capital expenditure	62,202	106,571	196,077	55,003	53,814
<b>Net Increase in Council Tax (band D per annum) Figures in £'s (not £'000's)</b>					
The implied estimate of incremental impact of the new capital investment decisions on the Council Tax			£7.87	£9.08	£8.55
Cumulative totals:			£7.87	£16.95	£25.50
<b>Capital Financing as % of Net Revenue Stream</b>					
Actual/estimates of the ratio of financing costs to net revenue stream			14.41%	17.62%	19.76%
<i>Memo: estimates of the ratio of financing cost to gross revenue stream</i>			5.03%	6.23%	6.95%
<b>Borrowing Limits (£m)</b>					
Operational boundary – borrowing			£435m	£455m	£478m
Operational boundary – other long-term liabilities			£4m	£4m	£4m
<b>Operational boundary – total</b>			<b>£439m</b>	<b>£459m</b>	<b>£482m</b>
Authorised limit – borrowing			£464m	£483m	£506m
Authorised limit – other long-term liabilities			£4m	£4m	£4m
<b>Authorised limit – total</b>			<b>£468m</b>	<b>£487m</b>	<b>£510m</b>
<b>Capital Financing Requirement (£'000s) (as at 31 March)</b>					
Actual/estimate of capital financing requirement	326,909	348,784	464,211	483,488	506,343

## 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.

### 5.8.8 Community Infrastructure Levy (CIL) Spend Proposals 2022/23

The allocations proposed for CIL spend are attached in Annex 5(v) 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
Continued government restrictions in the event of new variants impacting vaccine success	Possible	High	This is certainly a material risk, whilst not one the Council has any direct control over, every step is being put in place to follow government guidance following the recommendations of our Director of Public Health.
Operational budget pressures due to latent demand and backlog	Possible	High	There is the risk of built up demand on Council services and backlog because of operational activity being diverted to managing the Covid pandemic. This may result in one-off cost pressures to clear the backlog.
Long term impacts on	Possible	High	Current modelling has been prudent

the Councils Commercial Estate over and above anticipated levels.			anticipating a material impact in 2021/22. The roll back of the furlough programme could impact business viability and therefore risk of further voids will be monitored closely over the coming weeks and months.
Contract inflationary pressure	Possible	High	With increase in wage and fuel costs, Council contracted services are at risk of above budget price increases. This is an economic risk that has been recognised in the budget with a corporate inflation contingency for known areas that cannot be mitigated through activity management.
The income from Heritage Services may not recover in the short term.	Possible	High	Continue to monitor income levels and impact on business plan in light of capacity restrictions. We anticipated income will not fully recover in the medium term and growth was built into the medium terms financial plan for the next three years.
Impact on Reserves	Possible	High	Without additional government grant in recognition of Covid related financial pressures there is the risk that Council reserve levels are not enough to manage in-year and future years risk.
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 broadly 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	The impacts of Covid-19 will increase the volatility and uncertainty around business rate income. In 2022/23 this risk will be partly offset by the extension of the business rate relief scheme for Retail, Leisure and Hospitality businesses.  We continue to monitor arrears, CVAs, and liquidations with a specific reserve held to manage in-year volatility.
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	Likely	High	Need to monitor and continue to highlight impact

affects future funding			
Brexit risks	Likely	Medium	The short to medium term impacts of Brexit on the Councils supply chain may result in contractual cost pressures from customs tariffs that previously did not apply.
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

Details of the consultation carried out on the budget process for 2022/23, along with the feedback received and council responses are set out in Appendix 10. The consultation comprised of:

- A series of online Area Forum meetings, held in November and December, focusing on winter pressures. These identified the financial challenges and context for the council's budget setting. There was also a separate online meeting for the voluntary and community sector, hosted by 3SG. Together these received a total of 269 attendances and views.
- An open online Forum meeting, held on Zoom and chaired by the council leader on the council's spending plans, held on Tuesday 14 December. The online event was attended by 30 people and a recording was uploaded to the council's youtube channel, where it has received 220 views



- An online consultation on the council’s draft spending plans, which took place from December 15<sup>th</sup> 2021 to January 4<sup>th</sup> 2022, and a further online consultation on the council’s draft detailed budget proposals, which took place from January 10<sup>th</sup> 2022 to January 24<sup>th</sup>, 2022. Taken together, these consultations received 88 responses.

In addition, scrutiny of the savings proposals, priorities, one-offs, pressures and capital bids took place at the 31<sup>st</sup> January 2022 Corporate Policy Development and Scrutiny Panel. Budget proposals were also presented to the Climate Emergency PDS Panel on and Children, Adults, Health and Wellbeing PDS panels during January 2022.

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

This page is intentionally left blank

Portfolio Cash Limits 2022/23 - Proposed Revenue Budget

CABINET PORTFOLIO	Service	Current 2021/22 Cash Limits	Removal of One-offs (including one-off virements in 2021/22)	2022/23 Base Budget	MTFS - Funding / Growth	MTFS - Savings	Business Rates Relief Grant Adjustments	Total 2022/23 Budget Changes	2022/23 Proposed Budget
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Economic Development & Resources	Heritage Services	(5,447)		(5,447)	(95)	(20)		(115)	(5,562)
	World Heritage	158		158	3	(2)		1	159
	Regeneration	314	9	322	43	(63)		(20)	302
	Business & Skills	517	(68)	448	5	(41)		(36)	412
	Property Services	554		554	6	(10)		(4)	550
	Corporate Estate Including R&M	3,447	(100)	3,347	1,129	(95)		1,034	4,381
	Business Change	130		130		(3)		(3)	127
	Human Resources & Organisational Development	1,740	(21)	1,720	201	(50)		151	1,871
	Council Solicitor & Democratic Services	2,530		2,530	73	(82)		(9)	2,521
	Corporate Strategy & Communications	973		973	34	(77)		(43)	930
	Finance	2,156	(31)	2,125	223	(62)		161	2,286
	Revenues & Benefits	1,891	31	1,922	(375)	(45)		(420)	1,501
	Risk & Assurance Services	1,196		1,196	34	(43)		(9)	1,187
	Procurement & Commissioning	285		285	4	(7)		(3)	282
	Corporate Governance	1,476		1,476	193	8		201	1,678
	Information Technology	5,261		5,261	680	(65)		615	5,876
	Commercial Estate	(10,173)		(10,173)	7	(1,014)		(1,007)	(11,180)
	Housing Delivery Vehicle	(1,000)		(1,000)					(1,000)
	Visit Bath	76		76					76
	Hsg / Council Tax Benefits Subsidy	(195)		(195)					(195)
	Capital Financing / Interest	6,830		6,830	382	(2,000)		(1,618)	5,212
	Unfunded Pensions	1,588		1,588		(100)		(100)	1,488
	Corporate Budgets incl. Capital, Audit & Bank Charges	(5,712)		(5,712)	11,129	(55)	(9,465)	1,609	(4,103)
	New Homes Bonus Grant	(3,064)		(3,064)	1,026			1,026	(2,038)
	Magistrates	12		12					12
	Coroners	335		335	35			35	370
Environment Agency	251		251	3			3	254	
West of England Combined Authority Levy	5,148	46	5,194					5,194	
<b>PORTFOLIO SUB TOTAL</b>	<b>11,275</b>	<b>(134)</b>	<b>11,141</b>	<b>14,740</b>	<b>(3,825)</b>	<b>(9,465)</b>	<b>1,450</b>	<b>12,591</b>	
Adults & Council House Building	Adult Services	62,098	100	62,198	2,166	(3,659)		(1,493)	60,705
	Housing	1,406		1,406	17	(21)		(4)	1,402
<b>PORTFOLIO SUB TOTAL</b>	<b>63,504</b>	<b>100</b>	<b>63,604</b>	<b>2,183</b>	<b>(3,680)</b>		<b>(1,497)</b>	<b>62,107</b>	
Children & Young People, Communities & Culture	Children, Young People & Families	17,999		17,999	(120)	(1,383)		(1,503)	16,496
	Integrated Commissioning - CYP	2,630		2,630	1	(45)		(44)	2,586
	Safeguarding - CYP	77		77	3	(3)		(0)	77
	Inclusion & Prevention	3,200	(91)	3,109	324	(85)		239	3,348
	Education Transformation	6,631	(19)	6,612	991	(106)		885	7,497
	Schools Budget	(1,922)	110	(1,812)					(1,812)
	Adult Substance Misuse (Drug Action Team)	157		157	1			1	158
	Public Health								
	Events & Active Lifestyles	189	(24)	165	15	(39)		(24)	141
	Customer Services (including Libraries)	2,193		2,193	163	(140)		23	2,216
Community Safety	193		193		(1)		(1)	192	
<b>PORTFOLIO SUB TOTAL</b>	<b>31,347</b>	<b>(24)</b>	<b>31,323</b>	<b>1,378</b>	<b>(1,803)</b>		<b>(425)</b>	<b>30,899</b>	

CABINET PORTFOLIO	Service	Current 2021/22 Cash Limits	Removal of One-offs (including one-off virements in 2021/22)	2022/23 Base Budget	MTFS - Funding / Growth	MTFS - Savings	Business Rates Relief Grant Adjustments	Total 2022/23 Budget Changes	2022/23 Proposed Budget
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Climate & Sustainable Travel	Sustainability	501	(30)	471	93	(4)		89	560
	Environmental Monitoring (Air Pollution)	211	(32)	179	2	(3)		(1)	178
	Clean Air Zone								
	Transport Strategy	367	45	413	4	(114)		(110)	302
	<b>PORTFOLIO SUB TOTAL</b>	<b>1,080</b>	<b>(17)</b>	<b>1,063</b>	<b>99</b>	<b>(122)</b>		<b>(23)</b>	<b>1,040</b>
Neighbourhood Services	Leisure	517		517	14	(48)		(34)	483
	Neighbourhoods & Environment - Waste & Fleet Services	16,440	(100)	16,340	1,001	(609)		392	16,732
	Neighbourhoods & Environment - Parks & Bereavement Services	1,208		1,208	27	(319)		(292)	916
	Highway Maintenance	6,333	(270)	6,063	100	(235)		(135)	5,928
	Registrars Service	(66)		(66)	81	(66)		15	(51)
	<b>PORTFOLIO SUB TOTAL</b>	<b>24,433</b>	<b>(370)</b>	<b>24,062</b>	<b>1,223</b>	<b>(1,277)</b>		<b>(54)</b>	<b>24,008</b>
Transport	Network & Traffic Management	789	314	1,102	19	(178)		(159)	944
	Transport & Parking Services - Parking	(4,463)		(4,463)	(2,455)	(808)		(3,263)	(7,726)
	Transport & Parking Services - Public & Passenger Transport	(36)	(103)	(139)	263	(13)		250	111
	Emergency Planning	423		423	121	(26)		95	519
	<b>PORTFOLIO SUB TOTAL</b>	<b>(3,287)</b>	<b>211</b>	<b>(3,076)</b>	<b>(2,052)</b>	<b>(1,024)</b>		<b>(3,076)</b>	<b>(6,152)</b>
Planning	Building Control & Public Protection	754	111	865	313	(114)		199	1,064
	Development Management	1,287	(197)	1,090	123	(25)		98	1,188
	<b>PORTFOLIO SUB TOTAL</b>	<b>2,041</b>	<b>(87)</b>	<b>1,954</b>	<b>436</b>	<b>(139)</b>		<b>297</b>	<b>2,251</b>
	<b>NET BUDGET</b>	<b>130,393</b>	<b>(321)</b>	<b>130,072</b>	<b>18,008</b>	<b>(11,870)</b>		<b>(9,465)</b>	<b>126,744</b>

### Sources of Funding

Council Tax	102,040		102,040			4,850	106,890
Retained Business Rates	22,115		22,115			(8,821)	13,293
Collection Fund Deficit (-) or Surplus (+)	(1,328)		(1,328)			4,878	3,550
Business Rates Collection Fund Deficit (21/22) - s31 Funded Relief Element	(39,147)	39,147				(22,542)	(22,542)
Transfer from Business Rates Relief s31 Grant Reserve	39,147	(39,147)				22,542	22,542
Transfers (to) / from Reserves	7,566	(321)	7,245			(4,234)	3,011
<b>TOTAL FUNDING</b>	<b>130,393</b>	<b>(321)</b>	<b>130,072</b>			<b>(3,328)</b>	<b>126,744</b>

### Council Tax - Calculation

Council Tax Debit £'000	102,040	106,890
Taxbase (No. of Band D equivalent properties)	66,711.85	67,853.74
Band D Charge £	£1,529.57	£1,575.30
%age increase		2.99%

Annex 2(i) - 2022/23 Budget Savings and Income Generation Proposals

2022/23 - 2024/25 Budget Savings and Income Generation Proposals								
Savings Title	How to be achieved	Portfolio Holder / Director	22/23 Saving £000	23/24 Saving £000	24/25 Saving £000	Risk to delivery of saving (RAG)	FTE Reduction	Impacts to service delivery
<b>Portfolio: Economic Development and Resources</b>								
Capital Financing and Treasury Management	To review the Councils capital borrowing requirement to align with the capital delivery programme, review opportunities for Council debt financing and strategic investment of core balances	Clr Richard Samuel / Andy Rothery	2,000		(1,000)	G	0	None
Unfunded pensions	Rebase corporate budget for historic pension liabilities in line with reduction in actual charges	Clr Richard Samuel / Andy Rothery	100			G	0	None
Business Rates	Release unallocated provision held for business rate revaluation increases on Council properties	Clr Richard Samuel / Andy Rothery	45			G	0	None
Rebase pool car budget	A realignment of the Council's pool car budget will be achieved by careful contract management and a retender of the contract in May 2022	Clr Richard Samuel / Cherry Bennett	10			A	0	There may be one less pool car as a result of the savings required but we hope to mitigate this with the retender of the contract
Strategy, Engagement and Marketing Vacancy	Delete vacant Executive Policy Officer post	Clr Richard Samuel / Cherry Bennett	27	8		G	1	None
Reduce Corporate Communications Budget	Rebase marketing materials and production budget in line with expenditure plan	Clr Richard Samuel / Cherry Bennett	34			A	0	None
Legal Administration Support and Subscriptions Reduction	Over the last two years Legal services have implemented electronic trial bundling and electronic sealing of contracts and moved to using online encyclopaedia. This has resulted in an easing of capacity pressures for the legal support administration team. Utilise online resources in place of industrial subscription materials	Clr Richard Samuel / Cherry Bennett	36			A	1.6	Unless the electronic solutions are implemented the work pressure could not be sustained resulting in loss of income generation through completion of commercial estate leases and planning permission advice would be impacted
Reduce budget for the annual canvass	The Canvass Reform which was introduced by the UK Government in 2020 has made the annual canvass process simpler and clearer for residents and has resulted in a reduction in printing, postage and administrative costs	Clr Richard Samuel / Cherry Bennett	10			G	0	None
Corporate Estate - Repairs and Maintenance	One-off efficiencies across the running costs and repairs and maintenance budgets across the corporate estate	Clr Richard Samuel / Chris Major	75	(75)		A	0	No impact to service delivery as focus is on prioritisation and rephasing of maintenance works to meet needs
Vacancy / Turnover Factor	Implement a 2% vacancy factor savings across the organisation to account for in-year turnover	Clr Richard Samuel / Various	416			G	0	None
Wedding / corporate hire organisation	Increased wedding and private hire revenue across the organisation as a result of a consolidation of activity delivery into one service. Increased revenue delivered through increased volume and a review of prices	Clr Richard Samuel / Sophie Broadfield	20	30	25	A	0	None
Organisation Restructure	The year two savings of the senior management structure review to ensure that it is fit for purpose and is able to effectively deliver the Corporate Plan	Clr Richard Samuel / Cherry Bennett	58			G	1	None
Reduction in West of England Combined Authority (WECA) Levy	A one-off reduction in Local Enterprise Partnership (LEP) contribution for 2021/22, but reverses in 2022/23	Clr Richard Samuel / Andy Rothery	(40)			G	0	None
Income - Business and Skills Staffing Recharges	Review of all staff recharges to capital, revenue, grant and external projects	Clr Richard Samuel / Sophie Broadfield	34			G	1	None
Income - Commercial Estate	Align budget to in-year activity and business plan for investment and new lettings.	Clr Richard Samuel / Andy Rothery	1,000	1,000		A	0	None
<b>Economic Development and Resources Total</b>			<b>3,825</b>	<b>963</b>	<b>(975)</b>		<b>4.6</b>	
<b>Portfolio: Climate and Sustainable Travel</b>								
Sustainability Budgets	Rebase staffing budgets to fund new structure proposal	Clr Sarah Warren / Sophie Broadfield	34			A	0	None
Vacancy / Turnover Factor	Implement a 2% vacancy factor savings across the organisation to account for in-year turnover	Clr Sarah Warren / Various	15			G	0	None
Income - Staff Recharges	Review of all staff recharges to capital, revenue, grant and external projects	Clr Sarah Warren / Sophie Broadfield	73			A	0	None
<b>Climate and Sustainable Travel Total</b>			<b>122</b>	<b>0</b>	<b>0</b>		<b>0</b>	
<b>Portfolio: Adults and Council House Building</b>								
Physical Disability & Sensory Impairment Purchasing Activity	Budget rebase in line with reducing current purchased care costs	Clr Alison Born and Clr Tom Davies / Suzanne Westhead	750			G	0	None
Rebase budget on spend on resources	Budget rebase following review of services and resources	Clr Alison Born and Clr Tom Davies / Suzanne Westhead	300			G	0	None
Transformation Projects	Efficiency outputs from transformation projects x 6 within Adult Social Care	Clr Alison Born and Clr Tom Davies / Suzanne Westhead	1,000			A	0	None
Community - Contract Management Framework	Review of contract management for services	Clr Alison Born and Clr Tom Davies / Suzanne Westhead	338			A	0	None
Community - Review of Care Package Delivery	Review of existing packages to identify any efficiencies	Clr Alison Born and Clr Tom Davies / Suzanne Westhead	1,000			G	0	Changes to packages and placements ensuring users eligible needs are met and that the cost of meeting those needs is commissioned as a fair and reasonable rate
Vacancy / Turnover Factor	Implement a 2% vacancy factor savings across the organisation to account for in-year turnover	Clr Alison Born and Clr Tom Davies / Various	92			G	0	None
Income - Granting Funding - support of Adult Social Care	Additional Improved Better Care Fund funding to be used against the Protection of Social Care activity within the plan	Clr Alison Born and Clr Tom Davies / Suzanne Westhead	200			G	0	None
<b>Adults and Council House Building Total</b>			<b>3,680</b>	<b>0</b>	<b>0</b>		<b>0</b>	

Annex 2(i) - 2022/23 Budget Savings and Income Generation Proposals

2022/23 - 2024/25 Budget Savings and Income Generation Proposals								
Savings Title	How to be achieved	Portfolio Holder / Director	22/23 Saving £000	23/24 Saving £000	24/25 Saving £000	Risk to delivery of saving (RAG)	FTE Reduction	Impacts to service delivery
<b>Portfolio: Children and Young People, Communities and Culture</b>								
Review of the delivery of the Library and Information service	A review of service delivery options for Keynsham and Midsomer Norton Libraries, a review of the mobile library and outreach service operations; an investigation into how we may deliver some of our customer services differently, following consultation with stakeholders. To allow time to review options, the £100k saving identified for 22/23 will be profiled over both 22/23 and 23/24 with the use of a smoothing reserve.	Clr Dine Romero / Amanda George	100	26		A	6	Increased accessibility to library and information services
Customer Contact Strategy	Introduction of web bot, enabling customers to self-serve via the website	Clr Dine Romero / Amanda George		30		A	1	24/7 access to our services provides increased accessibility and convenience for those customers who can self-serve
Education Commissions	A contribution of £50k will be taken from the Education Commissioning budget to the staffing salary costs. This is acceptable overhead to the Dedicated Schools Grant (DSG). A 50k revenue saving will then be taken from the budget	Clr Dine Romero / Chris Wilford	50			G	0	None
Home to School Transport (HTST) - Alternative Provision	Centralise Alternative Provision onto one site to reduce transport costs	Clr Dine Romero / Chris Wilford		40		A	0	None
Inter-Agency Adoption Fees	Budget rebase due to lower use of this service since the creation of Adoption West	Clr Dine Romero / Mary Kearney-Knowles	50			A	0	None
Foster Care Transformation Project	Revised savings projections from this transformation project, that aims to increase the amount of Foster Carers, and reduce the use of other residential placements	Clr Dine Romero / Mary Kearney-Knowles	711	711	711	A	0	Wide range of changes to service delivery through transformation project
Reunification Transformation Project	Revised savings projections from this transformation project that aims to reunite children and young people with their families, and therefore exit from residential placements	Clr Dine Romero / Mary Kearney-Knowles	495	495	495	A	0	Wide range of changes to service delivery through transformation project
Bath West Children's Centre Service	Provide service in a different way that will not affect front line services	Clr Dine Romero / Mary Kearney-Knowles	36	(36)		G	0	Minimal service delivery impacts. Proposed savings allows the service to provide the same level of service for children, young people and families
Vacancy / Turnover Factor	Implement a 2% vacancy factor savings across the organisation to account for in-year turnover	Clr Dine Romero / Various	330			G	0	None
Income - Early Years Trading Income	Since moving to an on-line traded offer the Early Years teams has seen a significant increase in traded training uptake.	Clr Dine Romero / Chris Wilford		20		G	0	None
Income - Events and Weddings Fees	To increase fees and charges for Weddings and Events	Clr Dine Romero / Chris Major	31			G	0	Increasing fees and charges by 5% could result in event organisers going to other areas outside of Bath and North East Somerset to seek cheaper sites. It may also have an impact on smaller community events, who operate on very tight margins
<b>Children and Young People, Communities and Culture Total</b>			<b>1,803</b>	<b>1,286</b>	<b>1,206</b>		<b>7</b>	
<b>Portfolio: Neighbourhood Services</b>								
Review of Parks Service	Rebasing budgets and restructuring	Clr Dave Wood / Chris Major	87			G	0.8	None
Review of Waste Service	Rebasing budgets and restructuring	Clr Dave Wood / Chris Major	112			G	2	None
Operational Efficiencies - Waste	Review plant equipment and operations	Clr Dave Wood / Chris Major	103			G	0	Less printed materials and more online transactions
Income - Sale of Recyclates	Increase sorting to increase tonnage available for resale	Clr Dave Wood / Chris Major	339			G	0	None
Income - Concessions and Land Hire	Increasing income with new sites for concessions	Clr Dave Wood / Chris Major	44			G	0	None
Drainage Service Redesign	Review resources required to deliver service through reduction in staffing overheads, securing service improvements through use of one-off funding	Clr Dave Wood / Chris Major	52			G	1	Redesign of service offer and realignment of resource to deliver drainage services, investigations and advice in a different way
Street Lighting columns	Capitalise street lighting column replacement with no reduction in service	Clr Dave Wood / Chris Major	156			A		
Area working	Efficiencies from a focus on area based working across the service	Clr Dave Wood / Chris Major	80			A	0	None
Temporary reduction in corporate supported borrowing revenue needs	The Waste Depot project capital financing is being re-profiled and there was an opportunity to use the revenue set aside for Corporate Supported Borrowing (CSB) for two years - 2020/21 and 2021/22. This adjustment reverses the previous one-off saving	Clr Dave Wood / Chris Major	(400)			G	0	None
Odd Down Sports Ground	Investment to enhance income generating activities	Clr Dave Wood / Rebecca Reynolds	45			A	0	None
Golf	Revised community provision at Entry Hill and Approach courses resulting in a reduction in subsidy	Clr Dave Wood / Rebecca Reynolds	10			A	0	None
Vacancy / Turnover Factor	Implement a 2% vacancy factor savings across the organisation to account for in-year turnover	Clr Dave Wood / Various	273			G	0	None
Income - Commercial Waste Fees and Charges	Increase commercial fees and charges	Clr Dave Wood / Chris Major	10			A	0	None
Income - Increase Wedding Ceremonies	Increase in number of wedding ceremonies - new room available for bookings and improved sales through links to Heritage and Parks	Clr Dave Wood / Cherry Bennett	54			G	0	None
Income - Memorial Sales	Increase income through sales of memorials and increase variety of offer	Clr Dave Wood / Chris Major	15			A	0	None
Income - Cremations	Review of cremation charges	Clr Dave Wood / Chris Major	29			A	0	None
Income - Garden Waste Fees	Rebase income budget and increased garden waste fees	Clr Dave Wood / Chris Major	268			G	0	None
<b>Neighbourhood Services Total</b>			<b>1,277</b>	<b>0</b>	<b>0</b>		<b>3.8</b>	

Annex 2(i) - 2022/23 Budget Savings and Income Generation Proposals

2022/23 - 2024/25 Budget Savings and Income Generation Proposals								
Savings Title	How to be achieved	Portfolio Holder / Director	22/23 Saving £000	23/24 Saving £000	24/25 Saving £000	Risk to delivery of saving (RAG)	FTE Reduction	Impacts to service delivery
<b>Portfolio: Transport Services</b>								
Road Safety capital recharge	Increased capital recharge for appropriate costs	Clr Manda Rigby / Chris Major	20			G	0	None
Street works Service redesign	Review staffing requirement to deliver service	Clr Manda Rigby / Chris Major	51			A	0	Vacant post deletion and therefore no impact on current service delivery
Parking Service Redesign	Civil Enforcement Officers (CEOs)	Clr Manda Rigby / Chris Major	61			G	0	Vacant post deletion and therefore no impact on current service delivery
Parking Service Redesign	Service Performance	Clr Manda Rigby / Chris Major	44			G	1	None
CCTV	To undertake a service redesign and restructure to ensure the service can respond, react and be more flexible in responding to emergencies, incidents and planned events. Also review camera maintenance budget	Clr Manda Rigby / Chris Major	14			A	1	None
Traffic Management	Reduce CCTV camera maintenance	Clr Manda Rigby / Chris Major	3			G	0	None
Traffic Management	Increased capital recharge for appropriate costs	Clr Manda Rigby / Chris Major	27			G	0	None
Vacancy / Turnover Factor	Implement a 2% vacancy factor savings across the organisation to account for in-year turnover	Clr Manda Rigby / Various	95			G	0	None
Income - Street works	Increase Section 74 income	Clr Manda Rigby / Chris Major	10			G	0	None
Income - Traffic Management	Increase Traffic Regulation Order (TRO) income	Clr Manda Rigby / Chris Major	39			G	0	None
Income - Parking Charges Review	Increase parking charges	Clr Manda Rigby / Chris Major	606			G	0	None
Income - Permit Review	Increase cost of permits for reserve space parking in residential car parks	Clr Manda Rigby / Chris Major	15	15		G	0	Increased coverage of parking restrictions outside of core hours, small increase in number of locations
Income - Parking Charges Review	Introduce hourly based charging in Midsomer Norton and Radstock	Clr Manda Rigby / Chris Major	20	55		G	0	subject to charges where free time limited parking is abused
Income - Parking Charges Review	Evening Civil Enforcement Officer (CEO) patrols in Bath City Centre	Clr Manda Rigby / Chris Major	9			G	0	None
Income - Parking Charges Review	Introduce Pay and Display (cashless) parking in locations where free limited waiting exists and is abused	Clr Manda Rigby / Chris Major	10			G	0	None
<b>Transport Services Total</b>			<b>1,024</b>	<b>70</b>	<b>0</b>		<b>2</b>	
<b>Portfolio: Planning</b>								
Building Control and Public Protection	Service efficiencies for Public Protection	Clr Tim Ball / Chris Major	35			A	0	None
Building Control and Public Protection Staffing Budget	Delete vacant Business Support and Information officer post	Clr Tim Ball / Chris Major	10			G	0.41	None
Springs Maintenance Budget	Reduce Springs maintenance budget	Clr Tim Ball / Chris Major	17			A	0	None
Purchase and Publications Budget	Additional low level budget line reductions across Building Control and Public Protection teams such as in equipment purchases and publications	Clr Tim Ball / Chris Major	7			G	0	None
WECA funding	One-off funding in 2021/22 from WECA to cover costs associated with officer time working on projects that benefit the West of England Combined Authority area. Saving reversed for 2022/23	Clr Tim Ball / Sophie Broadfield	(35)			G	0	None
Planning Restructure	Mini restructure	Clr Tim Ball / Sophie Broadfield	9			G	0.25	Mini restructure and vacancy management with minimal service impact, providing demand does not increase and this will be closely monitored
Licensing	Delayed purchase of new canopies for Southgate Street traders in 2021/22 resulting in one-off saving. Saving reversed for 2022/23 budget	Clr Tim Ball / Chris Major	(7)			G	0	None
Pest Control / Urban Gulls	Gull Count was deferred in 2021/22, resulting in a one-saving. This is reversed in the 2022/23 budget	Clr Tim Ball / Chris Major	(4)			G	0	None
Building Control and Public Protection Staffing Budget	Post held vacant during 2021/22 resulting in a one-off saving. Saving reversed for 2022/23	Clr Tim Ball / Chris Major	(38)			G	0	None
Vacancy / Turnover Factor	Implement a 2% vacancy factor savings across the organisation to account for in-year turnover	Clr Tim Ball / Various	79			G	0	None
Income - Pest Control	Review of Pest Control fees and charges	Clr Tim Ball / Chris Major	21			A	0	None
Income - Spa Water	Income from additional spa water supply contract	Clr Tim Ball / Chris Major	20			A	0	None
Income - Building Regulations	Increase in Building Regulation charges by 3%	Clr Tim Ball / Chris Major	15			A	0	None
Income - Land Charges	Increase in Land Charges fees by 3%	Clr Tim Ball / Chris Major	10			A	0	None
<b>Planning Total</b>			<b>139</b>	<b>0</b>	<b>0</b>		<b>0.66</b>	
<b>OVERALL SAVINGS AND INCOME GENERATION PROPOSALS</b>			<b>11,870</b>	<b>2,319</b>	<b>231</b>		<b>18</b>	

This page is intentionally left blank



Annex 2(ii) - 2022/23 Budget Funding Requirements

2022/23 - 2024/25 Funding Proposals					
Funding Title	Description of Funding Requirement	Portfolio Holder / Director	22/23 Funding £000	23/24 Funding £000	24/25 Funding £000
<b>Portfolio: Economic Development and Resources</b>					
Finance Staffing Budget	Investment into staffing budget to meet additional demand and Council support requirements	CLr Richard Samuel / Andy Rothery	130		
External Audit Fee	External Audit Fee increase related to additional audit work required in relation to Value for Money (VFM) and revised auditing standards.	CLr Richard Samuel / Andy Rothery	45		
Apprenticeship Levy	To rebase levy in line with current pay costs.	CLr Richard Samuel / Andy Rothery	40		
Coroners and Mortuary	Increase in costs of Avon Coroner and Mortuary service.	CLr Richard Samuel / Andy Rothery	35		
Licences	Microsoft Licenses Renewal cost increase and new Liquid Logic licence requirements for Children's and Adults services.	CLr Richard Samuel / Andy Rothery	285	25	30
ICT Staffing Budget	Recurrent investment into the IT staffing budget is required to keep a suitable resource in place to manage IT system development and projects that will enable service redesign and improvement.	CLr Richard Samuel / Andy Rothery	300		
Legacy Savings	Recurrent pressure from undeliverable centralisation targets on performance and business intelligence functions.	CLr Richard Samuel / Andy Rothery	167		
Flu Vaccination	Flu Vouchers roll out across the Council.	CLr Richard Samuel / Cherry Bennett	15		
HR Staffing Budget	Additional resource required to create senior management capacity and deliver priority projects.	CLr Richard Samuel / Cherry Bennett	155		
Inclusive Communities Succession Planning	Create an apprentice/entry level post to ensure succession planning in is place across the service, including across the equalities team.	CLr Richard Samuel / Cherry Bennett	25		
Mailroom	Digitalisation of Mailroom services, this will enable scanning and emailing of all mail.	CLr Richard Samuel / Chris Major	123		
Corporate Accommodation Income Target	To rebase the Corporate Estate income budget in line with planned use of estate.	CLr Richard Samuel / Chris Major	300		
Corporate Estate Staffing Budget	To ensure the Corporate Estate 'Delivery Maintenance Team' is adequately resourced to support both capital projects and revenue repairs, maintenance and compliance activities across the organisation.	CLr Richard Samuel / Chris Major	661		
Director of Regeneration	Budget rebase to recognise full revenue cost of post.	CLr Richard Samuel / Sophie Broadfield	35		
Heritage Income	Budget alignment to business plan.	CLr Richard Samuel / Sophie Broadfield	(95)	(2,008)	(3,204)
Pay Inflation	Salary inflation estimated at 2% and allowing for annual staff pay increments and member allowances	CLr Richard Samuel / Various	743	387	390
Contractual Inflation	Annual increases in contract costs within the portfolio	CLr Richard Samuel / Various	193	195	197
Corporate Pay Inflation Contingency	Corporately held contingency budget for 2022/23 pay award	CLr Richard Samuel / Andy Rothery	1,000		
Pensions	Rebasing Pensions Deficit recovery and allowance for future Pensions Contributions from next revaluation	CLr Richard Samuel / Andy Rothery	(528)	600	600
Corporate Contracts Inflation Contingency	Corporately held contingency for inflationary increases in contracts including energy	CLr Richard Samuel / Andy Rothery	1,670	(1,670)	
Corporate Social Care Contingency	Corporately held contingency for Adult & Children's Social Care demand and inflation pressures	CLr Richard Samuel / Andy Rothery	2,000		
Capital Financing	Revenue Funding to support borrowing costs of new and emerging capital schemes	CLr Richard Samuel / Andy Rothery	1,600	1,622	1,640
Corporate Budget Adjustments	Corporate Base Budget Adjustments including New Homes Bonus & Covid support grants	CLr Richard Samuel / Andy Rothery	4,743	614	
Business Change Hub	Creation of a Business Change Hub to programme manage and deliver organisational improvement projects	CLr Richard Samuel / Amanda George		330	
<b>Economic Development and Resources Total</b>			<b>13,642</b>	<b>95</b>	<b>(347)</b>
<b>Portfolio: Climate and Sustainable Travel</b>					
Investment in Climate and Ecological Emergency Staffing	To fund Head of Service and team resourcing requirements to lead the delivery of Council Climate objectives.	CLr Sarah Warren / Sophie Broadfield	91		
Pay Inflation	Salary inflation estimated at 2% and allowing for annual staff pay increments	CLr Sarah Warren / Various	25	20	20
Contractual Inflation	Annual increases in contract costs within the portfolio	CLr Sarah Warren / Chris Major	1	1	1
<b>Climate and Sustainable Travel Total</b>			<b>117</b>	<b>21</b>	<b>21</b>
<b>Portfolio: Adults and Council House Building</b>					
ASC Care Reforms	Market Sustainability and Fair Costs of Care Grant Funded Costs	CLr Alison Born and CLr Tom Davies / Suzanne Westhead	493		
Pay Inflation	Salary inflation estimated at 2% and allowing for annual staff pay increments	CLr Alison Born and CLr Tom Davies / Various	467	385	385
Contractual Inflation	Annual increases in contract costs within the portfolio	CLr Alison Born and CLr Tom Davies / Various	1,380	1,266	1,291
Demography	Growth in numbers of service users	CLr Alison Born and CLr Tom Davies / Suzanne Westhead	734	999	999
Grant Funding	Market Sustainability and Fair Costs of Care Grant & Improved Better Care Fund Grant increase	CLr Alison Born and CLr Tom Davies / Suzanne Westhead	(637)		
<b>Adults and Council House Building Total</b>			<b>2,437</b>	<b>2,650</b>	<b>2,675</b>

Annex 2(ii) - 2022/23 Budget Funding Requirements

2022/23 - 2024/25 Funding Proposals					
Funding Title	Description of Funding Requirement	Portfolio Holder / Director	22/23 Funding £000	23/24 Funding £000	24/25 Funding £000
<b>Portfolio: Children and Young People, Communities and Culture</b>					
Customer Services and Libraries	To rebase the CSLI (Customer Services and Libraries) budget, which includes the libraries income budget.	CLr Dine Romero / Amanda George	125		
Childcare Voucher Scheme	Income from Childcare Voucher Scheme no longer achievable as scheme is ending.	CLr Dine Romero / Chris Wilford	72		
EYES Data	Ongoing service supported borrowing cost from installations of the new EYES data.	CLr Dine Romero / Chris Wilford	60		
Educational Psychology	Additional staffing resource required to meet increased sustained demand across the service.	CLr Dine Romero / Chris Wilford	200		
Bus Regulations	The introduction of Public Service Vehicle Accessibility Regulations (PSVAR) regulations for Buses mean fare charges need to cease from September 2022.	CLr Dine Romero / Chris Wilford	65		
Children's Staffing Budget	Funding for the establishment of Assistant Director of Children's Services.	CLr Dine Romero / Mary Kearney-Knowles	130		
Education Transformation	Home To School Transport, increased contract costs	CLr Dine Romero / Chris Wilford	800		
Foster Care Transformation Project	Ongoing resources to deliver the transformation savings.	CLr Dine Romero / Mary Kearney-Knowles	214	22	26
Reunification Transformation Project	Ongoing resources to deliver the transformation savings.	CLr Dine Romero / Mary Kearney-Knowles	101	10	11
Pay Inflation	Salary inflation estimated at 2% and allowing for annual staff pay increments	CLr Dine Romero / Various	666	363	328
Contractual Inflation	Annual increases in contract costs within the portfolio	CLr Dine Romero / Various	260	304	337
Demography	Growth in numbers of service users	CLr Dine Romero / Mary Kearney-Knowles	708	711	713
Grant Funding	2022/23 Social Care Grant increase	CLr Dine Romero / Mary Kearney-Knowles	(1,726)		
<b>Children and Young People, Communities and Culture Total</b>			<b>1,675</b>	<b>1,410</b>	<b>1,415</b>
<b>Portfolio: Neighbourhood Services</b>					
Increased Recycling Demand	Service investment to meet increase in recycling tonnage.	CLr Dave Wood / Chris Major	350		
Market Supplement	Investment in staffing budgets to address driver shortages.	CLr Dave Wood / Chris Major	105		(105)
Increased Green Waste Demand	Investment to meet uptake in garden waste subscriptions.	CLr Dave Wood / Chris Major	161		
Registrars Staffing Budget	Additional salary budget required following increase in demand following legislation changes.	CLr Dave Wood / Cherry Bennett	65		
Pay Inflation	Salary inflation estimated at 2% and allowing for annual staff pay increments	CLr Dave Wood / Various	420	328	334
Contractual Inflation	Annual increases in contract costs within the portfolio	CLr Dave Wood / Various	443	256	261
<b>Neighbourhood Services Total</b>			<b>1,544</b>	<b>584</b>	<b>490</b>
<b>Portfolio: Transport Services</b>					
City Centre Security	Investment on City Centre Security annual operating costs.	CLr Manda Rigby / Chris Major	128		
Parking Income	Alignment of parking income budgets to current performance.	CLr Manda Rigby / Chris Major	(2,500)		
Emergency Response Equipment	One off Replacement of Equipment for Emergency Response in 2021/22. This reverses out the one-off funding.	CLr Manda Rigby / Chris Major	(10)		
Park and Ride Contract	Rebasing the budget to current contract terms.	CLr Manda Rigby / Chris Major	250		
Pay Inflation	Salary inflation estimated at 2% and allowing for annual staff pay increments	CLr Manda Rigby / Chris Major	159	128	130
Contractual Inflation	Annual increases in contract costs within the portfolio	CLr Manda Rigby / Chris Major	46	133	135
<b>Transport Services Total</b>			<b>(1,927)</b>	<b>261</b>	<b>265</b>
<b>Portfolio: Planning</b>					
Urban Gulls	To fund the Urban Gulls contract.	CLr Tim Ball / Chris Major	35		
Licensing	Rebased street trading licensing income.	CLr Tim Ball / Chris Major	147		
Casino	Rebased casino income with no replacement operator.	CLr Tim Ball / Chris Major	121		
Legacy Planning Savings	Additional salary budget to meet demand resulting from substantially increased case numbers.	CLr Tim Ball / Sophie Broadfield	95		
Pay Inflation	Salary inflation estimated at 2% and allowing for annual staff pay increments	CLr Tim Ball / Various	119	93	95
Contractual Inflation	Annual increases in contract costs within the portfolio	CLr Tim Ball / Sophie Broadfield	2	2	2
<b>Planning Total</b>			<b>519</b>	<b>95</b>	<b>97</b>
<b>OVERALL FUNDING PROPOSALS</b>			<b>18,008</b>	<b>5,116</b>	<b>4,616</b>

## **ANNEX 3**

### **Equality impacts of 2022 to 2023 Savings and Funding 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. Wider context – local and national challenges and opportunities.**

There have been a number of opportunities and challenges in respect of equality, diversity and inclusion locally and nationally over the past two years. As well as the introduction of a Corporate Equality, Diversity and Inclusion Steering Group and the continuation of the Independent Equality Advisory Group, the council is currently reviewing whether an internal Equality Team expansion is needed to meet these additional requirements.

In July 2020, Council agreed to establish a Race Panel, following the murder of George Floyd in the USA, as public outrage was felt across the world about racial discrimination and the Black Lives Matter movement was formed. The collective aim of the Panel is to build a fairer community and to champion those living, working, and residing in B&NES who experience marginalisation, inequality and under-representation due to their ethnic background. The Panel members have strong links into our communities and part of the Panel's role has been promoting work, walks and talks across the area on slavery about race by collaborating with local organisations and communities.

The safety of women and girls has been brought into focus by the recent tragic murders of women including Sarah Everard and Sabina Nessa. In July 2021 Council agreed a motion relating to the rights of people (particularly women and girls) to be safe from violence and harassment on our streets, which included a commitment to a number of measures to help address this.

The council has faced challenges in how to maintain disabled access whilst at the same time trying to ensure people and public places are protected from the threat of terrorism. In 2021, the council undertook targeted consultation with disabled people about the City Centre Security Proposals (including commissioning an Access Study by an independent consultant). The findings of the consultation were considered carefully and led to a revision of the original proposals (by allowing Blue Badge Holders to access the restricted zone).

The council will continue to carry out equality impact assessments and public engagement to shape this and other proposals in the future.

### **3. Budget proposals - 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, Chief Executive and Chief Finance Officer (S151). 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 this meeting.

### **4. Policy Development and Scrutiny Panels - equality scrutiny process**

A briefing has been developed for PDS panel members to enable them to scrutinise the proposals from an equality perspective (*see Appendix 1*).

### **5. Savings proposals for 2022-23**

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.

### **6. Detailed equality analysis relating to delivery of services**

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 the council's Human Resources policies and procedures ensure that there is full consideration of staffing matters, the focus here is upon service delivery and service users.

The screening process has highlighted several 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.

### **6.1 Portfolio: Economic Development and Resources**

There are a total of 15 budget proposals within this portfolio. No adverse equality impacts have been identified within the proposals.

**Recommendation:** As proposals are implemented, monitoring for impacts should be carried out and proportionate equality analysis undertaken where potential issues are highlighted.

### **6.2 Portfolio: Climate and sustainable travel**

There are two proposals within this portfolio that relate to how we organise and finance posts within the council. There are no adverse equality impacts identified in relation to these proposals.

### **6.3 Adult and Council House Building**

There are six proposals within this portfolio.

- The most significant proposal in respect of equality impacts relates to '**Community – review of care package delivery**' which plans to review existing packages to identify efficiencies. Older people, in particular women who have a longer life expectancy and disabled people (not living in residential care homes) are likely to be affected by this proposal. The Equality Impact Assessment states 'some service users have been used to over prescribed or under prescribed packages of care and may not want to see changes to their package. The social worker will advise the service family/carer of the rationale for the changes and ensure that the package in place is care act compliant meeting the needs of the individual. Training will continue with staff regarding the importance of strength-based approach so the individual can achieve their full potential'.
- In respect of '**Physical disability and sensory impairment purchasing activity**' – no impacts have been identified as this saving utilises an underspend.
- In respect of the other proposals, **Rebase budget spend on resources, Transformation projects, Efficiency outputs, Community contract management framework** and **Grant funding of adult social care**, no equality impacts have been identified at this stage.

**Recommendation:** As these proposals are implemented, impacts will need to be monitored to check that people are treated fairly and equally to ensure that these budget reductions do not have a disproportionate impact upon particular equality groups.

The ongoing effects of the 'Community – review of care package delivery' proposal need to be monitored closely on an individual basis as well as by protected characteristic in order to be able to identify any early trends.

#### 6.4 Portfolio: Children and Young People, Communities and Culture

There are 12 budget proposals within this portfolio. Those with equality impacts are set out below.

- The **Review of the delivery of Library and Information Services** could lead to operational changes in how the library and information service is delivered. This could increase opportunities for access for all current and potential service users although it could result in less support for those with additional needs although there will be information points and digital access to services to help mitigate this. In addition, there will be a review of the mobile library service, which may lead to changes in provision and routes. This could have an impact on older people's social interaction although there may be ways that the mobile library service can be used to enhance outreach provision and support local communities, reaching a wider range of residents. In addition, the Home Library Service, which provides vital help and support to older and disabled people, is being invested in which will enhance the mobile library offer. We are also investigating options to move some information services into Bath Central Library to offer residents and visitors an enhanced service provision in our most popular Council location in central Bath.

**Recommendation:** A full Equality Impact Assessment should be undertaken regarding any operational changes to library and information service. It is also recommended that a full Equality Impact Assessment is undertaken in respect of any changes to the mobile library service routes and provision.

- Our **Customer contact strategy** – will promote self-serving by the website for those who are able to use the technology, whilst retaining face to face mediated support for our most vulnerable residents.

**Recommendation:** It will be important to maintain non-digital customer access (e.g. face to face and by telephone) for those who cannot access digital options and may need additional support.

- **Foster care transformation project** – The purpose of the project is to increase the number of in-house foster carers – which would improve the lives and life chances of children and young people in care. There are currently not enough in-house foster carers in our area – the council relies on independent fostering agencies (IFAs), and

residential settings which are generally more expensive. In terms of positive equality impacts, the service is actively looking to increase the number of minority ethnic foster carers, in order to support the needs of the looked after population in B&NES, which tends to be more ethnically diverse than the general population.

- **Reunification transformation project** - This project has the potential for positive impacts upon the lives and life chances of children and young people in care. It delivers a managed approach to returning children home, for those children and their families who have been identified as being able to be reunified.
- **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 that are part of this proposal.

### 6.5 Portfolio: Neighbourhood Services

There are a total of 27 proposals, the majority of which do not have any equality impacts. The proposals that do have some impacts are listed below.

- **Street lighting – Capitalise street lighting column replacement with no reduction in service.** As this proposal is implemented, we will need to ensure that public safety concerns, particularly in respect of women and girls, are not compromised by changes to the maintenance of street lighting.

**Recommendation:** throughout the implementation, ensure that consideration is given to public safety concerns and detailed advice is sought from the Inclusive Communities and Equality Teams.

- Changes in charges to the public for various services (**cremation charges, garden waste collections and allotments**) will have a disproportionate impact upon those on lower incomes.

**Recommendation** As these charge increases are implemented, monitoring should take place in order to highlight other adverse impacts.

### 6.6 Portfolio: Transport Services

There are a total of 13 proposals under this portfolio. Those that have equality impacts are listed below.

- Increases in charges (in respect of **permits for reserved space in residential car parks, introduction of hourly based charging in Midsomer Norton and Radstock, and the introduction of parking charges in locations that are currently free**) have a disproportionate impact upon people with lower incomes. Those who rely on their car for their mobility (such as disabled people who are Blue

Badge Holders) do have the option to park for free on double yellow lines in accordance with the Blue Badge scheme. The equality impact assessment notes that further improvements have been identified and implemented throughout off street car parks to improve the sites for customers with range of impairments. These improvements include dropped kerbs and tactile paving; improved lighting and additional marked accessible / disabled bays.

**Recommendation** - As any consultations are carried out in relation to parking proposals, equality issues that are raised should be carefully considered as part of the decision-making process.

- **CCTV** – a review of the council's Security Surveillance Hub

**Recommendation** - As this proposal is implemented, we will need to ensure that public safety concerns are not compromised by any changes that are made, and that the new role of CCTV staff in assisting access for Blue Badge Holders into the City Centre Security zone is maintained. The Equalities Team will be part of the project team involved in the review.

## 6.7 Portfolio: Planning

There are 13 proposals within this portfolio. Those that have equality impacts are listed below.

Increases in fees (relating to **Pest Control, Building Regulations** and **Land Charges**) are not likely to have any disproportionate impacts upon people with protected characteristics, however they will have a disproportionate effect on those households with low income; monitoring of pest control uptake and therefore effectiveness should be noted during and after introduction.

**Recommendation:** the impacts of these fee increases should be monitored after their introduction.

## 7. 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, 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.

## **8. 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 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 an interpreting service 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.** Many of the budget proposals will be introduced during 2022-23; the individual and cumulative effects of proposals will come to light during and following their introduction. 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. Senior staff should continue to focus on analysing the effects of each proposal, including any knock-on effects on other internal or external services (including impacts creating further pressures on voluntary sector services). Regular reporting to Corporate Management Team and to the Corporate Equality, Diversity and Inclusion Steering Group will enable the council to identify and address any equality issues arising that have been caused by these budget proposals.

## **Appendix 1.**

### **Briefing note for Policy Development and Scrutiny 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:**

- 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 2021**

- 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 2021/22 Finance Settlement that the flexibility would extend to 2024/25 (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 budget savings plans for 2017/18 and future years:

A total of £7.9m was utilised between 2017/18 and 2020/21 mainly to fund redundancy and other one-off costs to realise on-going savings.

It is estimated that up to £0.5m will be utilised in 2021/22 in once-off costs to deliver savings. This will be reported as part of the outturn report in June/July 2022.

As the flexibility will continue beyond 2021/22 it is recommended that capital receipts will be utilised in 2022/23 to deliver the ongoing savings outlined in Annex 2(i). It is proposed that the remaining balance of £3.1m 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 2022/23 efficiency savings.

In summary the estimated overall level of receipts required has remained at the £11.5m reported in the 2021/22 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 £3.1m of receipts to be available for use in 2022/23. 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 2022/23.

#### 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	2020/21 Actual	2021/22 Forecast Outturn	2022/23	2023/24	2024/25
<b>Estimate of Capital Expenditure (£'000s)</b>					
Actual/estimates of capital expenditure	62,202	106,571	196,077	55,003	53,814
<b>Net Increase in Council Tax (band D per annum) Figures in £'s (not £'000's)</b>					
The implied estimate of incremental impact of the new capital investment decisions on the Council Tax			£7.87	£9.08	£8.55
Cumulative totals:			£7.87	£16.95	£25.50
<b>Capital Financing as % of Net Revenue Stream</b>					
Actual/estimates of the ratio of financing costs to net revenue stream			14.41%	17.62%	19.76%
<i>Memo: estimates of the ratio of financing cost to gross revenue stream</i>			5.03%	6.23%	6.95%
<b>Borrowing Limits (£m)</b>					
Operational boundary – borrowing			£435m	£455m	£478m

## Annex 4

Operational boundary – other long-term liabilities			£4m	£4m	£4m
<b>Operational boundary – total</b>			<b>£439m</b>	<b>£459m</b>	<b>£482m</b>
Authorised limit – borrowing			£464m	£483m	£506m
Authorised limit – other long-term liabilities			£4m	£4m	£4m
<b>Authorised limit – total</b>			<b>£468m</b>	<b>£487m</b>	<b>£510m</b>
<b>Capital Financing Requirement (£'000s) (as at 31 March)</b>					
Actual/estimate of capital financing requirement	326,909	348,784	464,211	483,488	506,343

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	Forecast Outturn 2021/22	Actual / Projected Spend Pre 2022/23	Rephasing	New Budget Request 2022/23	Total Budget 2022/2023	Total Budget 2023/2024	Total Budget 2024/2025	Total Budget 2025/2026	Total Budget 2026/2027	Total Cost 5 Years	Overall Project Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Full Approval</b>											
<b>Economic Development and Resources</b>											
Agresso System Development & Upgrade	17	85	58	0	58	0	0	0	0	58	143
Bath Christmas Market	8	8	19	0	19	0	0	0	0	19	27
Bath City Centre Renewal	660	865	0	0	239	248	207	136	0	830	1,695
Bath Quays North	2,106	9,779	0	0	8,415	14,528	13,273	1,457	0	37,673	47,452
Bath Quays South	4,516	30,470	0	0	427	0	0	0	0	427	30,897
BWR Phase 2	8,250	20,404	4,629	0	4,629	0	0	0	0	4,629	25,033
Capital Contingency	2,172	2,172	0	2,828	2,828	0	0	0	0	2,828	5,000
Commercial Estate Refurbishment Programme	954	954	1,200	0	1,727	0	0	0	0	1,727	2,681
Corporate Estate Planned Maintenance	2,866	2,866	890	0	4,508	0	0	0	0	4,508	7,374
Customer Payments Security and Channel Shift	18	187	17	0	17	0	0	0	0	17	204
Flax Bourton Mortuary Extension	0	0	0	206	206	0	0	0	0	206	206
Grand Parade & Undercroft	33	127	100	0	100	0	0	0	0	100	227
Flexible Use of Capital Receipts	500	8,434	3,066	0	3,066	0	0	0	0	3,066	11,500
Heritage Infrastructure Development	85	236	0	0	98	0	0	0	0	98	334
Innovation Quay - Strategic Flooding Solution	144	6,868	0	0	0	73	0	0	0	73	6,941
IT Asset Refresh	16	16	0	0	110	670	0	0	0	780	796
Keynsham High Street Renewal Programme	2,411	3,114	0	0	572	191	0	0	0	763	3,877
Midsomer Norton High Street Renewal Programme	599	699	0	0	382	97	0	0	0	479	1,178
Office Reconfiguration Costs	850	912	333	0	793	0	0	0	0	793	1,705
Property Company Investment	1,000	21,431	11,769	0	11,769	0	0	0	0	11,769	33,200
Property Disposals	250	434	397	0	397	0	0	0	0	397	831
Property Improvement - Orange Grove Structural Works	100	237	663	0	663	0	0	0	0	663	900
Radstock & Westfield Implementation Plan	0	114	3	0	3	0	0	0	0	3	117
Radstock Healthy Living Centre	1,195	1,334	300	0	300	0	0	0	0	300	1,634
Somer Valley Enterprise Zone - Infrastructure	908	1,281	144	0	144	0	0	0	0	144	1,425
Visitor & Till Management System	0	0	0	0	100	0	0	0	0	100	100
Voicemail Upgrade	8	50	0	0	0	0	0	0	0	0	50
Waterspace	0	422	29	0	79	79	0	0	0	159	581
<b>Subtotal Full Approval - Economic Development and Resources</b>	<b>29,666</b>	<b>113,499</b>	<b>23,619</b>	<b>3,034</b>	<b>41,652</b>	<b>15,886</b>	<b>13,480</b>	<b>1,593</b>	<b>0</b>	<b>72,612</b>	<b>186,110</b>

Capital Scheme	Forecast Outturn 2021/22	Actual / Projected Spend Pre 2022/23	Rephasing	New Budget Request 2022/23	Total Budget 2022/2023	Total Budget 2023/2024	Total Budget 2024/2025	Total Budget 2025/2026	Total Budget 2026/2027	Total Cost 5 Years	Overall Project Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Provisional Approval</b>											
<b>Economic Development and Resources</b>											
Bath Christmas Market	0	0	0	20	20	20	20	20	0	80	80
Bath City Centre Renewal Programme	0	0	0	0	145	0	0	0	0	145	145
Bath Quays - Weston Island	0	0	100	0	100	0	0	0	0	100	100
Bath Quays Delivery	0	0	9,127	0	9,127	0	0	0	0	9,127	9,127
Bath River Line	0	0	652	0	3,362	1,700	0	0	0	5,062	5,062
Borrowing Match Grant Programmes	0	0	300	0	300	0	0	0	0	300	300
Cattlemarket	0	0	150	0	150	0	0	0	0	150	150
CCTV Camera Replacement	0	0	0	250	250	300	0	0	0	550	550
Cleveland Pools Grant	0	0	0	0	250	0	0	0	0	250	250
Collections Study Centre	0	0	0	500	500	0	0	0	0	500	500
Commercial Estate Improvement and Regeneration Fund	0	0	29,062	0	29,362	0	0	0	0	29,362	29,362
Commercial Estate Refurbishment Programme	0	0	109	300	313	500	500	500	500	2,313	2,313
Corporate Estate Planned Maintenance	0	0	1,049	0	0	3,000	3,000	3,000	3,000	12,000	12,000
Digital B&NES	0	0	620	0	620	0	0	0	0	620	620
Heritage Infrastructure Development	0	0	0	0	252	350	350	350	350	1,652	1,652
IT Asset Refresh	0	0	377	0	877	500	500	500	500	2,877	2,877
IT Improvements at Children's Centres	0	0	30	0	30	0	0	0	0	30	30
Keynsham High Street Renewal Programme	0	0	50	0	100	50	0	0	0	150	150
Local Centres Renewal Programme	0	0	70	0	220	170	0	0	0	390	390
Midsomer Norton High Street Renewal Programme	0	0	0	0	250	25	0	0	0	275	275
Museums Acquisitions	0	0	5	0	5	0	0	0	0	5	5
Project Inception Fund	0	0	0	0	200	0	0	0	0	200	200
Property Disposals (Disposals Programme (Minor))	0	0	600	0	900	0	0	0	0	900	900
Property Improvement – Bath Library	0	0	211	0	211	0	0	0	0	211	211
Refurb of Roman Baths Shop	0	0	150	0	150	0	0	0	0	150	150
Revenues & Benefits System: end of life replacement	0	0	100	0	100	0	0	0	0	100	100
Somer Valley Enterprise Zone - Infrastructure	0	0	500	0	1,195	6,140	7,848	20	0	15,203	15,203
Waterspace	0	0	0	250	250	0	50	50	50	400	400
York Street & Swallow Street Public Realm	0	0	100	0	100	0	0	0	0	100	100
<b>Subtotal Provisional Approval - Economic Development and Resources</b>	<b>0</b>	<b>0</b>	<b>43,902</b>	<b>1,320</b>	<b>49,339</b>	<b>12,755</b>	<b>12,268</b>	<b>4,440</b>	<b>4,400</b>	<b>83,202</b>	<b>83,202</b>

Capital Scheme	Forecast Outturn 2021/22	Actual / Projected Spend Pre 2022/23	Rephasing	New Budget Request 2022/23	Total Budget 2022/2023	Total Budget 2023/2024	Total Budget 2024/2025	Total Budget 2025/2026	Total Budget 2026/2027	Total Cost 5 Years	Overall Project Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Full Approval</b>											
<b>Climate and Sustainable Travel</b>											
Liveable Neighbourhoods	340	346	1,006	0	1,006	0	0	0	0	1,006	1,352
<b>Subtotal Full Approval - Climate and Sustainable Travel</b>	<b>340</b>	<b>346</b>	<b>1,006</b>	<b>0</b>	<b>1,006</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,006</b>	<b>1,352</b>
<b>Provisional Approval</b>											
<b>Climate and Sustainable Travel</b>											
Air Quality Management Area and AQ Monitors	0	0	146	0	176	30	0	0	0	206	206
CAZ - Clean Air Zone	0	0	3,630	0	3,630	0	0	0	0	3,630	3,630
CIL - Strategic Transport Infrastructure	0	0	0	800	800	0	0	0	0	800	800
Dft Active Travel Tranche 2	0	0	561	0	561	0	0	0	0	561	561
Liveable Neighbourhoods	0	0	700	0	1,200	0	0	0	0	1,200	1,200
Renewable Energy Development Fund	0	0	416	0	916	500	0	0	0	1,416	1,416
Renewable energy in B&NES	0	0	70	0	320	0	0	0	0	320	320
<b>Subtotal Provisional Approval - Climate and Sustainable Travel</b>	<b>0</b>	<b>0</b>	<b>5,523</b>	<b>800</b>	<b>7,603</b>	<b>530</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,133</b>	<b>8,133</b>
<b>Full Approval</b>											
<b>Adults and Council House Building</b>											
Adult Social Care Database Replacement	62	1,493	60	0	60	0	0	0	0	60	1,553
Affordable Housing	580	580	300	0	300	0	0	0	0	300	880
Disabled Facilities Grant	1,800	1,800	546	0	1,988	1,442	1,442	1,442	1,442	7,756	9,556
Housing Delivery Vehicle	852	1,217	0	0	0	0	0	0	0	0	1,217
Social Rent Programme	413	413	0	11,741	11,741	0	0	0	0	11,741	12,154
<b>Subtotal Full Approval - Adults and Council House Building</b>	<b>3,707</b>	<b>5,503</b>	<b>906</b>	<b>11,741</b>	<b>14,089</b>	<b>1,442</b>	<b>1,442</b>	<b>1,442</b>	<b>1,442</b>	<b>19,857</b>	<b>25,360</b>
<b>Provisional Approval</b>											
<b>Adults and Council House Building</b>											
Affordable Housing	0	0	543	5,000	5,943	435	0	0	0	6,378	6,378
Carrswood Day Centre	0	0	0	750	750	0	0	0	0	750	750
<b>Subtotal Provisional Approval - Adults and Council House Building</b>	<b>0</b>	<b>0</b>	<b>3,197</b>	<b>5,750</b>	<b>6,692</b>	<b>435</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,127</b>	<b>7,127</b>

Capital Scheme	Forecast Outturn 2021/22	Actual / Projected Spend Pre 2022/23	Rephasing	New Budget Request 2022/23	Total Budget 2022/2023	Total Budget 2023/2024	Total Budget 2024/2025	Total Budget 2025/2026	Total Budget 2026/2027	Total Cost 5 Years	Overall Project Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Full Approval</b>											
<b>Children and Young People, Communities and Culture</b>											
Basic Needs - School Improvement / Expansion	4,567	4,567	706	150	856	0	0	0	0	856	5,423
Schools' Capital Maintenance Schemes	1,460	1,460	640	350	990	0	0	0	0	990	2,450
Schools Devolved Capital	21	21	0	40	40	0	0	0	0	40	61
<b>Subtotal Full Approval - Children and Young People, Communities and Culture</b>	<b>6,049</b>	<b>6,049</b>	<b>1,346</b>	<b>540</b>	<b>1,886</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,886</b>	<b>7,935</b>
<b>Provisional Approval</b>											
<b>Children and Young People, Communities and Culture</b>											
Basic Needs - School Improvement / Expansion	0	0	10,000	930	15,000	0	0	0	0	15,000	15,000
Libraries Open Access	0	0	0	220	220	0	0	0	0	220	220
Schools Capital Maintenance Schemes	0	0	0	460	460	0	0	0	0	460	460
CIL - Education	0	0	942	110	1,052	0	0	0	0	1,052	1,052
Special Education Needs & Disability (SEND) - Residential Provision at Bath College	0	0	0	4,000	4,000	0	0	0	0	4,000	4,000
Special Education Needs & Disability (SEND) Education Provision	0	0	358	727	1,085	0	0	0	0	1,085	1,085
<b>Subtotal Provisional Approval - Children and Young People, Communities and Culture</b>	<b>0</b>	<b>0</b>	<b>11,300</b>	<b>6,447</b>	<b>21,817</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,817</b>	<b>21,817</b>

Capital Scheme	Forecast Outturn 2021/22	Actual / Projected Spend Pre 2022/23	Rephasing	New Budget Request 2022/23	Total Budget 2022/2023	Total Budget 2023/2024	Total Budget 2024/2025	Total Budget 2025/2026	Total Budget 2026/2027	Total Cost 5 Years	Overall Project Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Full Approval</b>											
<b>Neighbourhood Services</b>											
Bathscape	65	115	126	0	236	130	0	0	0	366	481
Cleveland Bridge Refurb	3,053	3,758	500	0	500	0	0	0	0	500	4,258
Highways Maintenance Programme	5,631	5,631	210	7,834	8,044	0	0	0	0	8,044	13,676
Keynsham Memorial Park	50	50	188	0	188	0	0	0	0	188	238
Neighbourhood Services - Asset & Vehicle Replacement Programme	1,325	1,325	952	0	952	0	0	0	0	952	2,277
Parks S106 Projects	156	156	76	0	76	0	0	0	0	76	233
Pixash Site Redevelopment	4,029	4,029	5,600	0	24,025	10,244	800	0	0	35,069	39,098
Play Area Refurbishment / Equipment	128	128	107	0	107	0	0	0	0	107	235
Sydney Gardens	1,472	2,406	950	0	950	0	0	0	0	950	3,356
Tree Planting	96	96	48	0	48	0	0	0	0	48	144
Waste Service Redesign	0	8,393	235	0	235	0	0	0	0	235	8,628
Waste Welfare Facilities	0	125	58	0	58	0	0	0	0	58	183
<b>Subtotal Full Approval - Neighbourhood Services</b>	<b>16,005</b>	<b>26,212</b>	<b>9,049</b>	<b>7,834</b>	<b>35,418</b>	<b>10,374</b>	<b>800</b>	<b>0</b>	<b>0</b>	<b>46,592</b>	<b>72,804</b>
<b>Provisional Approval</b>											
<b>Neighbourhood Services</b>											
CIL - Green Infrastructure	0	0	110	225	335	0	0	0	0	335	335
CIL - Social (Inc Recreation & Leisure	0	0	0	280	280	0	0	0	0	280	280
Entry Hill Facilities	0	0	55	385	440	0	0	0	0	440	440
Green Vehicle Replacement	0	0	0	201	201	175	242	136	0	754	754
Haycombe Cremator	0	0	0	0	0	100	1,400	0	0	1,500	1,500
Highways Maintenance Block - Provisional	0	0	0	0	0	7,834	7,834	7,834	7,834	31,336	31,336
Keynsham Memorial Park Bridge	0	0	0	750	750	0	0	0	0	750	750
Neighbourhood Services - Asset & Vehicle Replacement Programme	0	0	0	561	1,548	1,054	4,029	1,122	1,292	9,045	9,045
Odd Down Sports Ground and Other Leisure Feasability	0	0	60	0	660	0	0	0	0	660	660
Parks Equipment Replacement Programme	0	0	56	0	101	21	21	21	21	184	184
Parks Foundations	0	0	303	0	411	110	114	0	0	635	635
Parks Improvement Fund	0	0	0	100	100	100	0	0	0	200	200
Parks S106 Projects	0	0	1,254	0	1,820	573	543	0	0	2,936	2,936
Play Area Refurbishment / Equipment	0	0	0	0	332	350	378	350	350	1,760	1,760
Canal Tow Path: Bathwick Hill to Deeplock, Widcombe	0	0	50	0	50	0	0	0	0	50	50
Waste Infrastructure Modernisation	0	0	0	2,000	2,000	2,100	10,100	0	0	14,200	14,200
<b>Subtotal Provisional Approval - Neighbourhood Services</b>	<b>0</b>	<b>0</b>	<b>1,923</b>	<b>4,502</b>	<b>9,028</b>	<b>12,417</b>	<b>24,661</b>	<b>9,463</b>	<b>9,497</b>	<b>65,065</b>	<b>65,065</b>

Capital Scheme	Forecast Outturn 2021/22	Actual / Projected Spend Pre 2022/23	Rephasing	New Budget Request 2022/23	Total Budget 2022/2023	Total Budget 2023/2024	Total Budget 2024/2025	Total Budget 2025/2026	Total Budget 2026/2027	Total Cost 5 Years	Overall Project Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Full Approval</b>											
<b>Transport Services</b>											
London Road Modification	0	149	51	0	51	0	0	0	0	51	200
Somerdale Bridge, Keynsham – Initial Options Study	3	64	6	0	6	0	0	0	0	6	70
Transport Improvement Programme	2,045	2,045	794	1,163	1,957	0	0	0	0	1,957	4,001
<b>Subtotal Full Approval - Transport Services</b>	<b>2,047</b>	<b>2,257</b>	<b>851</b>	<b>1,163</b>	<b>2,014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,014</b>	<b>4,271</b>
<b>Transport Services</b>											
ANPR Enforcement Camera Replacement	0	0	0	0	300	0	0	0	0	300	300
City Centre Security - Highways Scheme	0	0	2,100	0	2,100	0	0	0	0	2,100	2,100
Lansdown P&R Extension	0	0	240	0	240	0	0	0	0	240	240
Manvers St Car Park Security	0	0	20	0	20	0	0	0	0	20	20
P&R Security	0	0	60	0	110	0	0	0	0	110	110
Parking - Pay & Display Replacement Programme	0	0	170	230	400	0	0	0	0	400	400
Parking Body Worn Video Cameras for Civil Enforcement Officers	0	0	0	10	40	0	0	30	0	70	70
Parking Enforcement Hand Held Computer Terminal Replacement	0	0	0	0	50	0	0	50	0	100	100
Parking Radio System Replacement	0	0	0	0	45	0	0	50	0	95	95
Securing of Sports and Leisure Centre car park	0	0	30	0	30	0	0	0	0	30	30
Somerdale Bridge	0	0	600	0	2,200	0	0	0	0	2,200	2,200
Transport Improvement Programme	0	0	0	0	0	1,163	1,163	1,163	1,163	4,652	4,652
<b>Subtotal Provisional Approval - Transport Services</b>	<b>0</b>	<b>0</b>	<b>3,220</b>	<b>240</b>	<b>5,535</b>	<b>1,163</b>	<b>1,163</b>	<b>1,293</b>	<b>1,163</b>	<b>10,317</b>	<b>10,317</b>
<b>TOTAL CAPITAL SCHEME BUDGET</b>	<b>57,814</b>	<b>153,867</b>	<b>105,841</b>	<b>43,371</b>	<b>196,077</b>	<b>55,003</b>	<b>53,814</b>	<b>18,231</b>	<b>16,502</b>	<b>339,627</b>	<b>493,494</b>

## **NEW SCHEMES WITHIN THE CAPITAL PROGRAMME**

### **1. NEIGHBOURHOOD SERVICES**

- 1.1. **Highways Maintenance Programme for Full Approval** of £7.834m in 2022/23 is to be funded by £5.834m Grant and £2m Corporate Supported Borrowing (before slippage is considered).

**Provisional Approval** of £7.834m per annum for future financial years anticipated grant settlements and Corporate Supported Borrowing of £2m per annum.

Base funding comes from a Section 31 Capital Grant through the maintenance element of WECA's City Regional Sustainable Transport Settlement (CRSTS). This consolidates all previous Department for Transport (DfT) allocations including pot-hole funding. It is proposed to supplement this from Council borrowing.

An Asset Management Plan is being finalised which will enable the rebasing of the investment needed on the maintenance programme. Borrowing allocations of £2m per annum, in addition to WECA grant, provide for a programme spending closer to the 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.

The programme will consist 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 is attached at Annex 5 (ii), and has been produced following technical assessment and consultation with Cabinet Members for Transport. Any amendments to the programme will be approved by the Director of Place Management in consultation with the Cabinet Members for Transport.

- 1.2. **Pixash Site Re-development for Full Approval** of £8.4m for 2023/24 and £0.8m 2024/25 to be funded by £6.2m Corporate Supported Borrowing and £3m Grants.

An additional £9.2m for the Keynsham recycling hub at Pixash Lane, meaning a total of £39.1m will be invested in this state-of-the-art facility, helping to tackle the Climate & Ecological emergency.

The Cabinet made decision E3306 (July 2021) to proceed with the Keynsham Recycling Hub at Pixash Lane, to relocate and consolidate Council waste & recycling operations and modernise the existing public Recycling Centre. This has been followed by a period of detailed engagement with the construction market, a competitive tender process and comprehensive analysis and evaluation.

The budget now requires an uplift £9.2m to align with current market prices in response to national increases in labour and material costs as a result of Covid-19 and to deliver the proposed development in full. Of this, £3m in grant funding is secured, being £2.5m Homes England Grant and £0.5m Transport funding, which contains the borrowing requirement on the uplift.

The key reasons for the uplift are: -

- Covid–19 market conditions, a limited response from the construction supply chain which has impacted the procurement process.
- The need to retain measures tackling the Climate & Ecological Emergency as priority, and to retain integrity of the core operational and public-facing functionality.
- To ensure compliance with Planning Consent which addresses highway and related environmental measures.

**1.3. Waste Infrastructure Modernisation for Provisional Approval** of £2m for 2022/23, £2.1m 2023/24 and £10.1m 2024/25 to be funded by Corporate Supported Borrowing.

Waste and Recycling services are a major Council service area and some of the most fundamental statutory services provided to residents. It is also key to delivering the Council's Climate & Ecological Emergency plans by continuing to improve on existing high levels of recycling performance and feasibility work to recycle soft plastics. The Waste Infrastructure Modernisation Programme delivers long-overdue investment in the Council's life-expired operational and public waste infrastructure. Public recycling facilities will be retained at Midland Road until a new permanent replacement is operational. As part of Bath's recycling provision, the Council will develop plans for additional neighbourhood recycling sites at locations within the city.

**1.4. Keynsham Memorial Park Bridge for Provisional Approval** of £750k for 2022/23 to be funded by Corporate Supported Borrowing.

Following investigative surveys completed in the current maintenance programme, the poor condition of this structure has been identified as in need of substantive replacement.



**1.5. Council Fleet Vehicle Replacement for Provisional Approval** of £201k for 2022/23 and £2,803k for future years to be funded by Service Supported Borrowing.

**Council Fleet Green Vehicle Replacement for Provisional Approval** of £201k for 2022/23 and £553k for future years to be funded by Corporate Supported Borrowing.

In addition to programme re-alignment for vehicles approaching the end of their lives, there is a need to recognise that new replacements will be evaluated against Climate & Ecological Emergency objectives as well as reviewing the on-going business need.

**1.6. Parks Improvement Fund for Provisional Approval** of £100k for 2022/23 and £100k in 2023/24 to be funded by Corporate Supported Borrowing.

Proposals for the refurbishment of some buildings to be developed to enable re-use, including potential concessions.

**1.7. Haycombe Cremator Replacement for Provisional Approval** of £100k for 2023/24 and £1,400k in 2024/25 to be funded by Corporate Supported Borrowing.

Extensive maintenance was recently necessary, and it is clear from the downtime experienced that future asset replacement must be anticipated. Earmarking of this funding gives time for a full review and detailed planning for the replacement procurement, to include site visits to other facilities, a thorough assessment of new technologies and a robust understanding of future costs. New cremator technology may allow a move away from gas-fired burners to more sustainable alternatives, and the Council will evaluate the on-site potential from solar and wind power to seek to strive for more self-sufficiency.

**1.8. Play Area Refurbishment / Equipment for Provisional Approval** of £128k for 2024/25, £350k p.a. for 2025/26 and 2026/27 to be funded by Corporate Supported Borrowing.

Establishment of a future programme to bring spending closer to the long-term average for replacement.

**1.9. Entry Hill Leisure for Provisional Approval** of £385k for 2022/23 to be funded by Service Supported Borrowing.

Provision of headroom of Council borrowing for new income generating proposals arising from the emerging Business Case. This is likely to be supplemented by grants and other external contributions which are still to be confirmed.

## **2. ECONOMIC DEVELOPMENT & RESOURCES**

### **2.1. Programme Contingency for Full Approval** of £2.828m for 2022/23 funded by Corporate Supported Borrowing.

Along with the current provision in 2021/22, this will increase the total Capital Programme Contingency to £5m, considered necessary due to the higher construction inflation risk arising from current economic events.

### **2.2. Flax Bourton Mortuary Extension for Full Approval** of £206k for 2022/23 funded by revenue contribution.

A contribution (16.5%) towards the capital cost of the expansion of Avon Coroner's Flax Bourton Mortuary, a shared service with Bristol City Council, North Somerset Council and South Gloucestershire Council. Funding will be a revenue contribution to capital using the Contain Outbreak Management Fund (COMF) Grant received from the Department for Health and Social Care. The proposals will create 100 additional spaces, increasing capacity by 75%, and will ensure that the mortuary can provide a suitable and dignified resting place for all individuals under its care and will reduce pressure on partner agencies, including the NHS.

### **2.3. Corporate Estate Planned Maintenance Programme for Full Approval** of £3.618m for 2022/23 and Provisional Approval of £3m per annum thereafter funded by Corporate Supported Borrowing.

Capital planned maintenance works will be undertaken on the Council's Corporate Estate. A detailed plan of priority works is shown in Annex 5 (iv). Any amendments for 2022/2023 will be confirmed by the Director for Regeneration & Housing in consultation with the Deputy Leader Cabinet Member for Economic Development and Resources.

### **2.4. Closed Circuit Television (CCTV) Replacement for Provisional Approval** of £250k for 2022/23 and £300k for 2023/24 to be funded by Corporate Supported Borrowing.

Replacement cameras and supporting operating systems are proposed, along with addressing the need to develop options for future control room needs. This will meet the recently upgraded standard for procurement of security equipment.

### **2.5. Collections Study Centre for Provisional Approval** of £500k for 2022/23 to be funded by Corporate Supported Borrowing.

The Fashion Museum is due to leave the Assembly Rooms by April 2023. This project seeks to create a study centre to house the collection of circa 100,000 items, maintaining access for students and researchers, preparing items for loan to exhibitions elsewhere and to provide access to the collection in a new way to the local community and audiences that wouldn't traditionally visit a museum. A Business Case will be developed by progressing the design and will seek funding from external sources including the WECA Investment Fund.

**2.6. Commercial Estate Refurbishment for Provisional Approval** of £300k for 2022/23 then £500k p.a. in future years to be funded by Corporate Supported Borrowing.

To address the repair backlog and plan for energy efficiency improvements of our existing tenancies and secure future rental incomes. An application will also be made to the WECA Green Recovery Fund to support this programme.

**2.7. WaterSpace for Provisional Approval** of £250k for 2022/23 and £50k p.a. in 2024/25, 2025/26 and 2026/27 to be funded by Corporate Supported Borrowing.

To deliver new river moorings to be agreed in the River Mooring Strategy currently being prepared for Cabinet approval. Future years will provide the match funding to WECA grants to continue the project.

**2.8. Somer Valley Enterprise Zone for Provisional Approval** £2m in 2023/24, £2.9m 2024/25 and £20K 2026/27 to be funded by WECA Grant.

Alignment of funding to WECA grant allocations for Enterprise Zone Access and A362 Improvements.

**2.9. Christmas Market for Provisional Approval** of £20k for 2022/23 and in subsequent financial years to be funded by Revenue Contribution.

Works to maintain the condition of chalets, whilst reported as Capital Expenditure, will be funded directly from the expected revenues received. A reserve to fund future capital spend will also come from any annual profit generated.

**2.10. Heritage Infrastructure Development for Provisional Approval** of £350K per annum from 2023/24 onwards to be funded by Service Supported Borrowing.

A headroom borrowing provision to reflect forthcoming proposals in the Heritage Business Plan funded from additional incomes generated.

**2.11. Scheme Removal of previous Provisional Schemes:**

- **Lewis House** - £500k funded by Service Supported Borrowing. No income source now arising from the New Ways of Working Project.
- **Youth Centre Property Improvements** - £540k Corporate Supported Borrowing. Removes scheme originally envisaged for 2019/20 before the current management arrangements and there are no current plans for this. Condition surveys will take place in 2022/23 to inform the need for

future plans, likely to be pursued within the Corporate Property Maintenance Programme.

### **3. ADULTS AND COUNCIL HOUSE BUILDING**

- 3.1. Social Rent Programme for **Provisional Approval** of £11.741m for 2022/23 to be funded by £6.359m Service Supported Borrowing, £3.415m Grants and £1.967m Capital Receipts.

The administration set a manifesto commitment to deliver additional Council Housing. A programme to deliver around 50 units of Council-owned accommodation over the next 1-2 years, including supported housing and shared-ownership housing, is currently in progress. This allocation reflects Cabinet decision E3323 to extend this programme to deliver a further tranche of up to 58 social rented homes by utilising a further eight sites in existing Council ownership. Individual scheme business cases will be authorised through existing capital approvals and are subject to confirmation of grant awards.

- 3.2. Affordable Housing for **Provisional Approval** of £5m for 2022/23 to be funded by Service Supported Borrowing.

A headroom borrowing provision to allow future proposals to be developed utilising additional incomes generated by tenant rentals or savings from existing service provision. This will be supplemented by Capital Receipts arising from former Council House sales and the carry forward of previous Corporate Supported Borrowing allocations.

- 3.3. Carrswood Day Centre for **Provisional Approval** of £750k for 2022/23 to be funded by £375k Corporate Supported Borrowing and £375k Revenue Contribution.

A replacement roof is required due to problems with condensation and corrosion. This arises from a defect in construction and will reduce significant ongoing revenue maintenance costs.

#### **4. CHILDREN AND YOUNG PEOPLE, COMMUNITIES AND CULTURE**

- 4.1. **Basic Need Programme for Provisional Approval** including further grant allocation of £930K for 2022/23 making the total funding available of £15.0m future programmes.

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 2022/23 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.

A key scheme earmarked for delivery in 2022/23 is for the Alternative Provision (AP) at the former Culverhay / Bath Community Academy (BCA) school site. A feasibility study is underway to evaluate options.

**Feasibility Studies** of £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 and Young People, Communities and Culture.

- 4.2. **Schools' Capital Maintenance Programme**, total available for **Provisional Approval** of £460k to be funded by DfE grant. At the time of writing, the 2022/23 funding allocation announcement is yet to be made.

Emergency & Minor Works Allocation of £350k 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, Young People Communities and Culture.

4.3. **Devolved Schools' Capital of £40k for Full Approval** – an allocation of DfE capital to be allocated directly for spending by schools. At the time of writing, the 2022/23 funding allocation announcement is yet to be made.

4.4. **Special Educational Needs & Disability (SEND) Capital for Provisional Approval**, total available for Provisional Approval of £1,085k to be funded by DfE grant. At the time of writing, the 2022/23 funding allocation announcement is yet to be made.

To deliver additional SEND provision at a location or locations to be identified following further discussions with providers, including BCA as needed.

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, Young People Communities and Culture.

4.5. **SEND Residential Provision (post 16) at Bath College, Radstock for Provisional Approval** £4m funded by Service Supported Borrowing.

To provide person-centred local residential college provision to enable young people with learning disabilities and associated complexities to access independent living and education/employment opportunities. This will be jointly specified, measured and performance-managed by the Children's and Adult Commissioning Teams. The key objectives will be :-

- To enable young people to remain close to family and friends and reduce the need to move out of area.
- To provide a local alternative at post-16 for young people transitioning from special school or independent school provision.
- To improve Preparing for Adulthood outcomes by strengthening pathways of progression to Supported Internships/Apprenticeships. Opportunities for joint working will link to study programmes for supported living and employment options.
- Whilst the unit's educational focus is for a 5-day supported living term-time model, it will also provide a flexible approach as the unit will be available for respite at weekends and holidays, which will also benefit other social care clients.

4.6. **Libraries Open Access** of £220k for 2022/23 for **Provisional Approval** to be funded from Corporate Supported Borrowing.

Capital funds for system & building set-ups which will enable the proposals for the extended opening of Midsomer Norton and Keynsham Libraries. This

supports the vision for self-service, providing convenience and modernisation of the service.

## **5. TRANSPORT SERVICES**

### **5.1. Transport Improvement Programme for Full Approval of £1.163m in 2022/23 to be funded by grant. Future programme of £1.163m per annum for Provisional Approval.**

Base funding comes from a Section 31 Capital Grant through WECA, provided in the Maintenance element of the City Regional Sustainable Transport Settlement.

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

2022/23 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.

### **5.2. Pay and Display Replacement Programme for Provisional Approval of £230k for 2022/23 funded by Service Supporting Borrowing**

Amendment to current replacement programme to secure income collection for car parking and improved operational data.

## 6. 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 yet possible to identify an accurate provision for them within the proposed Capital Programme.

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 develop and the capital requirements are more fully understood, these schemes will come forward for Council decision.

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

### 6.1. City Region Sustainable Transport Schemes

WECA led the City Region Sustainable Transport Settlement bid to the DfT in August 2021. A settlement of £540m was made as part of the Autumn Spending Review in 2021. The final proposed allocation to schemes in the Bath and North East Somerset area is £129.39m for 2022-27, rising to £146.6m when local match-funding is included (required for capital enhancements at a rate of 20%) with future amendment to the programme subject to business case approval.

6.1.1. **Bristol / Bath Strategic Corridor** improvements along the A4 with the following shortlist approved at Cabinet on 16 December 2021: -

- Implementation of bus priority measures in the form of new/reallocated bus lanes, bus gates and bus priority at junctions.
- Implementation of new and enhanced segregated cycle facilities in accordance with LTN 1/20 both along the route and to neighbouring communities.
- Implementation of improvements (including link improvements and new/improved crossings) for pedestrians and cyclists to support access from communities and rail stations to the strategic bus corridor and strategic cycle route.
- New bus stops and modal interchange hubs along the route linking to local centres, cycle routes and heavy rail opportunities.
- Enhanced, accessible bus stops with improved public realm and active travel links supporting access to the stops. Selected bus stops may potentially become mobility hubs.
- Introduction of cycle hangers, car club spaces, electric charging points and Variable Message Signs (VMS).



- Enhanced green infrastructure along the corridor supporting biodiversity net gain.
- Consistent branding and marketing to improve passenger information.

6.1.2. **Somer Valley to Bristol and Bath Improvements** along the A37 and A367. To include public transport improvements and walking and cycling connections. A public consultation to identify priority areas for investment closed on 9 January 2022.

6.1.3. **Bath City Centre Improvements** to public transport, walking and cycling. This will support the successful delivery of the Council's Bath Quays and Milsom Quarter Improvement Plans, as well as improve bus prioritisation and therefore journey time.

6.1.4. **WECA Cycling and Walking Improvements** identified in local Cycling and Walking and Infrastructure Plan (LCWIP), separately identified in addition to improvements funded through the above proposals:

<i>Bath - Scholars Way connecting secondary schools across the south of the city and University links</i>	<i>Scheme being developed between the city centre, Bath University, Combe Down, Mulberry Park and Midford Road.</i>
<i>Bath - Lower Weston cycle/pedestrian routes between city centre and Oldfield School</i>	<i>Segregated cycleways, upgraded &amp; new controlled crossings, continuous footways, widened footways and reduced junction widths between London Street, George Street, Queens Square, Charlotte Street and section between Midland Road and Newbridge Hill</i>
<i>Bristol Bath Railway Path</i>	<i>The Bristol Bath Railway Path forms part of the National Cycle Route 4. It is the busiest traffic-free corridor in the country. Over recent years the high number of users has led to conflicts with sections of the route being less than 3 metres wide. Parallel routes will be delivered using part of the old railway path that has become available to improve safety for pedestrians (particularly disabled people and children). This will form part of a whole route upgrade including providing a more attractive connection to Bristol Temple Meads and Bristol City Centre.</i>
<i>Bath - Fielding's Bridge</i>	<i>Replacement of existing bridge or adjacent new bridge and improve cycle/pedestrian links in the vicinity.</i>
<i>Midsomer Norton - Silver Street/Fosseway walking route</i>	<i>Improvement to pedestrian routes between Midsomer Norton High Street, Norton Hill School and Fosseway via Charlton Road. This also includes a missing section of pedestrian/cycle off road route between the proposed Silver Street housing development and Charlton Road. These improvements will improve safety for pedestrians (particularly disabled people and children) moving around the area.</i>

- 6.1.5. Further Liveable Neighbourhoods investment, to be developed in line with the Council’s strategy. Cabinet approved the first 15 areas in June 2021 and initial consultation on those areas closed on 3 January 2022. Any future expansion of the Liveable Neighbourhoods Programme will be decided by Cabinet.
- 6.1.6. The Council intends to bid to the Maintenance Challenge Fund for a project to repair Manvers Street which has underlying vaults.
- 6.1.7. DfT have confirmed that there will continue to be separate funding available to be applied for Liveable Neighbourhoods and active travel and city regions.
- 6.1.8. The Local Contribution for B&NES based on the proposed schemes is £17.219m as detailed below:

<b>Funding Source</b>	<b>Local Contribution 2022/23 - 2026/27 (£ m)</b>
Clean Air Zone	2.500
Community Infrastructure Levy	2.500
S106 Receipts	0.954
Council Approved Borrowing	1.000
Capital Financing Reserve Contribution	3.000
Development Receipts	7.265
<b>Total</b>	<b>17.219</b>

In the event that specific Local Contribution elements are not realised in line with current projections, an alternative funding source will need to be identified within the Council’s Capital Budget and Resourcing Plan.

Following the approval of the CRSTS strategic outline case and scheme funding with the DfT, the Council will incorporate the schemes and funding being delivered by B&NES into the Capital Programme.

**6.2. Other West of England Combined Authority (WECA) Funded Schemes:-**

- 6.2.1. **Somer Valley Enterprise Zone (SVEZ):** Infrastructure to enable site development - public sector intervention is required to enable the development of the SVEZ, 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).

- 6.2.2. **Somer Valley Regeneration / Investment Plans:** Supporting further investment in 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 & Ecological Emergency through potential renewable energy investment and support increased community resilience and sustainable rural economy. To include housing development with an application for Housing Regeneration Enabling Funding (HREF) to be made.
- 6.2.3. **iSTART (Science, Technology, Arts, Research, Training):** A 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 has taken place in 2021/22. Implementation likely to be undertaken by Strategic Partners in the project.
- 6.2.4. **Manvers Street Masterplan:** (Includes Manvers Street Car Park and Post Office Sorting Office site). Currently funded from approved WECA Masterplan development revenue funds. These related projects will deliver policy objectives of creating new homes, public realm improvements and sustainable travel outcomes. This will be delivered along the CRSTS funded maintenance work.
- 6.2.5. **Green Infrastructure – Bath Riverline, Waterspace & Biodiversity Projects:** Establishing projects that support the Climate & Ecological Emergency and provide biodiversity and environmental net gain outcomes within B&NES. An application for WECA Green Infrastructure funding, within the Investment Fund, will be made.
- 6.2.6. **Milsom Quarter:** Building upon the Covid-19 recovery and Love High Street funding that has been addressing immediate-term 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 retrofit the project will develop the

Spatial, Heritage and Delivery Strategy to support future investment. A Strategic Outline Business Cases will submit viable options.

- 6.2.7. **Social Housing Energy Upgrades:** An Expression of Interest was sent to WECA for a pilot scheme to retrofit 25 rural social properties without gas to an efficient source of energy and reduced carbon footprint. In addition, there is potential for other funding sources.
- 6.2.8. **Vacant Unit Action Plan:** Additional funding expected for High Street Catalyst Projects as part of the Covid Recovery Plan. Circa £1m is expected in 2022/23 from WECA.

### **6.3. Other Scheme Updates**

- 6.3.1. **Fashion Museum:** The Bath Fashion Museum Collection is one of the world's top ten. Whilst the Collection Study Centre is the main priority to secure safe storage of the collection and enhanced educational use, the re-provision of a Fashion Museum is a potential cornerstone of the Milsom Quarter Masterplan. It will act as a cultural attractor to drive footfall and extend dwell time in Milsom Quarter, increasing vitality and underpinning investment. Progression requires business cases to be submitted to WECA and other grant awarding bodies.

<b>2022/23 Highways Maintenance Programme</b>	
<b>Description</b>	<b>Budget £'000</b>
<b>Street Lighting Programme</b>	
All Schemes (detailed below)	550
<b>Highway Street Lighting 22/23 Sub Total</b>	<b>550</b>
<b>Highway Structures Programme</b>	0
Highway Structures Inspection and Maintenance	70
Bridge Assessment Programme	80
Windsor Pipes Bridge Removal	300
River Chew Bridges Refurbishment Scheme	170
Highway Structures Highway parapet refurbishment - Vineyards Raised Footway Railings; Walcot Raised Footway Railings, Belverdere elevated footpath railings, Lansdown elevated footpath railings	130
<b>Highway Structures 22/23 Sub Total</b>	<b>750</b>
<b>Highway Drainage Programme</b>	0
East Harptree Recreation Ground Highway Drain Improvement, East Harptree	25
Coley Road Highway Drainage Improvement, East Harptree	80
A367 Peasedown St John Bypass Isolated Highway Drainage Repair, Peasedown St John	35
Lower Bristol Road Highway Drainage Improvement, Clutton	35
Station Road Highway Drainage Improvement, Clutton	28
Charlton Road, Keynsham Phase 1 Highway Drainage Improvements	50
Highway Drainage Extensive Investigation Works, Various Locations	50
<b>Highway Drainage 22/23 Sub Total</b>	<b>303</b>
<b>Carriageway Resurfacing &amp; Major Re-Construction</b>	0
Southlands - Weston, Bath	110
Banwell Road - Odd Down, Bath	94
The Avenue - Claverton, Bath	66
A368 Main Road - Chelwood	494
Braysdown Lane - Peasedown St John	110
Hampton Row - Bathwick, Bath	55
Upper Oldfield Park - Oldfield Park, Bath	156
Corston Lane - Corston	126
North Road - Combe Down, Bath	115
Morris Lane - Warleigh Drive, Whitefield Close & part of Meadow Park & Barnfield Way, Bath	216
Coronation Avenue - Southdown, Bath	174
A4 Bath Road - Saltford	250
Wedgewood Road - Twerton	68
Pennyquick Hill - Newton St Loe, Bath	140
Churchill Gyratory - Bath	385
A368 Bath Road - West Harptree (Part)	241
<b>Carriageway Resurfacing 22/23 Sub Total</b>	<b>2800</b>
<b>Carriageway Surface Dressing</b>	0
Claverton Down Road - Combe Down, Bath	90
Wellsway & Burnett Hill - Keynsham/Burnett	215
Peasedown St John Bypass (Roman Way) - Peasedown St John	165
A368 Bath Road - West Harptree (Part)	30
<b>Carriageway Surface Dressing 22/23 Sub Total</b>	<b>500</b>

<b>Carriageway Thin Surface Treatment</b>	0
Waterford Park - Westfield	231
Uplands - Saltford	208
Mells Close - Keynsham	31
Audley Park Road - Weston, Bath	86
Landseer Road - Twerton, Bath	29
<b>Carriageway Thin Surface Treatment 22/23 Sub Total</b>	<b>585</b>
<b>Footway Programme</b>	0
Paving Programme	200
Asphalt Concrete Programme	250
<b>Footway 22/23 Sub Total</b>	<b>450</b>
<b>Other Programmes</b>	0
Planned Patching Programme	1287
Planned Road Marking Improvement Programme	175
Spay Injection Patching Programme	159
Thermal Road Repair Procurement & Implementation	275
<b>Other 22/23 Sub Total</b>	<b>1896</b>
<b>PROGRAMME 22/23 OVERALL TOTAL</b>	<b>7834</b>

<b>Funding Sources</b>	
CRSTS Maintenance Block Settlement	5834
Additional Council CSB Capital Funding	2000
<b>PROGRAMME 22/23 OVERALL TOTAL</b>	<b>7834</b>

<b><u>Street Lighting Programme (Details)</u></b>	<b>Budget £'000</b>
Footpath Bathwick Street to Powlett Road, Bathwick	3
Powlett Road, Bathwick	7
The Avenue, Bathwick	15
Beechwood Road, Combe Down	14
Bradford Park, Combe Down	7
Footpath Hawthorn Grove, Combe Down	4
Hawthorn Grove, Combe Down	3
Kewstoke Road, Combe Down	8
Porlock Road, Combe Down	5
Queens Drive, Combe Down	12
Ashley Avenue, Kingsmead	5
Audley Close, Kingsmead	3
Avon Street, Kingsmead	3
Locksbrook Road, Kingsmead	13
Shaftesbury , Kingsmead	3
St Johns Road, Kingsmead	7
Tennyson Road, Kingsmead	5
Bennett's Road, Lambridge	4
Fuller Road, Lambridge	8
Jesse Hughes Court, Lambridge	4
Oriel Gardens, Lambridge	4
Woodlands Park, Lambridge	8
Charlecome View Road, Lambridge	4
Malvern Buildings, Lambridge	7
Ragland Lane, Lambridge	9
Richmond Heights, Lambridge	7
Lyme Gardens, Newbridge	3
Lyme Road, Newbridge	4
Rudmore Park, Newbridge	19
Beckhampton Road, Oldfield	9
Canterbury Road, Oldfield	7
First Avenue, Oldfield	5
Second Avenue, Oldfield	9
South Avenue, Oldfield	7
St Kildas Road, Oldfield	7
Third Avenue, Oldfield	9
Winchester Road, Oldfield	5
Shaftesbury Road, Oldfield	3
Triangle East, Westmoreland	4
Caledonian Road, Westmoreland	5
Denmark Road, Westmoreland	3
South View Road, Westmoreland	4
Napier Road, Weston	20
Falconer Road, Weston	4
Clarendon Road, Widcombe	4
Lyncombe Vale Road, Widcombe	12
Prior Park Road Cul-De-Sac, Widcombe	3
Widcombe Crescent, Widcombe	4
Avon Court, Batheaston	7
Barnfield Way, Batheaston	5
Warleigh Drive, Batheaston	3
Whitefield Close, Batheaston	1
Gournay Road, Farrington Gurney	7

Manor Close, Farrington Gurney	7
Pitway Close, Farrington Gurney	3
Claremont Gardens, High Littleton	3
Scobell Rise, High Littleton	7
The Homestead, Keynsham	7
Ashmead Road, Keynsham	16
Pixash Lane, Keynsham	5
Boundary Close, Midsomer Norton	4
Charlton Park, Midsomer Norton	66
Footpath Beaufort Avenue, Midsomer Norton	7
Footpaths Charlton Park, Midsomer Norton	3
Grange End, Midsomer Norton	5
The Timbers, Midsomer Norton	7
Barnaby Close, Welton	5
Beaufort Avenue, Welton	16
Long Barnaby, Welton	12
St Anthony's Close, Welton	1
St Charles Close, Welton	1
St Paul's Place, Welton	5
St Thomas Road, Welton	3
Somerset Folly, Timsbury	8
St Marys Close, Timsbury	7
The Ha Ha, Timsbury	1
The Witheys, Whitchurch	11
<b>Highway Street Lighting 22/23 Sub Total</b>	<b>550</b>



<b>2022/23 Transport Improvement Programme</b>	
<b>Description</b>	<b>Budget £'000</b>
<b>Local Safety Schemes</b>	
Anti-Skid Surfacing	20
AIP schemes for delivery	10
Accident investigation and prevention (AIP)	30
Route Review A368 delivery	50
Signal Improvements Gay St	200
Camden Road safety crossings and speed measures	50
Lansdown Road Pedestrian and Cycling safety review	20
West Harptree safety scheme	10
Bloomfield Road Pedestrian and Cycling safety review and delivery	90
Newbridge Hill / Upper Bristol Road junction and Kelston Road junction and speed review	30
Weston Lane safety study	20
<b>Local Safety Schemes Sub Total</b>	<b>530</b>
<b>Public Transport</b>	
Improvements to bus stops	40
<b>Public Transport Sub Total</b>	<b>40</b>
<b>Managing Congestion</b>	
Parking Schemes Traffic Regulation Orders (TROs)	70
Signage improvements City Centre	25
Evaluate Oldfield Parks, Westmorland Mooreland Ward Resident Parking Zone (RPZ)	20
<b>Managing Congestion Sub Total</b>	<b>115</b>
<b>Safer Routes to Schools</b>	
School zebra crossings Writhlington	60
School zebra crossings High Littleton	60
<b>Safer Routes to School Sub Total</b>	<b>120</b>
<b>Cycle Schemes</b>	
Cycle parking	20
<b>Cycle Schemes Sub Total</b>	<b>20</b>
<b>Pedestrian Schemes</b>	
Aids to mobility	50
Public Rights of Way	90
The Avenue Timsbury, footway support by traffic management measure	40
Improvement to walking route from Combe Down to City centre via Popes Walks	60
Feasibility study new footway Farrington to connect Ruett Lane to High Littleton	5
<b>Pedestrian Schemes Sub Total</b>	<b>245</b>
<b>Traffic Management Schemes</b>	
Widcombe Hill speed measures	100
Bath Weight limit/speed limit investigations/ Moving traffic	10
20 mph Chewton Keynsham	7
20mph Compton Dando	7
20mph Shoscombe	7
20mph Combe Hay	7
Chew Magna A37 to Winford Speed limit improvements	15
<b>Traffic Management Schemes Sub Total</b>	<b>153</b>
<b>Miscellaneous</b>	
Joint Local Transport Plan Monitoring Equipment, National Highways and Transport Survey	15
Programme Management	50
Legacy/Remedial works from previous years schemes	25
<b>Miscellaneous Sub Total</b>	<b>90</b>
<b>Over-Programming</b>	<b>-150</b>
<b>PROGRAMME 22/23 OVERALL TOTAL</b>	<b>1163</b>

<b>Funding Source</b>	
CRSTS Maintenance Block Settlement	1,163

This page is intentionally left blank

## 2022/23 CORPORATE CAPITAL PLANNED MAINTENANCE PROGRAMME

Service Area	Business Unit Name (Property)	Description	Budget £'000
Children's Centres	12 Charlotte Street	Replace 100kw boiler.	80
Care Homes	Various Properties - Capital repairs / upgrades	Rolling replacement programmes for material capital expenditure to be administered through the year. This will include but not be limited to general redecoration and the replacement of floor coverings .	58
Cemeteries & Closed Burial Grounds	Haycombe Crematorium	Rebrick cremators and upgrade brick lining to cater for paper coffins giving increased income source. Filter tower.	185
Cemeteries & Closed Burial Grounds	Haycombe Crematorium	Provision of DeNox unit to both cremators to future proof and meet environmental challenge to lower Nox emissions, which is likely to be become a legislation change in the next few years, together with appropriate software upgrade.	64
Cemeteries & Closed Burial Grounds	Haycombe Crematorium	Replacement Factivate bag filter and reagent hopper.	104
Cemeteries & Closed Burial Grounds	Various properties Closed Burial Grounds	Boundary walls and fence repairs. Capitals improvement and enhancements to be managed and prioritised throughout the year.  <b>Potential projects:-</b> <b>St. Mary's Bathwick</b> - wall collapse and Roman sarcophagus	58
Operational Properties	The Guildhall	Banqueting Hall floor replacement used for functions and weddings which will generate income.	232
Operational Properties	The Guildhall	Oak stair and 1st floor landing replacement/repair.	12
Operational Properties	The Guildhall	Entrance hall reception floor clean and repair.	11
Operational Properties	Victoria Art Gallery	Replace roof glazing.	232
Operational Properties	The Hollies M.S.N.	3x Boiler replacement.	116
Operational Properties	Bathwick Street	External and internal fabric repairs and maintenance.	70
Operational Properties	Brass Mill, The Shallows, Saltford	Stonework repairs.	81
Car Parks	Car Parks Generally	General allowance for remedial works to parking bays, boundaries, fencing etc. as arising throughout the year. Secures income generation.	29
Libraries	Bath Central Library	Repairs and associated decoration works.	64
Parks and Leisure	Royal Victoria Park	Restoring water supplies to ponds: sleeving pipes, relining cascades, installing water pumps.	46
Parks and Leisure	Royal Victoria Park	Further phased resurfacing works to circular access road.	87
Parks and Leisure	Royal Victoria Park Botanical Gardens	Various access improvements required at Botanic Gardens to facilitate weddings/events and maintenance activities.	29
Parks and Leisure	Parade Gardens - The Colonnades	Structural intervention to the Colonnades following structural assessment report.	174
Parks and Leisure	Parade Gardens	Nosing repairs to entrance steps to provide permanent repair to on-going tile slip failure.	29
Parks and Leisure	Parade Gardens	Reconfigure entrance at Parade Gardens to improve security and facilitate automated entry.	29
Parks and Leisure	Royal Victoria Park Offices and Nurseries	Fire alarm and general electrical upgrade works.	203
Parks and Leisure	Lansdown Playing Field South	Replacement water tank for changing rooms.	58
Parks and Leisure	Various Properties Allotments	Repair or replace failing allotment boundary fences and access tracks.	58
Parks and Leisure	Manor Road Keynsham (Community Woodland)	Redesign of walkway and footbridges to reduce escalating on-going maintenance costs of these timber elements in an essentially wet but heavily used environment.	29
Land	Broad Street Place	Relay uneven paving slabs.	35
Various Properties	Various Properties - BMS (Building Management System)	BMS repairs and upgrades allowance for works arising throughout the year.	87
Various Properties	Various Properties Historic features - capital repairs / upgrades	Repairs and maintenance to bandstands, urns, obelisks, statues and plaques, fountains, gates etc. <b>Potential Project:-</b> <b>Memorial Park Keynsham</b> - main gates	58
Various Properties	Various properties Energy and Carbon Reduction - capital works arising	Allowance for reports and feasibility works arising during the year.	29
Various Properties	Various Properties - capital repairs / upgrades - lightning conductor systems	Lightning Conductor Systems - repairs and upgrades.	58
Compliance	Various Properties - capital repairs / upgrades	Legionella risk assessments.	14
Compliance	Various Properties - capital repairs / upgrades	Radon inspections / monitoring.	29

## 2022/23 CORPORATE CAPITAL PLANNED MAINTENANCE PROGRAMME

Service Area	Business Unit Name (Property)	Decription	Budget £'000
Compliance	Various Properties - capital repairs / upgrades	UPS battery replacement and refurbishment.	29
Compliance	Various Properties - capital repairs / upgrades	Fire dampers inspections.	29
Compliance	Various Properties - capital repairs / upgrades	Ductwork inspections / monitoring.	29
Compliance	Various properties statutory compliance servicing - capital works & misc. arising	Remedial works arising.	203
Compliance	Various properties - other misc. programmes	Insurance inspections of lifts remedial items.	116
Compliance	Various properties - other misc. programmes	Underfloor heating manifold remedials.	29
Compliance	Various properties - provision for fire alarm upgrades	Fire Alarm phased replacement.	87
Compliance	Various properties - provision for Fire Risk Assessments	Fire Risk Assessments and remedials.	58
Compliance	Various properties - fire door inspection programme and remedials	Fire doors inspections and remedials.	58
Compliance	Various properties - provision for emergency lighting upgrades	Emergency lighting bring up to compliance level.	116
Compliance	Various properties - provision for 5 yearly electrical testing programme and remedials	Electrical wiring 5 yearly testing and remedials.	87
Compliance	Various properties - provision for public power supplies annual inspections	Public power supplies annual inspections remedials.	29
Compliance	Various properties - provision for tree surveys and resultant works	Tree surveys and subsequent works.	58
Compliance	Bridge survey programme	Bridge inspections 2 yearly General and 6 yearly Principle bridge inspections.	58
Other	Various Properties Quinquennial surveys	Quinquennial surveys buildings, non-highway bridges.	203
Other	Various Properties - Salto works	Allowance for Salto installations and remedials.	29
Other	Various Properties - CAT (contractual maintenance liabilities)	Provision for contractual maintenance liabilities subject to CAT (community asset transfer)	29
Other	Preliminaries on programme	These annual costs are for the Contractor to cover managing the framework, admin, vehicles, equipment etc. Part of framework agreements.	20
	Overprogramming		-197
	Contingency		100
			<b>3618</b>

## **COMMUNITY INFRASTRUCTURE LEVY (CIL) ALLOCATIONS 2022/23**

### **1. INTRODUCTION**

Strategic CIL income available for spending in the financial year 2022/23 is forecast to be around £2.6m.

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 receive around £520,000 of income for local spending through Parishes or the Bath Forum.

### **2. CIL SPENDING PRINCIPLES**

The Council's principles underpinning decisions on spending of CIL funds 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 support 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 the location of developments where CIL is generated;
- Strategic and Local CIL spend should be aligned where it is beneficial.

### **3. CIL SPENDING PRIORITIES FOR 2022/23**

Based on the CIL Spend Principles above, the infrastructure projects to be funded by CIL in 2022/23 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 & Ecological Emergency concerns has been given greater priority across all the categories, so it does not appear as a separate item.

Should further amendments for 2022/23 be required these will then be approved by the Chief Operating Officer in consultation with the Cabinet Member for Economic Development & Resources.

Table 1: CIL Spend projects 2022/23

Infrastructure Item	Allocation (£)	Commentary
<b>Flood Risk Management</b>	<b>500,000</b>	
Bath Quays Flood Defences	500,000	Council to repay WECA £0.5m p.a. for the next five years, in line with terms of Revolving Infrastructure Fund Agreement for Bath Quays Flood Defence Scheme.
<b>Education</b>	<b>110,000</b>	
Special Educational Needs and Disability Provision	110,000	Contribution towards Nurture Base at Somer Vale School, Midsomer Norton, along with previous allocation of £140k will provide match-funding to DfE grant.
<b>Green Infrastructure / Recreation</b>	<b>375,000</b>	
Bathscape area Green Infrastructure Improvements	25,000	Contribution to a larger project which entails improving access from the city to countryside and delivering nature recovery network.
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.
Somer Valley Area Green Infrastructure Improvements	25,000	To be used as match-funding.
Chew Valley Area Green Infrastructure Improvements	25,000	To help address sensitive ecological issues relating to Strategic Plan at sub-regional & B&NES levels, with due sensitivity to the Chew Valley Lake Special Conservation Area.

Bath River Line Green Infrastructure Programme Improvements	75,000	To deliver access and biodiversity improvements from East of Bath to City Centre.
Waterspace Green Infrastructure Programme Improvements	75,000	To deliver access and biodiversity improvements from Bath to Hanham.
Keynsham and Saltford Green Infrastructure Improvements	75,000	To deliver access and biodiversity improvements.
<b>Public Realm</b>	<b>225,000</b>	
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 Improvements	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 Improvements	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	50,000	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.
<b>Strategic Transport Infrastructure</b>	<b>800,000</b>	
Sustainable Transport Initiatives	800,000	To support the programme of sustainable transport initiatives including cycling & walking projects, resident parking, Liveable Neighbourhoods and Vehicle Access Restrictions. This will be set aside as 20% contribution towards the B&NES scheme funded by City Region Sustainable Transport Settlement, subject to business case approvals.
<b>Social (Inc Recreation &amp;</b>	<b>530,000</b>	

Leisure)		
Cleveland Pools	250,000	This undertaking to the Trust was made in the 2021/22 budget setting.
Libraries	80,000	IT request to support the purchase of hublets, loanable tablets for library users.
Entry Hill	100,000	Proposals still emerging, but likely to include a bike park with natural play park & café.
Odd Down Sports Ground	50,000	Natural play areas, walking & running trails.
Midsomer Norton Play Park	30,000	Funding for upgrading of the play park next to the Leisure Centre.
Saltford Tennis Clubhouse	20,000	Contribution to the new clubhouse project.
<b>TOTAL</b>	<b>2,540,000</b>	



## Bath and North East Somerset Capital and Investment Strategy 2022/23

### 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, and 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 2022/23 to 2026/27 is as follows:

	<b>2022/23 Budget</b>	<b>2023/24 Budget</b>	<b>2024/25 Budget</b>	<b>2025/26 Budget</b>	<b>2026/27 Budget</b>
	£'m	£'m	£'m	£'m	£'m
<b>Total</b>	<b>196.077</b>	<b>55.003</b>	<b>53.814</b>	<b>18.231</b>	<b>16.502</b>

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:-

- 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:-

<b>Source of Finance</b>	<b>2022/23 Budget</b>	<b>2023/24 Budget</b>	<b>2024/25 Budget</b>	<b>2025/26 Budget</b>	<b>2026/27 Budget</b>
	£'m	£'m	£'m	£'m	£'m
Grant	53.405	16.973	17.151	8.595	8.439
Capital Receipts /RTB	7.013	5.500	0.000	0.000	0.000
Revenue	0.632	0.000	0.000	0.000	0.000
Borrowing	126.224	31.713	36.663	9.636	8.063
3rd Party (inc S106 & CIL)	8.803	0.816	0.000	0.000	0.000
<b>Total</b>	<b>196.077</b>	<b>55.003</b>	<b>53.814</b>	<b>18.231</b>	<b>16.502</b>

## 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 2020/21 which was £326.9m which outlines the Council's underlying need to borrow compared to the current actual long-term borrowing of £220.8m as at 31<sup>st</sup> December 2021.

Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Chief Financial Officer 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*

<b>Loan Detail</b>	<b>Amount Outstanding at 31st March 2019</b>	<b>Amount Outstanding at 31st March 2020</b>	<b>Amount Outstanding at 31st March 2021</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Council's Housing Company	11.013	15.181	11.167
Council's Tourism Company	0.050	0.050	0.000
Bath & West Community Energy - Renewable Energy Scheme	0.115	0.108	0.101
<b>Total</b>	<b>11.178</b>	<b>15.339</b>	<b>11.269</b>

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 £4.5m in 2022/23 and £3m per annum in future years.
- Commercial Estate – investment & refurbishment programme £2.0m in 2022/23 and £0.5m per annum in future years.

The property portfolio is continually reviewed for disposal or where appropriate 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. Under changes published by the Treasury's Public Works and Loan Board (PWLB) in November 2020, borrowing will no longer 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 to support the repurposing and regeneration of our economy and to diversify and sustain pre-Covid commercial income levels through the asset we hold.

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. The retail sector and trends towards internet shopping is a factor but also the office sector with remote working practices firmly embedded in business culture. As with all investments, property as an investment medium, is not without risk: property values can fall as well as rise. Changing economic conditions could cause tenants to leave with properties remaining vacant which not only reduces revenue income but in itself incurs additional holding costs such as maintenance and business rates.

The Council currently has 264 properties held for investment purposes as shown in the table below. The revenue income supports Council frontline services including Adult and Children's Social Care Services.

Table 2: Property held for investment purposes in £ millions

Property Type	No of Properties as at 31/3/20	Value in Accounts as at 31/3/20	No of Properties as at 31/3/21	Value in Accounts as at 31/3/21
	No.	£'m	No.	£'m
Retail	199	224.104	187	182.369
Offices	17	29.930	13	27.808
Licenced	18	21.585	17	17.797
Industrial	20	15.990	18	16.722
Other	68	11.808	26	9.432
Leisure	3	7.345	3	6.787
<b>Total</b>	<b>325</b>	<b>310.762</b>	<b>264*</b>	<b>260.915*</b>

(\*) In 2020/21, 64 properties were transferred from Investment Properties to Other Land and Buildings, reflecting re-classification due to the primary purpose of holding these properties being for reasons other than for rental income or capital gain. The Statement of Accounts identified the value of these transfers as £1.895m. Other movements from 2020/21 include net losses from fair value adjustments of £48.332m, expenditure of £0.632m and disposal of £0.252m.

It should be noted that of the total net loss in capital value of £48.3m only £4.6m of that loss was attributable to the recent commercial acquisitions, with the remaining 90% falling within the historic estate.

A fair value assessment of the Authority's investment property portfolio is made every twelve months, this is reported in the year end accounts. An investment strategy and asset management plan is prepared that details at an operational level the Council's approach to holding and acquiring assets, however, by necessity such documents have to be reviewed on a frequent basis to take account of such government guidance, prevailing market conditions and other risks and uncertainty. This is particularly relevant in view of the impact of Covid-19 and variants.

For any organisation the underlying value of its assets can provide security against its borrowings. The Authority assesses the risk of loss when considering its property investments through appropriate due diligence and works closely with external commercial property advisors where appropriate.

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

New investment, which is influenced by Government guidance, will continue to 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*

	<b>2018/19 Actual</b>	<b>2019/20 Actual</b>	<b>2020/21 Actual</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Gross Council Expenditure	369.532	353.306	367.496
Gross Income from Investment Properties	18.957	19.580	11.165
Gross Income from Treasury Investments	0.329	0.607	0.332
<b>Proportion of Investment Income to Overall Expenditure</b>	<b>5.22%</b>	<b>5.71%</b>	<b>3.13%</b>

*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*

<b>Total Investment Exposure</b>	<b>31/3/19 Actual</b>	<b>31/3/20 Actual</b>	<b>31/3/21 Actual</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Treasury Management Investments	39.720	52.300	67.500
Service Investments Loans	11.178	15.339	11.269
<b>Commercial Investments - property</b>	<b>319.322</b>	<b>310.762</b>	<b>260.915</b>
<b>Total Investments</b>	<b>370.220</b>	<b>378.401</b>	<b>339.684</b>
Contractual Commitments to Lend	0	0	0
Guarantees Issued on Loans	0	0	0
<b>Total Exposure</b>	<b>370.220</b>	<b>378.401</b>	<b>339.684</b>

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*

<b>Investments Funded by Borrowing</b>	<b>2018/19 Actual</b>	<b>2019/20 Actual</b>	<b>2020/21 Actual</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Commercial Investments - Property	78.576	77.808	77.019

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	2019/20 Actual or Average Value/ Investment	2019/20 Actual Return	Rate of Return	2020/21 Actual or Average Value/ Investment	2020/21 Actual Return	Rate of Return
	£'m	£'m	%	£'m	£'m	%
Treasury Management Investments (weighted average balance)	59.473	0.607	1.02	81.671	0.332	0.41
Service Investments: Loans (weighted average balance)	14.108	0.622	4.41	13.526	0.509	3.76
Commercial Investments: Returns on Property Compared to Income	310.762	18.615	5.99	260.915	10.214	3.91

*Other investment indicators*

	2018/19 Actual	2019/20 Actual	2020/21 Actual
	%	%	%
<i>Debt Payments to net service expenditure</i>	6.06	7.21	7.43
Commercial Investments debt compared to asset value	24.61	25.04	29.52
Net commercial income compared to net Council expenditure	15.74	17.32	9.69

This page is intentionally left blank

### **Council MRP Policy – (2022/23 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.

## **Annex 8 - Bath and North East Somerset Council Pay and Reward Policy 2022/2023**

### **Introduction**

1. This document sets out the Pay and Reward Policy for Bath & North East Somerset Council (B&NES) for the period 1 April 2022 to 31 March 2023. 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 Business Change and Customer Services
  - Director of Place Management
6. The Council's deputies to statutory officers are defined as:
- Commercial and Governance Director
  - Head of Financial Management
  - Financial Control and Pensions Director
  - 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
Recruitment and retention payments for any post below Director level where it is not possible to recruit and retain categories of staff	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 1<sup>st</sup> 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, including the need to ensure no one is inappropriately enabled to achieve a more favourable position in respect of their tax liabilities ('tax avoidance') than might otherwise apply. The Council will therefore have proper regard to this principle in

applying the HMRC test for tax status under the Off Payroll Working provisions for any interim 'off-payroll' engagements.

## **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 [2020 Gender Pay Gap](#) report in 2021. 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 2.48%.

## **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 hour as at 1 April 2021<sup>1</sup>. 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 £155,000.
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 2022-2023 is as follows:

Multiple of salary	Ratio
<ul style="list-style-type: none"> <li>the multiple between the annual salary of the lowest paid Council employee and the Chief Executive (full-time equivalent basis) as a ratio</li> </ul>	1:9
<ul style="list-style-type: none"> <li>the multiple between the annual salary of the lowest paid Council employee and the average Chief Officer (full-time equivalent basis) as a ratio</li> </ul>	1:6

<sup>1</sup> Local government pay negotiations for 2021 are still on-going and the final pay award is unknown at the time of writing

<ul style="list-style-type: none"> <li>the multiple between median earning of Council employees and the Chief Executive (full-time equivalent basis) as a ratio</li> </ul>	1:6
<ul style="list-style-type: none"> <li>the multiple between median earning of Council employees and the average Chief Officer (full-time equivalent basis) as a ratio</li> </ul>	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.

### 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/](http://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](mailto: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 2022<sup>2</sup>:

### Chief Executive (Head of Paid Service)

The salary for the post is £155,000 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.

### Chief Finance Officer

The salary for the Chief Finance Officer is £112,500 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"><li>• Adult Social Care, Complex and Specialist Commissioning</li><li>• Children &amp; Education</li><li>• Place Management</li><li>• Sustainable Communities</li><li>• People &amp; Policy</li></ul>	5
Band 5 (JNC): £90,159 - £96,165	<ul style="list-style-type: none"><li>• Business Change &amp; Customer Services</li><li>• Education, Inclusion and Children’s Safeguarding</li><li>• Financial Control and Pensions</li><li>• Commercial and Governance</li><li>• Public Health</li><li>• Regeneration and Housing</li><li>• External Affairs (0.6 FTE)</li></ul>	7
Grade 14 (NJC): £80,108 - £86,266	<ul style="list-style-type: none"><li>• Head of Financial Management</li><li>• Head of Legal &amp; Democratic Services</li></ul>	2
Grade 13 (NJC): £55,067 - £60,416	<ul style="list-style-type: none"><li>• Legal Services Manager</li></ul>	1

<sup>2</sup> Local government pay negotiations for 2021 are still on-going and the final pay award is unknown at the time of writing

This page is intentionally left blank



## **1 INTRODUCTION**

This appendix sets out in some detail Members' individual responsibilities to set a legal budget and how Members should approach the task. It also reminds Members about the rules concerning pecuniary and other interests

## **2 LEGAL REQUIREMENTS**

Section 31A of the Local Government Finance Act 1992 requires budget calculations to be made before 11th March, but they are not invalid merely because they are made on or after 11th March. Nevertheless, delay in setting the Council Tax would have significant legal and financial consequences.

## **3. PROCESS FOR AGREEING THE BUDGET & CONSIDERING ALTERNATIVE BUDGET**

The Cabinet has the responsibility to prepare and propose a draft Budget to Council for its approval.

The Cabinet have formulated a budget proposal and Council Tax recommendation for the Council meeting on 15 February 2022. 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.

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 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.

Council may then determine the budget on the basis of the Cabinet's recommendations, plus any insignificant changes adopted as amendments at the Council meeting.

## ALTERNATIVE PROPOSALS

If alternative proposals to those contained in this report are moved at the budget setting meeting, the Chief Finance Officer will need to consider if the estimates or proposed financial reserves contained in this report are affected and whether a further report (which may be oral) is required under section 25 of the Local Government Act 2003.

If the Chief Finance Officer is unable to report on the estimates or the reserves because of the lateness of the alternative proposals, then he will **not** be able to comply with this statutory requirement.

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 to require reconsideration by the Cabinet.

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 24 February 2022.

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 above.

#### **4. FAILURE TO AGREE A BUDGET**

This renders the Council vulnerable to judicial review proceedings because legislation requires the Council to set the Council Tax.

It also renders Councillors individually liable for failure to fulfil fiduciary duties. The obligation to make a lawful budget each year is shared equally by each individual Member. In discharging that obligation, Members owe a fiduciary duty to the Council Taxpayer.

#### **5. FIDUCIARY DUTY**

The budget must not include expenditure on items which would fall outside the Council's powers. Expenditure on lawful items must be prudent, and any forecasts or assumptions such as rates of interest or inflation must themselves be rational.

Power to spend money must be exercised in good faith for the purpose for which they are conferred, and any ulterior motives risk a finding of illegality.

In determining the Council's overall budget requirement, Members are bound to have regard to the level of Council Tax necessary to sustain it. The interests of the Council Taxpayer must be balanced against those of the various service recipients.

Setting a budget is not the same as deciding what expenditure will in fact be incurred. To budget for expenditure is to estimate likely expenditure and/or make financial provision for such expenditure. In setting the budget, commitments are being entered which will have an impact on future years. Some commitments may change in future years, such as staff numbers which are capable of upward or downward adjustment at any time. Other commitments impose upon the Council future obligations which are binding and cannot be adjusted, such as loan charges to pay for capital schemes. For some specific proposals within the overall Budgetary framework, Cabinet decisions have already been made. For some other proposals, subject to relevant consultation where necessary, decisions by the Cabinet will need to be made, especially where the making of such a decision would result or would be likely to result in the permanent closure of a facility used

by the public or a permanent and significant reduction in the level of services or facilities provided to the public other than where such closure or reduction in service is considered necessary by the relevant strategic director for reasons of health and safety.

Only relevant and lawful factors may be considered, and irrelevant factors must be ignored.

A Member who votes in accordance with the decision of his or her political group but who does so after considering the relevant factors and professional advice will be acting within the law. Party loyalty and party policy are capable of being relevant considerations for the individual member provided they properly exercise discretion and do not blindly follow the party line without considering the relevant factors and professional advice.

## **6. CODE OF CONDUCT CONSIDERATIONS**

Finally, under the Bath & North East Somerset Council Member Code of Conduct, members are required when reaching decisions to have regard to relevant advice from the Chief Finance Officer and the Monitoring Officer (the Chief Legal Officer). If the Council should fail to set a budget at all or fail to set a lawful budget, contrary to the advice of these two officers there may be a breach of the Code by individual members if it can be demonstrated that they have not had proper regard to the advice given.

### **DISCLOSABLE PECUNIARY INTERESTS**

Members are reminded to consider whether they have a Disclosable Pecuniary Interest (DPI) or, Other Registerable Interest (ORI) or, Non-Registerable Interest (NRI) in the setting of the council's budget. If a member has a relevant interest they must disclose the interest at the meeting, subject to the provisions in the Code in respect of sensitive interests. If the interest is a Disclosable Pecuniary Interest as set out in the Bath & North East Somerset Council Members Code of Conduct) the member may not participate in the discussions or vote on the matter, although if the interest is an Other Registerable Interest (ORI) or Non

Registerable Interest (NRI), the member may remain for the purposes of making representations or asking questions as a member of the public could but must not vote or take part in the debate.

Members should seek early advice to avoid any confusion on the night of the meeting if they consider they have a relevant interest.

#### Dispensations

The Council's Monitoring Officer may, on written request from a Member, grant a dispensation to relieve the applicant from the restrictions on participation and voting.

Dispensation may be granted if: -

- Without the dispensation the number of persons prohibited from participating would be so great a proportion to impede the effectiveness of the meeting.
- The representation of different political groups would be affected and likely to alter the likely outcome of any voting at the meeting.
- Granting the dispensation is in the interests of persons living in the area.
- Every Member of the Council's Cabinet would be precluded from participating in the meeting; -
- It is appropriate to grant a dispensation.

A dispensation will mean that the Member to whom it is granted can speak and vote on a matter in which they have a relevant interest.

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

This page is intentionally left blank

## ANNEX 10: Budget 2022-23 Consultation Report

### 1. Background

This report sets out the process and outcomes of Bath & North East Somerset Council's consultation on its budget plans for 2022-23. This consultation comprised four elements:

- A series of online Area Forum meetings, held in November and December 2021, focusing on winter pressures. These identified the financial challenges and context for the council's budget setting. There was also a separate online meeting for the voluntary and community sector, hosted by 3SG.
- An open online Forum meeting, held on Zoom on December 14<sup>th</sup> 2021 and chaired by the council leader, on the council's spending plans
- An online consultation on the council's draft spending plans, which took place from December 15<sup>th</sup> 2021 to January 4<sup>th</sup> 2022
- An online consultation on the council's draft detailed budget proposals, which took place from January 10<sup>th</sup> 2022 to January 24<sup>th</sup>, 2022

Our thanks go to all those who participated in the consultation on our 2022/23 budget.

### 2. Forum Winter Pressures virtual meetings

An update was given at [these meetings](#) from local partners including the council and NHS on winter pressures, including Covid, the vaccine programme and financial and operational challenges and pressures. These meetings can be viewed on the council's YouTube channel.

More details are set out below

<b>Forum meeting</b>	<b>Meeting attendance (excludes officers and cabinet)</b>	<b>YouTube views (as at 18/1/22)</b>
Chew Valley- 23 <sup>rd</sup> November	<b>18</b>	<b>30</b>
Bathavon – 24 <sup>th</sup> November	<b>20</b>	<b>21</b>
Somer Valley- 25 <sup>th</sup> November	<b>11</b>	<b>18</b>
Keynsham Area- 30 <sup>th</sup> November	<b>18</b>	<b>30</b>
Bath – 1 <sup>st</sup> December	<b>21</b>	<b>43</b>
Third Sector- 2 <sup>nd</sup> December	<b>14</b>	<b>25</b>
<b>Total</b>	<b>102</b>	<b>167</b>
<b>Total attendances and views</b>	<b>269</b>	

### 3. Budget Engagement Forum

This was held as a [virtual online event](#) on Tuesday 14th December. The council's Chief Finance Officer Andy Rothery, Chief Executive Will Godfrey and Councillor Richard Samuel, Deputy Leader and cabinet member for Resources and Economic Development outlined the council's financial position, the financial pressures it faces and its proposals for spending its limited resources.

The online event was attended by 30 people and [a recording](#) was uploaded to the council's YouTube channel, where it has received 220 views.

The presentation given to the virtual forum meeting can be viewed [here](#).

### 4. Consultation on spending plans

The council then [asked for comments](#) on the spending plans as set out at the Forum in an online consultation which took place from December 15th 2021 to 4th January 2022. Responses were invited through an online form as well as through the [budget@bathnes.gov.uk](mailto:budget@bathnes.gov.uk) email address.

Nine responses were received to the consultation. These are set out below alongside the council's response to them.

CONSULTATION RESPONSES	COUNCIL RESPONSE
<i>Areas of BANES should be prioritised, such as Twerton, Whiteway and Southdown</i>	The council has worked with communities in Twerton, Oldfield Park, Southdown and Weston to produce a business case for investment in local high streets as part of the Bath Local Centres High Street Improvement Scheme. If successful in winning funding, this will promote the renewal and recovery of local high streets and will be implemented in 22/23.
<i>People are already facing large increases in household bills, raising council tax by too much will push more people into poverty, they are possibly those who donate qualify for any reductions. I think a lot of money can be wasted e.g., using expensive contractors who don't provide good service.</i>	Inflation is currently forecast at c5%, the Council needs to fund pay and contract inflation. Council tax increases are below these inflationary levels and savings are required to meet the real terms cost and activity increases.  The council has a good track record of delivering efficiency savings. The budget report includes a savings and income generation package of £11.87m in the draft budget.
<i>This appears to be the only question on the "consultation" so it feels like a paper exercise - who can complain about children and adult services and recycling?</i>	A consultation has taken place subsequently on the draft detailed budget proposals.  To promote transparency and accountability, the council introduced quarterly performance



<i>As residents we long for accountability and good use of resources.</i>	reporting to Cabinet in 2021/22, to align with financial reporting.
<i>I think there needs to be increased spending on community support for adults with mental health needs</i>	We are currently reviewing our mental health provision to ensure that we maximise our resource to support as many people as possible in the most appropriate way
<i>I support extra funding for childrens' and adult services but not for 'climate emergency' and neighbourhood services which have a very poor business case - spending extra on these areas would simply be a gross waste of scarce resources.</i>	<p>£708,000 of provision for additional demand from new placement and market pressures in Adult &amp; Children Social Care is contained in the Budget proposals.</p> <p>A climate emergency is a situation in which urgent action is required to reduce or halt climate change and avoid potentially irreversible environmental damage resulting from it. This threat needs to be tackled at local, national and global levels.</p> <p>Investment in climate and ecological emergency is subject to the same value for money tests as other council priorities. Without action, Bath and North East Somerset residents will suffer – for example from higher heating bills – and the council's resources will be wasted – for example in processing waste that could be more easily recycled.</p>
<i>Yes, invest in Children's Substance Misuse Services and Adult Substance Misuse Services</i>	New Government funding was made available to local authorities in 2021/22 for drug misuse services. The funding has supported additional drug & alcohol treatment capacity but the services remain under pressure. The council will apply for further Government funding in 2022/23.
<i>As a pedestrian I see rather a lot of litter, especially on the non-city centre pavements; indeed, some pavements are virtually never swept which is somewhat disheartening. I quite understand finances are limited, but high visibility sweeping teams would I believe cost little (possibly next to nothing if unpaid volunteers were recruited), would "raise a banner" which in time other local authorities might well choose to copy, to everyone's advantage,</i>	<p>The council will invest a further £950,000 in neighbourhood services in 2022/23. This will enable us to enhance delivery in both city and non-city centre areas. The link below is to the Cabinet paper outlining our investment proposals and our current activity</p> <p><a href="https://democracy.bathnes.gov.uk/documents/s67173/E3289%20Investment%20in%20Neighbourhood%20Services%20July%2020th%202021%20-%20FINAL.pdf">https://democracy.bathnes.gov.uk/documents/s67173/E3289%20Investment%20in%20Neighbourhood%20Services%20July%2020th%202021%20-%20FINAL.pdf</a></p>
<i>Stop spending huge amounts of money on skate parks, anti-car campaigns, student housing and CAZ and focus on real issues for majority of residents</i>	The council worked with the Alice Park Trust on the new skatepark which followed a long-standing request for such a facility from the local community.

	<p>The council does not spend money on “anti-car campaigns” or on student housing.</p> <p>Schemes to promote a reduction in car use provide a wide range of benefits including health improvement, air quality increases and of course providing more space on the network for journeys that are vital and can only be undertaken by car.</p> <p>The council has introduced the Clean Air Zone as the first charging zone outside of London to improve public health, using grant funding from central government so there is no additional burden on the council and local taxpayers. Poor air quality is the largest known environmental risk to public health in the UK. Investing in cleaner air and doing more to tackle air pollution are priorities for the EU and UK governments, as well as for Bath and North East Somerset Council (B&amp;NES). Long-term exposure to air pollution is linked to increases in premature death, associated with lung, heart and circulatory conditions.</p> <p>Short-term exposure can contribute to adverse health effects including exacerbation of asthma, effects on lung function and increases in hospital admissions. There is also emerging evidence to suggest that improving air quality helps to reduce the effects of respiratory illnesses and therefore lowers the risk of people being more severely affected by COVID-19; and</p> <p>Other adverse health effects including diabetes, cognitive decline and dementia, and effects on the unborn child are also linked to air pollution exposure.</p>
<p><i>Are there any plans to adopt new build estates? Residents of Bilbie Green Estate in Keynsham, for example, have stuck paying both council tax and an estate management fee since 2018 for the upkeep of a park that is rightfully free to use for all Keynsham resident</i></p>	<p>The Council does not adopt parks and green spaces in all developments. Adoption depends on the development agreements and funding transfers. In this case there was no agreement reached to transfer the land to the Council. Residents should be aware of this when purchasing properties.</p>

	Highways on new build estates are normally adopted as Public Highway. The developer will usually wait until all houses are occupied before they complete the full construction of the Highway. There is then a 12-month maintenance period and the developer has to complete all remedial works during this period
<i>I also agree that there should be significant focus on infrastructure to support the climate crisis response. Some ideas on this front: 1. Bike lanes eg. Keynsham to Whitchurch, Keynsham to Willsbridge and 2. Council tax rebates to support residential solar panel installation</i>	Investment is planned in transport improvements following the devolution of the City Region Sustainable Transport Settlement by the Department for Transport, allowing £145m investment in B&NES between 2022-27.  The council will report on its wider action on the climate emergency in March 2022.

## 5. Consultation on draft detailed budget proposals

On January 10<sup>th</sup> the council [asked for views](#) on its draft detailed budget proposals, which were published in the [papers](#) for the Corporate Policy and Development panel of this date, The online consultation ran until midday 24<sup>th</sup> January 2022, and again was via an online form and dedicated email address.

The council received 79 submissions on these detailed budget proposals. These are summarised, alongside the council's response in (A)- (C) below.

75 of these submissions related to two items contained in the Draft 2022/23 Savings and Income Generation Proposal document. These were:

- Income - Parking Charges Review Introduce hourly based charging in Midsomer Norton and Radstock
- Review of the delivery of the Library and Information service - A review of service delivery options for Keynsham and Midsomer Norton Libraries, a review of the mobile library service operations, and the relocation of some information services into Bath Central Library

### A) Income - Parking Charges Review Introduce hourly based charging in Midsomer Norton and Radstock

#### Feedback received

52 respondents made comments opposing any introduction of car park charging in Midsomer Norton and Radstock, which is the total of those who referred to this issue. The following are representative of the clear views put forward:

*Totally against proposals for ending free parking in Radstock or Midsomer Norton*

*There must be NO parking charges for MSN or Radstock.*

*To lose Free Parking would be a disaster.*

The reasons put forward for these views focused on the impacts that introducing charges would have on the town centres, particularly on shops and other businesses. Comments included:

*To introduce a charge to park (even a very nominal one) would be to disincentivise people from visiting and would be the death of these towns.*

*Parking should remain free to encourage more people to visit our beautiful town, and encourage more investment in a diversity of shops*

*We have to encourage people to the town and Free Parking goes a long way towards that. My business and others are still trying to recover from having to close during lockdowns due to Covid*

It was also highlighted that the council should consider the differing needs across the local authority area and that Midsomer Norton and Radstock could not be compared to Bath:

*Please take more notice of local issues rather than a blanket approach to the entire council area. This applies particularly to transport and parking in areas outside Bath City*

*These areas are local centres for small shops, doctors, chemists, dentists and other services plus school runs and cannot be compared to central Bath locations. My business and others are still trying to recover from having to close during lockdowns due to Covid*

Reasons cited for opposing the introduction of car park charging in these towns also included the impact on local communities, including:

*elderly people often have to rely on cars to get around as many cannot cycle to places and buses are not convenient for weekly grocery shopping*

*I believe it would deter people like myself from coming to Midsomer Norton and enjoying the space. I feel it will have an impact on the amount of people visiting. I feel it is vital to keep it free so local families can benefit from living in the area.*

Reference was also made to

- the redevelopment of car parks

*any redevelopment of car parks as will finish off high streets that are struggling to survive*

- impact on the climate emergency

*Car park charges will encourage people to DRIVE to places that do not charge. Climate emergency so Bathnes is therefore making people drive further*

- the level of gain to the council compared to local impact

*introducing parking charges in Midsomer Norton and Radstock will have an immense negative affect on the business and community activities in these areas for very little gain to the local authority*

### **Council response**

We acknowledge the depth of feeling set out in these responses. The council will continue to listen to views on this and will respond in a way that balances the need for effective parking management with thriving town centres, particularly in light of the Covid challenges.

### **B) Feedback on the proposal to review service delivery options for Keynsham and Midsomer Norton Libraries, a review of the mobile library service operations, and the relocation of some information services into Bath Central Library**

#### **Feedback received**

23 responses were received about this budget line. All of these responses were directed to the element of this proposal relating to “the relocation of some information services into Bath Central Library”. There were no comments made on the review of service delivery options for Keynsham and Midsomer Norton libraries, or of the review of mobile library service operations.

Respondents highlighted in particular the importance of Bath Central Library as a community facility, with a strong focus in the responses on not integrating One Stop Shop Services into Bath Central Library

Representative comments included

*Turning the library into an info centre is a terrible idea*

*I am opposed to any co location of services in present OSS location to the Podium Library, believing that that space should be used for purely library-based services*

*Please leave the library alone. So important for everyone...young and old*

*It is essential that Bath library remains a library and not a council information centre*

*I am against proposals to integrate council services from the one stop shop into bath central library*

*this message is to advocate strongly for the ring fencing of the central library and as many of the local libraries as possible so they don't become offices for council services or see hours reduced.*

*Please don't turn it into a council centre, we need libraries*

Comments also emphasised the importance of Bath Central library to the local community

*It's a very important focus for our Bath communities, for the young, the old, for people working*

*I'm concerned about changes to bath central library, specifically the prospect of 100K being cut/saved from the library budget*

*an essential resource for much of our community, especially at a time when covid has made life even harder for so many, both physically and mentally*

However, it was also recognised that libraries could further extend their potential to enhance community wellbeing

*The Council DOES have access to potential income-generating opportunities - and to community assets such as leisure facilities and the libraries that can help lower social care costs*

### **Council response**

The council is wholly committed to a thriving library service because we recognise the importance of the service to local residents. We intend to work with users and user groups to trial new technologies and service improvements that will allow the library service to reach a wider audience, including hard to reach groups.

### **C) Other issues raised in the consultation**

- (i) Income - Parking Charges Review Evening Civil Enforcement Officer (CEO) patrols in Bath City Centre

#### **Feedback received**

*The additional cost of proposed evening enforcement officer will reduce any income gained, with the return to the councils coffers being relatively small. The number of empty premises in the centre is already spoiling the experience.*

#### **Council response**

Given the scale of the budget challenges, and to offset other reductions in the council's income, the council's proposal- which would raise £9000 - is considered reasonable

The enforcement of all restrictions is also considered necessary to maintain the safety of all road users including the disabled and vulnerable. Anti-social and illegal parking prevents the use of dropped kerbs, reduces visibility for road crossing and increases hazards for all road users. Whilst all visitors are welcome, any parking needs to be in appropriate locations.

(ii) Emerging capital schemes- Social Rent Programme/Affordable Housing

**Feedback received**

*Please build as much social and affordable housing as you can.*

**Council response**

The proposed budget contains provision of £11.7m to deliver new council homes alongside £5m for new affordable housing. A programme to deliver directly around 50 units of accommodation over the next 1-2 years, including supported housing and shared-ownership housing, is currently in progress. This allocation reflects the cabinet decision to extend this programme to deliver a further tranche of up to 58 social rented homes by utilising a further eight sites in existing Council ownership.

(iii) Emerging Capital Schemes- Green Vehicle replacement

**Feedback received**

*You must be reducing spending not increasing it. Particularly stupid was the money proposed to be spent on 'greening' council vehicles*

**Council response**

The proposed investment in the replacement of council fleet vehicles is designed to address the fact that many vehicles are approaching the anticipated end of their lives. Replacement vehicles will be evaluated against our Climate Emergency objectives.

Poor air quality is the largest known environmental risk to public health in the UK. Investing in cleaner air and doing more to tackle air pollution are priorities for the EU and UK governments, as well as for Bath & North East Somerset Council (B&NES). Long-term exposure to air pollution is linked to increases in premature death, associated with lung, heart and circulatory conditions.

Short-term exposure can contribute to adverse health effects including exacerbation of asthma, effects on lung function and increases in hospital admissions. There is also emerging evidence to suggest that improving air quality helps to reduce the effects of respiratory illnesses and therefore lowers the risk of people being more severely affected by COVID-19.

Other adverse health effects including diabetes, cognitive decline and dementia, and effects on the unborn child are also linked to air pollution exposure.

(iv) Climate Emergency Spend

**Feedback received**

*£1.2m spend on the Climate Emergency is disproportionate to its importance, and almost looks like a token.*

### **Council response**

A climate emergency is a situation in which urgent action is required to reduce or halt climate change and avoid potentially irreversible environmental damage resulting from it. This threat needs to be tackled at local, national and global levels. Without action, Bath and North East Somerset residents will suffer – for example from higher heating bills, and the council's resources will be wasted – for example in processing waste that could be more easily recycled.

The council is therefore making significant investment in tackling the climate emergency, including modernising waste facilities, expanding the council's green vehicle fleet and energy efficiency improvements in our own commercial estate as well as investment in Green Infrastructure including a Nature Recovery and Delivery Plan.

Investment in climate and ecological emergency is subject to the same value for money tests as other council priorities.



<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>Council</b>
MEETING DATE:	<b>15<sup>th</sup>/16<sup>th</sup> February 2022</b>
TITLE:	<b>Treasury Management Strategy Statement 2022/23</b>
WARD:	All
<b>AN OPEN PUBLIC ITEM</b>	
<p><b>List of attachments to this report:</b></p> <p><b>Appendix 1 - Treasury Management Strategy 2022/23</b></p> <p><b>Appendix 2 –Authorised Lending List</b></p>	

## **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 Council agrees to;

- 2.1 Approve the actions proposed within the Treasury Management Strategy Statement (**Appendix 1**).

## 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 2022/23 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. The proposed 2022/23 Treasury Management Strategy was scrutinised by the Corporate Audit Committee at the 4<sup>th</sup> February 2022 meeting.

## 2022/23 Treasury Management Strategy Statement

- 3.5 The Strategy Statement for 2021/22 set Treasury Indicators for 2021/22 – 2023/24, which included a forecast for total borrowing requirement at the end of 2021/22 of £438 million. At the end of December 2021, actual external borrowing was at £220.8 million, with no further borrowing anticipated this financial year due to the temporary high level of cash balances. 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 31<sup>st</sup> December 2021, which shows after the netting off of the £82.9 million investments, the Council’s net debt position was £137.9 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 31<sup>st</sup> December 2021 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 2022/23 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 2022/23 Treasury Management Strategy includes options for ESG (Environmental, Social and Corporate Governance) focussed investments.

## 8 OTHER OPTIONS CONSIDERED

- 8.1 The Chief Financial Officer, having consulted the Cabinet Member for Economic Development & 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.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
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.

## 9 CONSULTATION

9.1 Consultation has been carried out with the Cabinet Member for Economic Development & Resources, Chief Finance Officer and Monitoring Officer.

<b>Contact person</b>	<i>Gary Adams - 01225 477107; Jamie Whittard - 01225 477213</i> <a href="mailto:Gary_Adams@bathnes.gov.uk">Gary_Adams@bathnes.gov.uk</a> ; <a href="mailto:Jamie_Whittard@bathnes.gov.uk">Jamie_Whittard@bathnes.gov.uk</a>
<b>Background papers</b>	<i>2021/22 Treasury Management &amp; Investment Strategy</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

This page is intentionally left blank

## Appendix 1

### Treasury Management Strategy Statement 2022/23

#### 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 2022/23 Budget Report.

##### 1.2 External Context

**1.2.1 Economic background:** The ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Authority's treasury management strategy for 2022/23.

The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.

Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the

unemployment rate to fall to 4% compared to 4.5% forecast previously, but notes that Omicron could weaken the demand for labour.

UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% y/y from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%.

In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.

Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.

GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong, with CPI registering 4.9% year-on-year in November, the fifth successive month of inflation. Core CPI inflation was 2.6% y/y in November, the fourth month of successive increases from July's 0.7% y/y. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.

The US economy expanded at an annualised rate of 2.1% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% in the previous two quarters. In its December 2021 interest rate announcement, the Federal Reserve continue to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme earlier than previously stated and signalled they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.

**1.22 Credit outlook:** Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.



The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.

Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Authority's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

**1.23** Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.

Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.

Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever 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 short term treasury investments will be made at an average rate of 0.25% and long term strategic investments will yield an average rate of 3.5%. It is forecast that new long-term loans will be borrowed at an average rate of 2.5% during 2022/23.

### 1.3 Local Context

**1.31 Council position as at 31<sup>st</sup> December 2021:** The Authority held £220.8m of borrowing and £82.9m of treasury investments. This is set out in further detail in Table 1 below.

*Table 1: Balance sheet summary*

	31/12/2022 <b>Actual portfolio</b> £m	31/12/2022 <b>Average rate</b> %
<b>External borrowing:</b>		
Public Works Loan Board	196	3.00%
Local authorities	5	1.65%
LOBO loans from banks	20	4.50%
Other loans		
<b>Total external borrowing</b>	<b>220.8</b>	<b>3.11%</b>
<b>Treasury investments:</b>		
The UK Government	10	0.07%
Local authorities	5	0.30%
Banks (unsecured)	23.5	0.03%
Building societies (unsecured)		
Money market funds	36.9	0.04%
Strategic pooled funds	7.5	3.50%
Other investments		
<b>Total treasury investments</b>	<b>82.9</b>	<b>0.36%</b>
<b>Net debt</b>	<b>137.9</b>	

### 1.32 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 2022 is expected to be £348.8m, and is forecast to rise to £464.2m by March 2023 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 £220.8 million of loans, a decrease of £23.6 million on the previous year due to maturing of short term loans which did not need refinancing due to high cash balances.

### **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 2022/23 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 including banks, pensions and local authorities, and will 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 2022/23, 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 £61.6m and £106.2m, however it is expected that levels will be lower in 2022/23. Invested funds held have been particularly high during 2021/22 due to holding some of the residual Covid Business Support government grants as well as some slippage in the capital programme.

#### **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 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.

#### **3.4 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 as well as the £5m invested into 2 ESG funds as planned for 2021/22; FP Foresight UK Infrastructure Income fund (£3m) & VT Gravis Clean Energy Income Fund (£2m), further details of this are provided in section 3.9.

The Council has opted up to Professional status for MiFID II purposes which allows it to place its treasury assets in a greater range of financial products which has been of significant importance over the last few years. To be categorised as Professional the Council must hold at least a £10m investment balance, the council's two pooled investments mentioned above which are medium – long term investments guarantee that this balance will always be held. By placing this required £10m balance in these two pooled funds the Council aims to achieve a total return that is equal or higher than the prevailing rate of inflation thus preserving the spending power of this £10m balance.

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 2022/23 authorised borrowing limit of £464m. The maximum period 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 3.9 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.

### **3.5 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	£60m
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.

**3.50 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.

**3.51 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.

**3.52 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.

**3.53 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.

**3.54 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.

**3.55 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. Note that this classification covers the Council's 2 ESG strategic fund investments.

**3.56 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+.

**3.57 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 3.9 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.

**3.58 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.

**3.59 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.

### **3.6 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.

**3.61 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.

### **3.7 Investment limits**

The Authority's revenue reserves (including earmarked reserves) available to cover investment losses was £71 million as at 31st March 2021. 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 which represents 14.1% of reserves. 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.

### **3.8 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.

### **3.9 Environment Social and Governance investment approach**

**3.9.1 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.

**3.9.2 Background:** In light of the restrictions around what the Council is able to commit to in relation to its treasury investments the Council adopted an ESG investment approach as part of its 2021/22 Treasury Management Strategy.

### **3.9.3 Long term ESG investments:**

The potential for making future ESG focussed investments was included in the 2021/22 Treasury Management Strategy for the first time and was approved by Council in February 2021. Following a review carried out by Arlingclose of possible ESG (Environmental, Social and Corporate Governance) funds, and their presentation of findings and recommendations to Officers and Members in August 2021, the Chief Finance Officer agreed the investment of £5m split across the following two ESG focussed funds;

- £3m into FP Foresight UK Infrastructure fund; &
- £2m into VT Gravis Clean energy income fund;

On 30th November 2021, the Council made the first of its purchases of shares into the 2 funds with £1.5m placed with FP Foresight and £1m placed with VT Gravis. A further purchase of the same amount is planned for late February / early March 2022, which will be 3 months from the initial investment.

### **3.9.4 Short term ESG investments:**

The Council will consider options for investment of up to a total of £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.

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.

### **3.10 Other matters**

**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 Prudential Indicators**

The Authority measures and manages its exposures to treasury management risks using the following indicators.

##### **4.1 Treasury Borrowing Limits for 2022/23 to 2024/25**

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

	2022/23	2023/24	2024/25
Operational boundary – borrowing	£435m	£455m	£478m
Operational boundary – other long-term liabilities	£4m	£4m	£4m
<b>Operational boundary – TOTAL</b>	<b>£439m</b>	<b>£459m</b>	<b>£482m</b>
Authorised limit – borrowing	£464m	£483m	£506m
Authorised limit – other long-term liabilities	£4m	£4m	£4m
<b>Authorised limit – TOTAL</b>	<b>£468m</b>	<b>£487m</b>	<b>£510m</b>

## 4.2 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-

## 4.3 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

## 4.4 Interest rate exposures

This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	+/- £1m

Upper limit on one-year revenue impact of a 1% fall in interest rates	+/- £1m
---	---------

The impact of this limit is that the council should never be holding a maturity adjusted net debt/investment position of more than £100m subject to variable interest rates.

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates, this includes amounts which are maturing each year in PWLB annuity loans.

#### 4.5 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. For LOBO's this will now be shown as the date of their maturity.

#### 4.6 Long-term treasury management investments

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	2022/23	2023/24	2024/25
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 Financial Implications**

The budget for treasury management investment income in 2022/23 is £0.4 million, based on an average investment portfolio of £28 million at an interest rate of 1.5%. The budget for debt interest paid in 2022/23 is £7.9 million, based on an average debt portfolio of £267 million at an average interest rate of 3%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Where investment income from strategic pooled funds exceeds budget, then 50% of the revenue savings will be transferred to the Capital Financing Reserve to mitigate the risk of capital losses in future years should valuation losses on fair value treasury assets require recognition, or where capital losses were crystallised on the sale of treasury assets.



## 5.7 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 Economic Development & 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*

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
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

## Appendix A - Arlingclose Economic & Interest Rate Forecast - December 2021

### **Underlying assumptions:**

- The global recovery from the pandemic has entered a more challenging phase. The resurgence in demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.
- Despite relatively buoyant activity survey data, official GDP data indicates that growth was weakening into Q4 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4%, PMIs increased, and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.
- The CPI inflation rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.
- These factors prompted the MPC to raise Bank Rate to 0.25% at the December meeting. Short term interest rate expectations remain elevated.
- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth - Q4 and Q1 activity could be weak at best.
- Longer-term government bond yields remain relatively low despite the more hawkish signals from the BoE and the Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy later. Geopolitical and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.
- The rise in Bank Rate despite the Omicron variant signals that the MPC will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

### **Forecast:**

- The MPC will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.
- Arlingclose therefore expects Bank Rate to rise to 0.50% in Q1 2022, but then remain there. Risks to the forecast are initially weighted to the upside, but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.
- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.
- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.
- The risks around the gilt yield forecasts vary. The risk for short and medium term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>3-month money market rate</b>													
Upside risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
<b>5yr gilt yield</b>													
Upside risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
<b>10yr gilt yield</b>													
Upside risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
<b>20yr gilt yield</b>													
Upside risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
<b>50yr gilt yield</b>													
Upside risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%  
PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%  
PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

This page is intentionally left blank

Appendix 2: Proposed Counterparty list - Unsecured Bank Investments (ratings as at 31/12/2021)

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	Assess	Outlook	Short-term	Long-term	Outlook				Individual Cash Limit (£/%)	Group Cash Limit (£/%)	Max Investment period
<b>UNITED KINGDOM: BANKS</b>																			
BANK OF SCOTLAND PLC	GB	F1	A+	a	5	STABLE	P-1	A1	a3	STABLE	A-1	A+	STABLE	Lloyds Banking Group	Yes	Ringfenced bank	10	10	13 months
LLOYDS BANK PLC	GB	F1	A+	a	5	STABLE	P-1	A1	a3	STABLE	A-1	A+	STABLE		Yes	Ringfenced bank	10		13 months
BARCLAYS BANK PLC	GB	F1	A+	a	5	STABLE	P-1	A1	baa3	STABLE	A-1	A	POS	Barclays Group	Yes	Non-ringfenced bank	10	10	13 months
BARCLAYS BANK UK PLC	GB	F1	A+	a	1	STABLE	P-1	A1	a3	STABLE	A-1	A	POS		Yes	Ringfenced bank	10		13 months
HANDELSBANKEN PLC	GB	F1+	AA	a	1	STABLE					A-1+	AA-	STABLE	Svenska HB	Yes		10	10	13 months
HSBC BANK PLC	GB	F1+	AA-	a	1	NEG	P-1	A1	ba1	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	A1	a3	STABLE	A-1	A+	STABLE		Yes	Ringfenced bank	10		13 months
NATIONAL WESTMINSTER BANK	GB	F1	A+	a	5	STABLE	P-1	A1	a3	STABLE	A-1	A	STABLE		Yes	Ringfenced bank	10		13 months
NATWEST MARKETS PLC	GB	F1	A+	a	1	STABLE	P-1	A2	ba1	POS	A-2	A-	STABLE	NatWest Group	Yes	Non-ringfenced bank	10		13 months
ROYAL BANK OF SCOTLAND PLC/T	GB	F1	A+	a	5	STABLE	(P)P-1	A1	a3	STABLE	A-1	A	STABLE		Yes	Ringfenced bank	10	10	13 months
SANTANDER UK PLC	GB	F1	A+	a	2	STABLE	P-1	A1	baa1	STABLE	A-1	A	STABLE	Santander	Yes	Ringfenced bank	10	10	13 months
STANDARD CHARTERED BANK	GB	F1	A+	a	1	NEG	P-1	A1	baa2	STABLE	A-1	A+	STABLE		Yes		10	10	13 months
<b>UK: BUILDING SOCIETIES</b>																			
NATIONWIDE BUILDING SOCIETY	GB	F1	A+	a	5	STABLE	P-1	A1	baa1	STABLE	A-1	A+	STABLE		Yes		10	10	13 months
<b>UK: OTHER INSTITUTIONS</b>																			
UK GOVERNMENT	GB	F1+	AA-			STABLE		Aa3		STABLE	A-1+u	AAu	STABLE		Yes		Unlimited		50 years
LOCAL AUTHORITIES	GB	F1+	AA-			STABLE		Aa3		STABLE	A-1+u	AAu	STABLE		Yes		10	Unlimited	25 years
LCR FINANCE PLC	GB		AA-			STABLE		Aa3		STABLE		AA					10		25 years
NETWORK RAIL INFRASTRUCTURE	GB		AA-			STABLE	P-1	Aa3		STABLE							10		25 years
WELLCOME TRUST FINANCE PLC	GB							Aaa		STABLE		AAA	STABLE				10		25 years
<b>AUSTRALIA</b>																			
AUSTRALIA	AU	F1+	AAA			STABLE		Aaa		STABLE	A-1+u	AAu	STABLE						
AUST AND NZ BANKING GROUP	AU	F1	A+	a+	1	STABLE	P-1	Aa3	a2	STABLE	A-1+	AA-	STABLE		Yes		10		13 months
COMMONWEALTH BANK OF AUSTRAL	AU	F1	A+	a+	1	STABLE	P-1	Aa3	a2	STABLE	A-1+	AA-	STABLE		Yes		10	10	13 months
NATIONAL AUSTRALIA BANK LTD	AU	F1	A+	a+	1	STABLE	P-1	Aa3	a2	STABLE	A-1+	AA-	STABLE		Yes		10		13 months
WESTPAC BANKING CORP	AU	F1	A+	a+	1	STABLE	P-1	Aa3	a2	STABLE	A-1+	AA-	STABLE		Yes		10		13 months
<b>CANADA</b>																			
BANK OF MONTREAL	CA	F1+	AA+	aa-	5	NEG	P-1	Aa2	a3	STABLE	A-1	A+	STABLE		Yes		10		13 months
BANK OF NOVA SCOTIA	CA	F1+	AA	aa-	5	NEG	P-1	Aa2	a3	STABLE	A-1	A+	STABLE		Yes		10		13 months
CAN IMPERIAL BK OF COMMERCE	CA	F1+	AA	aa-	5	STABLE	P-1	Aa2	a3	STABLE	A-1	A+	STABLE		Yes		10	10	13 months
NATIONAL BANK OF CANADA	CA	F1+	AA	a+	5	STABLE	P-1	Aa3	baa1	STABLE	A-1	A	STABLE		Yes		10		13 months
ROYAL BANK OF CANADA	CA	F1+	AA	aa-	5	STABLE	P-1	Aa2 *	a3 *	STABLE	A-1+	AA-	STABLE		Yes		10		13 months
TORONTO-DOMINION BANK	CA	F1+	AA	aa-	5	STABLE	P-1	Aa1	a1	STABLE	A-1+	AA-	STABLE		Yes		10		13 months
<b>FINLAND</b>																			
NORDEA BANK ABP	FI	F1+	AA	aa-	5	STABLE	P-1	Aa3	a3	STABLE	A-1+	AA-	STABLE		Yes		10	10	13 months
OP CORPORATE BANK PLC	FI	F1+	AA	aa-	5	STABLE	P-1	Aa3	baa2	STABLE	A-1+	AA-	STABLE		Yes		10		13 months
<b>GERMANY</b>																			
BAYERISCHE LANDESBANK	GE	F1+	AAA			STABLE		Aaa		STABLE	A-1+u	AAu	STABLE		Yes		10		13 months
DZ BANK AG DEUTSCHE ZENTRAL-	GE	F1	A	bbb	1	STABLE	P-1	Aa3	baa2	STABLE	NR	NR			Yes		10		13 months
KREDITANSTALT FUER WIEDERAUFBRAU (KFW)	GE	F1+	AAA			STABLE	P-1	Aa2	baa2	STABLE	A-1	A+	STABLE		Yes	"KfW"	10	10	13 months
LANDESBANK BADEN-WUERTTEMBER	GE	F1	A	bbb	1	STABLE	P-1	Aa3	baa2	STABLE	NR	NR			Yes	"KfW"	10		13 months
LANDESBANK HESSEN-THURINGEN	GE	F1+	A+			STABLE	P-1	Aa3	baa2	STABLE	A-2	A-	STABLE		Yes	"LBBW"	10		13 months
<b>NETHERLANDS</b>																			
COOPERATIEVE RABOBANK UA	NE	F1+	AAA	a+	5	STABLE	P-1u	Aaa		STABLE	A-1+u	AAu	STABLE		Yes	"Rabobank"	10	10	13 months
<b>SINGAPORE</b>																			
DBS BANK LTD	SI	F1+	AA-	aa-	1	STABLE	P-1	Aa1	a1	STABLE	A-1+	AA-	STABLE		Yes		10		13 months
OVERSEA-CHINESE BANKING CORP	SI	F1+	AA-	aa-	1	STABLE	P-1	Aa1	a1	STABLE	A-1+	AA-	STABLE		Yes		10	10	13 months
UNITED OVERSEAS BANK LTD	SI	F1+	AA-	aa-	1	STABLE	P-1	Aa1	a1	STABLE	A-1+	AA-	STABLE		Yes		10		13 months
<b>UNITED STATES OF AMERICA</b>																			
US	US	F1+	AAA			NEG		Aaa		STABLE	A-1+u	AA+u	STABLE						
<b>SUPRANATIONAL</b>																			
COUNCIL OF EUROPE DEVELOPMENT BANK (CEDB)	FR	F1+	AA+			POS	P-1	Aa1		STABLE	A-1+	AAA	STABLE				10		25 years
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)	GB	F1+	AAA			STABLE	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				10		25 years
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (THE WORLD BANK)	US	F1+	AAA			STABLE	P-1	Aaa		STABLE	A-1+	AAA	STABLE	World Bank Group		"World Bank"	10		25 years
NORDIC INVESTMENT BANK (NIB)	FI						P-1	Aaa		STABLE	A-1+	AAA	STABLE				10		25 years

This page is intentionally left blank

<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>Council</b>
MEETING DATE:	<b>15/16 February 2022</b>
TITLE:	<b>Land at Manor Road, Writhlington</b>
WARD:	Radstock
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b>	
None	

## **1 THE ISSUE**

- 1.1 Officers seek delegated authority to take the decision making powers from Mendip District Council for a planning application for approx. 35 houses and new access from the A362 which is located within the Mendip area on the edge of the B&NES district. B&NES currently have an associated planning application for approx. 220 dwelling adjoining the site and utilising the same access.

## **2 RECOMMENDATION**

**The Council is asked to;**

- 2.1 Accept devolved decision-making powers for planning application 21/04509/OUT from Mendip District Council (Mendip ref. 2021/2268/OTS).

## **3 THE REPORT**

- 3.1 The applications are split across 2 Districts and seek outline planning permission for the erection of up to 255 dwellings with all matters reserved. Based upon the illustrative plan approx. 35 of these would be located within Mendip area and the rest would be in B&NES. The split is only indicative at this stage. The site lies outside of the Radstock Housing development boundary.
- 3.2 Officers recommend that B&NES accept the proposal to accept delegated planning powers to enable B&NES to deal with both applications and avoid the risk of inconsistent decision making.

## **4 STATUTORY CONSIDERATIONS**

- 4.1 Pursuant to Section 101 (1) of the Local Government Act 1972 a local authority may arrange for the discharge of its functions by any other local authority.

- 4.2 Mendip officers have sought and obtained delegated authority for this proposal.
- 4.3 Article 4 para 4.1 (m) of the Constitution provides that accepting or otherwise a delegation from another local authority is a council function

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

- 5.1 Given the wider application is located within B&NES there would be no additional resource required. The planning application fee of £15434 already paid to Mendip will be transferred to B&NES.

## **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 Impacts on equalities would be considered through statutory planning processes and this would be unaffected by this decision.

## **8 CLIMATE CHANGE**

- 8.1 There are Nil implications for carbon neutrality.

## **9 OTHER OPTIONS CONSIDERED**

- 9.1 Reject the devolved powers however this may lead to inconsistent decision making on a single development site.

## **10 CONSULTATION**

- 10.1 The Report has been considered and approved by the S151 Monitoring Officer

<b>Contact person</b>	Sarah James 01225 477577
<b>Background papers</b>	None
<b>Please contact the report author if you need to access this report in an alternative format</b>	



<b>Bath &amp; North East Somerset Council</b>		
MEETING:	Council	
MEETING DATE:	15 <sup>th</sup> /16 <sup>th</sup> February 2022	<b>AGENDA ITEM NUMBER</b>
TITLE:	Annual Report – Corporate Audit Committee	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
<b>Appendix 1 – Annual Report</b>		
<b>Appendix 2 – Procurement Options (External Audit) Corporate Audit Committee Report 15<sup>th</sup> December 2021</b>		

## **1 THE ISSUE**

- 1.1 The Corporate Audit Committee has specific delegated powers given to it from Full Council and as such is required to report back annually on its work to Council under its Terms of Reference.
- 1.2 The Corporate Audit Committee Annual Report (Appendix 1) details the work carried out by the Committee for the period July 2020 to December 2021.
- 1.3 As part of its work the Corporate Audit Committee resolved at its meeting on the 15<sup>th</sup> December 2021, to recommend to Full Council that they approve the use of Public Sector Audit Appointments Ltd to carry out the re-procurement of External Auditors to be appointed to B&NES Council for the 5-year period commencing 1<sup>st</sup> April 2023.

## **2 RECOMMENDATION**

Council is asked to agree that:

- 2.1 The Annual Report of the Corporate Audit Committee is noted
- 2.2 The Council approve the use of Public Sector Audit Appointments Ltd (PSAA) to carry out the re-procurement of External Auditors to be appointed to B&NES Council for the 5-year period commencing 1st April 2023 and that the Council's Chief Financial Officer (S151) writes to PSAA to formally accept the invitation to opt into the national scheme before the deadline of Friday 11<sup>th</sup> March 2022.

### **3 FINANCIAL IMPLICATIONS**

- 3.1 There are financial implications in terms of the appointment of the Council's External Auditor. For the 2019/20 audit work the fees were £138,281 (B&NES Council) and £32,430 (Avon Pension Fund). This provides a guide to future fees chargeable.

### **4 CORPORATE PRIORITIES**

- 4.1 The work of the Corporate Audit Committee assists the organisation in efficiently and effectively contributing to the Council's objectives and priorities.

### **5 THE REPORT**

- 5.1 Appendix 1 details the sixteenth report of the Corporate Audit Committee since it was established by the Council on 12 May 2005. It reviews the work done by the Committee over the 17 months period (July 2020 to December 2021), its future work plan, membership and support of the Committee.
- 5.2 In 2020/21 the number and format of Committee meetings was impacted by Covid19 however it has continued to focus its agenda on its core role and responsibilities as per the Committee Terms of Reference.
- 5.3 The Committee's work will continue to develop and as part of its responsibilities it has reviewed its terms of reference and the key areas of responsibility are still considered appropriate and meet current best practice.
- 5.4 Finally Appendix 2 details a review of options for the procurement of our External Auditor and at its December meeting the Committee recommended participation in the national framework as set out in the recommendations to the report.

### **6 RISK MANAGEMENT**

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

### **7 EQUALITIES**

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

## 8 CONSULTATION

8.1 The report was distributed to the Council's S151 Officer and Chair of the Audit Committee for consultation.

## 9 ISSUES TO CONSIDER IN REACHING THE DECISION

9.1 No specific issues to consider.

## 10 ADVICE SOUGHT

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

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

This page is intentionally left blank

**CORPORATE AUDIT COMMITTEE**

**Appendix1**

**ANNUAL REPORT TO COUNCIL 2020/21**

**1. INTRODUCTION**

This is the sixteenth annual report of the Committee since it was established by the Council on 12 May 2005. It covers the work done during the year July 2020 to December 2021.

**2. REVIEW OF WORK DONE IN 2020/21**

**a. Financial Governance – Annual Accounts**

- i. The Committee received reports from the Council's External Auditors at the 26<sup>th</sup> November 2020 and 4<sup>th</sup> February 2021 on the statutory audit of the 2019/20 Council and Avon Pension Fund Statement of Accounts.
- ii. In November 2020 the Grant Thornton Engagement Lead explained that it may not be possible to complete all the necessary work prior to the extended deadline of 30<sup>th</sup> November 2020. However, key issues related to the audit of the Statement of Accounts and Value for Money Review were provided to Committee. It was resolved by Committee that issues reported be noted; the audited Statement of Accounts including the Letters of Representation for both Bath and North East Somerset Council and the Avon Pension Fund for 2019/20 be approved subject to any amendments necessary from the ongoing work of the External Auditor and based on this the Chair of the Committee and the Chief Finance Officer arrange to sign the Statement of Accounts 2019/20.
- iii. When the External Auditor next reported to Committee in February 2021, it was reported to Committee the external audit was not yet completed. It was resolved by Committee that the approval of the Council's accounts for 2019/20 be re-confirmed following receipt of the revised Audit Findings Report from the External Auditor.
- iv. At the 29<sup>th</sup> April 2021 Committee meeting the External Auditor confirmed that the annual audit letter was available to stakeholders and it provided a clear opinion on the Council's financial statements and Value for Money. The Committee resolved to note the External Auditors Letter dated 8<sup>th</sup> March 2021.
- v. The External Auditor's Letter dated 8<sup>th</sup> March 2021 recorded that on 22<sup>nd</sup> February 2021 they had provided an unqualified opinion on the group's and Pension Fund's financial statements. The letter recorded that the Council's Finance Team had responded promptly and efficiently to the auditor's queries during the final audit. Reasons for both the delay in completing the audit and the increase in the cost of the delivering the final audit was the nature of remote working – remote access to financial systems, and the impact on verifying the completeness and accuracy of information. The

## **Appendix 1 – Corporate Audit Committee Annual Report**

overall Value for Money conclusion was that the External Auditor was satisfied in all significant respects that the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

- vi. In the 29<sup>th</sup> April 2021 External Update to Committee, Grant Thornton Engagement Manager reported that they were 2-3 months behind in their work for the audit plan for 2021 (2020/21 financial statements). The Committee resolved to endorse the Audit Plans for the Council and Avon Pension Fund.
- vii. A further update by the External Auditor Grant Thornton was provided on 23<sup>rd</sup> September 2021 and it was reported that based on available resources it was hoped that the work on the Statutory Accounts would be completed in time to report to Corporate Audit Committee on 15<sup>th</sup> December 2021. Based on this revised deadline, the members of the Corporate Audit Committee requested that the External Auditor Engagement Lead write to the Chair of the Committee at the end of October 2021 to confirm whether or not, based on work carried out in October, this deadline would be achieved.
- viii. The Governance Reports for Council and the Avon Pension Fund and Audited Statement of Accounts 2020/21 were presented to the 15<sup>th</sup> December 2021 meeting of the Committee. Following the presentation entitled 'Overview of the 2020/21 Statement of Accounts' the External Auditor confirmed that following approval by the Committee the Auditors Opinion on both sets of accounts would be signed. The requirement to produce consolidated accounts including ADL accounts and the issues found in relation to property asset valuations were explained by the External Auditor. The Committee resolved that the audited Statement of Accounts, including the Letters of Representation for both Bath & North East Somerset Council and the Avon Pension Fund for 2020/21, were approved.

### **b. Financial Governance – Treasury Management**

- i. The Committee considered the Treasury Management Outturn for 2019/20 following presentation of the position to Full Council on 30<sup>th</sup> July 2020. It was noted by Committee that the report was in accordance with the CIPFA Treasury Code of Practice.
- ii. In addition, the Committee received a six month's update report on 26<sup>th</sup> November 2020. This reported that performance against the key performance indicators were within target levels.
- iii. Committee Members reviewed the Treasury Management Strategy Statement for 2020/21. This set out the treasury limits in force, treasury management indicators, current position, borrowing requirement, prospects for interest rates and the borrowing and investment strategies. It was noted

## Appendix 1 – Corporate Audit Committee Annual Report

that the actions proposed within the Treasury Management Strategy Statement be approved at the 23<sup>rd</sup> February 2021 Council meeting.

- iv. The Treasury Management Outturn Report 2020/21 was presented to the 23<sup>rd</sup> September 2021 meeting of the Committee which was after the report to Full Council on the 22<sup>nd</sup> July 2021. The Committee noted the Treasury Management Report to 31st March 2021, prepared in accordance with the CIPFA Treasury Code of Practice.
- v. A Treasury Management Performance Report to 30<sup>th</sup> September 2021 was presented to the meeting on the 15<sup>th</sup> December 2021. It was reported that the Committee Report had already been presented to both Council and Cabinet.

### c. External Audit

- i. Alongside the audit of the accounts for 2019/20 the external auditor also conducted work in relation to concluding a satisfactory VFM opinion for the Council. The External Audit Update paper to Committee on 4<sup>th</sup> February 2021 introduced the National Audit Office (NAO) new arrangements for External Audit VFM work with the three criteria changing to 1) Governance, 2) Financial Stability, and 3) Improving economy, efficiency and effectiveness. Linked to this was the move to an Auditor's Annual Report.
- ii. The 29<sup>th</sup> April 2021 External Auditor Report to Committee included the Grant Thornton Annual Audit Letter for 2019/20 (dated 8<sup>th</sup> March 2021) and it concluded that that the External Auditor was satisfied that the Council in all significant respects had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020. Noted within the VFM opinion are risks around the continued financial challenge (recommendations that Management continue to monitor the use of reserves and deliver sustainable budgets in the medium term).
- iii. The External Auditor's Audit Plan for B&NES Council was also presented to the 29<sup>th</sup> April 2021 meeting. The Plan recorded 'Key Matters' for the year and this included:
  - a) Council Developments – 2019/20 was the first year that the Council had produced Group Accounts consolidating Aequus Developments Ltd and Aequus Construction Ltd. No significant audit findings were identified from the review of the consolidated accounts.
  - b) Impact of Covid19 Pandemic – it noted that they would review medium Term financial planning and the impacts of Covid19 on financial planning as part of the VFM work.
  - c) Financial Reporting and Audit (raising the bars) – This was linked to the guidance from the Financial Reporting Council to be more sceptical and to increase testing.

## Appendix 1 – Corporate Audit Committee Annual Report

The Audit Plan set out: the significant risks requiring special audit consideration (Council income streams, management override of internal controls, valuation of land and property, valuation of pension fund net liability); materiality for audit purposes; Value for Money arrangements; and Audit Logistics (timing of the work and audit fees).

- vi. The External Auditor Actual Fee for 2019/20 was reported as £138,281 and was proposed to increase to £154,201 for the 2020/21 Audit. This was compared to the scale fee published by the Public Sector Audit Appointments Ltd (PSAA) of £95,351. The additional fees charged by Grant Thornton above the PSAA scale fee was subject to scrutiny by the Committee. In addition to the Audit Fees for 2019/20 Grant Thornton charged 'non-audit services' for the certification of the Housing Benefits Claim (£28,830) and the certification of the Teachers Pension Claim (£5,010).
- vii. At the 23<sup>rd</sup> September 2021 Committee Meeting the future procurement of External Audit Services was discussed. The Council's S151 Officer informed the Committee that he had just received a letter from the Local Government Association (LGA) regarding the 'Retender of External Audit Contracts' which confirmed the need for the Council to make a decision by 11<sup>th</sup> March 2022 whether they wanted to stay in or opt out of the national PSAA arrangement. Legislation requires a resolution of Full Council if a local authority wishes to opt into the national arrangement. The Committee resolved that a paper should be prepared and submitted for its consideration to enable it to make a recommendation to Council on whether to opt in or out of the national arrangement.
- viii. A report on the procurement options of External Auditors for the five-year period commencing 1<sup>st</sup> April 2023 was presented to the Committee on the 15<sup>th</sup> December 2021. The report considered three alternative methods for B&NES Council to appoint its external auditor:
  - 1. Undertake an individual auditor procurement and appointment exercise;
  - 2. Undertake a joint audit procurement and appointing exercise with other bodies;
  - 3. Join PSSA's sector led national schemeIt was resolved that the Audit Committee recommend to full Council that they approve the use of PSAA to carry out the re-procurement of External Auditors to the Council.

### d. Corporate Governance

- i. The Accounts and Audit Regulations require the Council to carry out an annual review of its governance arrangements, and to produce an annual statement detailing the results of that review.



## Appendix 1 – Corporate Audit Committee Annual Report

- ii. The results of the governance review for 2020/21 were presented to the Committee in December 2021. The Committee was advised of the inclusion of the single significant issue related to the many impacts of the Covid19 pandemic.

### e. Internal Audit

- i. The Committee received a report on the preparation of the Internal Audit Plan 2020/21 using the adopted reasonable assurance model (which considers the eight core themes of an organisation) on 30<sup>th</sup> July 2020. The Committee approved the Internal Audit Plan 2020/21 based on the presentation of this report.
- ii. The Committee reviewed the outcomes and performance of the Internal Audit Team against the 2020/21 Internal Audit Plan on 26<sup>th</sup> November 2020 and 29<sup>th</sup> April 2021. At the April 2021 meeting the Committee resolved that it noted the Internal Audit Annual Report 2020/21 and the formal opinion of the Chief Audit Executive.
- iii. On the 29<sup>th</sup> April 2021 a report was presented to the Committee on the preparation of the Internal Audit Plan 2021/22 and an updated Internal Audit Charter (setting out the purpose, authority and principal responsibilities of the Internal Audit Service). Both the Plan and the Charter were approved.
- iv. On the 23<sup>rd</sup> September 2021 and 15<sup>th</sup> December 2021 the Committee were provided updates on progress on completing the approved Internal Audit Plan 2021/22. The Committee noted the progress in delivery of the 2021/22 Annual Audit Assurance Plan.

### f. Review of Terms of Reference

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

## 3. CORPORATE AUDIT COMMITTEE WORK PLAN FOR 2021/22 AND 2022/23

- i. Whilst the Committee's work will be broadly similar to previous years it will keep under close review a number of key issues –
  - a) Financial resilience of the organisation – the on-going impacts of Covid19;
  - b) Treasury Management Arrangements
  - c) Retendering of the External Audit Contract.

## **Appendix 1 – Corporate Audit Committee Annual Report**

d) Council Companies Governance – e.g. Aequus Developments Ltd Governance Review

### **4. MEMBERSHIP AND SUPPORT**

- i. Councillor Mark Elliott has been Chair of the Committee since July 2020. The Committee Members since July 2020 are:
  - Councillor Andy Furse
  - Councillor Brian Simmons
  - Councillor Colin Blackburn
  - Councillor Lucy Hodge
  - Independent Committee Member – John Barker
- ii. The Committee is supported by a number of Officers notably the Service Director for Commercial & Governance acting as Chief Internal Auditor (Chief Audit Executive) and the Chief Financial Officer who leads on financial issues through his S151 role.
- iii. The external auditors are currently represented by an Engagement Lead and Audit Manager from Grant Thornton.

## Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	15 <sup>th</sup> December 2021	AGENDA ITEM NUMBER
TITLE:	PROCUREMENT OPTIONS – EXTERNAL AUDIT	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
Appendix 1 – Public Sector Audit Appointment Letter Sept 2021		

### 1 THE ISSUE

- 1.1 On 22 September 2021, Public Sector Audit Appointments Limited (PSAA) invited all eligible bodies to become opted-in authorities for the audit years 2023/24 to 2027/28 in its role as a specified appointing person (see Appendix 1). The decision to become an opted in authority must again be made by Full Council and an acceptance notice has to be returned to PSAA by 11th March 2022.

### 2 RECOMMENDATION

- 2.1 That the Audit Committee recommends to full Council that they approve the use of (PSAA) to carry out the re-procurement of External Auditors to the Council.

### 3 THE REPORT

- 3.1 There is a statutory obligation to have an external auditor of the council's accounts and an effective auditor is widely recognised as a core component of good corporate governance. The Audit Committee therefore has a key role in advising the Council on the adequacy of its external audit arrangements and supporting the Chief Finance Officer (S151 Officer) in carrying out the Council's statutory duties.

- 3.2 The Local Audit & Accountability Act 2014 put in place the framework which allowed local authorities to appoint their own external auditors. Prior to 2010, the Audit Commission was responsible for appointments with the work either being undertaken by their in-house auditors or by a limited number of private firms.
- 3.3 In August 2010, it was announced that the Audit Commission would be abolished, with the stated aims being to reduce costs and improve local democratic accountability by allowing local authorities to appoint their own external auditors from a more competitive market.
- 3.4 As part of the transitional arrangements, the Audit Commission undertook a competitive exercise which resulted in a series of regional contracts being awarded to Grant Thornton, KPMG, Ernst & Young and Mazars. The contracts commenced in 2012.
- 3.5 The Audit Commission itself closed in March 2015 with responsibility for the existing appointments transferring to Public Sector Audit Appointments Limited (PSAA), an independent company established by the Local Government Association. The transitional arrangements for principal authorities were extended for a further year until April 2018, however Health bodies and smaller local government bodies still needed to appoint their own external auditors from April 2017.
- 3.6 The government made a decision to allow councils either to come together to procure audit services through PSAA or to appoint their own auditor. A report was submitted to the 27<sup>th</sup> September 2016 meeting of the Corporate Audit Committee and it was resolved to support the recommended option for the future procurement of external auditors by Public Sector Audit Appointments Ltd. Further information was made available through the PSAA website following that decision, so a further report was submitted to the 12<sup>th</sup> September 2017 meeting of the Corporate Audit Committee. The Committee Report advised the Committee that the S151 Officer was being asked to confirm the appointment by 22<sup>nd</sup> September 2017 and therefore the Committee were asked to confirm their decision. It was resolved by the Committee to support the recommended option for the future procurement of External Auditors to the Council by PSAA Ltd.
- 3.7 Within the local government sector the vast majority of Councils expressed a preference to appoint through the PSAA. Like B&NES Council the main reason for choosing the PSAA to procure external auditors was: 1) there were limited resources available to carry this procurement exercise; 2) there were very clear financial and quality benefits of using PSAA; and, 3) it would help the major firms to plan their resources and submit informed bids.

3.8 Full Council approved the recommendation to opt-in to PSAA at their meeting of 10<sup>th</sup> November 2016. It should be noted that the PSAA reported that out of a total of 494 eligible bodies (at the time of the opt-in period in 2017) 484 took the decision to opt in.

3.9 Grant Thornton have been providing External Audit Services to B&NES Council based on the subsequent appointment by PSAA.

### **Appointing Period 2023/24 – 2027/28 (5 year period)**

3.10 On 22 September 2021, PSAA invited all eligible bodies to become opted-in authorities for the audit years 2023/24 to 2027/28 in its role as a specified appointing person. The decision to become an opted in authority must again be made by Full Council and an acceptance notice has to be returned to PSAA by 11th March 2022.

3.11 There are three alternative methods for B&NES Council to appoint its external auditor for the next five-year period:

1. Undertake an individual auditor procurement and appointment exercise;
2. Undertake a joint audit procurement and appointing exercise with other bodies;
3. Join PSSA's sector led national scheme.

3.12 Aside from having more control over the process, there are no real advantages of choosing options 1 and 2 and indeed there is no appetite within neighbouring authorities for option 2 given the current very challenging local audit market.

As previously reported to Committee there are a number of advantages to joining the PSAA scheme, these include:

- Allowing the Corporate Audit Committee to retain independence in its relationship with the External Auditor;
- Avoiding the need to incur significant additional costs in administering a compliant procurement process, e.g. creating a specification and other tender documentation;
- Benefiting from PSAA's robust process in validating fee variation proposals;
- Assuming a high level of participation based on previous uptake levels will help to support market sustainability;
- Obtaining lower fees based on economies of scale.

- Be part of a network with other local authorities in terms of sharing best practice or tackling key issues in this sector which has been experienced in recent years.

3.13 The Audit Committee are therefore asked to support the recommendation so that full Council can approve the procurement route through PSAA.

#### **4 STATUTORY CONSIDERATIONS**

4.1 There is a statutory obligation to have an external auditor of the council's accounts and the Local Audit and Accountability Act 2014 provided framework in which Local Authorities could appoint their external auditors.

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

5.1 There are no direct charges from using PSAA Ltd and there are very clear financial and quality benefits by following the recommended option which should also help the major firms to also plan their resources and bids more effectively.

#### **6 RISK MANAGEMENT**

6.1 An effective external auditor demonstrates one aspect of good governance on behalf of the Council and the wider Community. This helps to ensure that the Council is delivering good value to its residents from its services and is managing its key risks appropriately.

#### **7 EQUALITIES**

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

#### **8 CLIMATE CHANGE**

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

#### **9 OTHER OPTIONS CONSIDERED**

9.1 No other options to consider related to this report.

## 10 CONSULTATION

10.1 The Council's Section 151 Officer has had the opportunity to input to this report and has cleared it for publication.

<b>Contact person</b>	<i>Andy Cox (01225 477316) Jeff Wring (01225 477323)</i>
<b>Background papers</b>	<i>Corporate Audit Committee Reports Procurement Update – External Audit 12<sup>th</sup> September 2017 Procurement Options – External Audit 27<sup>th</sup> September 2016</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

This page is intentionally left blank



<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>Council</b>	
MEETING DATE:	<b>15<sup>th</sup>/16<sup>th</sup> February 2022</b>	
TITLE:	<b>Amendments to the Constitution – Proportionality Review</b>	
WARD:	All	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
Appendix 1 – <b>revised</b> political proportionality table, showing amended numbers and new panel allocation		

## **1 THE ISSUE**

- 1.1 The Constitution is a single point of reference which contains the principal governance structures and procedures of the authority. It sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.
- 1.2 The proportionality table currently sits within part 5 of the Constitution and, following a change in political group membership, needs amendment by Council.

## **2 RECOMMENDATION**

The Council is asked to;

- 2.1 Agree a revised political proportionality table, offering a place on the Climate Emergency & Sustainability Panel to the non-aligned Councillor, Cllr Dr Kumar.

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

- 3.1 There are no financial, property or people implications directly arising from this report.

## **4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL**

- 4.1 The Constitution must be in compliance with the terms of the Local Government Act 2000, Local Government and Public Involvement in Health Act 2007 and Local Democracy, Economic Regeneration and Construction Act 2009, Localism Act 2011 and any other relevant statutory acts or guidance.

## 5 THE REPORT

- 5.1 There has been a recent change to political group membership; - Councillor Dr Kumar resigned from the Liberal Democrat group on 25th December 2021 and is now an independent (un-aligned) councillor (but not part of the Independent group).
- 5.2 As a result of this, an adjustment to committee memberships is needed so that a place is offered to Councillor Dr Kumar. The Liberal Democrat group need to lose one place from any of the bodies in the top table (of the attachment) to be offered to Councillor Dr Kumar so that their total number of committee places in the top table reduces from 34 to 33.
- 5.3 The allocation of seats between the bodies listed in the top table (compulsory cumulative proportionality) is traditionally managed through discussion between Group Leaders. As long as the Total numbers in the bottom column of the top table are correct, there is discretion as to how these are allocated within these bodies.
- 5.4 The Liberal Democrat Group have indicated that they will relinquish a place on the Climate Emergency & Sustainability panel which will be offered to Cllr Dr Kumar. Cllr Dr Kumar already has experience on this Panel.

### Proportionality rules

- 5.5 The law gives detailed guidance on the principles to be applied in calculating the allocation of seats on Committees and Sub Committees but the basic principles are:-
  - a) not all the seats on the body shall be allocated to one particular party;
  - b) the majority of the seats on the body shall be allocated to a particular political group if the number of persons belonging to that group is a majority of the Authority's membership;
  - c) Subject to paragraphs (a) and (b) above, the number of seats on the ordinary Committees of the Authority which are allocated to a political group shall bear the same proportion to the total of all the seats on the ordinary Committees of that Authority as is borne by the number of members of that group to the membership of that Authority;
  - d) subject to paragraphs (a) to (c) above, the number of seats on the body which are allocated to each political group bears the same proportion to the number of all the seats on that body as is borne by the number of members of that group to the membership of the Authority.
  - e) Notwithstanding (a) to (d) above the Act does not restrict the ability of the Council, or Committees where they are authorised by the Council, to decide on the size and number of seats on Committees and Sub Committees, and to make the actual appointments. A Committee or Sub Committee must, however comprise at least two voting members.
  - f) The law also deals with the allocation of committee places to members who do not belong to any political group formally recognised by the Council. It indicates that, where there are members of the Council who do not belong to a

political group, a proportion of seats on each body to which appointments are made, equal to the proportion of authority members who do not belong to a political group, will be allocated to the Member(s) concerned. Thus, as there are fifty five seats on Committee/Panels and three members who are not in a political group, three seats would be available to them. Council will decide which of the available seats will be so allocated and to whom.

5.6 It remains the position that, if a seat is allocated to a member/group, it is within their gift to offer their place to another group (or non-aligned member), and withdraw that offer at any point. This is an informal arrangement and does not affect the formal proportionality numbers.

## 6 RATIONALE

6.1 To ensure fair representation.

## 7 OTHER OPTIONS CONSIDERED

7.1 Not applicable.

## 8 CONSULTATION

8.1 The Chief Executive, Monitoring Officer and Group Leaders were consulted in preparing this report.

## 9 RISK MANAGEMENT

9.1 Not applicable.

<b>Contact person</b>	<i>Jo Morrison - Democratic Services Manager 01225 394358</i>
<b>Background papers</b>	<i>The Constitution</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

This page is intentionally left blank

## POLITICAL PROPORTIONALITY TABLE – REVISED FEBRUARY 2022

Compulsory cumulative proportionality	Number on Committee	Liberal Democrat 61% 59%	Conservative 17%	Independent 10%	Labour 8%	Green 2%	Ind (no party YK) 2%	Ind (no party PM) 2%	Chair Allocation	Vice Chair Allocation	Co-opted members
Number of councillors		<del>36</del> 35	10	6	5	1	1	1			
Corporate PD&S	9	6	2	1	0	0	0	0	CON	LD	
Climate Emergency & Sustainability PD&S	9	6	1	1	1	0	1	0	IND	LD	
Children, Adults, Health & Wellbeing PD&S	9	5	2	0	1	1	0	0	CON	LD	4
Planning Committee	10	6	2	1	1	0	0	0	LD		
Corporate Audit Committee	5	3	0	1	0	0	0	1*	LD		1
Avon Pension Fund Committee	5	3	0	1	1	0	0	0	LD	LD	12 voting, 3 non voting
Employment Committee	3	2	1	0	0	0	0	0	LD		
Standards Committee	5	3	1	1	0	0	0	0	LD		6 non voting
<b>TOTALS</b>	<b>55</b>	<b>34-33</b>	<b>9</b>	<b>6</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>1</b>			

\* Cllr Myers has offered his Corporate Audit Cttee place to Conservative group (so Cllr Brian Simmons can retain his seat)

<b>Compulsory individual proportionality</b>	<b>No. on Cttee</b>	<b>LD</b>	<b>Cons</b>	<b>Ind</b>	<b>Lab</b>	<b>Ind(no party)</b>	<b>Green</b>			
Licensing Sub-Committee	<b>3</b>	2	1	0	0			<i>LD</i>		
<b>Optional proportionality</b>										
Licensing Committee	<b>11</b>	6	3	1	1			<i>LD</i>		
<b>Fixed memberships</b>										
WECA Overview & Scrutiny Committee	<b>2</b>	2	0	0	0					
WECA Audit Committee	<b>2</b>	2	0	0	0					
Health & Wellbeing Board	<b>2</b>	2 (appropriate Cabinet Members)	1 (observer)	1 (observer)	1 (observer)			<i>Shared between CM &amp; CCG Chair</i>		
Pensions Investment panel	<b>3 (Chair &amp; Vice of APF)</b>	2	0	0	1					4
Restructuring Implementation Committee	<b>4</b>	Group Leader	Group Leader	Group Leader	Group Leader					
Charitable Trust Board *	<b>5</b>	1 Cab Mem + 2	1*				1*			
Alice Park Trust *	<b>3</b>									

- CTB - 5 councillors (to include Cabinet member responsible for Community Services) plus at least 1 Councillor who is not a member of controlling group but appointed by controlling group, plus 3 others). \*LD Group (June 2021) have offered that Joanna can keep her CTB & APT places, and Sally keep hers.
- APT – 3 Councillors from the membership of the Charitable Trust Board (*excluding the Cab Member*)  
[Ward members(s) for Lambridge as co-opted non-voting members]