

Cabinet

Date: Friday, 11th February, 2022

Time: 12.00 noon

Venue: Brunswick Room - Guildhall, Bath

Agenda

To: All Members of the Cabinet

Councillor Kevin Guy (Leader of the Council, Liberal Democrat Group Leader), Councillor Tim Ball (Cabinet Member for Planning and Licensing), Councillor Alison Born (Cabinet Member for Adults and Council House Building), Councillor Tom Davies (Cabinet Member for Adults and Council House Building), Councillor Manda Rigby (Cabinet Member for Transport), Councillor Dine Romero (Cabinet Member for Children and Young People, Communities and Culture), Councillor Richard Samuel (Deputy Council Leader (statutory) and Cabinet Member for Economic Development and Resources), Councillor Sarah Warren (Deputy Council Leader and Cabinet Member for Climate and Sustainable Travel) and Councillor David Wood (Cabinet Member for Neighbourhood Services)

Chief Executive and other appropriate officers
Press and Public

The agenda is set out overleaf.



Marie Todd

Democratic Services

Lewis House, Manvers Street, Bath, BA1 1JG

Telephone: 01225 394414

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

E-mail: Democratic_Services@bathnes.gov.uk

NOTES:

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

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

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

3. 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. The Council may also use the images/sound recordings on its social media site or share with other organisations, such as broadcasters.

4. Public Speaking at Meetings

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

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

Further details of the scheme can be found at:

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

5. Emergency Evacuation Procedure

When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are signposted. Arrangements are in place for the safe evacuation of disabled people.

6. Supplementary information for meetings

Additional information and Protocols and procedures relating to meetings

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

Cabinet - Friday, 11th February, 2022

in the Brunswick Room - Guildhall, Bath

A G E N D A

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

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

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

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

4. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR
5. STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

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

6. QUESTIONS FROM PUBLIC AND COUNCILLORS

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

7. MINUTES OF PREVIOUS CABINET MEETINGS (Pages 7 - 34)

The Cabinet is asked to confirm the minutes of the following meetings as a correct record:

Informal virtual Cabinet meeting – 15 December 2021

Cabinet meeting – 16 December 2021

Informal virtual Special Cabinet meeting – 26 January 2022

Special Cabinet meeting – 27 January 2022

8. CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET

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

9. MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES

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

10. SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING (Pages 35 - 38)

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

11. BUDGET AND COUNCIL TAX 2022/23 AND FINANCIAL OUTLOOK (Pages 39 - 166)

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

12. REVENUE & CAPITAL BUDGET MONITORING, CASH LIMITS AND VIREMENTS – APRIL TO DECEMBER 2021 (Pages 167 - 198)

To consider the attached report which presents the financial monitoring information for the Authority as a whole for the financial year 2021/22, using information available as at the end of December 2021.

13. TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23 (Pages 199 - 228)

To consider the attached report regarding the Council's Treasury Management Strategy. The Authority is required to approve a treasury management strategy before the start of each financial year.

14. TREASURY MANAGEMENT PERFORMANCE REPORT TO 31 DECEMBER 2021 (Pages 229 - 246)

To consider the attached report which gives details of performance against the Council's Treasury Management Strategy for 2021/22 for the first nine months of 2021/22.

15. QUARTER 3 STRATEGIC PERFORMANCE REPORT 2021-22 (Pages 247 - 260)

To consider the attached report which updates Cabinet on the progress made against a key set of strategic performance measures which assess the Council's progress on delivering the Corporate Strategy and key aspects of service delivery.

The Democratic Services Officer for this meeting is Marie Todd who can be contacted on 01225 394414.

This page is intentionally left blank

BATH AND NORTH EAST SOMERSET

CABINET

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

Wednesday, 15th December, 2021

Present:

Councillor Kevin Guy	Leader of the Council, Liberal Democrat Group Leader
Councillor Dine Romero	Cabinet Member for Children and Young People, Communities and Culture
Councillor Tim Ball	Cabinet Member for Planning and Licensing
Councillor Richard Samuel	Deputy Council Leader (statutory) and Cabinet Member for Economic Development and Resources
Councillor Sarah Warren	Deputy Council Leader and Cabinet Member for Climate and Sustainable Travel
Councillor David Wood	Cabinet Member for Neighbourhood Services
Councillor Alison Born	Cabinet Member for Adults and Council House Building
Councillor Manda Rigby	Cabinet Member for Transport

95 WELCOME AND INTRODUCTIONS

The Chair, Councillor Kevin Guy, welcomed everyone watching and participating at the virtual Cabinet meeting and made the following statement:

“Due to the ongoing Covid situation and a desire to retain a level of social distancing at Council meetings at this time, we are holding this ‘informal’ virtual Cabinet meeting to enable Cabinet, Councillors and members of the public to take part. 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 at the physically reduced, quorate decision-making meeting tomorrow on 16th December 2021. We will review this approach for any future Cabinet meetings, in line with government and health guidance at that time.”

96 APOLOGIES FOR ABSENCE

Councillor Tom Davies, Cabinet Member for Adults and Council House Building, gave apologies for the meeting.

97 DECLARATIONS OF INTEREST

There were none.

98 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

1. The Chair made the following statement: "I am giving notice that I intend to call a special meeting of Cabinet (rule 4D, 7) in late January to agree the City Region Sustainable Transport Settlement before it is submitted by WECA to the Department for Transport. In so doing, I am also using rule 4D, 20 to suspend the necessary rules so that no public or councillor questions are permitted at this meeting, and only statements on the agenda item. This is to enable a focussed debate on the issue, and the usual public and councillor opportunities to engage with Cabinet will operate at the next scheduled meeting in February. Please can I have a seconder for this proposal and then ask Cabinet to indicate their support." Councillor Sarah Warren seconded the proposal

RESOLVED to recommend to Cabinet on 16th December 2021 that rule 4D, 20 be used as outlined above regarding the January 2022 meeting of the Cabinet.

2. The Chair announced that Councillor Alison Born, Cabinet Member for Adults and Council House Building would make a statement on 'The Sale of Virgin Care to Twenty20 Capital'

Councillor Alison Born made the following statement.

"I would like to make a statement about the sale of Virgin Care to the Private Capital company Twenty20 Capital.

The recent decision to extend the Virgin Care contract by three years, until 2027, was taken because it appeared to offer continuity and certainty during a time of great challenge and upheaval in health and social care services. It was a joint decision with colleagues in the CCG and was based on a detailed options appraisal using the information available to us when the decision was made on 11th November.

The announcement, three weeks later on 1st December 2021, that Virgin Care had been bought by the private capital company Twenty20 Capital, and is now known as HCRG Care Group, came as a total shock to all who had worked on the contract extension and all those working in local community health and care services, including valued colleagues in our voluntary and community sector.

We have been reassured that nothing will change but it appears to us that our community health and care services may have transferred from an organisation that had given a commitment not to make any profit from its health care contracts to one with a very different business model. If that is the case, it is clearly a significant change.

This raises a number of concerns, many of which have been raised with me by service users, elected members, third sector organisations, staff and residents. As the very basis for the extension decision appears to us to be in question, our confidence in continuity and consolidation has been undermined. As a consequence, we have decided to pause and reflect whilst we work jointly with colleagues in the CCG to seek specialist advice and undertake a comprehensive analysis and due diligence on the implications of these changes to our local services.

We aim to conclude this work as quickly as possible and to clarify our intentions well within the deadline for a decision on the contract extension of March 31st 2022. We wish to reassure all those working in our local community health and care services, including third sector organisations, that our primary motivation will always be to provide safe, high quality services that meet the needs of our local residents and that public money will be safeguarded for the provision of front-line services.

Above all, we must ensure continuity of service provision and protect the interests of staff working in community services who at this time are working incredibly hard to support the most vulnerable people in our communities whilst supporting the delivery of an expanded vaccination programme. We must also safeguard the collaborative, user-focused culture that we, the CCG, our third sector organisations and other partners have built over a number of years”.

99 STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

Malcolm Baldwin (Chair, Circus Area Residents) made a statement regarding the implementation of the "Liveable Neighbourhoods Strategy" *[a copy of which is attached to the Minutes on the Council's website]*.

David Redgewell (South West Transport Board and Rail Future Severnside) made a statement regarding Transport Issues.

Rachael Hushon - made a statement regarding the work of the Community Speedwatch Team *[a copy of which is attached to the Minutes on the Council's website]*

Bob Goodman made a statement regarding issues facing the City of Bath *[a copy of which is attached to the Minutes on the Council's website]*

Martin Grixoni made a statement regarding the state of the City. Bath *[a copy of which is attached to the Minutes on the Council's website]*

Hannah Downey made a statement regarding City Centre Traffic Regulation Order.

Carole Cameron (Bath Independent Hospitality Association) made a statement regarding the TRO and the proposed changes to the Hotel and Guest House permits *[a copy of which is attached to the Minutes on the Council's website]*

Councillor Karen Walker made a statement regarding the budget relating to Peasedown St John *[a copy of which is attached to the Minutes as on the Council's website]*

Councillor Vic Pritchard made a statement regarding City Centre Security Issues

Councillor Karen Warrington made a statement regarding rural traffic issues.

100 QUESTIONS FROM PUBLIC AND COUNCILLORS

There were 48 questions from Councillors.

[Copies of the questions and responses, including supplementary questions and responses, if any, are attached to these minutes]

101 MINUTES OF PREVIOUS CABINET MEETINGS

It was **RESOLVED** to recommend the approval of the minutes of the meetings held on Wednesday 10th November 2021 and Thursday 11th November 2021.

102 CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET

There were none.

103 MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES

There were none.

104 SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING

It was **RESOLVED** to recommend that the Cabinet on 16th December 2021 note the report.

105 BATH CLEAN AIR PLAN- UPDATE DECEMBER 2021

Councillor Sarah Warren introduced the report and made the following statement:

“Air pollution is estimated to cause around 80 deaths a day across the UK, with approximately 80 per year in Bath and North East Somerset. The World Health Organisation recently released new guidelines on safe levels of 6 pollutants where evidence has advanced on the health effects from exposure, and I have written this week to the Minister to urge their rapid adoption into UK law, combined with adequate advice, powers and financial support for councils in tackling them, so as to reduce these adverse health impacts.

Tonight we are considering the second quarterly report on air quality, vehicle compliance, and traffic displacement following the implementation in March 2021 of Bath’s Clean Air Zone, which is designed to tackle high atmospheric levels of the pollutant nitrogen dioxide. The report covers the period from July to September of this year.

Nitrogen dioxide levels are usually measured and compared over 12 month average periods because of the way its concentration in the atmosphere fluctuates depending on seasonal weather conditions. Therefore this report on just 3 months from July to September, covers a very short period by these standards, and presents provisional data, not yet subject to bias corrections or validation.

During the quarter we saw overall traffic levels return to pre-covid levels in the city, with light goods vehicles at 112% and heavy goods vehicles at 110% of their pre-covid numbers, owing to pandemic-related changes in shopping patterns. Throughout the period, there have been dramatic changes to traffic flows around the city centre arising from the complete closure of Cleveland Bridge, which normally carries some 17,000 vehicles per day.

The purpose of the zone is to encourage the upgrade of the most polluting vehicles, and £9.4m has been made available through grants and interest free finance to support this. Some 1495 individuals have been approved for finance, and 591 vehicles upgraded so far through this route, with others delayed due to issues with global supply of new vehicles. Overall, air quality continues to improve both within and outside the zone, with average reductions in nitrogen dioxide levels 14% inside, and 9% outside the zone, compared to the same period in 2019.

Currently:

- 91% of all taxis, 96% of HGVs, and almost 100% of scheduled bus services driving in the zone are compliant.
- We've seen an increase to 77% of compliant light goods vehicles travelling in the zone.
- Of the 40,000 vehicles entering the zone each day, non-compliant vehicles are down to just 1.7%.
- The income generated between March and the end of September totalled around £3.5m, all of which will go into reserve funds to pay for the future operation of the scheme in the interests of public health.

I particularly want to thank those people who have gone to the trouble and expense of upgrading their vehicles, whether independently or through the council scheme, as well as those who are still on waiting lists for new vehicles, because we are seeing the benefits of the high level of vehicle compliance. I received an email from the wife of an asthmatic only this week expressing heartfelt thanks for the efforts we have all made as a community to reduce air pollution.

Bearing in mind that we have to take a 12 month view of pollution, we are still seeing nine sites with average nitrogen dioxide levels above 40 microgrammes per cubic metre over the quarter. Four of these locations have seen a decrease in emissions compared to the same period in 2019, which is pleasing. However, four have seen an increase, and they are probably all impacted to a greater or lesser extent by diversions arising from the Cleveland Bridge closure. Further detailed investigations are continuing at these locations, however, to ensure we fully understand what is going on.

In particular, I note that a recent newspaper article cites Chapel Row as the most polluted street in Bath, without expanding on the reasons behind the temporary rise in pollution seen here. From the closure of Cleveland Bridge in late June, we saw an increase in traffic flow northwards into Queen Square from 5,300 vehicles to 6,500 per week.

Graphs in our report show an exact correlation between this rise in traffic on Chapel Row and the rise in nitrogen dioxide concentrations at the corresponding diffusion tubes. I'd therefore like to reassure residents and businesses in the area that we fully expect nitrogen dioxide levels at Chapel Row to fall back below 40 micrograms per cubic metre now that the bridge has reopened. This was a temporary increase, due to the closure of the bridge.

Whilst the overall reduction in pollution we have seen across the city is positive, it is somewhat disappointing to note that despite largescale displacement of HGVs away from Cleveland Place during the bridge closure, pollution levels at Walcot Parade

remain above 40 microgrammes per cubic metre, and there are a couple of other pollution hotspots where I would prefer to be seeing a faster reduction in pollutant levels.

There are also a number of areas around the city where we are seeing some displacement of traffic, and with Cleveland Bridge closed, it is often hard to determine whether this is due to the Clean Air Zone, to the bridge closure, or to the overall national increase in heavy and light goods vehicles on our roads since the pandemic. Only longer term and more detailed monitoring, particularly following the reopening of the bridge, will enable us to tease out these different elements.

The data collected during the bridge closure to date does show us clearly that removing many vehicles from this part of the network has seen a dramatic reduction in air pollution, and the next quarterly monitoring report will show us exactly what air quality at Cleveland Place is like **with** cars and **without** trucks, as the bridge is currently closed to vehicles wider than 2m. This information is relevant to the next item on this evening's agenda, which recommends use of an amended Clean Air Zone charging order to charge all diesel HGVs above 12 tonnes to enter the zone unless exempt. I would like to register my concern that if large vehicles are allowed to return to the bridge, we can expect a return of pollution to Cleveland Place.

I would like to finish by thanking officers for their hard work monitoring the impacts of the zone so closely, and compiling the data into this quarterly report, which permits regular close public examination of our progress on this important public health measure. We clearly need to keep both air quality and potential traffic displacement under close review. We await government's assessment of the extent to which we are achieving success in the New Year.

In the meantime, given that our legal compliance with air quality standards now looks as though it may be marginal at a small number of locations in the city, I would like to amend the final recommendation (in the report), to additionally request an options appraisal for making further improvements to air quality in the city, as part of our next published report about the Clean Air Zone".

Councillor Sarah Warren moved the recommendations, as amended.

Councillor Dine Romero seconded the motion and stated that a key factor behind the Clean Air Zone is the public health implications of bad air quality. She stated that climate change and public health are good reasons to support The Clean Air Zone but acknowledged variables such as the work on Cleveland Bridge.

Councillor Richard Samuel made the following statement: "Once again, I welcome the publication of this report which places the facts concerning the CAZ in the public domain and represents the official state of play rather than some of the ill-informed comments I have seen on social media from certain members of the main opposition party.

Overall, I am pleased to see a trend towards reduction of pollutants, but I am concerned to see that pollution levels remain above legal levels in my ward and also in a number of city centre sites.

I want to speak briefly on one of these – Chapel Row.

When the last administration's then cabinet member, Cllr Goodman, proposed the traffic light scheme at Queen Square, he set in train the sequence of events that have led to the higher pollution levels we see today. In 2019 the Conservative administration were so desperate to avoid charging cars to come into the CAZ, a Class D CAZ, that came up with this bonkers scheme.

One of the areas where pollution was above legal limits was the corner of Gay St and George St which is a notorious pinch point. The other was at Cleveland Place in my ward.

Failure to achieve compliance at these pinch points would have meant that air quality would always have failed the standard and therefore the council would have to impose a Class D CAZ. So, Cllr Goodman came up with the Heath Robinson solution we see today. Two sets of traffic lights installed at Queen Square which are designed to hold traffic back when pollution tips over the limit at Gay St. However, he offered no solution to the Cleveland Place pollution levels.

The inevitable consequence of this plan, which I criticised at the time, was queuing traffic in Chapel Row and around Queen Sq.

Once in power Cllr Warren and I looked extremely closely at the scheme because we did not like it and felt it would displace traffic into lower Lansdown. We asked officers to produce modelling to demonstrate what would happen if the scheme was scrapped. The data they provided showed huge increases in Marlborough Lane, Julian Road, and Royal Avenue to unacceptable levels. This was a deliberate attempt by the Conservatives to disperse pollution into residential areas to reduce it at the pinch-point.

In short it was a deliberate attempt to massage the figures down to achieve a Class C CAZ when all the data showed that a Class D CAZ was probably the correct course of action for the Conservatives to have taken following the science. It also meant that the projections for Gay St and Cleveland Place were within a 3% margin of error and so statistically unreliable as a certain outcome.

Despite our best endeavours it proved impossible to unpick this decision, despite the now Mr Goodman's claims to the contrary, as this would have meant missing the deadlines set by JAQU and additional cost to remodel the CAZ.

The result is clear to see.

I also note the downgrading of aspiration by the Tory government from compliance to achieving success. Weasel words if ever I heard them.

But I also want to reflect on the diversionary impacts that are clearly occurring and are referred to in para 3.7 of the report. Whilst these are perhaps explainable they are not desirable. I therefore call on my colleague Cllr Warren to agree to examine these negative impacts and if justified bring forward amendments to the charging order that discourage commercial vehicles from impacting on residential areas. I raise this now as there is a clear connection to the recommendations contained in the next report.

Finally, I want to end by commenting on the NOx figures for the monitoring sites in my ward.

- Anglo Terrace – dramatically down because of the HGV ban
- Paragon – up because of diverting vehicles
- Walcot Parade – down because of the HGV ban
- Canton Place – down because of the HGV ban
- Walcot St – marginally down
- Cleveland Place- down because of the HGV ban.

Chairman if ever an evidence base was required for a permanent restriction on all HGVs over Cleveland Bridge this was it".

RESOLVED (unanimously) to recommend that the Cabinet on 16th December 2021:

- 1.1 Note the performance report and the ongoing progress which has been made towards improving air quality and associated public health outcomes, together with the ongoing increasing proportion of compliant vehicles entering the CAZ and achieving success with the Ministerial Direction.
- 1.2 Note the continued performance of the scheme against the scheme's financial model, ensuring it covers its costs of operation and avoids placing an additional burden on the Council and local taxpayers.
- 1.3 Note that after assessing over 2,500 applicants who applied to the financial assistance scheme and finding 1,495 vehicles eligible for replacement or retrofit treatment, the current round of funding for the financial assistance scheme will be concluding. However, a waiting list is being held, should further funding become available.
- 1.4 Note the success achieved at key hotspot monitoring locations in reducing nitrogen dioxide levels e.g. Gay Street, acknowledge the risk that more intervention may be required at some locations, e.g. Wells Road and note the work that Officers have already been doing in anticipation of this outcome.
- 1.5 Request an options appraisal for making further improvements to air quality in the city, as part of our next published report about the Clean Air Zone.

106 CLEVELAND BRIDGE REVIEW

Councillor Mandy Rigby introduced the report and made the following statement:

"I am splitting this speech into 2 bits. I will introduce the paper I am asking you to support shortly, but first, I'd like to take this opportunity to give my Cabinet colleagues and those who are watching a verbal update on the condition of the bridge and the status of the works.

Engineering work on Bath's historic Cleveland Bridge will continue in the run up to Christmas, pause from 23rd December and resume on January 4.

The bridge will remain closed to HGVs but will continue to be open for vehicles under two metres in width under traffic signals.

A fuller update on the programme of renovation works is anticipated in mid-January. Since temporary supports were installed at the end of October, crucial sections of the bridge trusses have been repaired, however repairs on a fourth truss are more extensive and work is ongoing.

Another temporary platform has been erected under the bridge deck on upstream side of the river allowing for more detailed inspection of the bridge. It has resulted in the identification of a further 28 repairs in addition to 21 already accounted for.

Investigation work is also under way on downstream side of the structure.

Engineers are looking at all options to progress the repairs as safely and quickly as possible but at this stage we are unable to confirm when the bridge will be fully opened.

Pedestrians, cyclists and cars can use the bridge and an exception has been made for emergency vehicles, which will be able to access the bridge via a gate specifically for their use.

Diversion routes for all other vehicles and through traffic on the A36 via South Gloucestershire are available on the council's Cleveland Bridge webpage.

Work on the £3.8 million project to repair and safeguard the Grade II* listed structure began in May under temporary traffic signals before the bridge was closed to all vehicle traffic on 28 June.

The extent of the works includes repairs to the bridge deck and concrete supporting structure, along with repainting of the cast iron arches and parapets and waterproofing to prevent future weather damage.

However, due to the uncertainty this may have an impact on other planned maintenance and events that require road closures that are scheduled in for next year. We are working to understand this risk fully, but we will be discussing with event planners and other stakeholders shortly.

The project is currently funded through the Government's Highways Challenge Fund.

Moving on to the paper in front of you about future options for the bridge.

I am asking Cabinet to agree with points 1-5 in the recommendations.

This paper is a direct result of the cabinet meeting held on September 9th when officers were instructed to examine all options for charging and/or restricting HGV movements across Cleveland bridge. This is a 200-year-old bridge, never intended for this volume and weight of traffic, and the mitigations put in place in 1927 are also struggling to handle the wear and tear. The £3.5m we are spending from the public purse now will need to be spent again in 10-15 years' time if HGVs go back to pummelling the bridge as before. It would be so much better to find a permanent solution.

In essence having examined all the routes open to us, there are 2 main options left, a Traffic Regulation Order (TRO), or a road user charge potentially through CAZ, as imposition of a toll, using either existing local legislation, or other tolling powers has been deemed currently unfeasible.

Cleveland Bridge forms part of the PRN, primary route network, therefore all TROs whether based on air quality, safety, or heritage grounds if it diverts traffic to adversely affect other parts of the PRN are subject to appeal to the department of transport.

We have worked extremely hard, and will continue to work hard with Wiltshire, Somerset, South Gloucestershire Councils, National Highways, and the Secretary of State, both directly and via the Western Gateway board, to try to reach agreement but in the absence of doing so, the risk of a successful PRN appeal is very high.

We are not in the business of exporting our problems elsewhere, but we are in the business of standing up for our community, and to us, it is only right that all parts of the network, including Wiltshire, take their fair share of traffic.

That being the case, it is recommended the recommendation before us this evening is that we progress examining extending the charging mechanism in the Clean Air Zone to include initially HGVs over 12 Tonnes.

Given the very positive reaction from HGV operators to the CAZ so far, there is an opportunity to go further, faster. Indeed, the HGV roadmap published by the automotive council says in the period 2020-2025 we should expect hybrid and electric vehicles to start to complement the lower emission vehicles, and we are as Cllr Warren has highlighted in the previous item under a direction to ensure compliance with air quality limit values in the shortest possible time.

Remember, this is not Bath's traffic. This is through traffic bringing congestion and pollution, not economic benefit.

I want to commend the officers for their work on this, leaving no stone unturned, no avenue unexplored, to allow us to protect our residents and our heritage from the blight of excessive overweight HGVs".

Councillor Manda Rigby moved the recommendations.

Councillor Richard Samuel seconded the motion and made the following statement:

"Chairman, in seconding this report I wish to speak to the relief that residents in my ward along London Road have felt since the 18-ton HGV weight ban was introduced. I have already referred to the obvious reduction in pollution levels caused by the effective removal of heavy goods vehicles to levels not experienced for decades. Residents will have seen a noticeable improvement in air quality making it better for children and those with poor health.

In no circumstances can HGVs be allowed to ever return uncontrolled to the London Road because the evidence is now clearly before us that they are a major cause of elevated NOx levels.

So, with this clear evidence we must now look to the future.

It is clear that using conventional solutions to tackle excessive HGV volumes is unrealistic. They are fraught with legal difficulties and risk challenge from other local authorities. However, the potential way forward set out in para 2.4 that extends the CAZ charge to all vehicles over a weight of 12 tonnes offers a solution. I feel this needs to be given the green light and officers asked to progress this at pace. It also potentially fits neatly with the need to review the operation of certain aspects of the CAZ I mentioned in relation to the previous report.

Chairman, residents in the London Road and Paragon want to see a big improvement in their quality of life. Work is underway on the Snow Hill LN, planning is in the pipeline for improved cycle provision on London Road, plans are coming forward for better bus priority, the last piece of the jigsaw is to prevent a return of uncontrolled HGVs to London Road and Cleveland Bridge – changes to the CAZ charging order offer the best prospect for that hope. This Lib Dem administration is delivering for residents in my ward so I second these recommendations particularly emphasising the role that 2.4 can play".

RESOLVED (unanimously) to recommend that the Cabinet on 16th December 2021:

1. Note that in the absence of a solution to restrict HGV movements over the bridge which has been agreed with the haulage trade associations, neighbouring authorities, National Highways and the Secretary of State, all unilateral options carry high degrees of risk of a PRN appeal and/or a legal challenge.
2. In light of the resolution made at the 9 September Cabinet Meeting (E3303) to adopt recommendation 2.1 in the corresponding Officer report, recognise the need to maintain good working relationships with the Council's neighbouring authorities and National Highways so as not to undermine the investment being made into a wider, strategic study into north-south connectivity between the M4 and the Dorset Coast with an aim of making the A350 the strategic route and thereby limiting HGV use of Cleveland Bridge as part of the Government's Road Investment Strategy 2 (2020-25).

3. Consider strengthening the Council's transport policies to: protect the amenity of the Bath World Heritage Site setting, continue to improve air quality standards, reduce vehicular demand on road space, and respond to the climate and ecological emergencies already declared by the Council. This could include, if necessary, the introduction of further restrictions and/or increased charges on vehicles entering Bath. In line with the legislation, note that any net revenues generated from any proposed charging scheme would be applied to facilitate the achievement of these policies.
4. Consider early engagement with the haulage trade associations, neighbouring authorities, National Highways and the Secretary of State with a view to exploring a variation to the Bath Clean Air Zone Charging Order 2021 so that all Euro VI diesel powered vehicles with weight exceeding 12 tonnes¹ become chargeable under the scheme, for the benefit of air quality and the amenity of the CAZ area (including the Grade II* Cleveland Bridge) and the wider Bath World Heritage Site setting. As part of this and with a view to protecting local SMEs and their supply chains that may have recently invested in Euro VI diesel vehicles, explore the option of also introducing a time-limited exemption to complement the existing exemptions for hybrid, electric and alternatively fuelled vehicles. Subject to undertaking further feasibility work and being able to develop and implement a workable scheme, this would have the net effect of disincentivising all diesel-powered HGVs weighing over 12 tonnes from using the CAZ area as a through route.
5. Noting the high risk of appeal and/or legal challenge, and the resource implications highlighted in the report below, do not proceed with the TRO option at this time.

107 BRISTOL TO BATH STRATEGIC CORRIDOR, STRATEGIC OUTLINE CASE

Councillor Sarah Warren introduced the report and made the following statement:

"The A4 Bristol Bath corridor serves a population of 117,000 with around 13,000 trips made along the corridor each day. At the moment, the mode share of these made by car is 54%, increasing to a whopping 77% of commuters to Bristol or Bath along the route, with just 7% of all trips by bike, and 9% by bus. Population along the corridor is forecast to increase, and if nothing is done, mode share by car is forecast to rise still further, with the greatest increase arising from trips of less than 5km. Corresponding congestion costs are forecast to increase to £800m per year by 2036. At present, there is very limited bus priority, and very little safe, segregated cycle provision on the route, which results in a vicious cycle. Buses stuck in traffic travel slowly with unpredictable journey times, cycling amongst the traffic feels too dangerous for many, there are few methods to get to the A4 that don't involve a car. Whilst there is a fast rail connection, it can only be accessed at Keynsham. So, people are understandably very much in the habit of picking up their car keys. The impacts of this car-dominated environment are many. The route currently suffers from severe congestion, with associated financial cost of wasted time and fuel, increased car mileage as people divert around it, air pollution, noise, and car-dominated communities that don't always feel like the pleasantest of environments to

¹ In accordance with the Road User Charging and Workplace Parking Levy (Classes of Motor Vehicles) (England) Regulations 2001.

walk around. As part of our climate emergency declaration, we know we need to achieve a reduction in mileage of 25% per person per year, and this is a vital transition to make for public health reasons as well. So, we need to make the shift from a vicious to a virtuous cycle.

The overarching objective of this project, funded through the West of England Combined Authority's City Region Sustainable Transport Fund, is to create a high quality segregated and prioritised mass transport, cycling and walking corridor that will provide for reliable services, to encourage people to use sustainable transport modes for short and mid-distance journeys, and contribute to tackling the climate emergency through modal shift. We also plan to improve sustainable modes of getting to the A4, with interchanges between transport modes along the route. Our underlying purpose is to improve people's lives through addressing the climate emergency, improving public health, and tackling transport poverty.

Our aspiration is for a fast, segregated zero-emission, turn-up-and-go, 5-minute bus service between Bristol and Bath, as well as a continuous, safe, segregated cycle route. This will create a vital step-change in the standard of sustainable transport connections between the two major cities of the West of England. A first round of public engagement was carried out this autumn, so we already have information about residents' views. Further engagement will take place in early 2022.

We welcome government's commitment to sustainable transport through the provision of the City Region Sustainable Transport Fund, and other funds, over the last two years. However, government's stated ambition in this area sits at odds with the cliff edge in regular bus service funding that companies are facing in April, as the covid support grant provided to companies by government is based on the assumption that passenger numbers, currently stuck at 70% of pre-covid totals, would have risen to 90% by now. It's a shame that government will not acknowledge this gap, and that communities, encouraged by government publicity to hope for improvements in mass transport provision, may instead be faced with dramatic cuts to services in the short term. I very much hope that government will quickly rethink this illogicality.

Cabinet is asked to note that the West of England Joint Committee will be asked on 28th January to delegate authority to Chief Executives to progress to Outline Business Case for this important project, the Bristol Bath Strategic Corridor. I wholeheartedly support the proposal".

Councillor Sarah Warren moved the recommendations.

Councillor Manda Rigby seconded the motion by acknowledging the outstanding work done by Councillor Warren and the officers. She stated that the scheme aims to achieve many outcomes and there is a long way to go but this is a positive start.

Councillor Richard Samuel made the following statement:

"I welcome this initiative by the WECA to improve the flow of public service vehicles between the main urban centres of Bath and Bristol together with other ancillary improvements for walking and cycling. The devil of course will be in the detail and how the competing demands for road space will be managed. It will be essential to work closely with residents and businesses along the route and in this regard, I welcome the work undertaken by the Mayor to involve residents at an early stage. It is clear from the responses set out at para 10.5 that there is plenty to do".

RESOLVED (unanimously) to recommend that the Cabinet on 16th December 2021:

1.6 Note that WECA Joint Committee on 28th January 2022 will be asked to delegate authority to approve the Strategic Outline Case to Chief Executives on 17th February 2022 for progression to Outline Business Case.

1.7 Note early public engagement will be carried out Spring/Summer 2022 if the Strategic Outline Case is approved.

108 2020/21 QUARTER 2 PERFORMANCE REPORT

Councillor Richard Samuel introduced the report and made the following statement:

“This is the second report covering Q2 and is slightly late due to data gathering problems.

The detailed dashboard appears in the appendix, but highlights are:

- Very high levels of resident satisfaction at 87%
- Strong performance on recycling
- High levels of reablement – so important to help our hospitals
- Top performance on safeguarding for adults

I welcome the trend information but query whether faster traffic is a positive indicator in a city where 20mph is the norm. Perhaps officers could look at this.

We welcome suggestions from opposition members and the public as to how we can improve this data for the future. In this regard I will investigate whether the Corporate PDS panel would be prepared to look at the reports in the near future and let us have their recommendations”.

Councillor Richard Samuel moved the recommendations.

Councillor Kevin Guy seconded the motion.

Councillor Tim Ball thanked Councillor Samuel and the officers.

Councillor Dave Wood stated that this showed the best recycling on record in BANES and that satisfaction had gone up since 2018.

RESOLVED (unanimously) to recommend that the Cabinet on 16th December 2021:

1.8 Note progress on the delivery of key aspects of the Council's service delivery, details of which are highlighted in section 3.7 and Annex 1.

1.9 Indicate any other key service areas to be highlighted and included in the strategic indicator report.

1.10 Agree to receive update reports on a quarterly basis

The meeting ended at 8.05 pm

Chair _____

Date Confirmed and Signed _____

Prepared by Democratic Services

Thursday, 16th December, 2021

Present:

Councillor Kevin Guy	Leader of the Council, Liberal Democrat Group Leader
Councillor Richard Samuel	Deputy Council Leader (statutory) and Cabinet Member for Economic Development and Resources
Councillor Sarah Warren	Deputy Council Leader and Cabinet Member for Climate and Sustainable Travel
Councillor Tom Davies	Cabinet Member for Adults and Council House Building
Councillor Manda Rigby	Cabinet Member for Transport

109 WELCOME AND INTRODUCTIONS

The Chair, Councillor Kevin Guy, welcomed everyone to the meeting and made the following statement:

“This meeting is being held as part of the contingency arrangements put in place, recognising the need to remain cautious. For this reason, there is only a quorum of Cabinet Members in the Chamber this meeting. A virtual ‘informal’ meeting of the full Cabinet took place last night to inform voting at this meeting. That meeting is available to view on the Council’s YouTube channel.”

The Democratic Services Officer read the Emergency Evacuation Procedure.

110 APOLOGIES FOR ABSENCE

There were no apologies for absence.

111 DECLARATIONS OF INTEREST

There were none.

112 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

The Chair made the following statement: “I am giving notice that I intend to call a special meeting of Cabinet (rule 4D, 7) in late January to agree the City Region Sustainable Transport Settlement before it is submitted by WECA to the Department for Transport. In so doing, I am also using rule 4D, 20 to suspend the necessary rules so that no public or councillor questions are permitted at this meeting, and only statements on the agenda item. This is to enable a focussed debate on the issue, and the usual public and councillor opportunities to engage with Cabinet will operate at the next scheduled meeting in February. Please can I have a seconder for this proposal and then ask Cabinet to indicate their support.”. Councillor Sarah Warren seconded the proposal.

RESOLVED that rule 4D, 20 be used as outlined above regarding the January 2022 meeting of the Cabinet.

It was noted that Councillor Alison Born made a statement at the virtual meeting on 15th December 2021 regarding the sale of Virgin Care to the Private Capital company Twenty20 Capital. A copy will be in the minutes of that meeting.

113 STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

The Chair explained that members of the public and Councillors who wished to make a statement did so at the virtual meeting on 15th December 2021. Their statements, where provided, are attached to the minutes of the meeting.

114 QUESTIONS FROM PUBLIC AND COUNCILLORS

The Chair stated that the Question and Answer sheet (with any supplementary questions) will be published with the minutes of the 15th December 2021 meeting of the Cabinet.

115 MINUTES OF PREVIOUS CABINET MEETINGS

RESOLVED that the minutes of the meetings held on Wednesday 10th November 2021 and Thursday 11th November 2021 be confirmed as a correct record and signed by the Chair.

116 CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET

There were none.

117 MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES

There were none.

118 SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING

The Cabinet agreed to note the report.

119 BATH CLEAN AIR PLAN- UPDATE DECEMBER 2021

On a motion from Councillor Sarah Warren, seconded by Councillor Tom Davies, it was

RESOLVED (unanimously) that the Cabinet agreed to:

- 1.1 Note the performance report and the ongoing progress which has been made towards improving air quality and associated public health

outcomes, together with the ongoing increasing proportion of compliant vehicles entering the CAZ and achieving success with the Ministerial Direction.

- 1.2 Note the continued performance of the scheme against the scheme's financial model, ensuring it covers its costs of operation and avoids placing an additional burden on the Council and local taxpayers.
- 1.3 Note that after assessing over 2,500 applicants who applied to the financial assistance scheme and finding 1,495 vehicles eligible for replacement or retrofit treatment, the current round of funding for the financial assistance scheme will be concluding. However, a waiting list is being held, should further funding become available.
- 1.4 Note the success achieved at key hotspot monitoring locations in reducing nitrogen dioxide levels e.g. Gay Street, acknowledge the risk that more intervention may be required at some locations, e.g. Wells Road and note the work that Officers have already been doing in anticipation of this outcome.
- 1.5 Request an options appraisal for making further improvements to air quality in the city, as part of our next published report about the Clean Air Zone.

120 CLEVELAND BRIDGE REVIEW

On a motion from Councillor Manda Rigby, seconded by Councillor Richard Samuel, it was

RESOLVED (unanimously) that the Cabinet agreed to:

1. Note that in the absence of a solution to restrict HGV movements over the bridge which has been agreed with the haulage trade associations, neighbouring authorities, National Highways and the Secretary of State, all unilateral options carry high degrees of risk of a PRN appeal and/or a legal challenge.
2. In light of the resolution made at the 9 September Cabinet Meeting (E3303) to adopt recommendation 2.1 in the corresponding Officer report, recognise the need to maintain good working relationships with the Council's neighbouring authorities and National Highways so as not to undermine the investment being made into a wider, strategic study into north-south connectivity between the M4 and the Dorset Coast with an aim of making the A350 the strategic route and thereby limiting HGV use of Cleveland Bridge as part of the Government's Road Investment Strategy 2 (2020-25).
3. Consider strengthening the Council's transport policies to: protect the amenity of the Bath World Heritage Site setting, continue to improve air quality standards, reduce vehicular demand on road space, and respond to the climate and ecological emergencies already declared by the Council. This could include, if necessary, the introduction of further restrictions and/or increased charges on vehicles entering Bath. In line with the legislation, note that any net revenues generated from any

proposed charging scheme would be applied to facilitate the achievement of these policies.

4. Consider early engagement with the haulage trade associations, neighbouring authorities, National Highways and the Secretary of State with a view to exploring a variation to the Bath Clean Air Zone Charging Order 2021 so that all Euro VI diesel powered vehicles with weight exceeding 12 tonnes¹ become chargeable under the scheme, for the benefit of air quality and the amenity of the CAZ area (including the Grade II* Cleveland Bridge) and the wider Bath World Heritage Site setting. As part of this and with a view to protecting local SMEs and their supply chains that may have recently invested in Euro VI diesel vehicles, explore the option of also introducing a time-limited exemption to complement the existing exemptions for hybrid, electric and alternatively fuelled vehicles. Subject to undertaking further feasibility work and being able to develop and implement a workable scheme, this would have the net effect of disincentivising all diesel-powered HGVs weighing over 12 tonnes from using the CAZ area as a through route.
5. Noting the high risk of appeal and/or legal challenge, and the resource implications highlighted in the report below, do not proceed with the TRO option at this time.

121 BRISTOL TO BATH STRATEGIC CORRIDOR, STRATEGIC OUTLINE CASE

On a motion from Councillor Sarah Warren, seconded by Councillor Manda Rigby, it was

RESOLVED (unanimously) that the Cabinet agreed to:

1. Note that WECA Joint Committee on 28th January 2022 will be asked to delegate authority to approve the Strategic Outline Case to Chief Executives on 17th February 2022 for progression to Outline Business Case.
2. Note early public engagement will be carried out Spring/Summer 2022 if the Strategic Outline Case is approved.

122 2020/21 QUARTER 2 PERFORMANCE REPORT

On a motion from Councillor Richard Samuel, seconded by Councillor Kevin Guy, it was

RESOLVED (unanimously) that the Cabinet agreed to:

1. Note progress on the delivery of key aspects of the Council's service delivery, details of which are highlighted in section 3.7 and Annex 1.

¹ In accordance with the Road User Charging and Workplace Parking Levy (Classes of Motor Vehicles) (England) Regulations 2001.

2. Indicate any other key service areas to be highlighted and included in the strategic indicator report.
3. Agree to receive update reports on a quarterly basis

The meeting ended at Time Not Specified

Chair _____

Date Confirmed and Signed _____

Prepared by Democratic Services

This page is intentionally left blank

Wednesday, 26th January, 2022

Present:

Councillor Kevin Guy (Ch)	Leader of the Council, Liberal Democrat Group Leader
Councillor Tim Ball	Cabinet Member for Planning and Licensing
Councillor Alison Born	Cabinet Member for Adults and Council House Building
Councillor Manda Rigby	Cabinet Member for Transport
Councillor Dine Romero	Cabinet Member for Children and Young People, Communities and Culture
Councillor Richard Samuel	Deputy Council Leader (statutory) and Cabinet Member for Economic Development and Resources
Councillor Sarah Warren	Deputy Council Leader and Cabinet Member for Climate and Sustainable Travel
Councillor David Wood	Cabinet Member for Neighbourhood Services

123 WELCOME AND INTRODUCTIONS

The Chair, Cllr Kevin Guy, welcomed everyone watching and participating at the virtual Cabinet meeting and made the following statement:

"Due to the ongoing Covid situation and a desire to retain a level of social distancing at Council meetings at this time, we are holding this 'informal' virtual Cabinet meeting to enable Cabinet, Councillors and members of the public to take part. 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 at the physically reduced, quorate decision-making meeting tomorrow on 27 January 2022. We will review this approach for any future Cabinet meetings, in line with government and health guidance at that time."

He confirmed that members of the public and Councillors would be able to ask questions and make statements on any issue relevant to the Council and/or the Bath and North East Somerset area at the next meeting on 10 February.

124 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Tom Davies.

125 DECLARATIONS OF INTEREST

There were no declarations of interest.

126 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was no urgent business.

127 STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

The following people made statements at the meeting regarding the City Region Sustainable Transport Settlement:

David Redgewell (South West Transport Board and Rail Future Severnside) *(a copy is attached to the minutes as Appendix 1 and is available on the Council's website).*

Cllr Vic Pritchard

Cllr Paul May *(a copy is attached to the minutes as Appendix 2 and is available on the Council's website).*

Cllr Joanna Wright *(a copy is attached to the minutes as Appendix 3 and is available on the Council's website).*

128 CITY REGION SUSTAINABLE TRANSPORT SETTLEMENT

The Cabinet considered a report by the Director of Sustainable Communities regarding Bath and North East Somerset Council's approval to the final West of England Combined Authority (WECA) Strategic Outline Case to the Department for Transport on the City Region Sustainable Transport Settlement.

Cllr Sarah Warren introduced the item and made the following statement:

"I am very pleased to be presenting this paper on the City Region Sustainable Transport settlement, that we hope will be approved by WECA, the West of England Combined Authority, on Friday, and that will begin to rectify many decades of underinvestment in this region's sustainable transport infrastructure as compared to other City Regions.

WECA has been awarded a historic settlement of £540m over 5 years, more per capita than other city regions, to progress an ambitious capital programme that will support a significant reduction in carbon emissions from transport, in line with the region's climate emergency declarations. The final allocation to schemes in the Bath and North East Somerset area is proposed to be £129 m over the 5 years, which is matched by a £17m local contribution.

The bid's key focus is on safe, segregated infrastructure for active travel (by which I mean cycling and walking), and continuous, segregated, priority lanes for buses, will reduce journey times and increase the attractiveness of alternatives over the car. They will also support our public health objectives, by increasing physical activity and bringing down air pollution, and they will reduce the congestion, which blights our

region and is forecast to increase without action of this sort, costing a huge and increasing amount in time and money.

The scheme will connect households with employment and education and deliver high quality inter-connected alternatives to the car. In Bath & North East Somerset, our approach will revolve around the creation of multi-modal transport interchanges and segregated, fast bus routes along the trunk corridors, served by safe walking and cycling routes in to interchanges from more rural communities. Where distances are too long for walking or cycling, such as in the Chew Valley, this plan provides for sustainable modes and we will look to try out more innovative schemes using the rural fund.

The important elements of the scheme for Bath & North East Somerset include:

- Improvements to the A4 corridor – as we discussed at last month's cabinet meeting and incorporating a new sustainable transport hub at Hicks Gate (to replace Brislington Park & Ride).
- Improvements to Bath bus station
- Improvements to sustainable transport infrastructure along and to the A37 and A367 corridors, connecting the Somer Valley to Bristol and Bath.
- Improvements to cycling and walking infrastructure, and provision of secure, dry cycle parking, in and around Bath, Midsomer Norton and Keynsham.
- Additional funding to extend our liveable neighbourhoods programme, which aims to create residential areas that are healthier and nicer to spend time in on foot - beyond the 15 projects currently timetabled.
- A common West of England branding to bus services and real time travel information
- Simpler and integrated bus ticketing, to make it more straightforward to choose the right bus ticket, cheaper to make connecting journeys by bus, and making buses quicker to board.

I am very pleased to see that WECA recognise the importance of local ownership of, and buy-in, to the schemes, which will be vital for their success. Some of the larger schemes have already been out to early stages of consultation and will progress through further rounds of community engagement before implementation.

I am also pleased that all schemes will meet the high standards of quality set by Bus Back Better for bus infrastructure, and Local Transport Note 1/20 for cycle infrastructure, which will contribute to their acceptability to residents, and in turn to their success.

I support David Redgewell's earlier comments that the reduction in central Government funding for the Bus Service Improvement Programme is highly regrettable, in the context of this capital investment in bus infrastructure, as is the lack of additional funds that are needed TODAY to support our existing bus services and call upon government to rectify these problems.

However, all in all, I am delighted to recommend to you this transformational programme which will improve our district in so many ways, as well as moving us along the path towards net zero. I would like to thank officers for turning around a

huge piece of work to prepare this bid, to a very tight timeframe, as central government often demands these days.”

Cllr Warren then moved the recommendations set out in the report.

Cllr Manda Rigby seconded the motion and then made the following statement:

“Firstly, can I thank Cllr Sarah Warren and her officer team for the hours of work they have put into this.

What I welcome more than anything from the CRSTS is that, via WECA, we now have access to the kinds of pots of money that can deliver real change in our transport offering. On our own, and with the ongoing defunding of local government, we could do little other than tinker round the edges. Each year that goes by, we spend approximately £6m on road maintenance when we know to keep steady state, we need to spend at least another £1m per year. As we have a statutory responsibility for road surfaces, but not pavements, the underinvestment in pavements throughout the authority is even more dramatic. Both cycling and walking, as well as car driving, and bus operation need suitable surfaces.

For schemes throughout Bath and North East Somerset, we are now talking of £129m allocation, with us matching with a £17m contribution.

And in terms of projects, up till now, we struggled to have the internal resource to bid for the money on spec, with no promise of success. We couldn't scale up our delivery teams without clear sight of money and timelines for huge infrastructure projects. Now we know, if this paper passes this evening and goes through WECAS process as well, we have funding for the 2022-27 funding round. Specifically: Scholars Way, the brainchild of many before us, linking schools and the University along the South side can be progressed, we can create a cycle route between the city centre and Oldfield school, commission enhancements to the Bristol Bath railway path, currently a victim of its own success. At Fieldings Bridge, we can provide better pedestrian and cyclist access and either replacement of the existing or creation of adjacent new bridge, and a much-needed Silver Street Fosseyway walking route in Midsomer Norton will be programmed in.

The Department for Transport has confirmed that there will be other pots we can still bid for around Liveable Neighbourhoods and Active Travel, and if we are successful in delivering our CRSTS programmes... WHEN we are successful in delivering our programmes... there will be further funding from 2027 onwards.

All these schemes will be subject to the usual consultation and design periods, where we take on board all the input we receive to ensure what we deliver achieves the best result for our communities.

The scale of investment in transport improvement across the region is unprecedented. The opportunity to transform options for travel immense. The work to deliver these schemes will be huge, but the benefits will be felt by generations to come.

It gives me great pleasure to second this motion, and I urge all my colleagues to support it wholeheartedly.”

Cllr David Wood highlighted the opportunity for improvements to the A37 corridor to reduce congestion and to provide better public transport to and from the Chew Valley. He stated that connectivity is needed between villages. He would like to see a separate walking and cycling route along the old railway between Midsomer Norton and Bristol. He welcomed the proposal and stated that it must provide real change for the A37 and Chew Valley.

Cllr Samuel noted that very little government support or funding has been made available in recent years for transport in the North East Somerset area. This represents long overdue investment in the region and he thanked Cllr Sarah Warren and Sophie Broadfield, Director of Sustainable Communities, for the work they have undertaken. He drew attention to the unusual financial arrangements whereby the Council will have to provide a local contribution meaning that funding will already be earmarked.

Cllr Alison Born made the following statement:

“I really welcome this significant investment. Travel and transport are problematic across Bath and North East Somerset. It’s good to see that the funding is balanced across the authority and that the investment in both public transport and active travel should help reduce reliance on cars. Cars will always be needed for some journeys, but we must have more viable and affordable alternatives. The emphasis on travel to educational establishments is particularly important because this is a significant generator of local traffic and children who walk or cycle to school or who take the bus are more likely to continue those healthier patterns of travel in later life. This funding starts to address some of the long-standing issues we face but much more is required to achieve the transformation we need.”

Cllr Tim Ball stated that he agreed with the comments made by Cllr Paul May in his statement regarding the Whitchurch park and ride, as this would be detrimental to villages along the A37 and Whitchurch itself.

RESOLVED (unanimously) to recommend that the Cabinet on 27 January 2022:

- (1) Approves the elements of the West of England City Region Sustainable Transport Settlement that relate to activity in Bath and North East Somerset for inclusion in the submission to the Department for Transport.
- (2) Supports the recommendations made in the WECA Committee paper.

The meeting ended at 7.05 pm

Chair _____

Date Confirmed and Signed _____

Prepared by Democratic Services

This page is intentionally left blank

Thursday, 27th January, 2022

Present:

Councillor Kevin Guy (Ch)

Councillor Tim Ball

Councillor Alison Born

Councillor Manda Rigby

Councillor Sarah Warren

Leader of the Council, Liberal Democrat Group Leader

Cabinet Member for Planning and Licensing

Cabinet Member for Adults and Council House Building

Cabinet Member for Transport

Deputy Council Leader and Cabinet Member for Climate and Sustainable Travel

129 WELCOME AND INTRODUCTIONS

The Chair, Cllr Kevin Guy, welcomed everyone to the meeting and made the following statement:

“This meeting is being held as part of the contingency arrangements put in place, recognising the need to remain cautious. For this reason, there is only a quorum of Cabinet Members in the Chamber for this meeting. A virtual ‘informal’ meeting of the full Cabinet took place last night to inform voting at this meeting. That meeting is available to view on the Council’s YouTube channel.”

130 EMERGENCY EVACUATION PROCEDURE

The Democratic Services Officer read out the emergency evacuation procedure.

131 APOLOGIES FOR ABSENCE

There were no apologies for absence.

132 DECLARATIONS OF INTEREST

There were no declarations of interest.

133 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was no urgent business.

134 STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

The Chair explained that members of the public and Councillors who wished to make a statement did so at the virtual meeting held on 26 January 2022. Their statements, where provided, are attached as appendices to the minutes of this meeting.

135 CITY REGION SUSTAINABLE TRANSPORT SETTLEMENT

On a motion from Councillor Sarah Warren, seconded by Councillor Manda Rigby, it was:

RESOLVED (unanimously):

- (1) To approve the elements of the West of England City Region Sustainable Transport Settlement that relate to activity in Bath and North East Somerset for inclusion in the submission to the Department for Transport.
- (2) To support the recommendations made in the WECA Committee paper.

The meeting ended at 1.05 pm

Chair _____

Date Confirmed and Signed _____

Prepared by Democratic Services

Bath & North East Somerset Council

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

published from 7 December 2021 until 1 February 2022

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

COVID-19 Business Support Grants: Additional Restrictions Grant Policy (January 2022)

During the COVID 19 Pandemic the Government introduced funding for several business grants which local authorities were responsible for administering on their behalf.

In December 2021 the Government announced the funding for two further grants. The Omicron Hospitality and Leisure Grant was mandated with strict eligibility criteria, and a top up to the discretionary Additional Restrictions Grant (ARG). Guidance was published for both grants on the 30 December 2021.

Local authorities were asked to further develop local discretionary criteria for the payment of the ARG.

Decision Maker: Cabinet Member for Economic Development and Resources

Decision published: 24/01/2022

Effective from: 24/01/2022

Decision:

The Cabinet Member agrees that:

Approval is given for the Additional Restrictions Grant revised policy as set out in Annex 1

To delegate the application of the grant fund to the Chief Financial Officer, in consultation with the Cabinet Member for Resources, the CX, and the Monitoring Officer to ensure the grant is distributed within the £366k ARG funding allocation, with fair distribution across the eligible business groups.

This decision was made under part 4C Rule 4 and Part 4B Rule 16 of the council's constitution as an urgent decision. This matter was urgent because the council needed to implement the Additional Restrictions Grant Scheme at pace to allow the grant application process to be opened as soon as possible. This allowed support to businesses impacted by the rise in case numbers of the Omicron Covid 19 variant to be provided as quickly as possible.

Lead officer: Steve Harman

Houses in Multiple Occupation Supplementary Planning Document Review

To update the current HMO SPD to include provision of additional guidance to support policy updates proposed within the Local Plan Partial Update (policy H2), and updates to the assessments used to test planning applications for new and intensified HMOs.

Decision Maker: Cabinet Member for Planning and Licensing

Decision published: 13/01/2022

Effective from: 21/01/2022

Decision:

The Cabinet Member agrees to:

Adopt the Houses in Multiple Occupation Supplementary Planning Document (HMO SPD)

Wards affected: (All Wards)

Lead officer: Richard Daone

Schools Funding Formula

The schools funding formula is the mechanism by which schools in the Local Authority are funded. The DFE issue direction and guidance on the make-up and values of the formula but local decisions are made to the exact mechanisms.

Decision Maker: Cabinet Member for Children and Young People, Communities and Culture

Decision published: 11/01/2022

Effective from: 19/01/2022

Decision:

The Cabinet Member agrees to:

1. Agree the changes to the formula set out in the report, adopting the new methodology of the National Funding Formula (NFF) and to utilise the factor values provided by the DFE, providing the resources are available.
2. Agree that should resources not allow the funding of the formula factors in full that a proportionate reduction of all factors is made to reduce the allocations to fit the resources available

Wards affected: (All Wards)

Lead officer: Richard Morgan

Adoption of an Enforcement Policy for the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015

The Council has a duty to enforce the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 which are fully implemented from April 2020 and needs to adopt a policy to set out how Officers will enforce the Regulations to maintain minimum energy efficiency standards in the private rented sector.

Decision Maker: Cabinet Member for Planning and Licensing

Decision published: 21/12/2021

Effective from: 01/01/2022

Decision:

The Cabinet Member has considered the matter and agrees that the Council should adopt the Policy as the way the Council will enforce the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015.

Wards affected: (All Wards).

Lead officer: Stuart Brown

This page is intentionally left blank

Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	10 th / 11 th February 2022	EXECUTIVE FORWARD PLAN REFERENCE:
		E3321
TITLE:	Budget and Council Tax 2022/23 and Financial Outlook	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report		
Annex 1: Revenue Budget 2022/23 – individual service cash limits		
Annex 2: (i) 2022/23 to 2024/25 Budget Savings and Income proposals & (ii) 2022/23 to 2024/25 Funding Requirements.		
Annex 3: Equalities Impact Assessment of 2022/23 to 2024/25 Savings Proposals		
Annex 4: Efficiency Strategy		
Annex 5: Draft Capital Programme 2022/23 to 2026/27		
Annex 5 (i): New and Emerging Capital Schemes		
Annex 5 (ii): Highways Maintenance Programme		
Annex 5 (iii): Transport Improvement Programme		
Annex 5 (iv): Corporate Estate Planned Maintenance Programme		
Annex 5 (v): Community Infrastructure Levy (CIL) Allocations		
Annex 6: Capital & Investment Strategy		
Annex 7: MRP Policy		
Annex 8: Council Pay & Reward Policy 2022/23		
Annex 9: Advice of Monitoring Officer on the Budget Setting Process		
Annex 10: Budget 2022/23 Consultation Report		

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 Cabinet recommends 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 include in its Council Tax setting, the precepts set and approved by other bodies including the local precepts of Town Councils, Parish Councils, and Charter Trustees of the City of Bath, and those of the Fire and Police Authorities.
- 2.3 That Cabinet note the S151 Officer's report on the robustness of the proposed budget and the adequacy of the Council's reserves outlined in 5.7.
- 2.4 That Cabinet note the budget consultation responses in Annex 10.

- 2.5 Authorise the Council's S151 Officer, in consultation with the Portfolio Holder for Economic Development & Resources, to make any necessary changes to the draft budget proposal for submission to Council.

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:

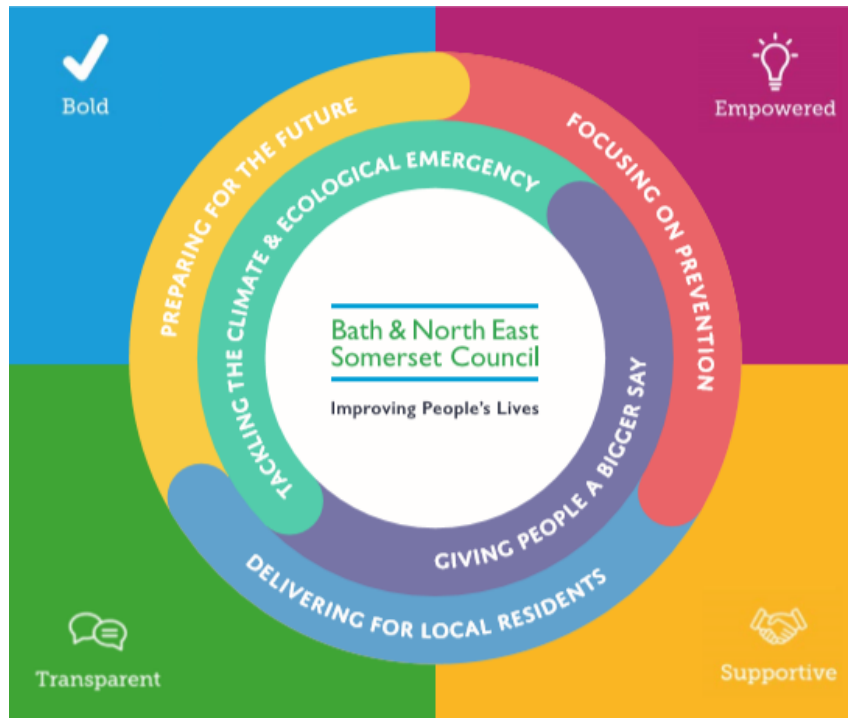
ONE: We have **one** overriding purpose – to improve people's lives.

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

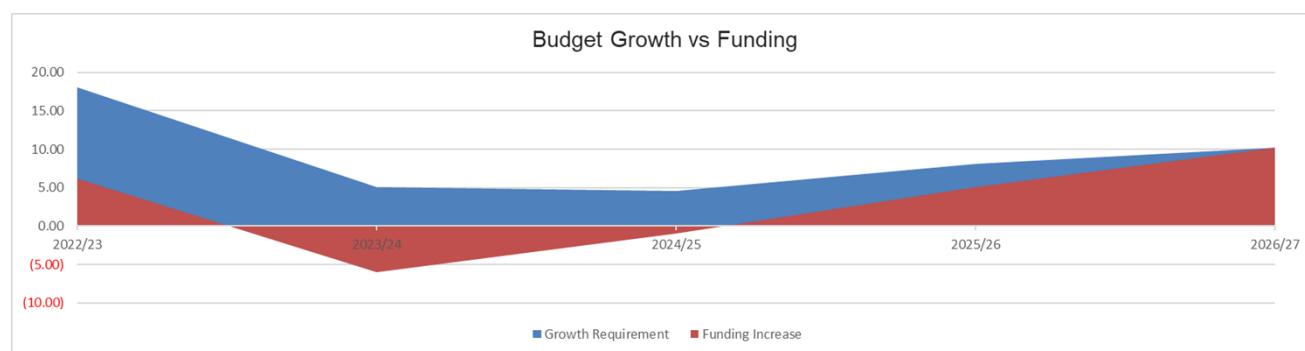
5.2.1 2021/22 Current Budget Position

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
Annual Funding gap	11.87	11.10	5.55	3.02	0.04	31.58
Savings Proposals	11.87	2.32	0.23	0.00	0.00	14.42
Remaining Funding Gap	0.00	8.78	5.32	3.02	0.04	17.16



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
Budget Requirement (Previous Year)	130.07	126.74	129.27	128.34	133.39
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
Funding Requirement Sub Total	18.01	5.11	4.62	8.07	10.21
Draft Budget Before Savings	148.08	131.86	133.88	136.41	143.59
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)
Savings Requirement Sub Total	(11.87)	(11.10)	(5.55)	(3.02)	(0.04)
Budget Requirement	136.21	120.76	128.34	133.39	143.55
Business Rate Relief Adjustment*	(9.47)	8.51	0.00	0.00	0.00
Revised Budget Requirement	126.74	129.27	128.34	133.39	143.55
Funding of Budget Requirement					
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
Funding of Budget Requirement Total	126.74	129.27	128.34	133.39	143.55

*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.

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

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

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

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 10th and 31st 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.

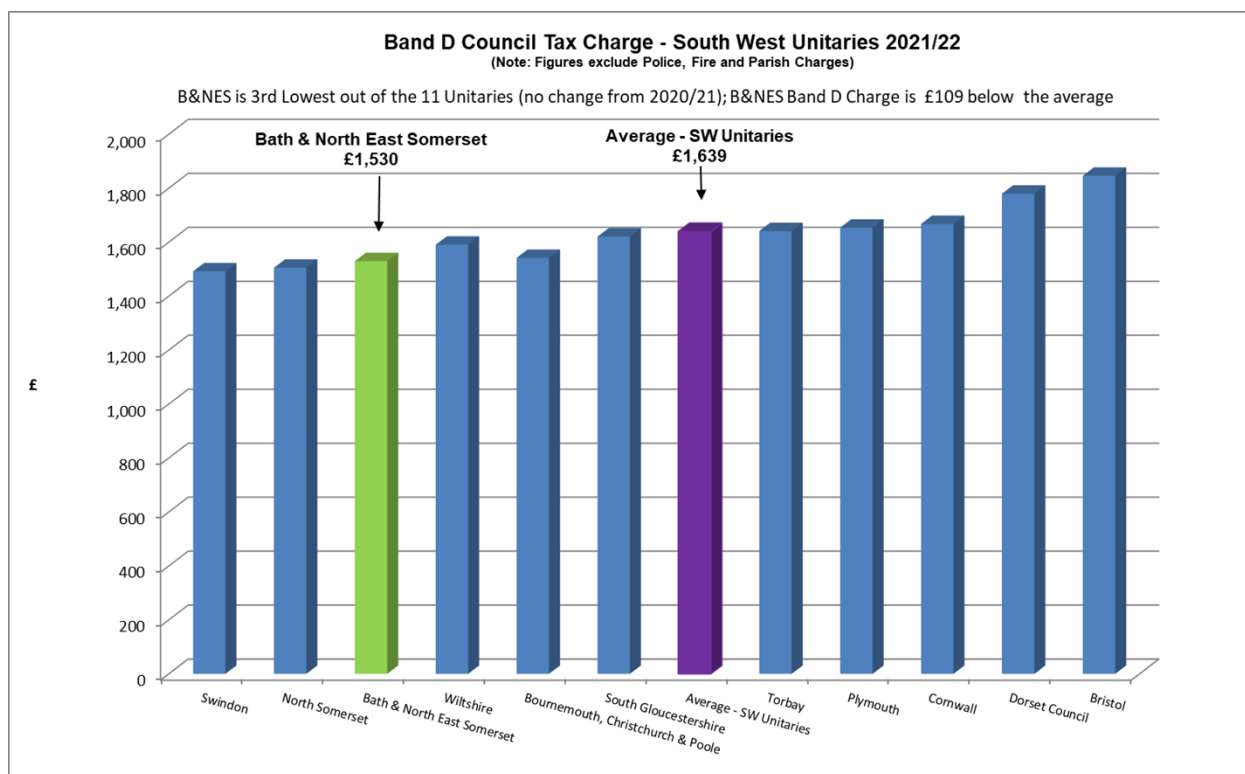
At the same time work has also been taking place on the ground floor of Lewis House to accommodate bringing the Police back into Bath City Centre as well as providing the Council's Housing, Welfare and Advice Service. As part of modernising our approach to customer services we are now investigating different 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

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.

	Actual Usage 2017/18 – 2020/21 £'m	Estimated Usage 2021/22 £'m	Available Balance 2022/23 £'m	Est Total Usage £'m
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 31st 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

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

Capital Schemes for Provisional Approval (Subject to)

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

Grand Total	196.077	55.003	53.814	18.231	16.502	339.627
--------------------	----------------	---------------	---------------	---------------	---------------	----------------

Funded By

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

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
Estimate of Capital Expenditure (£'000s)					
Actual/estimates of capital expenditure	62,202	106,571	196,077	55,003	53,814
Net Increase in Council Tax (band D per annum) Figures in £'s (not £'000's)					
The implied estimate of incremental impact of the new capital investment decisions on the Council Tax			£7.87	£9.08	£8.55
Cumulative totals:			£7.87	£16.95	£25.50
Capital Financing as % of Net Revenue Stream					
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%
Borrowing Limits (£m)					
Operational boundary – borrowing			£435m	£455m	£478m
Operational boundary – other long-term liabilities			£4m	£4m	£4m
Operational boundary – total			£439m	£459m	£482m
Authorised limit – borrowing			£464m	£483m	£506m
Authorised limit – other long-term liabilities			£4m	£4m	£4m
Authorised limit – total			£468m	£487m	£510m
Capital Financing Requirement (£'000s) (as at 31 March)					
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	<p>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.</p> <p>We continue to monitor arrears, CVAs, and liquidations with a specific reserve held to manage in-year volatility.</p>
Capital projects not delivered resulting in revenue reversion costs or liabilities from underwriting agreements	Possible	High	The Council has a number of projects within this category. These risks will continue to be monitored and reported. An assessment is made as part of the budget process to ensure that revenue reserves are sufficient to meet these risks. The capital programme methodology looks to de-risk projects wherever possible.
Changes to Government Policy that	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 15th 2021 to January 4th 2022, and a further online consultation on the council's draft detailed budget proposals, which took place from January 10th 2022 to January 24th, 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 31st 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.

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

This page is intentionally left blank

Portfolio Cash Limits 2022/23 - Proposed Revenue Budgets

Annex 1

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)	11,132	(55)	(9,465)	1,612	(4,100)
	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					251
	West of England Combined Authority Levy	5,148	46	5,194					5,194
	PORTFOLIO SUB TOTAL	11,275	(134)	11,141	14,740	(3,825)	(9,465)	1,450	12,591
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
	PORTFOLIO SUB TOTAL	63,504	100	63,604	2,183	(3,680)		(1,497)	62,107
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)		()	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
	PORTFOLIO SUB TOTAL	31,347	(24)	31,323	1,378	(1,803)		(425)	30,899

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
	PORTFOLIO SUB TOTAL	1,080	(17)	1,063	99	(122)		(23)	1,040
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)
	PORTFOLIO SUB TOTAL	24,433	(370)	24,062	1,223	(1,277)		(54)	24,008
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
	PORTFOLIO SUB TOTAL	(3,287)	211	(3,076)	(2,052)	(1,024)		(3,076)	(6,152)
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
	PORTFOLIO SUB TOTAL	2,041	(87)	1,954	436	(139)		297	2,251
	NET BUDGET	130,393	(321)	130,072	18,008	(11,870)	(9,465)	(3,328)	126,744

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
TOTAL FUNDING	130,393	(321)	130,072				(3,328)	126,744

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
Portfolio: Economic Development and Resources								
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	Cllr 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	Cllr Richard Samuel / Andy Rothery	100			G	0	None
Business Rates	Release unallocated provision held for business rate revaluation increases on Council properties	Cllr 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	Cllr 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	Cllr Richard Samuel / Cherry Bennett	27	8		G	1	None
Reduce Corporate Communications Budget	Rebase marketing materials and production budget in line with expenditure plan	Cllr 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	Cllr 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	Cllr 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	Cllr 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	Cllr 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	Cllr 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	Cllr 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	Cllr 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	Cllr 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.	Cllr Richard Samuel / Andy Rothery	1,000	1,000		A	0	None
Economic Development and Resources Total			3,825	963	(975)		4.6	
Portfolio: Climate and Sustainable Travel								
Sustainability Budgets	Rebase staffing budgets to fund new structure proposal	Cllr 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	Cllr Sarah Warren / Various	15			G	0	None
Income - Staff Recharges	Review of all staff recharges to capital, revenue, grant and external projects	Cllr Sarah Warren / Sophie Broadfield	73			A	0	None
Climate and Sustainable Travel Total			122	0	0		0	
Portfolio: Adults and Council House Building								
Physical Disability & Sensory Impairment Purchasing Activity	Budget rebase in line with reducing current purchased care costs	Cllr Alison Born and Cllr Tom Davies / Suzanne Westhead	750			G	0	None
Rebase budget on spend on resources	Budget rebase following review of services and resources	Cllr Alison Born and Cllr Tom Davies / Suzanne Westhead	300			G	0	None
Transformation Projects	Efficiency outputs from transformation projects x 6 within Adult Social Care	Cllr Alison Born and Cllr Tom Davies / Suzanne Westhead	1,000			A	0	None
Community - Contract Management Framework	Review of contract management for services	Cllr Alison Born and Cllr Tom Davies / Suzanne Westhead	338			A	0	None
Community - Review of Care Package Delivery	Review of existing packages to identify any efficiencies	Cllr Alison Born and Cllr 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	Cllr Alison Born and Cllr 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	Cllr Alison Born and Cllr Tom Davies / Suzanne Westhead	200			G	0	None
Adults and Council House Building Total			3,680	0	0		0	

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
Portfolio: Children and Young People, Communities and Culture								
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
Children and Young People, Communities and Culture Total			1,803	1,286	1,206		7	
Portfolio: Neighbourhood Services								
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	Increased 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	Increased 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
Neighbourhood Services Total			1,277	0	0		3.8	

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	
Portfolio: Transport Services									
Road Safety capital recharge	Increased capital recharge for appropriate costs	Cllr Manda Rigby / Chris Major	20			G	0	None	
Street works Service redesign	Review staffing requirement to deliver service	Cllr 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)	Cllr Manda Rigby / Chris Major	61			G	0	Vacant post deletion and therefore no impact on current service delivery	
Parking Service Redesign	Service Performance	Cllr 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	Cllr Manda Rigby / Chris Major	14			A	1	None	
Traffic Management	Reduce CCTV camera maintenance	Cllr Manda Rigby / Chris Major	3			G	0	None	
Traffic Management	Increased capital recharge for appropriate costs	Cllr 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	Cllr Manda Rigby / Various	95			G	0	None	
Income - Street works	Increased Section 74 income	Cllr Manda Rigby / Chris Major	10			G	0	None	
Income - Traffic Management	Increase Traffic Regulation Order (TRO) income	Cllr Manda Rigby / Chris Major	39			G	0	None	
Income - Parking Charges Review	Increased parking charges	Cllr Manda Rigby / Chris Major	606			G	0	Increased coverage of parking restrictions outside of core hours, small increase in number of locations subject to charges where free time limited parking is abused	
Income - Permit Review	Increase cost of permits for reserve space parking in residential car parks	Cllr Manda Rigby / Chris Major	15	15		G	0		
Income - Parking Charges Review	Introduce hourly based charging in Midsomer Norton and Radstock	Cllr Manda Rigby / Chris Major	20	55		G	0		
Income - Parking Charges Review	Evening Civil Enforcement Officer (CEO) patrols in Bath City Centre	Cllr Manda Rigby / Chris Major	9			G	0		
Income - Parking Charges Review	Introduce Pay and Display (cashless) parking in locations where free limited waiting exists and is abused	Cllr Manda Rigby / Chris Major	10			G	0		
Transport Services Total			1,024	70	0		2		
Portfolio: Planning									
Building Control and Public Protection	Service efficiencies for Public Protection	Cllr Tim Ball / Chris Major	35			A	0	None	
Building Control and Public Protection Staffing Budget	Delete vacant Business Support and Information officer post	Cllr Tim Ball / Chris Major	10			G	0.41	None	
Springs Maintenance Budget	Reduce Springs maintenance budget	Cllr 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	Cllr 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	Cllr Tim Ball / Sophie Broadfield	(35)			G	0	None	
Planning Restructure	Mini restructure	Cllr 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	Cllr 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	Cllr 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	Cllr 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	Cllr Tim Ball / Various	79			G	0	None	
Income - Pest Control	Review of Pest Control fees and charges	Cllr Tim Ball / Chris Major	21			A	0	None	
Income - Spa Water	Income from additional spa water supply contract	Cllr Tim Ball / Chris Major	20			A	0	None	
Income - Building Regulations	Increase in Building Regulation charges by 3%	Cllr Tim Ball / Chris Major	15			A	0	None	
Income - Land Charges	Increase in Land Charges fees by 3%	Cllr Tim Ball / Chris Major	10			A	0	None	
Planning Total			139	0	0		0.66		
OVERALL SAVINGS AND INCOME GENERATION PROPOSALS			11,870	2,319	231		18		

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
Portfolio: Economic Development and Resources					
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	
Economic Development and Resources Total			13,642	95	(347)
Portfolio: Climate and Sustainable Travel					
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
Climate and Sustainable Travel Total			117	21	21
Portfolio: Adults and Council House Building					
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)		
Adults and Council House Building Total			2,437	2,650	2,675

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
Portfolio: Children and Young People, Communities and Culture					
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)		
Children and Young People, Communities and Culture Total			1,675	1,410	1,415
Portfolio: Neighbourhood Services					
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
Neighbourhood Services Total			1,544	584	490
Portfolio: Transport Services					
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
Transport Services Total			(1,927)	261	265
Portfolio: Planning					
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
Planning Total			519	95	97
OVERALL FUNDING PROPOSALS			18,008	5,116	4,616

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
Estimate of Capital Expenditure (£'000s)					
Actual/estimates of capital expenditure	62,202	106,571	196,077	55,003	53,814
Net Increase in Council Tax (band D per annum) Figures in £'s (not £'000's)					
The implied estimate of incremental impact of the new capital investment decisions on the Council Tax			£7.87	£9.08	£8.55
Cumulative totals:			£7.87	£16.95	£25.50
Capital Financing as % of Net Revenue Stream					
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%
Borrowing Limits (£m)					
Operational boundary – borrowing			£435m	£455m	£478m

Annex 4

Operational boundary – other long-term liabilities			£4m	£4m	£4m
Operational boundary – total			£439m	£459m	£482m
Authorised limit – borrowing			£464m	£483m	£506m
Authorised limit – other long-term liabilities			£4m	£4m	£4m
Authorised limit – total			£468m	£487m	£510m
Capital Financing Requirement (£'000s) (as at 31 March)					
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
Full Approval											
Economic Development and Resources											
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
Subtotal Full Approval - Economic Development and Resources	29,666	113,499	23,619	3,034	41,652	15,886	13,480	1,593	0	72,612	186,110

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
Provisional Approval											
Economic Development and Resources											
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
Subtotal Provisional Approval - Economic Development and Resources	0	0	43,902	1,320	49,339	12,755	12,268	4,440	4,400	83,202	83,202

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
Full Approval											
Climate and Sustainable Travel											
Liveable Neighbourhoods	340	346	1,006	0	1,006	0	0	0	0	1,006	1,352
Subtotal Full Approval - Climate and Sustainable Travel	340	346	1,006	0	1,006	0	0	0	0	1,006	1,352
Provisional Approval											
Climate and Sustainable Travel											
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
Subtotal Provisional Approval - Climate and Sustainable Travel	0	0	5,523	800	7,603	530	0	0	0	8,133	8,133
Full Approval											
Adults and Council House Building											
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
Subtotal Full Approval - Adults and Council House Building	3,707	5,503	906	11,741	14,089	1,442	1,442	1,442	1,442	19,857	25,360
Provisional Approval											
Adults and Council House Building											
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
Subtotal Provisional Approval - Adults and Council House Building	0	0	3,197	5,750	6,692	435	0	0	0	7,127	7,127

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
Full Approval											
Children and Young People, Communities and Culture											
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
Subtotal Full Approval - Children and Young People, Communities and Culture	6,049	6,049	1,346	540	1,886	0	0	0	0	1,886	7,935
Provisional Approval											
Children and Young People, Communities and Culture											
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
Subtotal Provisional Approval - Children and Young People, Communities and Culture	0	0	11,300	6,447	21,817	0	0	0	0	21,817	21,817

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
Full Approval											
Neighbourhood Services											
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
Subtotal Full Approval - Neighbourhood Services	16,005	26,212	9,049	7,834	35,418	10,374	800	0	0	46,592	72,804
Provisional Approval											
Neighbourhood Services											
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
Subtotal Provisional Approval - Neighbourhood Services	0	0	1,923	4,502	9,028	12,417	24,661	9,463	9,497	65,065	65,065

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
Full Approval											
Transport Services											
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
Subtotal Full Approval - Transport Services	2,047	2,257	851	1,163	2,014	0	0	0	0	2,014	4,271
Transport Services											
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
Subtotal Provisional Approval - Transport Services	0	0	3,220	240	5,535	1,163	1,163	1,293	1,163	10,317	10,317
TOTAL CAPITAL SCHEME BUDGET	57,814	153,867	105,841	43,371	196,077	55,003	53,814	18,231	16,502	339,627	493,494

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 & 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:

Funding Source	Local Contribution 2022/23 - 2026/27 (£ m)
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
Total	17.219

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.

2022/23 Highways Maintenance Programme	
Description	Budget £'000
Street Lighting Programme	
All Schemes (detailed below)	550
Highway Street Lighting 22/23 Sub Total	550
Highway Structures Programme	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, Belvedere elevated footpath railings, Lansdown elevated footpath railings	130
Highway Structures 22/23 Sub Total	750
Highway Drainage Programme	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
Highway Drainage 22/23 Sub Total	303
Carriageway Resurfacing & Major Re-Construction	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
Carriageway Resurfacing 22/23 Sub Total	2800
Carriageway Surface Dressing	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
Carriageway Surface Dressing 22/23 Sub Total	500

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

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

<u>Street Lighting Programme (Details)</u>	Budget £'000
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
Highway Street Lighting 22/23 Sub Total	550

2022/23 Transport Improvement Programme	
Description	Budget £'000
Local Safety Schemes	
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
Local Safety Schemes Sub Total	530
Public Transport	
Improvements to bus stops	40
Public Transport Sub Total	40
Managing Congestion	
Parking Schemes Traffic Regulation Orders (TROs)	70
Signage improvements City Centre	25
Evaluate Oldfield Parks, Westmorland Mooreland Ward Resident Parking Zone (RPZ)	20
Managing Congestion Sub Total	115
Safer Routes to Schools	
School zebra crossings Writhlington	60
School zebra crossings High Littleton	60
Safer Routes to School Sub Total	120
Cycle Schemes	
Cycle parking	20
Cycle Schemes Sub Total	20
Pedestrian Schemes	
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
Pedestrian Schemes Sub Total	245
Traffic Management Schemes	
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
Traffic Management Schemes Sub Total	153
Miscellaneous	
Joint Local Transport Plan Monitoring Equipment, National Highways and Transport Survey	15
Programme Management	50
Legacy/Remedial works from previous years schemes	25
Miscellaneous Sub Total	90
Over-Programming	-150
PROGRAMME 22/23 OVERALL TOTAL	1163

Funding Source	
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)	Decription	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. Potential projects:- St. Mary's Bathwick - 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. Potential Project:- Memorial Park Keynsham - 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
			3618

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
Flood Risk Management	500,000	
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.
Education	110,000	
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.
Green Infrastructure / Recreation	375,000	
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.
Public Realm	225,000	
Bath City Centre Renewal	100,000	This forms match-funding for a WECA Full Business Case, leveraging in substantial grant funding of over £1m. Locations include Milsom Street Quarter, Kingsmead Square, York Street, Union Street, Cheap Street, Westgate Street and Upper Borough Walls.
Keynsham High Street Public Realm 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.
Strategic Transport Infrastructure	800,000	
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.
Social (Inc Recreation &	530,000	

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.
TOTAL	2,540,000	

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:

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

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:-

Source of Finance	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget
	£'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
Total	196.077	55.003	53.814	18.231	16.502

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 31st 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

Loan Detail	Amount Outstanding at 31st March 2019	Amount Outstanding at 31st March 2020	Amount Outstanding at 31st March 2021
	£'m	£'m	£'m
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
Total	11.178	15.339	11.269

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 Council's 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
Total	325	310.762	264*	260.915*

(*) 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

	2018/19 Actual	2019/20 Actual	2020/21 Actual
	£'m	£'m	£'m
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
Proportion of Investment Income to Overall Expenditure	5.22%	5.71%	3.13%

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

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

Borrowing in Advance of Need

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

In line with the Council's financial planning the income continues to be utilised to protect frontline services, including the provision of adult social care; children and

environmental services pursuant to the Council's general power of competence under s.1 Localism Act 2011.

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

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

Provision for Risks Capital Bids

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

Knowledge and Skills

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

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

Investment Indicators

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

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

Table 4: Total investment exposure in £millions

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

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

Table 5: Investments funded by borrowing in £millions

Investments Funded by Borrowing	2018/19 Actual	2019/20 Actual	2020/21 Actual
	£'m	£'m	£'m
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
	%	%	%
Debt Payments to net service expenditure	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 1st April of each year until the highest scp in the grade is reached. Grade progression is subject to satisfactory performance (and may be withheld if performance is unsatisfactory) and a minimum of 6 months' service in the grade.

Re-employment of former local government employees

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

Use of consultants, contractors and temporary 'agency' workers

21. Ordinarily staff will be engaged directly by the Council as employees but on an exceptional basis, where particular circumstances deem it necessary, people may be engaged under 'contracts for services' as consultants or contractors or on an 'agency basis'. When this situation arises, the Council will give detailed prior consideration to the benefit of doing so and that the overriding need to ensure value for money is achieved, 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 2021¹. 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"> the multiple between the annual salary of the lowest paid Council employee and the Chief Executive (full-time equivalent basis) as a ratio 	1:9
<ul style="list-style-type: none"> the multiple between the annual salary of the lowest paid Council employee and the average Chief Officer (full-time equivalent basis) as a ratio 	1:6

¹ 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"> the multiple between median earning of Council employees and the Chief Executive (full-time equivalent basis) as a ratio 	1:6
<ul style="list-style-type: none"> the multiple between median earning of Council employees and the average Chief Officer (full-time equivalent basis) as a ratio 	1:4

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

Employee Benefits

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

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

Termination payments

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

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

Working with Trade Unions

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

Publication

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

Annex 1 – Senior Officer remuneration

For the purposes of this statement, senior officer means ‘chief officers’ as defined within S38 of the Localism Act. The posts falling within the statutory definition are set out below together with salaries effective from 1 April 2022²:

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

² 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 14th 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 15th 2021 to January 4th 2022
- An online consultation on the council's draft detailed budget proposals, which took place from January 10th 2022 to January 24th, 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

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

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 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>	<p>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.</p> <p>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.</p>
<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>	<p>A consultation has taken place subsequently on the draft detailed budget proposals.</p> <p>To promote transparency and accountability, the council introduced quarterly performance</p>

<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 & 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>https://democracy.bathnes.gov.uk/documents/s67173/E3289%20Investment%20in%20Neighbourhood%20Services%20July%2020th%202021%20-%20FINAL.pdf</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&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 10th 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 24th 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.

Bath & North East Somerset Council

MEETING:	Cabinet	
MEETING DATE:	10 th February 2022	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3319
TITLE:	Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2021 to December 2021	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report:</p> <p>Appendix 1 – Revenue Monitoring Commentary</p> <p>Appendix 2 – Key Scheme Capital Monitoring Commentary</p> <p>Appendix 3 (i) & 3 (ii) – Proposed Revenue Virements & Revised Revenue Cash Limits 2021/22</p> <p>Appendix 4 (i) & 4 (ii) – Capital Virements & Capital Programme by Portfolio 2021/22</p>		

EXECUTIVE SUMMARY

a) Revenue budget

The Revenue budget outturn is currently forecast to be under budget by £0.06m.

Significant projected income losses in Heritage Services and demand pressures in Children's Services are offset by underspends in Adults Services and quicker than expected recovery in Parking income. Many services across the Council are also suffering continued income losses, although the government's sales, fees and charges compensation scheme, which covers the first three months of the year, is helping mitigate some of the impact to the bottom line.

The Dedicated Schools Grant (DSG) continues to forecast an in-year SEND placement pressure of £7.2m. This currently does not affect the Council's revenue position. Mitigation plans are being worked up to reduce the ongoing deficit over a number of years going forward.

Savings of £8.5m were included in the 2021/22 budget. At present the majority of savings are expected to be delivered. Management action plans to mitigate will be identified should delivery of any become at risk. Any savings already identified as unachievable have been put forward for rebasing in the 2022/23 Budget proposals.

b) Capital budget

The current position of the 2021/22 Capital Programme is a forecast of £91.5m against a budget of £137.5m. The variance of £46m reflects rephasing requests into future years with a small underspend of 51k being declared for the now completed Norton Radstock Regeneration Infrastructure scheme.

c) Council Tax and Business Rates

Taking the impact of the reduction in LCTSS claimant numbers and the increase in chargeable dwellings into account, the current forecast is for an in year surplus of £1.3m on the Collection Fund in respect of Council Tax, of which the Council's share is £1.09m.

The current in year forecast for the Business Rate element of the collection fund is for a deficit of £0.13m, after allowing for additional s31 grant funding of £19.7m in respect of the retail reliefs and £4.3m in respect of Covid Additional Relief Fund. The deficit is mainly the result of a reduction in rates payable, partly offset by a favourable position on the appeals provision, following the withdrawal of a number of appeals made against the 2010 rating list.

d) Council Reserves

The Council is holding a £5.6m Covid contingency reserve for operational pressures relating to the pandemic, projected use is £1.64m.

1 THE ISSUE

- 1.1 This report presents the financial monitoring information for the Authority as a whole for the financial year 2021/22, using information available as at the end of December 2021.

2 RECOMMENDATION

The Cabinet is asked:

- 2.1 To note the 2021/22 revenue budget position (as at the end of December 2021).
- 2.2 To note the revenue virements listed for information only in Appendix 3(i).
- 2.3 To note the capital year-end forecast detailed in paragraph 3.25 of this report;
- 2.4 To note the changes in the capital programme including capital schemes that have been agreed for full approval under delegation listed in Appendix 4(i).

3 THE REPORT

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

REVENUE BUDGET

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

Portfolio	Revised Budget £'m	Year End Forecast £'m	Variance Over / (Under) £'m
Economic Development and Resources	11.19	13.52	2.33
Climate and Sustainable Travel	1.10	0.90	(0.20)
Adults and Council House Building	63.60	60.86	(2.75)
Children & Young People, Communities & Culture	31.33	34.27	2.94
Neighbourhood Services	24.16	24.78	0.62
Transport Services	(3.03)	(6.59)	(3.56)
Planning	2.03	2.60	0.57
Quarter 3 Forecast Outturn Position	130.39	130.33	(0.06)

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

- 3.4 The current **year-end** forecast is under budget by £0.06m.

Portfolio Commentary

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

Economic Development and Resources (£2.33m over budget, £0.19m favourable movement)

The impact of the Omicron Covid variant on visitor numbers over the winter period and projections for the fourth quarter continues to limit revenue generation in Heritage Services. The service is now forecasting an unfavourable outturn position of £1.80m, a further reduction of £0.24m on the Quarter 3 forecast. Income from the Thermae Bath profit share is also forecast to be impacted by £0.25m after allowing for sales, fees and charges compensation grant, while income from the Commercial Estate is forecast to be on budget. The Preparing for the Future programme continues to develop new approaches to ways of working and how we use our Corporate Estate, but currently there is a £1.12m pressure from unachieved income targets, staffing pressures and unbudgeted costs associated with the Bath Community Academy site at Culverhay. The increased use of bed and breakfasts for temporary accommodation means we cannot reclaim subsidy, which is contributing to a £0.50m pressure on the Housing/Council Tax Benefits Subsidy budget. These pressures are partially offset by recovery of pension deficit costs and temporary high levels of cash balances, which are delaying the need to borrow and result in a favourable £0.90m capital financing and corporate finance underspend.

Climate and Sustainable Travel (£0.20m under budget, £0.11m favourable movement)

A £0.07m staffing pressure in the Transport Planning, Policy and Sustainable Transport service relating to the increased volumes of work relating to the Joint Local Transport Plan is offset by delays to recruitment in the Sustainability team (£0.27m).

Adults and Council House Building (£2.75m under budget, £1.35m favourable movement)

The current forecast position for Adult Social Care is an underspend variance of £2.65m. This reflects the reduced number of package placements seen during 2020/21 which has continued into 2021/22. Current health funding arrangements have been extended to cover the second half of the year therefore, the impact of the expected demand from the ending of these arrangements is now reduced. These arrangements are now expected to end at the end of this financial year and discussions have commenced regarding ongoing requirements in 2022-23. The long-reaching impact of the ongoing pandemic is still being felt and future demand on Adult Social Care is expected to return to previously seen levels once we are through this pandemic period. This expectation also carries a risk of additional demand being seen when these levels return, in both package numbers and complexity of social care cases.

The level of future demand is still undetermined but is expected to cause pressure on budgets. To balance this, work continues on the delivery of the service transformation plans to ensure services can be provided to meet and sustain this demand.

Housing are forecasting a £0.10m favourable budget position which is a result of unbudgeted Domestic Abuse grant income and an underspend on supported lodgings.

Children and Young People, Communities and Culture (£2.94m over budget, £0.50m adverse movement)

The Children and Young People segment of this Portfolio is over budget by £2.84m, this includes £0.80m of Covid related expenditure.

The main element of this over budget position is due to increased costs in the demand-led budgets. In total this area is £1.56m over budget including £0.80m of Covid costs. Placement numbers have risen in Joint Agency Panel placements, whereas Residential placements numbers remain stable. Increased costs of existing packages are the other main cost driver in this area and these have risen due to the increased need our Children and Young People are presenting with, many as a consequence of Covid.

Costs to support children in care are included in this forecast at a pressure of £0.38m, again this is a direct result of the increasing needs that our Children and Young People have presented with during this pandemic.

Staffing pressures across the frontline areas of Children's Social Care total £0.41m. This is the result of covering absences within teams, whilst also responding to increasing demand levels and complexity of need. There is also a £0.20m one-off pressure this year from the Year One costs of delivering the transformation projects, this will enable future savings in 22/23 and beyond of circa £1m per year.

The Education Psychology Service has a £0.20m over budget position. This is due to increased staffing costs needed to provide the Local Authorities statutory duties in this area, caused by significantly increased requests for assessment, a national shortage of qualified EP's and use of agency staff and un-budgeted maternity cover. This pressure is proposed to be addressed in the budget for 22/23.

A £0.70m forecast pressure has been included for the Home to School Transport (HTST) service in this forecast that was not present in the April to September forecast. This significant pressure has been experienced since the start of the 2021-22 academic year. Service pressures including reduced availability of drivers, increased fuel costs and reduced tendering activity for many routes. In addition, the Council has had to absorb increased statutory duty in transporting pupils.

Partially mitigating these pressures as a one-off for this year, is the release of £0.56m provision for Troubled Families because the Government has now confirmed continued funding for this area for the next three years.

Reduced income for Events due to social restrictions add a further £0.03m pressure to the portfolio, while savings in Customer Services are currently forecast at risk, adding a further pressure of £0.07m, but plans to mitigate are built into the 22/23 Budget proposals.

Schools DSG (£7.2m over budget, plus an overspend of £5.42m carried forward from 2020-21)

The DSG has a forecast overspend of £7.2m in 21/22 made up of significant pressures on SEND. The SEND pressures are estimated based on current pupils identified with Education, Health and Care (EHC) Plans of £7.7m however mitigating actions have identified £0.5m of savings.

Further work on opening the provision of local SEND places at schools in the area will help reduce the pressure and extensive analysis of the specific cost pressures is being conducted to look to reduce the overspend.

Any overspend on the DSG is currently ringfenced to the grant allocation and the Department for Education (DFE) have issued guidance to restrict the supporting of the pressures from council revenue funding. Further guidance is expected to be released regarding this by the DFE and DCLG early this year.

A recovery plan continues to be developed to be shared with the DFE and the Schools Forum, so that the overspend can be recovered over an extended period of several years.

Neighbourhood Services (£0.62m over budget, £0.14m adverse movement)

Financial support to our leisure operator is causing a £0.19m pressure in the Leisure service, whilst significant increases in energy prices impacting the street lighting contract has generated a net £0.17m pressure in Highway Maintenance. The Waste Service continues to experience increased staffing, vehicle and electricity costs associated with increased waste tonnages, which is in part mitigated by £0.52m of increased income from the sale of recyclates, resulting in a net unfavourable forecast of £0.28m.

Transport Services (£3.56m under budget, £0.46m favourable movement)

Parking budgets were rebased by £3.5m reducing the income target in 2021/22 to mitigate the continued expected income losses resulting from the on-going pandemic. Contrary to expectations earlier in the year, parking income has recovered much quicker than anticipated with the impact of the pandemic increasing preference for personal car use over public transport, resulting in a favourable forecast outturn variance of £3.16m. Street Works income has also exceeded budget, resulting in a £0.39m favourable variance in Network and Traffic Management. There is a significant financial risk around energy contracts caused by the volatile energy market. The in-year impacts on street lighting have been addressed in the Neighbourhood Services narrative, whilst contingency has been built into the 2022/23 Budget proposals to address the risk that our main gas and electricity contracts are up for renewal at the end of the financial year.

Planning (£0.57m over budget, £0.10m favourable movement)

Planning income continues to be significantly impacted by the pandemic, with larger income generating applications remaining low compared to 2019/20 levels. After sales, fees and charges compensation grant and salaries underspends the service is forecasting a £0.34m pressure. Net licensing income is also £0.22m down against budget, which includes the continued absence of a casino operator, something that has been addressed in the 2022/23 Budget proposals.

Savings Performance

- 3.6 The 2021/22 revenue budget approved savings of £8.5m. 93% (£7.9m) of savings have been delivered in full, 5% (£0.4m) have been mitigated by one-off underspends in year, and 2% (£0.2m) are delayed or will not be achieved and are being addressed through the 2022/23 Budget proposals.
- 3.7 The Council's financial position, along with its financial management arrangements and controls, are fundamental in continuing to plan and provide services in a managed way, particularly in light of the medium-term financial challenge. Close monitoring of the financial situation provides information on new risks and pressures in service areas, and appropriate management actions are then identified and agreed to manage and mitigate those risks.

REVENUE BALANCES, CONTINGENCY AND RESERVES

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

Key Reserves

- 3.9 The following table shows the balances of key reserves at the beginning of the year, planned use, and expected balance at the year-end based on current forecast:

	Balance as at 01/04/2021 £'m	2020/21 O/T Report Approved Transfers £'m	Projected Use / Commitments £'m	Estimated Balance 31/03/2022 £'m
Revenue Budget Contingency	2.94	0.10	(0.54)	2.50
Financial Planning and Smoothing Reserve	3.06	4.61	(0.73)	6.94
Transformation Investment Reserve	1.93	0.70	(0.63)	2.00
Covid Contingency Reserve (Govt grant)	5.62	0.00	1.64	3.98
Restructuring & Severance Reserve	2.18	0.00	0.28	1.90

Reserves and Flexible Capital Receipts

- 3.10 Flexible Capital Receipts are being utilised for revenue spend that results in ongoing revenue savings. An estimated use of £11.5m was agreed as part of budget setting in February 2021, this has now been updated to reflect the re-profiled requirement and re-phasing into 2022/23 as follows:

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

- 3.11 Unapplied capital receipts of £2.776m were carried forward from 2020/21 and £1.107m has been received in 2021/22. No further receipts are expected in the remainder of the year.

General Fund Un-Earmarked Reserve

- 3.12 The General Fund Un-Earmarked Reserve is retained to meet the Council's key financial risks. The risk assessment has set a range of between £11.6m and £12.8m to meet those risks in the 2021/22 financial year. The reserve has a current uncommitted balance of £12.6m in line with the level reported in the 2021/22 Budget Report.

Revenue Budget Virements

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

COUNCIL TAX, COUNCIL TAX SUPPORT AND BUSINESS RATES

- 3.14 The Council saw a large increase in the number of people claiming Local Council Tax Support (LCTS) as result of the economic impact of the pandemic during 2020/21. The 2021/22 tax base allowed for an increase of 5% on the number of working age recipients as at the end of November 2020 with budgeted costs of LCTS set at £10.97m. The cost at the beginning of April was £10.69m and there has been a gradual reduction over the first six months of the financial year, in line with a fall in working age claimants, and the cost at the end of December of £10.19m is in line with costs reported at Quarter 2. This is currently £0.78m below the budget estimate which will contribute to a Council Tax Collection Fund surplus if the position remains at this level at year end. The number of working age claimants at the end of September was 6,283 compared to the budget assumption of 6,915. The reduction is due to claimants ceasing to be entitled to LCTS, for example where they have returned to employment.

- 3.15 The actual outturn position on LCTS and the impact on the Council Tax collection fund will depend on a number of variables, including the change in number of claimants and the period claimants remain eligible for support whilst seeking employment and this will continue to be monitored closely during the remainder of the year.

- 3.16 The Collection Fund is also benefitting from an increase in the number of chargeable dwellings which is above the level forecast when setting the taxbase for 2021/22. Taking both the reduction in LCTSS claimants and the increase in chargeable dwellings into account, the current forecast is for an in year £1.3m

surplus on the Collection Fund in respect of Council Tax, of which the Council's share is £1.09m. This represents a positive variance of 1% against the 2021/22 forecast income.

- 3.17 The Council's share of the improved 2020/21 Council Tax Collection Fund final outturn position of £1.3m, as reported to Cabinet in July, the adjustment for 3 year spreading and the in-year projected surplus and have been reflected in the 2022/23 Budget report in line with the required Collection Fund accounting arrangements.

Business Rates

- 3.18 The government announced, as part of the Chancellor's Budget Statement in early March 2021, that it will continue to provide eligible retail, hospitality and leisure properties in England with 100% business rates relief from 1 April 2021 to 30 June 2021. This will be followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022, capped at £2 million per business for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties.
- 3.19 The Council will be recompensed for the reduction in business rate income arising from this relief via a s31 compensation grant. The announcement was made after the 2021/22 budget for business rate income was set, so the award of the relief will create a collection fund deficit which will be offset by the s31 compensation grant income received into the Council's revenue account. As at the end of September retail relief of £19.7m had been granted.
- 3.20 On 25 March 2021 the government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion. The fund will be available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates. The accompanying bill received royal ascent during December and guidance and specific allocations have recently been published. The Council will receive £4.29m in s31 grant funding to provide business rate relief under the scheme. Similarly to the retail relief mentioned above, these reliefs will create a deficit in the collection fund offset by the s31 grant income received into the revenue account.
- 3.21 The current in year forecast for the Business Rate element of the collection fund is for a deficit of £0.13m, after allowing for additional s31 grant funding in respect of the retail reliefs and future CARF reliefs. The deficit is mainly the result of a reduction in rates payable partly offset by a favourable position on the appeals provision, following the withdrawal of a number of appeals made against the 2010 rating list.
- 3.22 Empty property relief following business closures has increased from £4.2m to £5.1m in the first nine months of the year, but currently remains below the £5.3m allowance included when setting the business rate income forecast for 2021/22.
- 3.23 The table below shows the overall forecast position on the Collection Fund for Business Rates. Including the surplus carried forward from the 2020/21 outturn position with the adjustment for 3 year spreading to the current in year deficit it shows an overall projected surplus of £1.79m of which the Council's share is £1.68m.

Business Rates Collection Fund	Total (£m)	B&NES Share (94%) (£m)
Collection Fund - Projected 2021/22 In Year Deficit	24.11	22.66
<i>Less impacts of reliefs funded through s31 grant:</i>		
Additional Extended Retail Relief	-19.69	-18.51
Covid Additional Relief Fund	-4.29	-4.04
In Year Deficit after Retail Relief & CARF s31 grant funding	0.13	0.12
2020/21 Surplus Carried Forward	-2.90	-2.73
3 Year Deficit Spreading Adjustment	0.99	0.93
Total Projected Surplus	-1.79	-1.68

3.24 As set out in the Budget Report, any surplus or deficit on the Business Rate Collection Fund and associated income will be transferred to or from the Business Rates Reserve for consideration as part of the Business Rates calculations for future years and this position will be reflected in the 2022/23 budget. The balance on the Business Rate Reserve as at 1st April 2021 was £3.684m, this includes the £2.8m transfer from the reserve approved in the 2021/22 budget report.

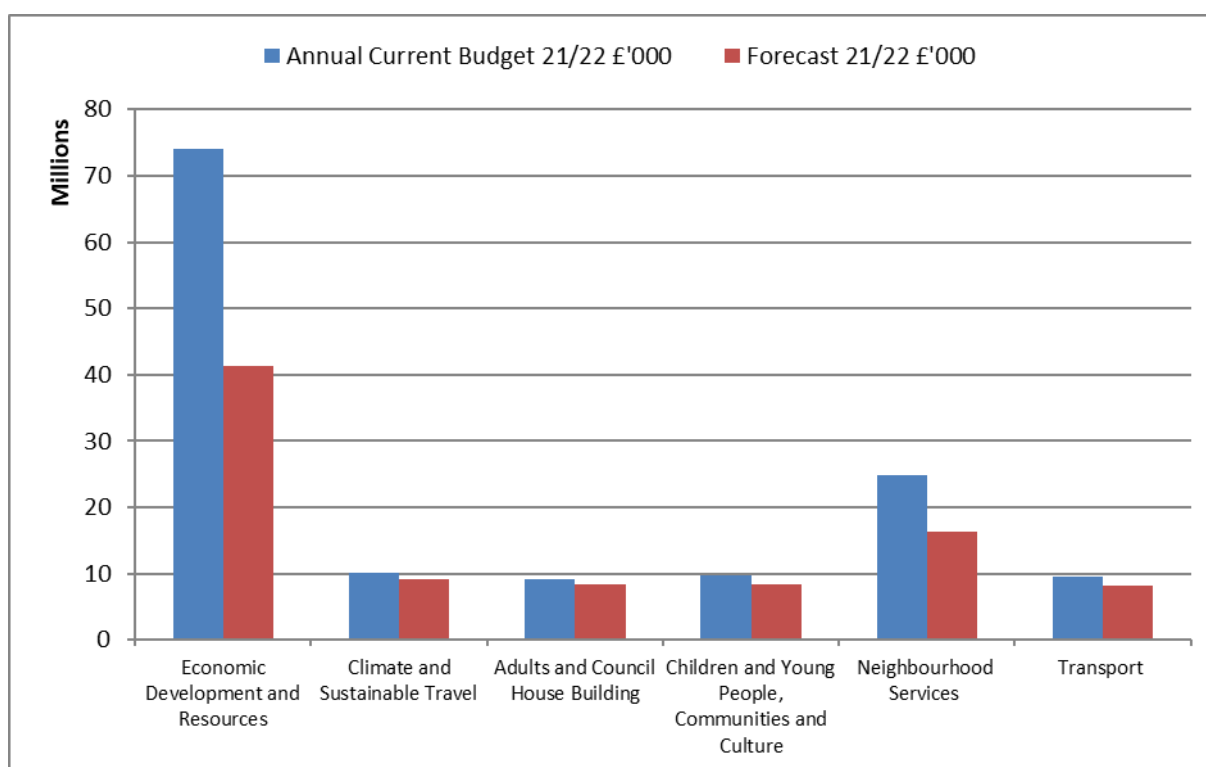
CAPITAL BUDGET

3.25 The current position of the 2021/22 Capital Programme is a forecast of £91.5m against a budget of £137.5m. The variance of £46m mainly reflects rephasing requests with a small underspend of £51k being declared for the now completed Norton Radstock Regeneration Infrastructure project. The following table shows a summary of the current position by Cabinet Portfolio. The full breakdown of the Capital Programme by Portfolio can be found in Appendix 4(ii) with key scheme commentary in Appendix 2. Appendix 4(ii) sets out budget changes actioned since the February Budget setting and also reflects the rephasing requests of £46m as mentioned above, to be recommended for approval in the 2022/23 February budget report.

Portfolio Summary Monitor	Annual Current Budget 2021/22	Forecast 2021/22	In-Year Variance 2021/22	Forecast Re-phasing to 2022/23	Other Variance 2021/22
	£'000	£'000	£'000	£'000	£'000
Economic Development and Resources	74,126	41,285	32,841	32,790	51
Climate and Sustainable Travel	10,070	9,064	1,006	1,006	0
Adults and Council House Building	9,183	8,277	906	906	0
Children and Young People, Communities and Culture	9,714	8,368	1,346	1,346	0
Neighbourhood Services	24,883	16,334	8,549	8,549	0
Transport Services	9,563	8,277	906	906	0
Grand Total	137,538	91,539	45,999	45,948	51

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

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



Capital Commentary

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

- **Economic Development and Resources** – Re-profiled spend in 2021/22 includes forecast rephasing of £11.7m of Housing Company loans after review of the ACL/ADL business plans, £9.1m for Bath Quays North, £4.6m for Bath

Western Riverside scheme, where phasing is being aligned with Homes England Grant.

- **Adults and Council House Building** – Works delayed due to Covid include Pemberley Place affordable housing scheme, grant funding of £300k now expected to be rephased into 2022/23. Disabled Facilities Grant for adaptations to enable independent living of £546k is also rephased into 2022/23.
- **Children and Young People, Communities and Culture** – Schemes funded by grant of £1m rephased into 2022/23 including the Pedestrian footbridge at St Nicholas Primary which is rephased whilst access agreements are finalised.
- **Neighbourhood Services** – £5.6m of budget for Pixash Waste re-development rephased into 2022/23 due to delays with the construction contract award. Vehicle replacement programme £0.9m of budget rephased into 2022/23 in line with the specialised tender timescales. £0.9m of budget is rephased for Sydney Gardens, where works are now expected to complete in the first quarter of 22/23 following programme delays arising from Covid.

RISKS

The key risks to the budget were outlined in the Councils 2021/22 Budget Report, in compliance with the Council's decision-making risk management guidance. These have been reviewed with the additional risks added below, including risks that specifically relate to the Covid-19 pandemic:

Risk	Likelihood	Impact	Risk Management Update
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 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 the Councils Commercial Estate over and above anticipated levels.	Possible	High	Current modelling has been prudent 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.
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	Likely	Medium	A reserve is available for borrowing to manage market risk and long-term borrowing costs have been factored into the longer-term MTFs. Due to increasing inflationary pressures the current forecast from our treasury management advisors is that there will be an

			increase in Base Rate from 0.1% to 0.25% in the second quarter of 2022. They also forecast that borrowing rates will remain around current levels following recent increases before falling as inflation decreases. The Council will continue to consider shorter term borrowing options alongside the PWLB.
Volatility and uncertainty around business rates	Likely	High	<p>The impacts of Covid-19 will increase the volatility and uncertainty around business rate income. In 2021/22 this risk will be partly offset by the extension of the business rate relief scheme for Retail, Leisure and Hospitality businesses.</p> <p>We continue to monitor arrears, CVAs, and liquidations with a specific reserve held to manage in-year volatility.</p>
Capital projects not delivered resulting in revenue reversion costs or liabilities from underwriting agreements	Possible	High	The Council has a number of projects within this category. These risks will continue to be monitored and reported. An assessment is made as part of the budget process to ensure that revenue reserves are sufficient to meet these risks. The capital programme methodology looks to de-risk projects wherever possible.
Changes to Government Policy that affects future funding	Likely	High	Need to monitor and continue to highlight impact
Brexit risks	Likely	Medium	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. Emerging risks to the Council through access to the labour market.
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.
Volatile energy market and price increases	Likely	High	Our Street Lighting contract is up for renewal, as will our gas and electricity contracts on 31/03/22. The significant increases in energy prices could result in a material financial pressure for the organisation.

4 STATUTORY CONSIDERATIONS

- 4.1 The annual medium-term financial planning process allocates resources across services with alignment of these resources towards the Council's corporate priorities. This report monitors how the Council is performing against the financial targets set in February 2021 through the Budget setting process.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

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

6 RISK MANAGEMENT

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

7 CLIMATE CHANGE

- 7.1 The Medium Term Financial Strategy and budget process aligns resources towards the corporate priorities and objectives set out in the Corporate Strategy, which includes tackling the climate emergency. This report monitors the Council's financial performance against those budgets, and therefore does not include any decisions that have a direct impact on Climate Change.

8 OTHER OPTIONS CONSIDERED

- 8.1 None

9 CONSULTATION

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

Contact person	<p><i>Gary Adams – Head of Financial Management</i> 01225 477107 Gary_Adams@bathnes.gov.uk</p> <p><i>Paul Webb – Finance Manager, Budget Reporting</i> 01225 477298 Paul_Webb@bathnes.gov.uk</p>
Background papers	N/A
Please contact the report author if you need to access this report in an alternative format	

Appendix 1 - Revenue Monitoring Commentary Quarter 3 2021/22

Portfolio Number and Description		Cashlimit Number and Description	Current Budget £000	Actuals to date £000	Quarter 3 Published Forecast £000	Quarter 2 Published Outturn Variance £000	Change from Previous Quarter Forecast Over / (Under) £000	2021/22 Quarter 3 Outturn Variance Over / (Under) £000	Outturn Variance Analysis		Outturn Recovery Plan
Detailed Analysis of Budgets for Economic Development and Resources											
P26	Economic Development and Resources	1018	Heritage Services	(5,447)	(923)	(3,651)	1,554	243	1,797	The forecast performance for Quarter 4 has reduced as a result of Omicron, combined with the pressure of the improved pay offer, has resulted in a reduction of the service outturn position by £240k. The overall shortfall is driven by the lockdown which affected Quarter 1 and the ongoing capacity restrictions, which have limited revenue generation since reopening in May.	Some cost mitigations identified and Sales, Fees and Charges grant support covers much of the Quarter 1 lost revenue, however the losses through July and December, due to restricted capacity are not containable in-Service.
P26	Economic Development and Resources	1032	Information Technology	5,261	4,423	5,187	(131)	57	(74)	Ongoing impacts from Covid and IT suppliers have resulted in financial and operational pressures, which has been mitigated in year through one off underspends on the IT contracts budget.	A new Digital, Data and Technology Strategy is being finalised and part of this process is to re-prioritise activity, assess new operating models and areas for investment and attention over the remainder of 2021/22
P26	Economic Development and Resources	1037	Property Services	554	801	558	(1)	5	4	Not material.	Not applicable
P26	Economic Development and Resources	1038	Corporate Estate Including R&M	3,347	3,897	4,469	985	137	1,122	The main pressure for this area is the unachieved income (£454k) from the accommodation target. The other major area of overspend is for the running costs of the Bath Community Academy (BCA) site at Culverhay (£149k) which are unbudgeted and includes a £50k contribution to Leisure Services. Included in this overspend is £516k for uncapitalised staff costs. Other smaller variances come from staffing, cleaning and the corporate estate.	There are minimal mitigations in 2021/22 however, additional funding of £300k and £661k has been proposed in the 2022/23 budget to reduce the income target to an achievable level and cover the under recovery of staff pressures.
P26	Economic Development and Resources	1039	Traded Services	0	3	4	4	0	4	Not material.	Not applicable
P26	Economic Development and Resources	1040	Finance	2,125	1,456	2,176	(43)	94	51	Additional demand on the finance team has increased salary costs through use of interim resource. This has been recognised as a funding requirement for the 2022/23 budget.	Not applicable
P26	Economic Development and Resources	1041	Revenues & Benefits	1,922	2,809	1,718	(169)	(35)	(204)	Staff vacancy savings and additional court fees income.	Not applicable
P26	Economic Development and Resources	1042	Risk & Assurance Services	1,196	777	1,196	0	(0)	0	No material variance	Not applicable
P26	Economic Development and Resources	1047	Human Resources & Organisational Development	1,740	2,576	1,730	(13)	3	(11)	Salary underspend	Not applicable
P26	Economic Development and Resources	1052	Regeneration	329	994	228	(100)	(0)	(100)	Staff savings from vacancies, some have been filled so part year saving, and an increase in recharges to Capital offsets an unanticipated change in team costs.	Not applicable
P26	Economic Development and Resources	1053	Council Solicitor & Democratic Services	2,530	2,166	2,552	24	(3)	21	Proposed savings to reduce external legal spend within the legal services budget are not fully achievable. External legal spend across the council is being tracked and savings identified.	External legal spend across the council is being tracked and savings identified. Alternative savings are currently being explored.
P26	Economic Development and Resources	1054	Hsg / Council Tax Benefits Subsidy	(195)	4,489	300	495	0	495	Impact of increased Temporary Accommodation cost (B&B) where no subsidy can be reclaimed and reduction in debt as a result of improved controls resulting in reduced recoveries	Mitigations are being explored with Housing which include identifying Covid grant funding.
P26	Economic Development and Resources	1055	Capital Financing / Interest	6,830	6,413	6,100	(690)	(40)	(730)	The underspend is due to the temporary high levels of cash balances held, resulting in a delayed need to borrow and increased investment interest.	Not applicable
P26	Economic Development and Resources	1056	Unfunded Pensions	1,588	1,035	1,513	(75)	0	(75)	Small underspend forecast based on current spend to date.	Not applicable
P26	Economic Development and Resources	1057	Corporate Budgets including Capital, Audit and Bank Charges	(8,776)	(40,132)	(8,871)	310	(405)	(95)	The forecast includes £440k recovery of Pension Deficit costs and a £20k rebate of audit fees. There is a £300k shortfall of income from Bath Spa Profit Share due to the COVID-19 restrictions impacting turnover, which is partially off-set by compensation grant income of £55k. There is a £85k pressure on card transaction fees due to increased volume and compliance. There is an overspend forecast on the Apprenticeship Levy payments, mainly due to the increase Council payroll.	Not applicable
P26	Economic Development and Resources	1058	Magistrates	12	6	12	0	0	0	No variance reported.	Not applicable
P26	Economic Development and Resources	1059	Coroners	335	348	385	50	0	50	There is an unavoidable on-going pressure of £35k due to JNC Pay Awards in the Coroners Service, increased fees charged by pathologists and regrading of Mortuary Staff posts. In addition, there is a £15k one-off pressure relating to the backlog of inquests that were delayed due to Covid-19.	This expenditure is a contribution to joint Coroners arrangement with other authorities and is limited to it's recovery options. Possible reserves request to support COVID-19 pressures.
P26	Economic Development and Resources	1060	Environment Agency	251	248	251	0	0	0	No variance reported.	Not applicable
P26	Economic Development and Resources	1061	West of England Combined Authority Levy	5,148	5,194	5,148	0	0	0	No variance reported.	Not applicable
P26	Economic Development and Resources	1081	Commercial Estate	(10,173)	(13,930)	(10,162)	229	(218)	11	Increased favourable forecast position for Commercial rent income.	New lettings are increasing which may mitigate the current budget position.

Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Actuals to date £000	Quarter 3 Published Forecast £000	Quarter 2 Published Outturn Variance £000	Change from Previous Quarter Forecast Over / (Under) £000	2021/22 Quarter 3 Outturn Variance Over / (Under) £000	Outturn Variance Analysis	Outturn Recovery Plan
P26	Economic Development and Resources	1109	World Heritage	158	81	154	(3)	0	(3)	Not material.	Not applicable
P26	Economic Development and Resources	1112	Housing Delivery Vehicle	(1,000)	320	(974)	26	0	26	Lower than budgeted interest income based on current forecast of loans to the Councils Housing Company.	Review income budget in line with 2021/22 business plan and sales pipeline.
P26	Economic Development and Resources	1118	Procurement & Commissioning	285	854	283	(29)	27	(2)	Minor overspends across service	Not applicable
P26	Economic Development and Resources	1126	Visit Bath	76	129	75	0	(1)	(1)	Not material.	Not applicable
P26	Economic Development and Resources	1128	Business & Skills	517	402	502	(20)	5	(15)	Economic, Enterprise and Business departmental staff savings from vacancies.	Not applicable
P26	Economic Development and Resources	1130	Corporate Governance	1,476	1,304	1,563	158	(71)	87	The unfavourable variance in the cashlimit is from unachieved legacy strategy and performance savings, both of which are addressed and rebased in 2022/23 Budget proposals.	Finalise staffing structures across the organisation to understand short and long term resourcing requirement
P26	Economic Development and Resources	1131	Corporate Strategy and Communications	973	552	943	(46)	16	(30)	Staff vacancy savings	Not applicable
P26	Economic Development and Resources	1132	Business Change	130	183	130	0	0	0	No variance reported.	Not applicable
P26	Economic Development and Resources Total			11,190	(13,523)	13,518	2,514	(187)	2,327		
Detailed Analysis of Budgets for Climate and Sustainable Travel											
P27	Climate and Sustainable Travel	1120	Sustainability	501	257	236	(158)	(107)	(265)	Recruitment to expand the climate team is well underway, after the unavoidable delay to the start of the process due to Covid. However, not all posts will be filled in this year, resulting in the underspend. All posts will have been recruited early in financial year 2022/23.	Not applicable
P27	Climate and Sustainable Travel	1127	Environmental Monitoring (Air Pollution)	179	126	173	(34)	28	(6)	Not material.	Not applicable
P27	Climate and Sustainable Travel	1129	Clean Air Zone	0	(4,930)	0	0	0	0	Clear Air Zone (CAZ) expenditure is covered in full by the income generated, whilst entry charge income slightly down, this is currently more than offset by increased Penalty Charge Notice income. Compliance percentage rates are improving faster than predictions in earlier models, but a little too early to be confident about rates of continuing trendlines. Any shortfall would be covered by the New Burdens Principal.	Not applicable
P27	Climate and Sustainable Travel	1135	Transport Planning, Policy and Sustainable Transport	422	395	493	102	(32)	70	Staffing pressures within the service, from increased volumes of work relating to the Joint Local Transport Plan	Limited options to mitigate this pressure in 2021/22. Increased recharges are included within the 2022/23 budget proposals.
P27	Climate and Sustainable Travel Total			1,102	(4,152)	901	(90)	(112)	(201)		

Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Actuals to date £000	Quarter 3 Published Forecast £000	Quarter 2 Published Outturn Variance £000	Change from Previous Quarter Forecast Over / (Under) £000	2021/22 Quarter 3 Outturn Variance Over / (Under) £000	Outturn Variance Analysis	Outturn Recovery Plan
Detailed Analysis of Budgets for Adults and Council House Building											
P28	Adults and Council House Building	1029	Housing	1,406	944	1,307	(116)	17	(99)	Grant funding for Domestic Abuse received releases revenue funding. Underspend on supported lodgings and timing of benefits received contributes towards the favourable variance.	Not applicable
P28	Adults and Council House Building	1073	Adults & Older People-Mental Health Commissioning	9,955	5,981	8,248	(1,115)	(593)	(1,707)	The impact of packages joint funded with health has reduced Social Care spend and continues to be monitored. The funding impacts of the Transforming Care Agenda on Social Care budgets are increasing for expensive and complex packages requested via the panel process. Risk is reflected for the activity backlogs and the cost/pressures which have been impacted by Covid	Close monitoring of all care packages funding and service users receiving NHS Covid Funding. Pressure continues in high cost placements but this continues to be reviewed by commissioners through panel processes, contract monitoring, and continued work on savings plans. There has been an increase in joint Health Fund funding for Section 117 service users which have been reviewed in the panel process and NHS funding remains at 6 weeks for discharged patients requiring Social Care support.
P28	Adults and Council House Building	1086	Adult Care Commissioning	1,455	655	1,267	(6)	(182)	(188)	Contract restructuring creating savings in 2021-22.	Not applicable
P28	Adults and Council House Building	1088	Older People & Physically Disabled Purchasing	13,245	7,084	12,009	(592)	(644)	(1,236)	Health funding is still being provided for first 6 weeks of support to hospital discharge cases and this has generated one off savings. Number of placements and home care packages of care are lower than 2019/20 and 2020/21 levels, this is partly due to covid, partly due to commissioning actions and partly due to supply side constraints.	Not applicable
P28	Adults and Council House Building	1091	Learning Disabilities Commissioning	18,108	9,827	18,801	307	385	692	There are high cost adults transitioning from Children's services with higher provider costs than anticipated. These complex and high cost cases are being closely monitored and have been put forward for NHS Continuing Health Care funding/assessments by commissioning managers. Most day care and respite providers have resumed services, some being delivered differently.	There is continued pressure in high cost placements particularly transitions (children reaching 18 years). Reviews continue via the panel process, contract monitoring and working closely with Children's Services around Transitions. Work continues on savings plans to bring the spend in balance by the end of the year. Work continues to fill voids and reduce the spend of Out of Area Placements.
P28	Adults and Council House Building	1093	Physical Disability, Hearing & Vision	4,499	1,950	3,140	(1,337)	(22)	(1,359)	Activity in this service area's Purchased Care is reducing. Once NHS Covid Funding for Hospital Discharges ceases budget re-alignment may be required.	Commissioners continue to review this budget area through the panel process, contract re-negotiation, contract monitoring, and continued work on savings plans. Budget underspend will offset overspends in other areas of Adult Social Care.
P28	Adults and Council House Building	1110	Better Care Fund	7,630	26,876	7,630	(0)	0	0	No variance reported.	Not applicable
P28	Adults and Council House Building	1113	CCG B&NES CHC and FNC Payments	0	997	0	0	0	0	No variance reported.	Not applicable
P28	Adults and Council House Building	1114	Community Equipment	203	260	203	0	0	0	Demand pressures over and above budgeted provision has been met from Infection, Prevention and Control (IPC) and Contain Outbreak Management Fund (COMF) grant funding.	Not applicable
P28	Adults and Council House Building	1123	Safeguarding Adults	1,993	1,306	1,624	(60)	(309)	(369)	Staff turnover and slippage in bringing in new management structure has created one off savings in 2021/22.	Not applicable
P28	Adults and Council House Building	1124	Community Resource Centres & Extra Care Income	5,109	4,819	6,628	1,522	(3)	1,519	Job re-evaluation and regrading exercise has increased cost base of service. Higher staffing ratios has also been required to manage covid sickness/isolation routines and complexity of need.	Business case identifying pressures and three year action plan to manage costs and increase fee income developed.
P28	Adults and Council House Building Total			63,604	60,701	60,857	(1,396)	(1,351)	(2,747)		

Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Actuals to date £000	Quarter 3 Published Forecast £000	Quarter 2 Published Outturn Variance £000	Change from Previous Quarter Forecast Over / (Under) £000	2021/22 Quarter 3 Outturn Variance Over / (Under) £000	Outturn Variance Analysis	Outturn Recovery Plan
Detailed Analysis of Budgets for Children & Young People, Communities & Culture											
P29	Children & Young People, Communities & Culture	1036	Adults Substance Misuse (DAT)	157	294	157	(0)	0	(0)	Majority of spend is on fixed price contract arrangements.	Not applicable
P29	Children & Young People, Communities & Culture	1076	Children, Young People & Families	17,999	25,940	20,480	2,075	405	2,481	This forecast includes £800k Covid costs. £1,560k of the over budget position is due to demand led budgets. These include Joint Agency Panel (JAP), Residential, Disabled Children (DCT), Children in Care (CIC) and Staying Put placements. JAP is over budget by £800k due to unbudgeted additional placements, many of which are as a direct result of Covid. Residential is over budget by £540k due to increased package costs as a direct result of accommodating additional needs due to Covid. In DCT client spend, costs are over budget by £250k. The Children in Care client costs are £380k over budget, due to increased demand, and packages of care and support needed as a result of the pandemic. The transformation projects are forecast to create a pressure of £200k in their first year, this will enable future savings in 22/23 and beyond of circa £1m. Across all salary areas there is a pressure of £408k as a result of the cost of covering absence in teams whilst also responding to increasing demand and complexity of need. Savings of £100k have been identified across the legal spend and inter-agency adoption fee areas as part of the in-year financial recovery plan.	The service is actively searching for ways to mitigate this overspend in-year. Where recruitment is possible in lieu of expensive agency use, this is being progressed. The Transformation Program is progressing at pace to realise any savings as quickly as possible. Financial recovery plans are premised on the future availability of lower cost suitable placements being enabled through the Transformation Program.
P29	Children & Young People, Communities & Culture	1077	Inclusion & Prevention	3,109	1,302	2,775	246	(581)	(335)	Educational Psychology is over budget by £200k. This is a due to staffing pressures that were in existence during 20/21, but were met with one-off funding. Ongoing staffing pressures are due to increased staffing costs needed to provide the Local Authorities statutory duties in this area, caused by significantly increased requests for assessment, a national shortage of qualified EP's and use of agency staff and un-budgeted maternity cover. The favourable Outturn position is as a result of the one-off release of a £560k provision, in light of Government confirmation of continuing funding for the Troubled Families programme.	The pressure in Education Psychology is proposed to be addressed in the budget for 2022/23.
P29	Children & Young People, Communities & Culture	1078	Education Transformation	6,612	3,945	7,422	70	740	810	In addition to the £700k Home To School Transport (HTST) forecast pressure, there are two historic pressures, both reoccurring in 21/22 but not able to be offset by one-off Financial Recovery Savings as was achieved in 20/21. There is a £40k pressure from the unwinding of the Childcare Voucher scheme, as this service is now in decline due to the new Government Childcare Scheme offering. There is also a £60k pressure relating to ongoing costs of previous capital investment. The HTST pressure is a result of the reduction of contractors participating in the marker, driver shortages and fuel cost increases.	The pressures for HTST, the Childcare Voucher scheme and the historic capital costs are proposed to be addressed in the budget for 2022/23.
P29	Children & Young People, Communities & Culture	1079	Schools Budgets	(1,812)	(6,036)	(1,812)	0	0	0	Although shown on budget, any overspend in the Dedicated Schools Grant (DSG) is held on the balance sheet. The carried forward balance into 21/22 is a £5.42m deficit, with significant increase to this deficit forecast to occur during 2021/22, to increase the deficit to c£12.6m. These pressures are in relation to SEND costs.	The Council has a SEND Education Strategy and a SEND Capital Plan which has been in place for a number of years, to develop local sufficiency and bring down costs of local placements. The DFE recovery plan will capture these and be available in the Spring for the DFE and Schools Forum. An internal review of JAP has taken place, and an external review of JAP has also been commissioned. The overspend will need to be recovered over an extended period of a number of years.
P29	Children & Young People, Communities & Culture	1089	Community Safety	193	199	193	0	0	0	No variance reported.	Not applicable
P29	Children & Young People, Communities & Culture	1094	Public Health	0	4,082	0	0	(0)	0	Public Health is fully funded by a ring fenced Department of Health and Social Care grant	Not applicable
P29	Children & Young People, Communities & Culture	1116	Integrated Commissioning - CYP	2,630	2,358	2,544	(47)	(39)	(86)	There is approximately £40k savings across the commissioned area, with the remaining underspend as a result of vacancies.	Not applicable.
P29	Children & Young People, Communities & Culture	1117	Safeguarding - CYP	77	0	42	(47)	12	(35)	Salary savings and reduced consultancy support offset by unachievable training income.	Not applicable.
P29	Children & Young People, Communities & Culture	1121	Events & Active Lifestyles	174	201	206	51	(19)	32	Loss of income for Events 2021/22, due to a reduction in events across the year. Staffing pressures within the events team and for Recovery Plan work.	Unable to mitigate loss of income this year but anticipating that income should recover in 2022/23
P29	Children & Young People, Communities & Culture	1122	Customer Services (Including Libraries)	2,193	1,522	2,266	89	(16)	73	Proposed savings from the service are not achievable so savings being realised from delaying recruitment to vacancies.	Savings plans are in place
P29	Children & Young People, Communities & Culture Total			31,332	33,806	34,272	2,436	504	2,940		

Portfolio Number and Description		Cashlimit Number and Description		Current Budget £000	Actuals to date £000	Quarter 3 Published Forecast £000	Quarter 2 Published Outturn Variance £000	Change from Previous Quarter Forecast Over / (Under) £000	2021/22 Quarter 3 Outturn Variance Over / (Under) £000	Outturn Variance Analysis	Outturn Recovery Plan
Detailed Analysis of Budgets for Neighbourhood Services											
P05	Neighbourhood Services	1019	Leisure	517	324	703	219	(33)	186	Leisure operator GLL is not able to pay the planned £344k management fee to Council in 2021/22 due to impact of Covid-19 on the sector. This budget pressure has been part mitigated by use of reserves.	Discussions with GLL ongoing. Possible reserves request to support covid expenditure pressures and recovery plans.
P05	Neighbourhood Services	1101	Neighbourhoods & Environment - Waste & Fleet Services	16,440	99,555	16,717	326	(49)	276	Pressures across the Operations and Recycling Service, due to increased staff costs (£680k), plus additional pressures on vehicle hire and electricity due to the collection and processing of increased recycling tonnages. Partially offset by a reduction in some disposal costs, and increased income from the sale of recyclates (£520k).	Pressures and additional income have been included in the 2022/23 Budget Proposals
P05	Neighbourhood Services	1102	Neighbourhoods & Environment - Parks & Bereavement Services	1,208	15,069	1,250	22	19	41	Parks reporting on target. Bereavement Services are reporting a staffing pressure.	Not Applicable
P05	Neighbourhood Services	1115	Registrars Service	(66)	(242)	(124)	(49)	(9)	(58)	Forecast to achieve additional income due to backlog of weddings	Not applicable
P05	Neighbourhood Services	1134	Highway Maintenance	6,063	3,957	6,234	(45)	217	171	Unavoidable pressure from increased energy costs for the street lighting contract £214k. This is partially reduced due to staff vacancy Savings.	Contingency has been built into the 2022/23 budget proposals for the ongoing increases in global energy prices.
P05	Neighbourhood Services Total			24,162	118,662	24,779	472	144	617		
Detailed Analysis of Budgets for Transport Services											
P25	Transport Services	1103	Transport & Parking Services - Parking	(4,463)	(6,146)	(7,625)	(3,132)	(31)	(3,163)	Income across the summer period has been stronger than originally forecast, followed by a reduction in car park income at Q3 due to a scaled back Christmas Market. We have seen a reduction in expenditure as a result of ongoing vacancies across the Enforcement Team, with ongoing recruitment presenting a number of challenges due to current job market conditions.	Not applicable
P25	Transport Services	1104	Public & Passenger Transport	(93)	543	(182)	20	(109)	(89)	Park and Ride contract £320k favourable, partially reduced by a reduction in concessionary fares income (£230k) resulting in a £90k favourable position for Public Transport. Passenger Transport are seeing increased costs for Covid deliveries but this is offset by staff vacancy savings .	Not Applicable
P25	Transport Services	1119	Emergency Planning	423	470	502	79	(0)	79	Increases in operational covid costs plus increase in staff costs for additional cover due to staffing pressures.	Unable to mitigate the additional costs within the service. Pressures have been included in the budget proposals for 2022/23
P25	Transport Services	1133	Network & Traffic Management	1,102	759	713	(72)	(317)	(389)	Increased income across the traffic management service staff vacancy savings across the service.	Increased income is featured as a saving item within the 2022/23 budget proposals
P25	Transport Services Total			(3,030)	(4,375)	(6,592)	(3,105)	(457)	(3,562)		
Detailed Analysis of Budgets for Planning											
P30	Planning	1005	Building Control & Public Protection	865	508	1,089	139	85	224	The casino income target of £121k is not achievable due to there being no operator. There is also a forecast overspend on Urban Gulls of £39k and a £64k income pressure is split across Licensing, Pest Control, Building Regs & Land Charges	Licensing income deficit may be offset by increased income in specific areas particularly if new businesses start being created after lockdown but that is difficult to forecast with any certainty at present. Budget proposals for 2022/23 includes a request for funding to cover the casino income target and urban gulls pressure.
P30	Planning	1106	Development Management	1,167	900	1,508	525	(184)	341	Reduced Planning Income due to COVID creating an expected pressure of £451k (partially offset by the reimbursement from the Sales, Fees and Charges grant of £173k). An overspend on appeals and judicial reviews of £56k and an underspend on staff vacancies (£58k) along with other minor changes over supplies and services which contribute to offset the adverse position.	With such a volatile area, we have to wait and see if the easing of restrictions increases the number of major applications and associated discretionary fees like pre applications and Planning Performance Agreements (PPA's). Applications are being closely monitored to provide the most accurate information for the forecast.
P30	Planning Total			2,032	1,407	2,597	664	(99)	565		
	Council Total			130,393	192,527	130,331	1,496	(1,558)	(62)		

This page is intentionally left blank

FINANCE BUDGET MONITORING MONTHLY DASHBOARD - April to December 2021

CAPITAL APPENDIX 2 - KEY SCHEME VARIANCE ANALYSIS

		Sum of 21/22 Aggresso Budget	Sum of 21/22 Forecast	Sum of RePhasing to Future Years £'000	Sum of 21/22 Variance - Budget vs Forecast £'000
Transport					
Office for Low Emission Vehicles (OLEV) Bid - GULW	EV charging works at; Kingsmead Square- chargers ready and bagged, awaiting commissioning. Potential users are signing up to the Revive network. Claverton St, Widcombe- bay selection being reassessed. Pillar installed. WPD to make electrical connection in Jan 2022. Charger and civils work programmed for Jan/Feb 2022. Larkhall- Civil works almost complete, awaiting WPD connection. Pillar installed. Completion scheduled for Feb 2022. South Rd, Midsomer Norton - Civils and WPD connection programmed for Feb 2022. Church St, Radstock- WPD connection offer accepted with civils works programmed for March 2022. Bath Spa Railway Station- Design approved, awaiting revised quote from WPD. Civils works programmed for Feb 2022. Charlotte Street – Civils works programmed for Feb 2022. Civic Centre, Keynsham – this site is currently on hold due to issues with the design. Funding for the last mile delivery pilot concluded on 31st March 2021. Due to Covid lockdown the service was unable to meet growth targets so additional funding has been received to continue this pilot until March 2022.	1,408	1,408	-	-
Transport Improvement Programme	Programme currently progressing schemes completed include signalised pedestrian crossing at Enleigh / Lansdown Road, Zebra crossing serving Oldfield Park Junior School and new and improved zebras on Lansdown Lane. Rephasing to 22/23 relates mainly to schemes needing to secure supporting funding, including Fosseyway Footway ,pedestrian crossing £155k , Somerdale Bridge £46k, Mulberry Park (part of Scholars way) £103k.	2,838	2,045	794	794
Cleveland Bridge Refurbishment	The project team are looking at all options to progress the repairs as safely and quickly as possible but at the time of writing we are unable to confirm when the bridge will be fully opened. The concrete repairs on the bridge are much more extensive than previously identified in the initial surveys carried out by rope access. In the meantime the bridge remains closed to HGVs but will continue to be open for vehicles under two metres in width. Pedestrians, cyclists and cars can use the bridge and an exception has been made for emergency vehicles, which will be able to access the bridge via a gate specifically for their use.	3,553	3,053	500	500
Economic Development and Resources					
Bath Quays Bridge & Linking Infrastructure	The bridge dynamic testing is complete, outstanding works remain to the bridge lighting connection. Engineering works to link this bridge for walking and cycling to the office No 1 Bath Quays expected to complete during 2021/22, with the overall public realm work is expected to complete in 2022/23.	2,518	2,518	-	-
Bath Quays North	Works are continuing with advanced enabling works to prepare the site for development with demolition of Avon St Multi Storey Car Park, scheduled to commence April/May 2022. The impacts on scheme delivery caused by Covid-19 and lockdown continue to be evaluated, with market risks from occupier interest and construction inflation increasing delivery risk.	11,247	2,106	9,141	9,141
Bath Quays South	No.1 Bath Quays (new offices) reached practical completion in May 2021 with levels of interest from the occupier market rebounding following easing of lockdown restrictions. Newark Works refurbishment is progressing, along with improvements to energy performance, forecast to complete in late 2022. Public Realm works scheme agreed in principle and are programmed to commence soon at time of writing. The bike-store design is agreed and co-ordination of cycle improvements are in progress. Sections of a historic restored crane were delivered in December 2021 ready for installation as a centrepiece to the Foundry Courtyard.	4,516	4,516	-	-
BWR Phase 2	The infrastructure pre-works have completed and the major gas network rationalisation works now commenced with planned completion in April 2022. Following Homes England (funder) approval, an agreed merger of their grant funding will support the waste site and as a result, budget to be re-profiled into 2022/23.	12,879	8,250	4,629	4,629
Commercial Estate Refurbishment Programme	Programme to ensure key properties are either marketed in a condition that increases the potential rental income or in a more attractive and marketable condition. Following approval of additional budget in July 2021 a programme of works is underway although much is currently at early stages of procurement.	2,154	954	1,200	1,200
Corporate Estate Planned Maintenance	Planned repairs and preventative maintenance for 2021/22 are well underway with works at Beaumonds Children's home completed, improvements to Lewis House forecourt and One Stop Shop progressing along with repairs to the Laura Place Fountain. Various properties will have upgrades to fire alarm, emergency lighting and building management systems. While much planned work at Haycombe Crematorium will be complete, the Service have requested that work stops during the busy winter season to resume in again in April 2022 and other works such as repairs to the parks will also be carried forward for completion from April 2022.	3,756	2,866	890	890
Property Company Investment - Council (Loan): Developments	During 2021/22 loans will fund the development of Sladebrook Road and the full loan has been drawn down for Newbridge Hill. Both ACL and ADL continue to forecast loan repayments to agreed schedules for 2021/22. The loan for Riverside View was repaid in full in November 2021.	12,769	1,000	11,769	11,769
Radstock Healthy Living Centre	There will be some slippage experience, particularly for the Children's Centre fitout works due to shortages of materials and resources. Completion which is now expected for late Spring 2022.	1,495	1,195	300	300
Roman Baths Archway Project	The City of Bath World Heritage Centre opened its doors for a testing period in December ahead of the main launch in Spring 2022, which will follow the York Street road works. The Roman Baths Clore Learning Centre is now complete and the team is working towards obtaining permission to occupy from Building Control.	532	532		-
Somer Valley Enterprise Zone - Infrastructure	Highways VISSIM modelling is ongoing along with other technical surveys to inform the Local Development Order (LDO) and Full Business Case. Initial Public Engagement was postponed to allow further engagement with key stakeholder and now schedule for quarter 4. Engagement continues with highway officers.	1,052	908	144	144
York Street Vaults Phase 2	In January 2022, new surface treatment of high quality, pennant flagstone will continue into York Street, towards Kingston Parade along with a package of works to reduce the impact of water ingress into the vaults beneath the highway. Swallow St public realm works were completed early Summer 2021, with natural stone finished paving slabs similar to Stall Street and new drainage installed.	855	855		-
Keynsham High Street Renewal Programme	Phase 1 works for the Public Realm scheme for Keynsham High Street to promote the High St as a key centre of retail and other economic activity are underway to revitalise the town centre and enhancing the accessibility by alternative modes of travel. There were some delays during the Summer of 2021 and we continue to monitor the impacts of Brexit and Covid-19, however the scheme should complete during 2021/22. Grant funded Heritage Action Zone (HAZ) works will deliver further public realm, a masterplan, shop front improvements, wayfinding, community engagement and a cultural programme. Both the core High Street and HSHAZ schemes will run concurrently as one programme.	2,411	2,411	-	-
Midsomer Norton High Street Renewal Programme	Work on the grant funded Heritage Action Zone works continues to budget. A Full Business Case was submitted to WECA in November 2021 for Love Our High Street funding for delivery of a new multi-use Market Square at The Island.	599	599		-
Bath City Centre Renewal Programme	A scheme which aims to encourage shoppers, visitors and businesses back to the city centre. The Council secured £1.235m WECA Love our High Streets grant funding to be spent over a five year period on improving Bath City Centre, including Milsom Street and Kingsmead Square.	660	660		-
Public Sector Decarbonisation Scheme	The Council received £442k grant for the Public Sector Decarbonisation Scheme for Charlton House Care Home including re-design for heating and hot water, along with solar PV to power the site and measures to reduce energy demand with better insulation and lighting upgrades. Works are going well, with PV panels and LED lighting both now complete. Civils work in preparation for the heat pump is due to start in the new year, with installation of the pump at the beginning of March. We have an extension until 31st March 2022 given the long lead for heat pumps. We also received £557K grant to passport to Cleveland Pools Trust for the installation of a Water Source Heat Pump to provide heat for the pools. Both projects are due to complete in 2021/22.	999	999	-	-

CAPITAL APPENDIX 2 - KEY SCHEME VARIANCE ANALYSIS

		Sum of 21/22 Aggresso Budget	Sum of 21/22 Forecast	Sum of RePhasing to Future Years £'000	Sum of 21/22 Variance - Budget vs Forecast £'000
Climate and Sustainable Travel					
Clean Air Zone	The Clean Air Zone objective is to achieve, as a minimum, compliance with NO2 limit values to discharge the ministerial direction. The charging zone with the sign and camera infrastructure, along with the highway works at Queen Square, is operational. Other 'non-core items' of circa £1m are now being progressed including public realm improvements, weight restriction and idling enforcement and other mitigation measures including an e-cargo bike scheme and a behaviour change initiative for car drivers not penalised by the charging scheme. The roll out of up to £6.7m of financial assistance in the form of grants and interest subsidy on loans also continues with applications being processed by our three specialist finance partner organisations.	7,194	7,194	-	-
Liveable Neighbourhoods	A37 Staunton Lane Junction and Whitchurch Traffic Improvements schemes now incorporated within the Liveable Neighbourhoods programme with implementation in 2022/23. Following Liveable Neighbourhoods public engagement in December 2021, co design will commence in February 2022 for implementation programmed from Summer 2022.	1,346	340	1,006	1,006
Adults and Council House Building					
Affordable Housing	Pemberley Place extra care scheme (72 units of affordable elderly persons accommodation) has been delayed due to construction issues exacerbated by Covid, with completion and final grant payment of £300k to slip to Q4 2022/23.	880	580	300	300
Next Steps Accommodation Programme	The Next Steps Accommodation Programme was approved in January 2021 for the refurbishment of 23 Grosvenor Place. Works are well advanced and being undertaken whilst the building is part-occupied. The Council has now secured Listed Building consent on works where required, including energy efficiency improvements. Expect first phase works to complete in Quarter 4. The purchase of first Platform for Life Property has been completed and currently being used as Covid isolation unit.	1,939	1,939	-	-
Affordable Warmth Grant Scheme	We have 2 grant schemes to improve energy efficiency for homes for low income households with 28 completed. We are also working in partnership with Curo to deliver improved underfloor thermal installation to over 70 properties in 2021/22 with 25 already completed.	625	625	-	-
Supported Housing Scheme	Plans to create temporary accommodation at Theobald House progressing with planning permission secured. Works were delayed due to use of building for temporary housing of rough sleepers. However, pre-building works now initiated, including securing site, strip-out works etc. Waiting for updated main contractor costs. Now aim to complete in Q2021/22. A decision to refurbish Crescent Gardens Lodge for £255k was recently approved. Now working up refurbishment plan.	616	616		-
Shared Ownership Housing Programme	Shared ownership units being developed at Sladebrook Road and anticipate handover of the units in Q4 2021/22.	781	781		-
Social Rent Programme	Cabinet approval was gained in November to progress scheme development work on five sites. A planning application for first scheme expected to be lodged in Q4 2021/22.	413	413		-
Neighbourhood Services					
City Centre Security - Highways Scheme	Anti-Terrorism Traffic Regulation Orders (ATTO's) have been implemented for the scheme, with the exception of York St that will be subject to a public Inquiry.	304	304	-	-
Highways Maintenance Block	All workstreams progressing to near to programme with slippage of only £210K forecast (3.7%).	5,841	5,631	210	210
Parks S106 Projects	This relates to a number of projects that are s106 funded, including access improvements and bench repairs at Weston Rec / Archery fields. The play area refurbishment project at Kensington Meadows is now complete and was opened in December. A consultation has been undertaken at Sullis Meadows to include works to the footpaths and a play area refurbishment; permissions for some of these works are being sought from Historic England and the works will fall into next financial year. Other works include a survey at Hedgefield in respect of retaining walls and shrubbery, landscape and improvements at Cappards Farm. In addition a consultation has been commissioned for Brickfields Linear park project; any works will fall into 22/23.	233	156	76	76
Sydney Gardens (Round 2)	The Sydney Gardens Project has been granted an extension as a consequence of losing a full season of its activity programme to COVID and then delays to the capital programme in 2021, due to ground clearance and discovery of Roman era archaeology. The overall project envelope has been extended by 9 months to end of December 2022 (from an original end date of 31st March 2022). This allows the team to implement an extra season of activities and deliver all the key elements of the Activity Plan. Work will continue on finishing the play area and wider landscaping into February 2022, but the bulk of the existing works are complete. The extension also allows for a better integration of our capital works with the Network Rail fencing alongside the railway line. Current estimates for the carry over into 22/23 is approximately £950k to be spent over a 6-7month period.	2,422	1,472	950	950
Pixash Site Redevelopment	The Keynsham Recycling Hub construction contract is progressing through a limited letter of intent following detailed analysis and due diligence. The target for completion and relocation is Autumn 2023 subject to a full programme and start on site to be agreed. Advance site preparation works are planned from February 2022.	9,629	4,029	5,600	5,600
Children and Young People, Communities and Culture					
Basic Needs - School Improvement / Expansion	Programme Highlights are :- - St Nicholas Primary. Works to provide a pedestrian footbridge delayed due to problems with the housing developer and their agreement to a variation of the S106 Agreement for the relocation of the bridge. Further complications around access Licence required from the adopted highway across land owned by Norton Radstock Renaissance (NRR). At December 2021 the variation to the S106 and access agreements are still not achieved and construction of the footbridge cannot proceed until this has been finalised. £174k rephased into 21/22. - Hayesfield School - Project to expand the school refectory. Complete at December 2021. - Cameley Primary - Expansion to a 210 place school by providing a new 3 classroom block and expansion of the hall, kitchen, staff room and reception/entrance. Classrooms were complete for September 2021; hall, reception/entrance and external works complete December 2021 with re-seeding of the playing field to be carried out in Spring 2022 growing season. - St Keyna Primary - Feasibility Study to expand to a 420 place school. Project Team appointed. At December 2021 initial draft Feasibility Study received. The draft Feasibility Study has raised further questions around sustainability, Passivhaus accreditation and ecology requirements to be answered. Updated Feasibility Study expected mid-January 2022.	5,273	4,567	706	706
Schools Capital Maintenance Schemes	Various schools capital maintenance schemes are moving forward including: Twerton Infants School – Replacement windows. Contractor appointed. There will be a phased programme of work throughout 2022 with the main works to be carried out over the summer holiday period with £500k rephased into 2022/23. Newbridge Primary – Replace boilers and heating system. Contractor appointed. There will be a phased programme of work throughout 2022 with £140k rephased into 2022/23.	2,100	1,460	640	640
SEND (Special Education Needs & Disability) Capital Programme	Projects under this scheme are:- - Bath Community Academy - Additional SEN Placements were created during 2020/21. An initial Feasibility study looking at moving the current SEN alternative provision to another location on the site and remodelling existing buildings has raised a number of questions. A second Feasibility Study is underway to look at the option of building new bespoke accommodation for Alternative Provision and other SEN services on the BCA site. Feasibility Study expected by the end of March 2022. - Aspire Academy expansion to a 120 place special school - construction of a new classroom and adaptation of existing Bath Studio School buildings. The Futura Partnership Academy Trust are delivering the scheme and places were available from September 2021 even though project completion was delayed due to covid and the shortage of materials and labour. The project is due to complete for full occupation in January 2022.	2,272	2,272	-	-

2021/22 Revenue Virements for APPROVAL

Appendix 3 (i)

REF NO	REASON / EXPLANATION	CABINET PORTFOLIO	TRANSFER FROM	Income	Expenditure	CABINET MEMBER	TRANSFER TO	Income	Expenditure	DESCRIPTION	ONGOING EFFECTS
			CASHLIM	(£'s)	(£'s)		CASHLIM	(£'s)	(£'s)		
The following virements are reported for approval under the Budget Management Scheme rules.											
OVERALL TOTALS				0	0			0	0		
					0				0		

2021/22 Revenue Virements for INFORMATION

Appendix 3 (i)

REF NO	REASON / EXPLANATION	CABINET PORTFOLIO	TRANSFER FROM	Income	Expenditure	CABINET MEMBER	TRANSFER TO	Income	Expenditure	DESCRIPTION	ONGOING EFFECTS
			CASHLIM	(£'s)	(£'s)		CASHLIM	(£'s)	(£'s)		
The following virements have either been previously approved, are technical in nature or are below limits within BMS that require approval, and therefore are reported for information only.											
INFO 21#27	Care Finance Officer	Economic Development & Resources	Finance		31,330	Economic Development & Resources	Revenues & Benefits		31,330	Transfer of management of budget for Care Finance Officer to Revenues & Benefits, following the restructure of Client Finance Team.	Budget virement is ongoing.
INFO 21#28	CRC Repairs & Maintenance	Economic Development & Resources	Corporate Estate Including R&M		100,000	Adults & Council House Building	Adult Services		100,000	Transfer of budget for Repairs & Maintenance of 3 Community Resource Centres returning to the Council. The budget was previously the responsibility of Property Services, as the landlord to the external tenant of the properties.	Budget virement is ongoing.
INFO 21#29	High Street Maintenance	Children & Young People, Communities & Culture	Events & Active Lifestyles		15,000	Economic Development & Resources	Regeneration		15,000	Transfer of responsibility to Regeneration Team for safety works, maintenance and cleaning works to gates, bollards & street furniture in Bath City Centre.	Budget virement is ongoing.
INFO 21#30	Bikeability	Climate & Sustainable Travel	Environmental Monitoring (Air Pollution)		32,062	Climate & Sustainable Travel	Transport Strategy		41,438	Transfer of responsibility for Bikeability budget to Sustainable Transport.	Budget virement is ongoing.
		Planning	Building Control & Public Protection		9,376						

REF NO	REASON / EXPLANATION	CABINET PORTFOLIO	TRANSFER FROM	Income	Expenditure	CABINET MEMBER	TRANSFER TO	Income	Expenditure	DESCRIPTION	ONGOING EFFECTS
			CASHLIM	(£'s)	(£'s)		CASHLIM	(£'s)	(£'s)		
INFO 21#31	Building Control & Public Protection	Planning	Development Management		119,911	Planning	Building Control & Public Protection		119,911	Transfer of budget for Head of Building Control & Public Protection to more accurately reflect the current management structure.	Budget virement is ongoing.
INFO 21#32	DSG Re-Profiling	Children & Young People, Communities & Culture	Inclusion & Prevention		91,025	Children & Young People, Communities & Culture	Schools' Budget		109,748	Re-Profiling of cash limits within Education to reflect the actual services' DSG (Dedicated Schools Grant) spend in 2021/22.	Budget virement is ongoing.
			Education Transformation		18,723						
INFO 21#33	Bus Infrastructure	Transport Services	Transport & Parking Services - Public & Passenger Transport		56,833	Transport Services	Network & Traffic Management		56,833	Transfer of budget for Bus Infrastructure between Cash Limits to more accurately reflect the budget responsibility within Traffic Management.	Budget virement is ongoing.
INFO 21#34	Network Management	Transport Services	Network & Traffic Management		13,279	Climate & Sustainable Travel	Transport Strategy		13,279	Realignment of budget for Sustainable Transport overheads to reflect the current management responsibility.	Budget virement is ongoing.
INFO 21#35	Traffic Signals	Neighbourhood Services	Highway Maintenance		270,264	Transport Services	Network & Traffic Management		270,264	Transfer of budget for Traffic Signals between Cash Limits to more accurately reflect the budget responsibility within Traffic Management.	Budget virement is ongoing.
INFO 21#36	WECA Levy	Transport Services	Transport & Parking Services - Public & Passenger Transport		46,000	Economic Development & Resources	West of England Combined Authority Levy		46,000	Additional budget for Concessionary Fares paid as part of the WECA Levy, funded by contingency budget held in Passenger Transport.	Budget Virement is ongoing.
OVERALL TOTALS				0	803,803			0	803,803		
					803,803				803,803		

Portfolio Cash Limits 2021/22 - Revenue Budgets
Appendix 3(ii)

CABINET PORTFOLIO	Service	Nov'21 Revised Cash Limits	Technical Adjustments, below BMS limits or already agreed - shown for information	Total Virements for Approval	Feb'22 Revised Cash Limits
		£'000	£'000	£'000	£'000
Economic Development & Resources	Heritage Services	(5,447)			(5,447)
	World Heritage	158			158
	Regeneration	314	15		329
	Business & Skills	517			517
	Property Services	554			554
	Corporate Estate Including R&M	3,447	(100)		3,347
	Business Change	130			130
	Human Resources & Organisational Development	1,740			1,740
	Council Solicitor & Democratic Services	2,530			2,530
	Corporate Strategy & Communications	973			973
	Finance	2,156	(31)		2,125
	Revenues & Benefits	1,891	31		1,922
	Risk & Assurance Services	1,196			1,196
	Procurement & Commissioning	285			285
	Corporate Governance	1,476			1,476
	Information Technology	5,261			5,261
	Commercial Estate	(10,173)			(10,173)
	Housing Delivery Vehicle	(1,000)			(1,000)
	Visit Bath	76			76
	Hsg / Council Tax Benefits Subsidy	(195)			(195)
	Capital Financing / Interest	6,830			6,830
	Unfunded Pensions	1,588			1,588
	Corporate Budgets incl. Capital, Audit & Bank Charges	(5,712)			(5,712)
	New Homes Bonus Grant	(3,064)			(3,064)
	Magistrates	12			12
	Coroners	335			335
	Environment Agency	251			251
	West of England Combined Authority Levy	5,148	46		5,194
	PORTFOLIO SUB TOTAL	11,275	(39)		11,236
Adults & Council House Building	Adult Services	62,098	100		62,198
	Housing	1,406			1,406
	PORTFOLIO SUB TOTAL	63,504	100		63,604
Children & Young People, Communities & Culture	Children, Young People & Families	17,999			17,999
	Integrated Commissioning - CYP	2,630			2,630
	Safeguarding - CYP	77			77
	Inclusion & Prevention	3,200	(91)		3,109
	Education Transformation	6,631	(19)		6,612
	Schools Budget	(1,922)	110		(1,812)
	Adult Substance Misuse (Drug Action Team)	157			157
	Public Health				
	Events & Active Lifestyles	189	(15)		174
	Customer Services (including Libraries)	2,193			2,193
	Community Safety	193			193
	PORTFOLIO SUB TOTAL	31,347	(15)		31,332
Climate & Sustainable Travel	Sustainability	501			501
	Environmental Monitoring (Air Pollution)	211	(32)		179
	Clean Air Zone				
	Transport Strategy	367	55		422
	PORTFOLIO SUB TOTAL	1,080	23		1,102
Neighbourhood Services	Leisure	517			517
	Neighbourhoods & Environment - Waste & Fleet Services	16,440			16,440
	Neighbourhoods & Environment - Parks & Bereavement Services	1,208			1,208
	Highway Maintenance	6,333	(270)		6,063
	Registrars Service	(66)			(66)
	PORTFOLIO SUB TOTAL	24,433	(270)		24,162
Transport Services	Network & Traffic Management	789	314		1,102
	Transport & Parking Services - Parking	(4,463)			(4,463)
	Transport & Parking Services - Public & Passenger Transport	(36)	(103)		(139)
	Emergency Planning	423			423
	PORTFOLIO SUB TOTAL	(3,287)	211		(3,076)
Planning	Building Control & Public Protection	754	111		865
	Development Management	1,287	(120)		1,167
	PORTFOLIO SUB TOTAL	2,041	(9)		2,032
	NET BUDGET	130,393			130,393

CABINET PORTFOLIO	Service	Nov'21 Revised Cash Limits	Technical Adjustments, below BMS limits or already agreed - shown for information	Total Virements for Approval	Feb'22 Revised Cash Limits
		£'000	£'000	£'000	£'000

Sources of Funding

Council Tax	102,040			102,040
Retained Business Rates	22,115			22,115
Collection Fund Deficit (-) or Surplus (+)	(1,328)			(1,328)
Business Rates Collection Fund Deficit (20/21) - Retail Relief Element	(39,147)			(39,147)
Transfer from Business Rates Retail Relief s31 Grant Reserve	39,147			39,147
Transfers (to) / from Reserves	7,566			7,566
TOTAL FUNDING	130,393			130,393

Capital Virements Oct - Dec - Additions & Reductions 2021/22
Appendix 4 (i)

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP2122#050	Chew Valley Recreational Trail	WECA grant, Gov't grant	1,512,485		Climate and Sustainable Travel		1,512,485	Officer Delegated Decision by Director of Place Management 3/11/21 to accept WECA grant for construction of an off road path from Woodford Lodge.
CAP2122#051	Transport Improvement Programme	WECA grant	-3,000		Transport Services		-3,000	Technical Adjustment to realign budget to grant awards.
CAP2122#052	Transport Improvement Programme	Bath CIL	-9,169		Transport Services		-9,169	Technical Adjustment to realign budget to reflect CIL award by Bath Area Forum.
CAP2122#053	Parks and Bereavement Infrastructure	Revenue	12,000		Neighbourhood Services		12,000	Officer Delegated Decision by Chief Operating Officer 7/10/21 accepting grant for the reopening of Charlotte Street public toilets.
CAP2122#054	Office for Low Emission Vehicles (OLEV) Bid	Gov't grant	15,941		Transport Services		15,941	Technical Adjustment to realign budget to new grant awards.
CAP2122#055	Transport Improvement Programme	CIL	-338,810		Transport Services		-338,810	Technical Adjustment to reflect realignment of CIL funding between TIP and Liveable Neighbourhoods.
CAP2122#056	Liveable Neighbourhoods	CIL	338,810		Climate and Sustainable Travel		338,810	Technical Adjustment to reflect realignment of CIL funding between TIP and Liveable Neighbourhoods.
CAP2122#057	Saw Close RIF Repayment	CSB	788,000		Economic Development and Resources		788,000	Technical Adjustment to recognise approval for spend had been given in Council Budget Setting Report 23.2.21.
CAP2122#058	Affordable Warmth Grant Scheme	Gov't grant	-340,773		Adults and Council House Building		-340,773	Technical Adjustment by Director of Finance to recognise Warm Homes Grant repayment to BEIS.
CAP2122#059	Shared Ownership Housing Programme	Capital Receipt, grant, SSB	-437,500		Adults and Council House Building		-437,500	Cabinet Decision E3323 11/11/21 to progress scheme housing for Social Rent on five sites (from shared ownership at one site)
CAP2122#060	Social Rent Programme	Capital Receipt	413,000		Adults and Council House Building		413,000	Cabinet Decision E3323 11/11/21 to progress scheme housing for Social Rent on five sites
CAP2122#061	Basic Needs - School Improvement / Expansion	Grant	-318,976		Children and Young People, Communities and Culture		-318,976	Return of surplus budget of completed schemes to unallocated Basic Need funding pot.
CAP2122#062	Keynsham Memorial Park	CIL, s106	238,000		Neighbourhood Services		238,000	Officer Delegated Decision by Corporate Director (Place) on 15.11.2021 to develop a new masterplan for Keynsham Memorial Park and to carry out site improvements.

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP2122#063	Transport Improvement Programme	s106	-3,500		Transport Services		-3,500	Technical Adjustment to realign budget to s106 funding.
CAP2122#064	Office for Low Emission Vehicles (OLEV) Bid	WECA grant	32,342		Transport Services		32,342	Officer Delegated Decision by Director of Sustainable Communities on 03.11.2021. to accept WECA grant to create projects developing cycling as an alternative to the use of private vehicles.
CAP2122#065	Liveable Neighbourhoods	WECA grant	7,100		Climate and Sustainable Travel		7,100	Officer Delegated Decision by Director of Sustainable Communities on 03.11.2021. to accept WECA grant to Cycle Storage.
CAP2122#066	Project Inception Fund	CSB	35,000		Economic Development and Resources		35,000	Officer Delegated Decision by Chief Finance Officer (s151) 10/12/21 for Feasibility of Entry Hill Bike Park.
Total			1,940,950				1,940,950	

Capital Programme by Portfolio - 2021/22
Revised Capital Cash Limits by Portfolio

Capital Scheme	Cap Prog Number	Budget at October 2021 Cabinet	Oct - Dec Virements	Budget at December 2021	Re-Phasing - Subject to Approval at February Cabinet	Revised Budget After February Cabinet
		£'000	£'000	£'000	£'000	£'000
Full Approval						
Economic Development and Resources						
Agresso System Development & Upgrade	Cap1415125	75	0	75	-58	17
Bath Area Forum - CIL Funded Schemes - Approved	Cap1718068	382	0	382	0	382
Bath Christmas Market	cap2122023	27	0	27	-19	8
Batheaston Village Hall Grant	CAP2122014	100	0	100	0	100
Bath Quays Bridge & Linking Infrastructure	Cap1617037	2,518	0	2,518	0	2,518
Bath Quays North	Cap1415114	11,247	0	11,247	-9,141	2,106
Bath Quays South	Cap1415138	4,516	0	4,516	0	4,516
Bath Streetspace	Cap1920026	660	0	660	0	660
BWR - Council Project Team	Cap1415057	-58	0	-58	0	-58
BWR - Infrastructure	Cap1415059	-91	0	-91	0	-91
BWR - Relocation of Gas Holders	Cap1415065	1,536	0	1,536	0	1,536
BWR Phase 2	Cap1920012	12,879	0	12,879	-4,629	8,250
Capital Contingency	Cap1415131	2,172	0	2,172	0	2,172
Cleveland Pools Grant	Cap1718065	102	0	102	0	102
Commercial Estate Refurbishment Programme	Cap1920022	2,154	0	2,154	-1,200	954
Corporate Estate Planned Maintenance	Cap1415097	3,756	0	3,756	-890	2,866
Customer Payments Security and Channel Shift	Cap1920021	35	0	35	-17	18
Digital B&NES	Cap1415069	208	0	208	0	208
Equality Act Works	Cap1415104	103	0	103	0	103
Flexible Use of Capital Receipts	Cap1819080	3,566	0	3,566	-3,066	500
Grand Parade & Undercroft	Cap1415103	133	0	133	-100	33
Heritage Infrastructure Development	Cap1415052	85	0	85	0	85
Heritage Services Energy Capture Scheme	Cap1819030	531	0	531	0	531
Innovation Quay - Strategic Flooding Solution	Cap1415064	144	0	144	0	144
IT Asset Refresh	Cap1819061	16	0	16	0	16
Keynsham High Street Renewal Programme	Cap1718011	2,411	0	2,411	0	2,411
Keynsham Regeneration & New Build	Cap1415094	68	0	68	0	68
Midsomer Norton High Street Renewal Programme	Cap1819050	599	0	599	0	599
North Keynsham SDL	Cap1819091	559	0	559	0	559
NRR Infrastructure	Cap1415062	115	0	115	0	115
Office Reconfiguration Costs	CAP2122005	1,183	0	1,183	-333	850
Preparing for the Future - New Technology	cap2122020	2,260	0	2,260	0	2,260
Project Inception Fund	Cap1819062	13	35	48	0	48
Property Company Investment	Cap1617027	12,769	0	12,769	-11,769	1,000
Property Disposals	Cap1415098	647	0	647	-397	250
Property Improvement - Haycombe Crematorium Dignified Entrance	CAP1920047	81	0	81	0	81
Property Improvement - Orange Grove Structural Works	CAP1920036	763	0	763	-663	100
Public Sector Decarbonisation Scheme	Cap2122018	999	0	999	0	999
Radstock & Westfield Implementation Plan	Cap1516014	3	0	3	-3	0
Radstock Healthy Living Centre	Cap1718061	1,495	0	1,495	-300	1,195
Refresh of Network Switch Equipment	CAP1920037	0	0	0	0	0
Roman Baths Archway Centre	Cap1617021	532	0	532	0	532
Saw Close RIF Repayment	cap2122008	0	788	788	0	788
Saw Close Works	Cap1516008	33	0	33	0	33
Somer Valley Enterprise Zone - Infrastructure	Cap1718067	1,052	0	1,052	-144	908
Voicemail Upgrade	CAP1920038	8	0	8	0	8
Waterspace	Cap1920029	59	0	59	-59	0
Workplaces Programme Delivery	Cap1415093	0	0	0	0	0
York Street Vaults Phase 2	Cap1819059	855	0	855	0	855
Subtotal Full Approval - Economic Development and Resources		73,303	823	74,126	-32,790	41,336
Climate and Sustainable Travel						
Air Quality Management Area and AQ Monitors	Cap1819028	17	0	17	0	17
Chew Valley Recreational Trail	CAP1819090	0	1,512	1,512	0	1,512
Clean Air Zone	Cap1920031	7,194	0	7,194	0	7,194
Liveable Neighbourhoods	Cap1920003	1,000	346	1,346	-1,006	340
Subtotal Full Approval - Climate and Sustainable Travel		8,211	1,858	10,070	-1,006	9,064

Capital Programme by Portfolio - 2021/22
Revised Capital Cash Limits by Portfolio

Capital Scheme	Cap Prog Number	Budget at October 2021 Cabinet	Oct - Dec Virements	Budget at December 2021	Re-Phasing - Subject to Approval at February Cabinet	Revised Budget After February Cabinet
		£'000	£'000	£'000	£'000	£'000
Adults and Council House Building						
Adult Social Care Database Replacement	Cap1516005	122	0	122	-60	62
Affordable Housing	Cap1415091	880	0	880	-300	580
Affordable Warmth Grant Scheme	Cap2021004	965	-341	625	0	625
Community Resource Centre Capital Investment	Cap1718076	62	0	62	0	62
Disabled Facilities Grant	Cap1415089	2,346	0	2,346	-546	1,800
Englishcombe Lane Development	Cap1920034	548	0	547.63	0	548
Housing Delivery Vehicle	Cap1516042	852	0	852	0	852
Next Steps Accommodation Programme	Cap2021006	1,939	0	1,939	0	1,939
Social Rent Programme	Cap2122025	0	413	413	0	413
Shared Ownership Housing Programme	Cap2122024	1,218	-438	781	0	781
Supported Housing Scheme	cap2122021	616	0	616	0	616
Subtotal Full Approval - Adults and Council House Building		9,548	-365	9,183	-906	8,277
Children and Young People, Communities and Culture						
Basic Needs - School Improvement / Expansion	Cap1415135	5,592	-319	5,273	-706	4,567
Building Adaptations to Provide Short Breaks for Disabled Children	Cap1415078	20	0	20	0	20
Children's Centre Capital Schemes	Cap1415196	27	0	27	0	27
Schools' Capital Maintenance Schemes	Cap1415073	2,100	0	2,100	-640	1,460
Schools Devolved Capital	Cap1920028	21	0	21	0	21
Special Education Needs & Disability (SEND) Education Provision	Cap1718071	2,272	0	2,272	0	2,272
Subtotal Full Approval - Children and Young People, Communities and Culture		10,033	-319	9,714	-1,346	8,368
Neighbourhood Services						
Alice Park - Skate Park	Cap1415035	42	0	42	0	42
Bath Leisure Centre Refurbishment	Cap1516006	0	0	0	0	0
Bathscape	Cap1819011	191	0	191	-126	65
Beechen Cliff Woodland & Other Open Spaces Improvements	Cap1415017	6	0	6	0	6
City Centre Security	Cap1920027	304	0	304	0	304
Cleveland Bridge Refurb	Cap1920040	3,560	-7	3,553	-500	3,053
Clutton Depot Refurbishment	Cap1920032	116	0	116	0	116
Environmental Protection Vehicles	Cap1516028	0	0	0	0	0
Haycombe Crematorium	Cap1819029	81	0	81	0	81
Highways & Traffic Fleet Vehicle Renewal	Cap1920015	0	0	0	0	0
Highways Maintenance Programme	Cap1415184	5,834	7	5,841	-210	5,631
Keynsham Memorial Park	CAP2122013	0	238	238	-188	50
Leisure - Council Client / Contingency	Cap1516049	471	0	471	0	471
Leisure Bath - Car Park	Cap1718043	0	0	0	0	0
Leisure Facility Modernisation - Keynsham Sports Centre	Cap1516051	161	0	161	0	161
Neighbourhood Services - Asset & Vehicle Replacement Programme	Cap1718036	2,277	0	2,277	-952	1,325
Neighbourhoods Bin & Bench Replacement	Cap1415029	4	0	4	0	4
Parking Vehicle Replacement Programme	Cap1415023	0	0	0	0	0
Parks and Bereavement Infrastructure	Cap1819051	51	12	63	0	63
Parks Equipment Replacement Programme	Cap1718029	6	0	6	0	6
Parks S106 Projects	Cap1718037	237	-4	233	-76	156
Passenger Transport Vehicles	Cap1516007	0	0	0	0	0
Pixash Site Redevelopment	CAP2122022	9,629	0	9,629	-5,600	4,029
Play Area Refurbishment / Equipment	Cap1415039	230	4	235	-107	128
Public Tennis Improvements	Cap1920010	428	0	428	0	428
Somerdale Bridge, Keynsham – Initial Options Study	Cap1718016	9	0	9	-6	3
Street Lighting LED Replacement Programme	Cap1617011	347	0	347	0	347
Sydney Gardens	Cap1415030	2,422	0	2,422	-950	1,472
Tree Planting	CAP2021005	144	0	144	-48	96
Waste Collection Vehicles In Cab Technology	Cap1920025	152	0	152	0	152
Waste Depot Relocation	Cap1516011	1,202	0	1,202	0	1,202
Waste Service Redesign	Cap1617032	235	0	235	-235	0
Waste Welfare Facilities	Cap2021003	58	0	58	-58	0
Subtotal Full Approval - Neighbourhood Services		28,194	250	28,444	-9,055	19,389
Transport Services						
Bath Transport Package Main Scheme	Cap1415001	1,619	0	1,619	0	1,619

Capital Programme by Portfolio - 2021/22
Revised Capital Cash Limits by Portfolio

Capital Scheme	Cap Prog Number	Budget at October 2021 Cabinet	Oct - Dec Virements	Budget at December 2021	Re-Phasing - Subject to Approval at February Cabinet	Revised Budget After February Cabinet
		£'000	£'000	£'000	£'000	£'000
Hicks Gate Roundabout Improvement	Cap1718085	85	0	85	0	85
London Road Modification	Cap1718022	51	0	51	-51	0
Office for Low Emission Vehicles (OLEV) Bid	Cap1617008	1,359	48	1,408	0	1,408
Transport Improvement Programme	Cap1415009	3,193	-354	2,838	-794	2,045
Subtotal Full Approval - Transport Services		6,308	-306	6,002	-845	5,157
TOTAL CAPITAL SCHEME BUDGET		135,597	1,941	137,538	-45,948	91,590

Sources of Funding						
Grants		65,141	645	65,786	-17,129	48,657
Council Support including Borrowing & Capital Receipts		63,168	879	64,047	-27,317	36,730
S106		1,846	40	1,886	-488	1,398
CIL		3,284	366	3,650	-992	2,658
3rd Party		532	0	532	-4	528
Revenue		1,626	12	1,638	-19	1,619
Total Sources of Funding		135,597	1,941	137,538	-45,948	91,590

This page is intentionally left blank

Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	10 th / 11 th February 2022	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3301
TITLE:	Treasury Management Strategy Statement 2022/23	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 - Treasury Management Strategy 2022/23		
Appendix 2 - Authorised Lending List		

1 THE ISSUE

- 1.1 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 1.2 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 1.3 Investments held for service or commercial purposes are considered in the Capital and Investment Strategy within the Budget Report which is also included on this meeting's agenda.

2 RECOMMENDATIONS

The Cabinet agrees to;

- 2.1 Recommend the actions proposed within the Treasury Management Strategy Statement (**Appendix 1**) to February Council.

The Cabinet is also asked to:

- 2.2 Note the Treasury Management Indicators detailed in **Appendix 1** and delegate authority for updating the indicators prior to approval at Full Council on 15th February 2022 to the Chief Finance Officer and Cabinet Member for Economic Development & Resources, in light of any changes to the recommended budget as set out in the Budget Report elsewhere on the agenda for this meeting.
- 2.3 Note that any comments made by the Corporate Audit Committee at their meeting on 3rd February 2022 will be reported to Full Council on the 15th February 2022.

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, and the report was on the agenda for the 3rd 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 31st 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 31st 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.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times.	Interest income will be lower.	Lower chance of losses from credit related defaults, but any such losses may be greater.
Invest in a wider range of counterparties and/or for longer times.	Interest income will be higher.	Increased risk of losses from credit related defaults, but any such losses may be smaller.
Borrow additional sums at long-term fixed interest rates.	Debt interest costs will rise; this is unlikely to be offset by higher investment income.	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain.
Borrow short-term or variable loans instead of long-term fixed	Debt interest costs will initially be lower.	Increases in debt interest costs will be broadly offset by rising investment income in the

rates.		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.

Contact person	Gary Adams - 01225 477107; Jamie Whittard - 01225 477213 Gary_Adams@bathnes.gov.uk ; Jamie_Whittard@bathnes.gov.uk
Background papers	2021/22 Treasury Management & Investment Strategy
Please contact the report author if you need to access this report in an alternative format	

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 31st 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 Actual portfolio £m	31/12/2022 Average rate %
External borrowing:		
Public Works Loan Board	196	3.00%
Local authorities	5	1.65%
LOBO loans from banks	20	4.50%
Other loans		
Total external borrowing	220.8	3.11%
Treasury investments:		
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		
Total treasury investments	82.9	0.36%
Net debt	137.9	

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
Operational boundary – TOTAL	£439m	£459m	£482m
Authorised limit – borrowing	£464m	£483m	£506m
Authorised limit – other long-term liabilities	£4m	£4m	£4m
Authorised limit – TOTAL	£468m	£487m	£510m

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

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

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
Official Bank Rate													
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
3-month money market rate													
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
5yr gilt yield													
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
10yr gilt yield													
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
20yr gilt yield													
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
50yr gilt yield													
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					
UNITED KINGDOM: BANKS																								
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		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		Yes	Non-ringfenced bank	10		13 months					
HSBC UK BANK PLC	GB	F1+	AA-	a	1	NEG	P-1	A1	a3	STABLE	A-1	A+	STABLE	HSBC Group	Yes	Ringfenced bank	10	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+		1	STABLE	P-1	A2	ba1	POS	A-2	A-	STABLE	NatWest Group	Yes	Non-ringfenced bank	10	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		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				
UK: BUILDING SOCIETIES																								
NATIONWIDE BUILDING SOCIETY	GB	F1	A+	a	5	STABLE	P-1	A1	baa1	STABLE	A-1	A+	STABLE		Yes		10	10	13 months					
UK: OTHER INSTITUTIONS																								
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					
AUSTRALIA																								
AUST AND NZ BANKING GROUP	AU	F1	A+	a+	1	STABLE	P-1	Aa3	a2	STABLE	A-1+	AA-	STABLE		Yes		10	10	13 months					
COMMONWEALTH BANK OF AUSTRAL	AU	F1	A+	a+	1	STABLE	P-1	Aa3	a2	STABLE	A-1+	AA-	STABLE		Yes		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					
CANADA																								
BANK OF MONTREAL	CA	F1+	AA+			STABLE	P-1	Aaa		STABLE	A-1+	AAA	STABLE				10	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		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 +a	a3 +a		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					
FINLAND																								
NORDEA BANK ABP	FI	F1+	AA+			STABLE	P-1	Aa1		STABLE	A-1+	AA+	STABLE				10	10	13 months					
OP CORPORATE BANK PLC	FI	F1+	AA	aa-	5	STABLE	P-1	Aa3	a3	STABLE	A-1+	AA-	STABLE		Yes		10		13 months					
GERMANY																								
BAYERISCHE LANDESBANK	GE	F1+	AAA			STABLE		Aaa		STABLE	A-1+u	AAAu	STABLE		Yes		10	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 WIEDERAUFBAU (KfW)	GE	F1+	AA-			STABLE	P-1	Aa2	baa2	STABLE	A-1	A+	STABLE		Yes		10		13 months					
LANDESBANK BADEN-WUERTTEMBER	GE	F1+	AAA		1	STABLE	P-1			STABLE	A-1+	AAA	STABLE			"KfW"	10		13 months					
LANDESBANK HESSEN-THURINGEN	GE	F1	A	bbb	1	STABLE	P-1	Aa3	baa2	STABLE	NR	NR				"KfW"	10		13 months					
NETHERLANDS	GE	F1+	A+			STABLE	P-1	Aa3	baa2	STABLE	A-2	A-	STABLE		Yes	"LBBW"	10		13 months					
NETHERLANDS																								
COOPERATIEVE RABOBANK UA	NE	F1+	AAA			STABLE	P-1u	Aaa		STABLE	A-1+u	AAAu	STABLE					10	13 months					
SINGAPORE	SI	F1+	AA-	a+	5	STABLE	P-1	Aa2	a3	STABLE	A-1	A+	STABLE		Yes	"Rabobank"	10		10	13 months				
DBS BANK LTD	SI	F1+	AA-	aa-	1	STABLE	P-1	Aa1	a1	STABLE	A-1+	AA-	STABLE		Yes		10	10	13 months					
OVERSEA-CHINESE BANKING CORP	SI	F1+	AA-	aa-	1	STABLE	P-1	Aa1	a1	STABLE	A-1+	AA-	STABLE		Yes		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						
UNITED STATES OF AMERICA																								
SUPRANATIONAL																								
COUNCIL OF EUROPE DEVELOPMENT BANK (CEDB)	FR	F1+	AA+			POS	P-1	Aa1		STABLE	A-1+	AAA	STABLE				10	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

Bath & North East Somerset Council		
MEETING	Cabinet	
MEETING DATE:	10 th / 11 th February 2022	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3300
TITLE:	Treasury Management Performance Report to 31 st December 2021	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Performance Against Prudential Indicators		
Appendix 2 – The Council’s Investment Position at 31 st December 2021		
Appendix 3 – Average monthly rate of return for 1 st 9 months of 2021/22		
Appendix 4 – The Council’s External Borrowing Position at 31 st December 2021		
Appendix 5 – Arlingclose’s Economic & Market Review Q3 of 2021/22		
Appendix 6 – Interest & Capital Financing Budget Monitoring 2021/22		
Appendix 7 – Summary Guide to Credit Ratings		
Appendix 8 – Extract from Treasury Management Risk Register		

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 Council to approve a Treasury Management Strategy before the start of each financial year, review performance during the year, and approve an annual report after the end of each financial year.
- 1.2 This report gives details of performance against the Council's Treasury Management Strategy for 2021/22 for the first nine months of 2021/22.

2 RECOMMENDATION

The Cabinet agrees that;

- 2.1 The Treasury Management Report to 31st December 2021, prepared in accordance with the CIPFA Treasury Code of Practice, is noted.
- 2.2 The Treasury Management Indicators to 31st December 2021 are noted.

3 THE REPORT

Summary

- 3.1 The average rate of investment return for the first nine months of 2021/22 is 0.26%, which is 0.28% above the benchmark rate which has averaged -0.02% over the period.
- 3.2 The Council's Prudential Indicators for 2021/22 were agreed by Council in February 2021 and performance against the key indicators is shown in **Appendix 1**. All indicators are within target levels.

Summary of Returns

- 3.3 The Council's investment position as at 31st December 2021 is given in **Appendix 2**. The balance of deposits as at 31st December 2021, compared to those as at 30th September 2021, are also set out in the pie charts in this appendix.
- 3.4 Gross interest earned on investments totalled £170k. **Appendix 3** details the investment performance, showing the average rate of interest earned over this period was 0.26%, which was 0.28% above the benchmark rate of average 7 day LIBID +0.05% (-0.02%). This excess is mainly due to the £5m investment held in the CCLA Local Authority Property Fund, which is a long term strategic investment earning a higher estimated rate of interest of 3.4%, based on the first nine months of 2021/22.

Summary of Borrowings

- 3.5 The Council's external borrowing as at 31st December 2021 totalled £220.8 million and is detailed in **Appendix 4**.
- 3.6 On 1st April 2021, the Council repaid £15.0 million of short term borrowing from a local authority, which had been borrowed last year for general cashflow requirements and to lower liquidity risks arising from uncertainties surrounding the Covid-19 pandemic.
- 3.7 A further £5m short term loan was repaid at maturity on 25th November 2021 without the need to replace the loan at present, due to the Council's current high cash balances.
- 3.8 The Council's Capital Financing Requirement (CFR) as at 31st March 2021 was £326.9 million. This represents the Council's underlying need to borrow to finance capital expenditure, and demonstrates that the borrowing taken to date relates to funding historical capital spend.
- 3.9 The difference between the CFR and the current borrowing of £220.8 million represents re-investment of the internal balances including reserves, reducing the in-year borrowing costs in excess of the potential investment returns.
- 3.10 Following Local Government Reorganisation in 1996, Avon County Council's residual debt is administered by Bristol City Council. All successor Unitary Authorities make an annual contribution to principal and interest repayment, for which there is a provision in the Council's revenue budget. The amount of residual debt outstanding as at 31st March 2021 apportioned to Bath & North East Somerset Council is £10.9m. Since this borrowing is managed by an external body and treated

in the Council's Statement of Accounts as a deferred liability, it is not included in the borrowing figures referred to in paragraph 3.5.

3.11 The borrowing portfolio as at 31st December 2021 is shown in **Appendix 4**.

Strategic & Tactical Decisions

3.12 As shown in the charts in **Appendix 2**, the investment portfolio of £82.9 million as at 31st December 2021 is diversified across Money Market Funds, Local Authorities, the Government's Debt Mgt Account Deposit Facility, Strategic funds and in highly rated UK Banks. The Council uses AAA rated Money Market funds to maintain short term liquidity.

3.13 The Council has a deposit of £5m in the Lloyd's Bank 95-day notice sustainability deposit account, in line with the ESG focussed short term deposit section of the approved 2021/22 Treasury Management Strategy.

3.14 On the 27th of September 2021 Handelsbanken plc, a UK domiciled bank, was added back onto the list of authorised counterparties recommended by Arlingclose, the Council's Treasury Management Advisors. In line with the limits set out in the Treasury Management Strategy, the Council can now return to using Handelsbanken to make deposits of up to £10m, due to their AA- credit rating.

3.15 The Council does not hold any direct investments with banks in countries within the Eurozone reflecting both on the underlying debt issues in some Eurozone countries and the low levels of interest rates.

3.16 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;

3.17 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.

3.18 The Council's investment portfolio as at 31st December 2021 includes a total of £7.5m invested longer term, with the £2.5m detailed in 3.17 as well as the £5m in the CCLA Local Authorities Property Fund.

3.19 The Council's average investment return for short-term investments is currently 0.05%, in line with the budgeted level of 0.05%. The return on the £5m long-term strategic investment in the CCLA Local Authority Property Fund is estimated to be in line with the budgeted rate of 3.5%. The current forecast is for an overachievement of interest income from investments of £70k due to the Council's cash balances being higher than was forecast when the budget was set, as well as the additional income generated from the 2 new ESG funds which are expected to yield 3-4%.

Future Strategic & Tactical Issues

- 3.20 The Council's Treasury Management Advisor's economic and market review for the third quarter of 2021/22 is included in **Appendix 5**.
- 3.21 The benefits of the Council's current policy of internal borrowing are monitored regularly against the likelihood that long term borrowing rates are forecast to rise in future years. The focus remains on the rate of increase and the medium-term peak.
- 3.22 Any additional borrowing to take place in 2021/22 will therefore be balanced between a need to maintain an appropriate working cash balance and taking advantage of favourable movements in long term borrowing rates.
- 3.23 Following the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes, in September 2021 CIPFA issued the revised Prudential Code and Treasury Management Code of Practice and Guidance Notes in draft form, and opened the latest consultation process on their proposed changes. The proposed changes include clarifications over the purpose and affordability of borrowing and some additional prudential indicators.
- 3.24 Once finalised, these changes will be incorporated into the Council's Treasury Management Strategy.

Borrowing update

- 3.25 Due to the high cash balances held by the Council at the end of 2020/21, a decision was made to repay the £15m one-year loan taken at the start of 2020/21 from the London Borough of Bromley upon its 1st April 2021 maturity date.
- 3.26 A further £5m of short term loans was repaid on 25th November without the need to replace the loan due to the council's high cash balances. No further borrowing has been taken during the first three quarters.
- 3.27 In Q1 the Council sought advice from its treasury advisors on the opportunity to make an early repayment of a £10m LOBO loan during 2021/22 as part of a debt rescheduling approach. In consultation with the Cabinet Member for Economic Development & Resources, the s151 Officer made the decision to pursue this restructuring, on the basis that it will provide revenue savings and reduce risk by replacing the LOBO debt with a shorter duration PWLB loan more aligned to the Council's future borrowing profile.
- 3.28 During the period the lender of the LOBO carried out their due diligence on the Council prior to execution of the repayment, interest rates increased. Upon re-assessment of the repayment with updated interest rates, it was assessed that it no longer appeared to be a value for money exercise, and it was decided that the Council would not proceed at this time. It was agreed that in their monitoring of future interest rate changes, our treasury advisors would conduct a future assessment on a repayment option should interest rates move in a way which would make the deal more favourable.

Budget Implications

- 3.29 A breakdown of the revenue budget showing interest and capital financing and the forecast year end position based on the period April to December 2021 is

included in **Appendix 6**. An overall underspend of £0.730m is currently forecast, mainly related to the temporary high levels of cash balances currently held, resulting in a delay in the need to borrow and therefore incurring lower than budgeted interest costs.

Revisions to CIPFA Codes of Practice

- 3.30 CIPFA published revised Prudential and Treasury Management Codes in December 2021. The Prudential Code takes immediate effect although detailed reporting requirements may be deferred until the 2023/24 financial year, and will be included in the Treasury Management Strategy for that year.

4 STATUTORY CONSIDERATIONS

- 4.1 This report is for information only.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

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

6 RISK MANAGEMENT

- 6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.
- 6.2 The Council's lending & borrowing list is regularly reviewed during the financial year and credit ratings are monitored throughout the year. All lending/borrowing transactions are within approved limits and with approved institutions. Investment and borrowing advice is provided by our Treasury Management consultants, Arlingclose.
- 6.3 The CIPFA Treasury Management in the Public Services: Code of Practice requires the Council nominate a committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies. The Corporate Audit Committee carries out this scrutiny.
- 6.4 In addition, the Council maintain a risk register for Treasury Management activities, which is regularly reviewed and updated where applicable during the year. An extract from the risk register, detailing how the top 5 market risks are managed, is included as **Appendix 8**.

7 CLIMATE CHANGE

- 7.1 The Council will continue to avoid any direct treasury management investments in fossil fuel related companies and will engage with its advisors to explore and assess the potential for any future investment opportunities in funds with a Renewable Energy & Sustainability focus as these products continue to be developed by the market in response to the Climate & Nature Emergency agenda.
- 7.2 An ESG section has been added to the Treasury Management Strategy document for the 2021/22 period and the treasury team will actively consider investment options permitted under the new guidelines.

7.3 As detailed under 3.13, a £5m deposit in the Lloyd's 95-day sustainability account was made during the quarter. This account is a deposit product of Lloyds Bank which helps to support ESG focussed projects by offering discounted funding rates to projects with a green/sustainable goal.

7.4 As detailed under 3.17, the first of 2 purchases in two ESG funds have now taken place, with the final purchase anticipated in February/March 2022, which would take the Council's position to £5m in long term ESG investment funds.

8 OTHER OPTIONS CONSIDERED

8.1 None

9 CONSULTATION

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

Contact person	Gary Adams - 01225 477107; Gary_Adams@BATHNES.GOV.UK Jamie Whittard - 01225 477213; Jamie_Whittard@BATHNES.GOV.UK
Background papers	2021/22 Treasury Management & Investment Strategy
Please contact the report author if you need to access this report in an alternative format	

APPENDIX 1

Performance against Treasury Management Indicators agreed in Treasury Management Strategy Statement

1. Treasury Borrowing limits

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

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.

	2021/22 Prudential Indicator	Actual as at 31 st Dec 2021
Operational boundary – borrowing	£408m	£220.8m
Operational boundary – other long-term liabilities	£4m	£0m
Operational boundary – TOTAL	£412m	£220.8m
Authorised limit – borrowing	£438m	£220.8m
Authorised limit – other long-term liabilities	£4m	£0m
Authorised limit – TOTAL	£442m	£220.8m

2. Average Credit Rating*

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the weighted average credit rating of its investment portfolio. A summary guide to credit ratings is set out at **Appendix 7**.

	2021/22 Prudential Indicator	Actual as at 31 st Dec 2021
	Rating	Rating
Minimum Portfolio Average Credit Rating	A-	AA

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

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.

Liquidity risk indicator	2021/22 Prudential Indicator	Minimum During Quarter	Date of minimum
Minimum liquid cash balance in period	£15m	£41.5m	29 th Nov

4. Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as an amount of net principal borrowed.

	2021/22 Prudential Indicator	Actual as at 31 st Dec 2021
Upper limit on fixed interest rate exposures	£408m	£200.8m
Upper limit on variable interest rate exposures	£184m	£20m

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

The Fixed rate limit is the total borrowing which can be at fixed interest rate, less any investments for a period greater than 12 months which has a fixed interest rate.

The Variable rate limit is the maximum amount of total borrowing which can be at variable interest rates.

5. Maturity Structure of borrowing

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

	Upper Limit	Lower Limit	Actual as at 31 st Dec 2021
	%	%	%
Under 12 months	50	Nil	11.3
12 months and within 24 months	50	Nil	0
24 months and within 5 years	75	Nil	0
5 years and within 10 years	75	Nil	6.8
10 years and within 25 years	100	25	50.2
Over 25 years	100		31.7

* The CIPFA Treasury management Code now requires the prudential indicator relating to Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment, i.e. the next call date (which are at 6 monthly intervals for the £20m of LOBO's). However, the Council would only consider repaying these loans if the Lenders exercised their options to alter the interest rate.

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

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:

Price risk indicator	2021/22 Prudential Indicator	Actual as at 31 st Dec 2021
Limit on principal invested beyond 31 st March 2022	£50m	£7.5m*
Limit on principal invested beyond 31 st March 2023	£20m	£7.5m*
Limit on principal invested beyond 31 st March 2024	£10m	£7.5m*

*The Council includes the CCLA LA Property Fund & two long term ESG Investments against this indicator as they are both held as Long Term Strategic Investments.

APPENDIX 2

The Council's Investment position at 31st December 2021

The term of investments is as follows:

Term Remaining	Balance at 31st Dec 2021
	£m
Notice (instant access funds)	50.4
Up to 1 month	0
1 month to 3 months	15.0
3 months to 6 months	5.0
6 months to 12 months	5.0
Strategic Funds	7.5
Total	82.9

The investment figure is made up as follows:

	Balance at 31st Dec 2021
	£m
B&NES Council	80.3
Schools	2.6
Total	82.9

The Council had a total average net positive balance of £80.3m during the period April 2021 to December 2021.

Chart 1: Council Investments as at 31st December 2021 - £82.9m

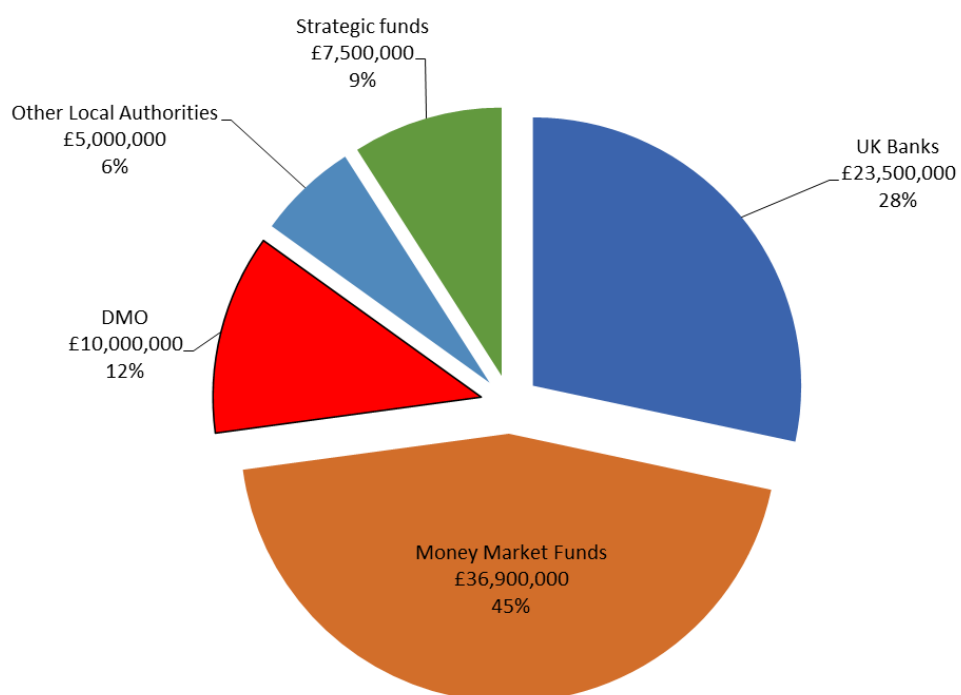


Chart 2: Council Investments as at 30th September 2021 - £93.1m

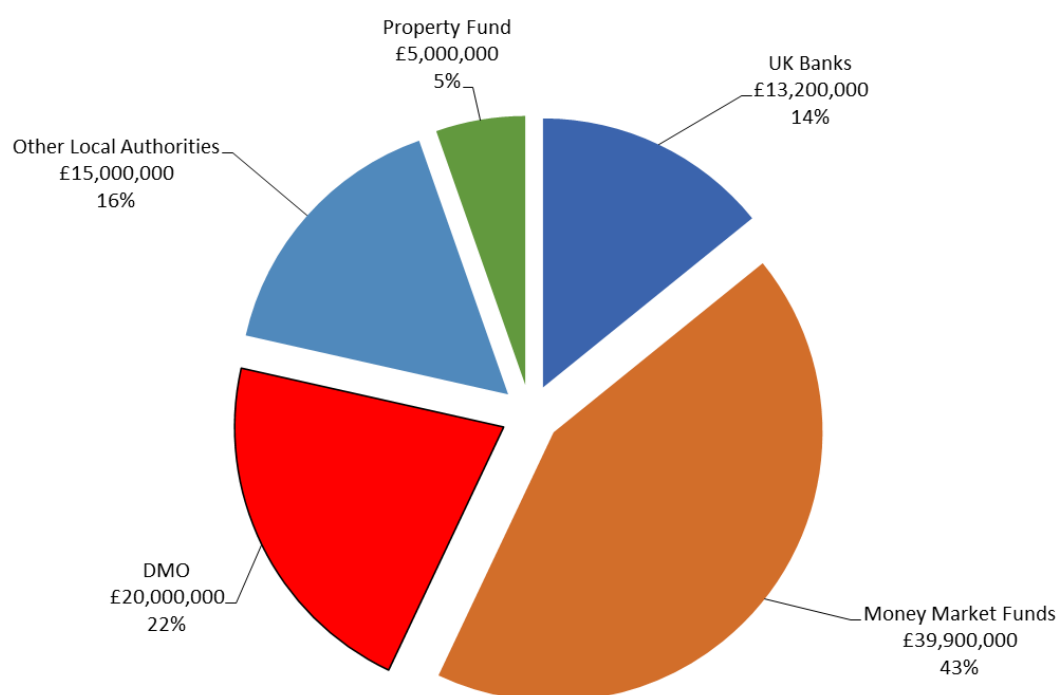


Chart 3: Council Investments Per Lowest Equivalent Long Term Credit Rating as at 31st December 2021 - £82.9 m

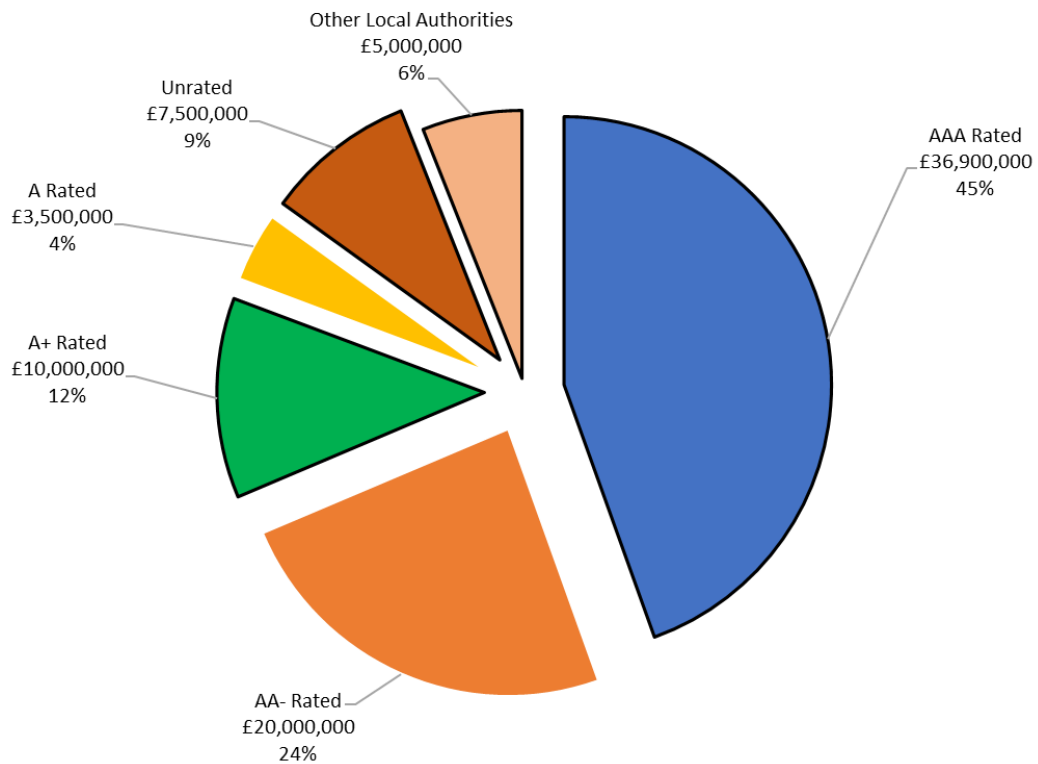
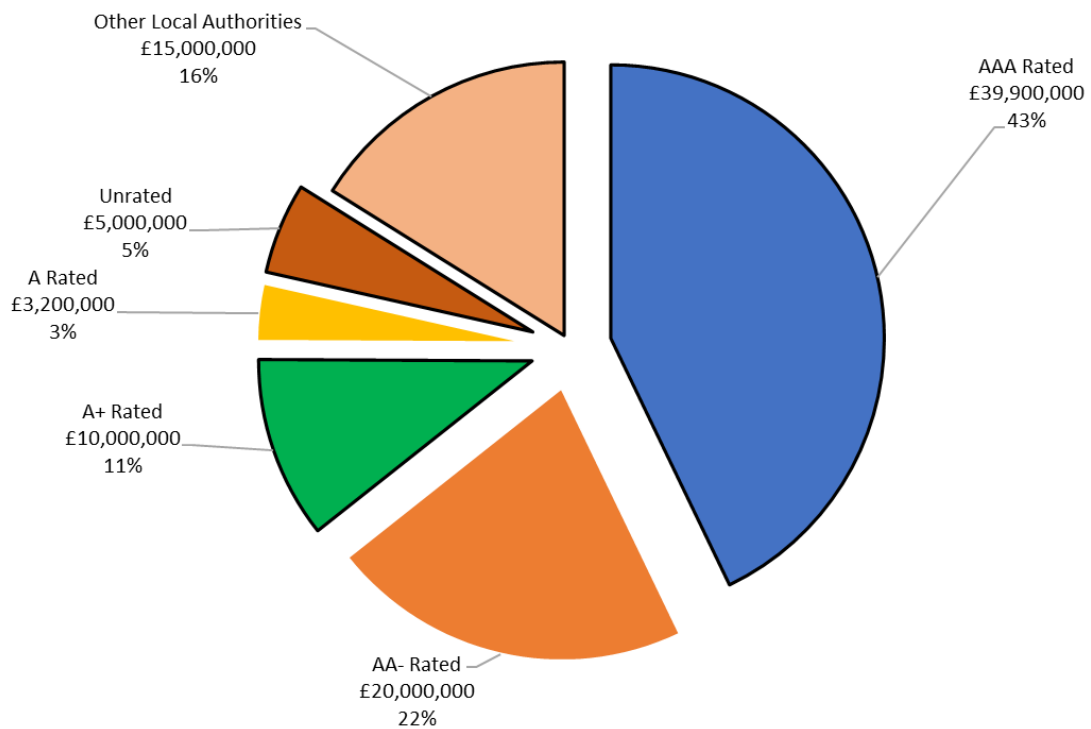


Chart 4: Council Investments Per Lowest Equivalent Long Term Credit Rating as at 30th September 2021 - £93.1 m



APPENDIX 3

Average rate of return on investments for 2021/22

	Apr. %	May %	Jun. %	Jul. %	Aug. %	Sep. %	Oct. %	Nov. %	Dec. %	Average
Average rate of interest earned	0.29	0.30	0.27	0.25	0.25	0.23	0.22	0.24	0.35	0.26%
Benchmark = Average 7 Day LIBID rate +0.05% (source: Arlingclose)	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03	0.04	-0.02%
Performance against Benchmark %	+0.32	+0.33	+0.30	+0.29	+0.30	+0.26	+0.25	+0.27	+0.31	+0.29%

APPENDIX 4

Council's External Borrowing at 31st December 2021

Lender	Amount outstanding	Start date	End date	Interest rate
Long term				
PWLB489142	10,000,000	15/10/2004	15/10/2034	4.75%
PWLB497233	5,000,000	12/05/2010	15/08/2035	4.55%
PWLB497234	5,000,000	12/05/2010	15/02/2060	4.53%
PWLB498834	5,000,000	05/08/2011	15/02/2031	4.86%
PWLB498835	10,000,000	05/08/2011	15/08/2029	4.80%
PWLB498836	15,000,000	05/08/2011	15/02/2061	4.96%
PWLB503684	5,300,000	29/01/2015	08/04/2034	2.62%
PWLB503685	5,000,000	29/01/2015	08/10/2064	2.92%
PWLB505122	16,546,973	20/06/2016	20/06/2041	2.36%
PWLB508126	8,929,760	06/12/2018	20/06/2043	2.38%
PWLB508202	9,640,378	12/12/2018	20/06/2068	2.59%
PWLB508224	4,456,620	13/12/2018	20/06/2043	2.25%
PWLB505744	8,385,987	24/02/2017	15/08/2039	2.28%
PWLB505966	8,588,372	04/04/2017	15/02/2042	2.26%
PWLB506052	7,298,766	08/05/2017	15/02/2042	2.25%
PWLB506255	6,714,422	10/08/2017	10/04/2067	2.64%
PWLB506729	8,925,963	13/12/2017	10/10/2042	2.35%
PWLB506995	8,947,355	06/03/2018	10/10/2042	2.52%
PWLB506996	9,194,007	06/03/2018	10/10/2047	2.62%
PWLB507749	9,092,523	10/09/2018	20/07/2043	2.42%
PWLB508485	19,473,504	11/02/2019	20/07/2068	2.52%
PWLB509840	9,322,004	04/09/2019	20/07/2044	1.40%
KBC Bank N.V *	5,000,000	08/10/2004	08/10/2054	4.50%
KBC Bank N.V *	5,000,000	08/10/2004	08/10/2054	4.50%
Commerzbank AG Frankfurt*	10,000,000	27/04/2005	27/04/2055	4.50%
Medium term				
Portsmouth C.C.	5,000,000	19/12/2019	19/12/2022	1.65%
Total Borrowing	220,816,633			

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

Appendix 5: Arlingclose Economic summary and forecast

Economic background: The economic recovery from coronavirus pandemic, together with higher inflation and higher interest rates were major issues over the period.

The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 but maintained 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%.

Government support in the form of the furlough scheme ended on 30th September 2021 but the subsequent impact on jobs appears to have been more muted than previously been feared. 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 1.1% in the third calendar quarter of 2021 according to the final estimate (initial estimate 1.3%), compared to a gain of 5.4% q/q in the previous quarter, with the annual rate slowing to 6.8% from 23.6%. The data however predates the escalation in virus infections caused by the Omicron variant in December which will very likely result in a slowdown in activity in Q4.

GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following an upwardly revised gain of 2.2% in the second quarter and decline of -0.2% in the first. Headline inflation has been strong, with CPI registering 5.0% year-on-year in December, the sixth successive month of inflation. Core CPI inflation was 2.6% y/y in December, unchanged from November but well up from July's recent low of 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 upwardly revised annualised rate of 2.3% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% respectively 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.

Financial markets: Ongoing monetary and fiscal stimulus together with rising economic growth supported equity markets over the period, but higher inflation and the prospect of higher interest rates mixed with a new coronavirus variant ensured it was a bumpy period. The Dow Jones hit another record high during the quarter while the UK-focused FTSE 250 index continued making gains over pre-pandemic levels. The more internationally focused FTSE 100 saw more modest gains over the period and remains below its pre-crisis peak.

Inflation worries dominated bond yield movements over the period as initial expectations for transitory price increases turned into worries higher inflation was likely to persist for longer meaning central bank action was likely to start sooner and rates increase at a faster pace than previously thought.

The 5-year UK benchmark gilt yield began the quarter at 0.62% before rising to 0.82%. Over the same period the 10 year gilt yield fell from 1.00% to 0.97% and the 20-year yield declined from 1.35% to 1.20%.

The Sterling Overnight Rate (SONIA) averaged 0.07% over the quarter.

Credit review: Relatively benign credit conditions caused 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 but have since continued their downward trajectory.

The pronounced gap in spreads between UK ringfenced and non-ringfenced entities continued to narrow and has now all but disappeared. At the end of the period Barclays Bank Plc was trading the highest at 53bps and Santander UK Plc the lowest at 26bps. The other ringfenced banks were trading between 34-37bps and Nationwide Building Society was 44bps.

There were a small number of credit rating and outlook changes over the period with Moody's downgrading DZ Bank to Aa2 and upgrading Co-operative Bank to Ba3 while Fitch revised the outlook on Australia and Rabobank to stable and S&P upgraded Nationwide BS, Standard Chartered Bank and Danske Bank to A+.

The ongoing vaccine rollout programme is credit positive for the financial services sector in general but there remains uncertainty around the full extent of the losses banks and building societies will suffer due to the pandemic-related economic slowdown, but the sector is in a generally better position now compared to earlier this year and 2020.

At the end of the period Arlingclose had completed its full review of its credit advice on unsecured deposits for UK and non-UK institutions whereby the maximum duration for all recommended counterparties were extended to 100 days.

As ever, the institutions and durations on the Authority's counterparty list recommended by treasury management advisors Arlingclose remain under constant review.

Outlook for the remainder of 2021/22 and beyond:

	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
Official Bank Rate													
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

Arlingclose expects Bank Rate to rise again in Q1 2022. We believe the MPC will want to build on the strong message it delivered in December 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 are expected to 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.

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. Geo-political 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.

APPENDIX 6

Interest & Capital Financing Costs – Budget Monitoring 2021/22

April 2021 to December 2021	YEAR END POSITION			ADV/FAV
	Budgeted Spend or (Income) £'000	Forecast Spend or (Income) £'000	Forecast over or (under) spend £'000	
Interest & Capital Financing				
- Debt Costs	8,049	7,419	(630)	FAV
- Internal Repayment of Loan Charges	(10,338)	(10,338)	0	
- Ex Avon Debt Costs	1,020	990	(30)	FAV
- Minimum Revenue Provision (MRP)	8,307	8,307	0	
- Interest on Balances	(208)	(278)	(70)	FAV
Total	6,830	6,100	(730)	FAV

APPENDIX 7

Summary Guide to Credit Ratings

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

APPENDIX 8

Extract from Treasury Management Risk Register – Top 5 Market Risks

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

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	10 th / 11 th February 2022	EXECUTIVE FORWARD PLAN REFERENCE:
		E3337
TITLE:	Quarter 3 Strategic Performance Report 2021/22	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Annex 1 Strategic Indicator Report Q3 2020/21		

1 THE ISSUE

- 1.1 This report is presented using the Council's **Integrated Reporting Framework (IRF)**. It updates Cabinet on the progress made against a key set of strategic performance measures which assess our progress on delivering the Corporate Strategy and key aspects of service delivery.

2 RECOMMENDATION

The Cabinet is asked to:

- 2.1 Note progress on the delivery of key aspects of the Council's service delivery, details of which are highlighted in section 3.6 and Annex 1.
- 2.2 Indicate any other key service areas to be highlighted and included in the strategic indicator report.
- 2.3 Agree to receive update reports on a quarterly basis

3 THE REPORT

- 3.1 Full Council adopted a new four-year Corporate Strategy at its meeting on 25th February 2020. The document set a new direction for the Council, reflecting the aims of the administration elected in May 2019 and providing a clear approach to the Council's activities and priorities.

3.2 The Corporate Strategy is the Council's overarching strategic plan. It sets out what we plan to do, how we plan to do it, and how we will measure performance over the next four years. It contains a new framework for what we will focus on and how we will work, as follows:

- 1) We have one overriding purpose - **to improve people's lives**. This 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.
- 2) We have two core policies - **tackling the climate and ecological emergency** and **giving people a bigger say**. These will shape our work.
- 3) To translate our purpose into commitments, we have identified three principles. We want to **prepare for the future, deliver for residents** and **focus on prevention**. These, in turn, help us to identify specific delivery commitments across our services.

3.3 The Council collects and monitors a wide range of key performance indicators to measure its delivery. Many of these are of a statutory nature and need to be reported to central Government, and there are also many local indicators developed by services to allow them to measure the delivery of Council services.

3.4 The Council has developed its own in-house **Integrated Reporting Framework (IRF)** which enables officers to monitor many aspects of the Council's delivery and performance. The framework is a dashboard-based online tool that allows the collection and monitoring of performance data directly from the Council's main business systems in many instances and is now used as the main tool for officers to measure progress. The IRF currently collects and monitors information on the following.

- Service performance through a set of agreed performance indicators
- Finance Overview
- Risk Management
- Contracts and Commissioning Intentions
- Corporate Data and Intelligence

3.5 The IRF has over 200 performance indicators that officers use to measure Council performance. Many of these are of a statutory nature and need to be reported to central Government. There are also a lot of local indicators developed by services to allow them to measure the delivery of Council services. This is considered far too many to meaningfully report to Members through the democratic process, therefore

a strategic set of indicators (shown at Annex 1 to this report) has been chosen to allow Members to focus on some key areas of delivery.

3.6 Members should obviously be aware that progress against the delivery of the Corporate Strategy and some aspects of service delivery has been hindered by the COVID pandemic and the need to reallocate resources (staffing and finance) away from addressing these priorities in 2020/21. Despite this, some good progress has been made, which is highlighted in Annex 1. For instance:

- Over 70% of environmental issues are now being reported online through Fix my street. This dataset is updated daily giving the service near real time information. It is hoped that this will improve even further as it becomes part of the work for the Council's new Customer Contact strategy.
- Children on an Education and Health Care Plans (EHCP) has increased by over 8% since the beginning of the year to over 1,741 plans. This is a drain on Council resources, however in common with other Local Authorities, B&NES continues to see an increase in the number of children on EHCPs.
- We are above our target for supporting Adult service users in employment. Employment is a significant factor in improving people's mental health and this demonstrates how well we are supporting some of our most vulnerable adults.
- Q3 waste performance in terms of recycling/composting is down, this is impacted by seasonal variation, as garden waste volumes decreased. When this is considered alongside the below-target amount of waste produced per household, the service is progressing towards its zero waste ambition.
- We have a statutory responsibility to ensure that people's needs are being met by, as a minimum, an annual review of Adult Social Care (ASC) Our current performance is 70% against our target of 80%. Despite this, performance has steadily improved during the year irrespective of the significant and ongoing pressures on the ASC service because of the COVID pandemic.
- There has been a steady decrease in the number of fly tips reported to the Council.
- There has been a steady increase in the number of contacts to the Energy at Home Information Centre, which means more residents are being given vital information on how to improve the energy efficiency of their homes.
- Since its peak in 2019, the number of children looked after by the Council has remained relatively constant.
- The number of Children with Child Protection plans also remains very consistent and is low compared to similar local authority areas.
- We have made very good progress reducing ASC admission rates and are well under our target, although changed funding arrangements during the pandemic has been a factor in the reduced rate, with health funding some of the placements that social care would have previously picked up.
- Members should also note that from January 2022, the Council have been requested to undertake another round of Business Grants. These are for a new

Leisure and Hospitality grants and an ARG grant. Payments started to be processed mid-January and must be completed by the end of March 2022.

- 3.7 Directors are currently developing Annual Directorate Statements and comprehensive Service Plans for service delivery in 2022/23. Part of this process will involve a review of all the key performance metrics that are available to monitor performance. A revised set of strategic indicators will be available from Q1 2022/23.
- 3.8 A new Corporate Delivery Programme (CDP) for 2022/23 will be prepared to ensure we can report against the key commitments that are identified through the service planning process. The first progress report will be presented to Cabinet in at the end of Q1 2022/23.
- 3.9 Results of the Council annual residents survey (Voicebox) are currently being analysed, these results will be reported to Members as part of the Quarter 4 performance report

4 STATUTORY CONSIDERATIONS

- 4.1 The Council has a wide range of powers which allow it to deliver the Strategy adopted in February. It should be noted however that the government has introduced an extensive range of new legislation, regulations and guidance during the last 18 months, which may influence how certain aspects of the Strategy are delivered. It was subject to a full Equalities Impact Assessment and it is important that equalities are actively pursued as we implement the strategy.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 Council agreed the resourcing requirements for 2021/22 at its Budget meeting in February 2021.

6 RISK MANAGEMENT

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

7 CLIMATE CHANGE

- 7.1 A detailed report was presented to Council in January 2021 on our progress in tackling the climate and ecological emergency. The current report provides an opportunity to re-emphasise how these commitments are reflected as “core policies” in delivering the Corporate Strategy. Tackling the climate ecological emergency is also at the centre of our renewal vision.
- 7.2 Monitoring the effectiveness of delivering on Climate Change is one of the key components of the strategic report. Indicators are being developed to allow further monitoring against the Council target.

8 OTHER OPTIONS CONSIDERED

8.1 None

9 CONSULTATION

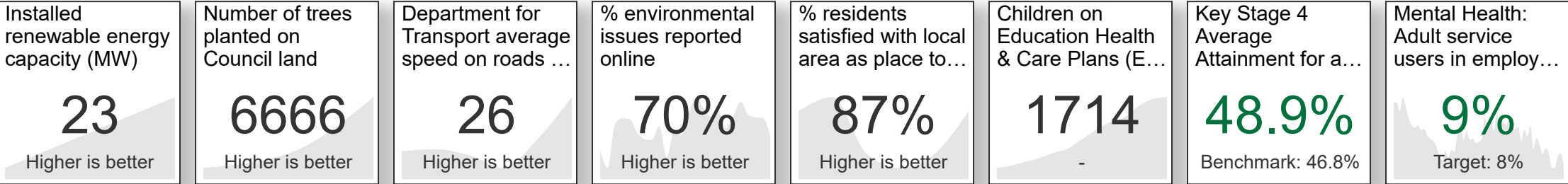
9.1 This report has been cleared by the S151 Officer and Monitoring Officer.

Contact person	Steve Harman, Head of Corporate Governance & Business Insight Jon Poole, Business Intelligence Manager
Background papers	<ul style="list-style-type: none">• Corporate Strategy• Q1 Strategic Performance Report Sept 2021• Q2 Strategic Performance Report Dec 2021
Please contact the report author if you need to access this report in an alternative format	

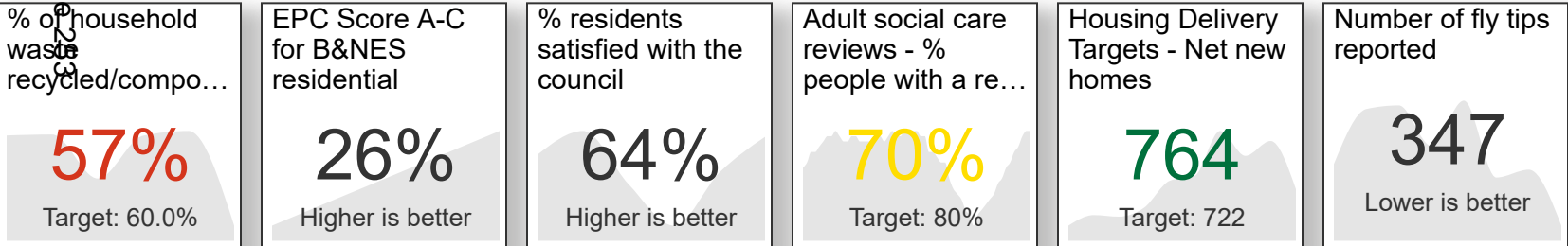
This page is intentionally left blank

Strategic Indicator Summary

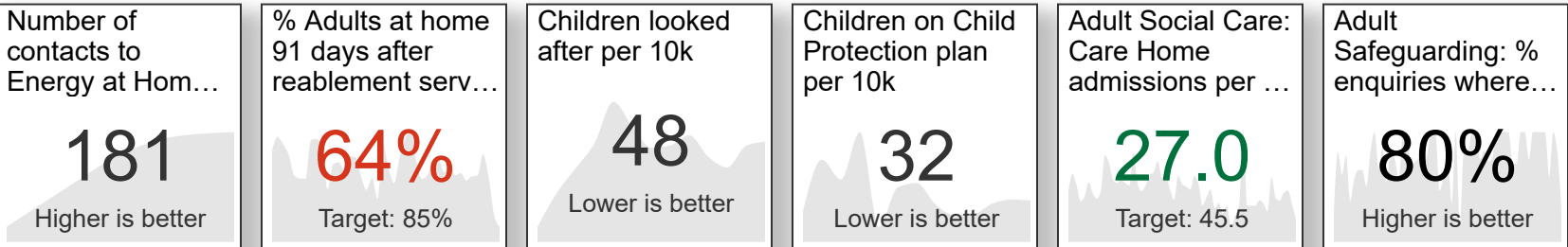
Preparing for the Future Click on an indicator to see more



Delivering for Residents Click on an indicator to see more



Focusing on Prevention Click on an indicator to see more



Strategic Indicator Report

Preparing for the future

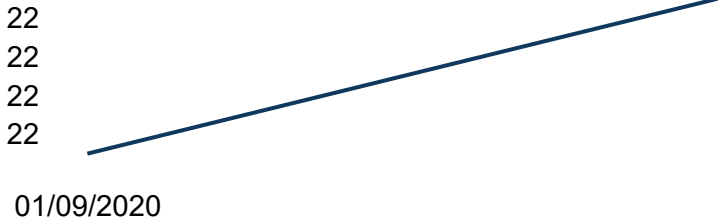
Our area is changing. We must change with it and help local residents prepare for the future. We want to promote high-quality, high-skill jobs, for example, in the new green jobs sector and in new technologies. At Bath Quays, we are creating a vibrant commercial quarter in the heart of the city which is delivering new jobs and homes. We also have a programme aimed at making our high streets more attractive places to visit, including greener ways of getting around the area and support to businesses.

We will work with partners, organisations such as the West of England Combined Authority, and local communities, to secure long-term investment in our local infrastructure. Our priorities for this are sustainable transport, homes and energy. So that they can take advantage of these changes, we want to help our young people acquire and enhance the skills they need to achieve their ambitions. To do this we will also need to address inequalities of outcome in education, particularly in the early years.

We also need to make the most of new technology, and be smarter and more flexible in the ways that we work. We need to be clearer about what we can and cannot provide. Increasingly, we will ask residents to self-serve for our more transactional services, so that we can better support people who need our help the most.

Installed renewable energy capacity (MW)

Frequency: Annually



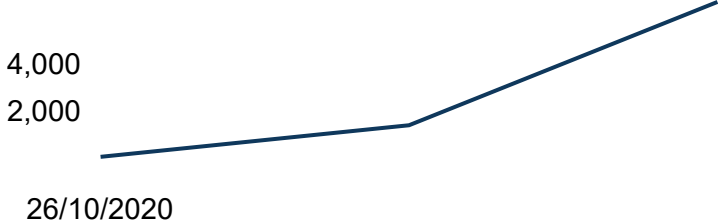
23

In 2022 we should see a more substantial rise, as there is a fair bit in the Council own pipeline (and a few large planning applications expected)

07/10/2021

Number of trees planted on Council land

Frequency: Annual



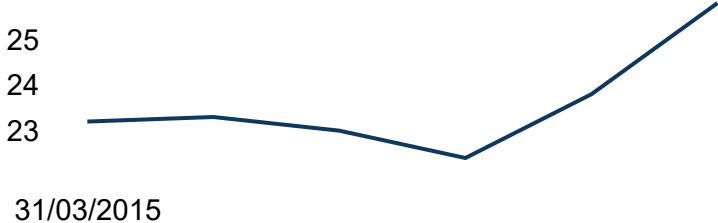
6,666

The council has an ambition to plant 100,000 trees in the district - not just on council land. This indicator is the planting under Council control.

31/03/2021

Department for Transport average speed on roads (mph)

Frequency: Annual



26

Higher speeds indicate less congestion and more free flowing conditions, reduction in speed indicate increased congestion and more queuing on network.

31/03/2020

Strategic Indicator Report

Preparing for the future

Our area is changing. We must change with it and help local residents prepare for the future. We want to promote high-quality, high-skill jobs, for example, in the new green jobs sector and in new technologies. At Bath Quays, we are creating a vibrant commercial quarter in the heart of the city which is delivering new jobs and homes. We also have a programme aimed at making our high streets more attractive places to visit, including greener ways of getting around the area and support to businesses.

We will work with partners, organisations such as the West of England Combined Authority, and local communities, to secure long-term investment in our local infrastructure. Our priorities for this are sustainable transport, homes and energy. So that they can take advantage of these changes, we want to help our young people acquire and enhance the skills they need to achieve their ambitions. To do this we will also need to address inequalities of outcome in education, particularly in the early years.

We also need to make the most of new technology, and be smarter and more flexible in the ways that we work. We need to be clearer about what we can and cannot provide. Increasingly, we will ask residents to self-serve for our more transactional services, so that we can better support people who need our help the most.

% environmental issues reported online

Frequency: Monthly



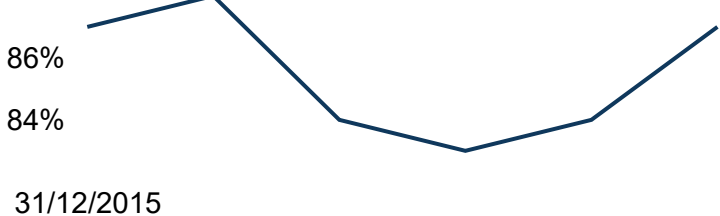
70%

31/12/2021

Performance remains consistent for this measure, which will be reviewed as part of the Council's emerging Customer Contact Strategy.

% residents satisfied with local area as place to live

Frequency: Annual



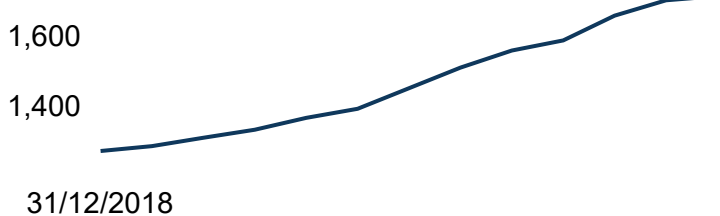
87%

31/12/2020

Rates for this indicator remain consistently high.

Children on Education Health & Care Plans (EHCP)

Frequency: Daily/Live



1,714

31/12/2021

In common with other Local Authorities, B&NES continues to see an increase in the number of children on Plans

Strategic Indicator Report

Preparing for the future

Our area is changing. We must change with it and help local residents prepare for the future. We want to promote high-quality, high-skill jobs, for example, in the new green jobs sector and in new technologies. At Bath Quays, we are creating a vibrant commercial quarter in the heart of the city which is delivering new jobs and homes. We also have a programme aimed at making our high streets more attractive places to visit, including greener ways of getting around the area and support to businesses.

We will work with partners, organisations such as the West of England Combined Authority, and local communities, to secure long-term investment in our local infrastructure. Our priorities for this are sustainable transport, homes and energy. So that they can take advantage of these changes, we want to help our young people acquire and enhance the skills they need to achieve their ambitions. To do this we will also need to address inequalities of outcome in education, particularly in the early years.

We also need to make the most of new technology, and be smarter and more flexible in the ways that we work. We need to be clearer about what we can and cannot provide. Increasingly, we will ask residents to self-serve for our more transactional services, so that we can better support people who need our help the most.

Key Stage 4 Average Attainment for all pupils

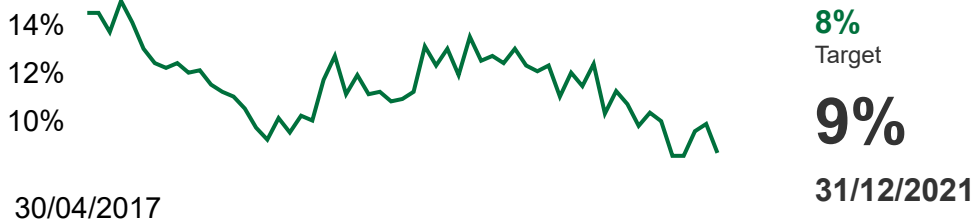
Frequency: Annual



National data collection suspended Mar 2020. 2022 next release

Mental Health: Adult service users in employment

Frequency: Monthly



Employment is a significant factor in improving people's mental health and this indicator demonstrates our support in this area

Strategic Indicator Report

Delivering for residents

Access to housing, and getting around our area are key local concerns. We are determined to secure more affordable and social housing, improve the quality of rented housing, make our housing stock green and tackle fuel poverty.

We will also facilitate significant improvement of the transport infrastructure and encourage behaviour change to forms of transport other than the private vehicle. This will enable a major shift to walking, micro mobility (cycling), car-sharing, buses, and rail.

Alongside the introduction of the Clean Air Zone, we have wider ambitions for a more pedestrian-friendly city centre and reducing the impact of cars in residential streets through better traffic management, and reductions in 'rat-running'.

To support this, we need to understand the views and needs of our local communities. We are committed to improving how we involve local people in our decision making, such as on local transport schemes, ensuring that they have a greater say in how their services are designed, funded and run.

% of household waste recycled/composted

Quarterly



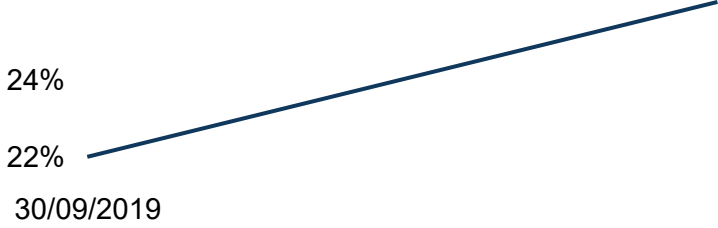
60%
Target

57%
31/12/2021

Q3 performance is impacted by seasonal variation, as garden waste volumes decreased. When considered alongside the below-target amount of waste produced per household, the service is progressing towards its zero waste ambition.

EPC Score A-C for B&NES residential

Annual

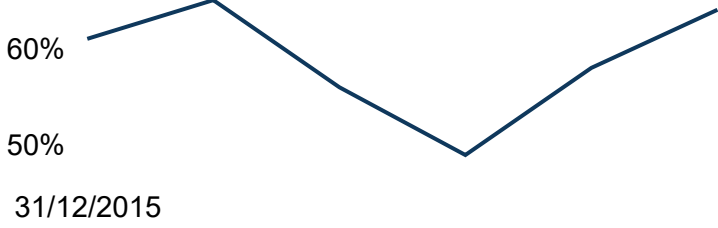


26%
30/09/2021

Shows the % of properties with a satisfactory energy efficiency rating. Trend shows a positive direction of travel.

% residents satisfied with the council

Annual



64%
31/12/2020

The latest figures now show a return to the high rate of satisfaction seen in previous years, following a temporary fall in the rate in 2018

Strategic Indicator Report

Delivering for residents

Access to housing, and getting around our area are key local concerns. We are determined to secure more affordable and social housing, improve the quality of rented housing, make our housing stock green and tackle fuel poverty.

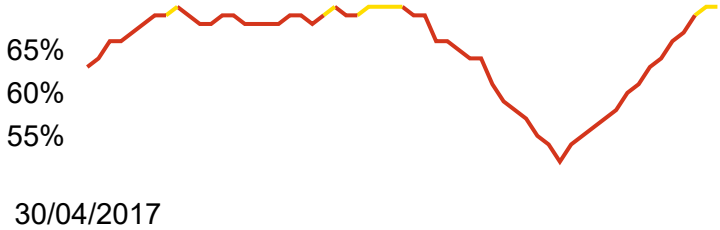
We will also facilitate significant improvement of the transport infrastructure and encourage behaviour change to forms of transport other than the private vehicle. This will enable a major shift to walking, micro mobility (cycling), car-sharing, buses, and rail.

Alongside the introduction of the Clean Air Zone, we have wider ambitions for a more pedestrian-friendly city centre and reducing the impact of cars in residential streets through better traffic management, and reductions in 'rat-running'.

To support this, we need to understand the views and needs of our local communities. We are committed to improving how we involve local people in our decision making, such as on local transport schemes, ensuring that they have a greater say in how their services are designed, funded and run.

Adult social care reviews - % people with a review

Monthly



80%
Target

70%

31/12/2021

We have a statutory responsibility to ensure that people's needs are being met by at least an annual review

Housing Delivery Targets - Net new homes

Annual



722
Target

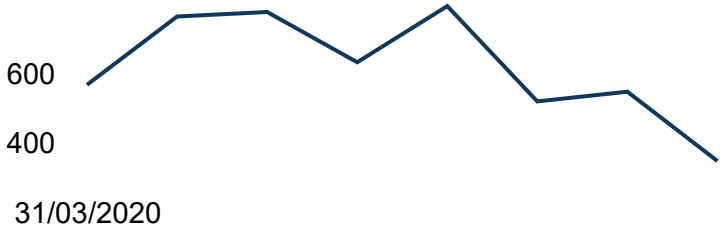
764

31/03/2021

B&NES has exceeded its annual housing delivery requirement for the last 6 years.

Number of fly tips reported

Quarterly



347

31/12/2021

Reports come from fix my street and from operational staff within the Council. This is the number reported - not necessarily the number we attend.

Strategic Indicator Report

Focusing on Prevention

Having a clear approach to prevention is essential to improving people's health and wellbeing, sustaining the social care and health services we all value and rely on, and strengthening our local economy. For example, properly insulated homes are cheaper to run and help prevent cold-related ill health as well as contributing to addressing the climate emergency. Bath's Clean Air Zone is also a good example of how we are preventing ill health through reducing air pollution.

People should receive the support they need in the most efficient, effective and timely way, reducing demand for later and more costly interventions. Everyone has a part to play and our residents should be supported to stay healthy, live well and be independent for as long as possible, making good choices for their own health and wellbeing. For example, we can promote active travel, such as walking and cycling.

We cannot do this alone and we will need to build on our joint working arrangements with partners, voluntary organisations, parishes, and residents, through growing initiatives such as Compassionate Communities, which was exemplified in the creation of the Compassionate Communities Hub. We will always ensure that we continue to protect and support our most vulnerable residents.

Number of contacts to Energy at Home Info Centre

Quarterly

150

100

31/10/2020

181

31/12/2021

New in-house service providing information & signposting for residents. Looking to promote service more widely through comms channels.

% Adults at home 91 days after reablement service

Quarterly

80%

70%

30/04/2018

85%
Target

64%

30/09/2021

This evidences that reablement supports people to maximise their independence and remain at home

Children looked after per 10k

Quarterly

50

40

31/03/2015

48

31/12/2021

Rates are consistent for past 4 years. A rise in Special Guardianship Orders is in line with our aims in the Safeguarding Outcomes Service review.

Strategic Indicator Report

Focusing on Prevention

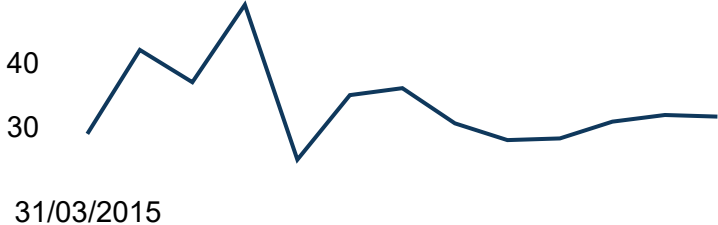
Having a clear approach to prevention is essential to improving people's health and wellbeing, sustaining the social care and health services we all value and rely on, and strengthening our local economy. For example, properly insulated homes are cheaper to run and help prevent cold-related ill health as well as contributing to addressing the climate emergency. Bath's Clean Air Zone is also a good example of how we are preventing ill health through reducing air pollution.

People should receive the support they need in the most efficient, effective and timely way, reducing demand for later and more costly interventions. Everyone has a part to play and our residents should be supported to stay healthy, live well and be independent for as long as possible, making good choices for their own health and wellbeing. For example, we can promote active travel, such as walking and cycling.

We cannot do this alone and we will need to build on our joint working arrangements with partners, voluntary organisations, parishes, and residents, through growing initiatives such as Compassionate Communities, which was exemplified in the creation of the Compassionate Communities Hub. We will always ensure that we continue to protect and support our most vulnerable residents.

Children on Child Protection plan per 10k

Quarterly

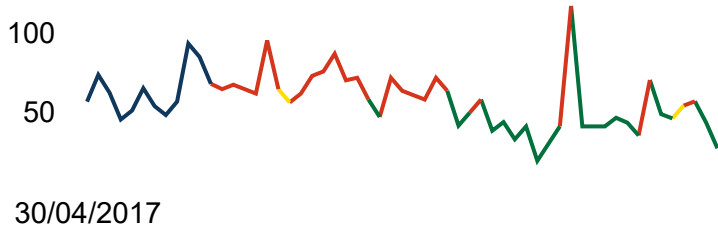


32

Rates are low compared to similar authorities. Attributed to good management of risk and in line with our practice framework principles and values.

Adult Social Care: Care Home admissions per 100k

Monthly



45.5
Target

27.0

We would want to reduce the number of people in a care home setting to demonstrate we are supporting people to maximise their independence

Adult Safeguarding: % enquiries where risk removed/reduced

Quarterly



80%

We would want to see that risk is removed to demonstrate good safeguarding practice that minimises harm and risk