

Corporate Policy Development and Scrutiny Panel

Date: Tuesday, 14th November, 2023

Time: 4.00 pm

Venue: Council Chamber - Guildhall, Bath

Councillors: Robin Moss, Lucy Hodge, Ian Halsall, Oli Henman, Hal MacFie,
Onkar Saini, Toby Simon, Malcolm Treby and Colin Blackburn



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NOTES:

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

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

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

3. **Recording at Meetings:-**

The 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.

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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.

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

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Corporate Policy Development and Scrutiny Panel - Tuesday, 14th November, 2023

at 4.00 pm in the Council Chamber - Guildhall, Bath

A G E N D A

1. WELCOME AND INTRODUCTIONS
2. EMERGENCY EVACUATION PROCEDURE

The Chair will draw attention to the emergency evacuation procedure as set out under Note 6.

3. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS
4. 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 4.4 Appendix 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.

5. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN
6. ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING

At the time of publication no notifications had been received.

7. MINUTES (Pages 7 - 12)
8. CABINET MEMBER UPDATE

The Cabinet Member will update the Panel on any relevant issues. Panel members may ask questions on the update provided.
9. COUNCIL TAX SUPPORT SCHEME - CONSULTATION UPDATE

There will be a verbal update on this item.
10. DEVELOPING ECONOMIC STRATEGY (Pages 13 - 42)

11. 2024/25 MEDIUM TERM FINANCIAL STRATEGY (Pages 43 - 74)
12. PANEL WORKPLAN (Pages 75 - 78)

This report presents the latest workplan for the Panel. Any suggestions for further items or amendments to the current programme will be logged and scheduled in consultation with the Panel's Chair and supporting officers.

The Committee Administrator for this meeting is Michaela Gay who can be contacted on michaela_gay@bathnes.gov.uk, 01225 394411.

BATH AND NORTH EAST SOMERSET

MINUTES OF CORPORATE POLICY DEVELOPMENT AND SCRUTINY PANEL MEETING

Tuesday, 19th September, 2023

Present:- **Councillors** Robin Moss, Lucy Hodge, Ian Halsall, Hal MacFie, Onkar Saini, Toby Simon, Malcolm Treby and Colin Blackburn

Apologies for absence: Councillors: Oli Henman

12 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting.

13 EMERGENCY EVACUATION PROCEDURE

The Chair drew attention to the emergency evacuation procedure.

14 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Councillor Oli Henman sent his apologies.

15 DECLARATIONS OF INTEREST

Councillor Lucy Hodge stated that she was the Cabinet Project Lead for Highways Maintenance and would not take part in the debate on 'Fix My Street' item.

16 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

There was none.

17 ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING

There were none

18 MINUTES

The Panel confirmed the minutes of the previous meeting as a true record and they were duly signed by the Chair.

19 CABINET MEMBER UPDATE

The Panel noted that updates would be contained in the items on the agenda.

20 KEY PERFORMANCE UPDATE

The Chair invited Steve Harman, Head of Corporate Governance and Business Insight, to introduce the item and give a presentation which covered the following:

- Corporate Strategy end of year review
- Some notable successes in 2022/23
- Principle 1: Preparing for the Future – Successes
- Principle 2: Delivering for local residents – Successes
- Principle 3: Focusing on Prevention – Successes
- Tackling the Climate & Ecological Emergency
- Core Policy – Giving people a bigger say
- Selected Achievements and Successes by directorate
- Strategic Performance Indicator set
- BANES Activity Report 2022/23
- Resident Satisfaction with the Local Area
- Health and Wellbeing – Support for Refugees
- New Corporate Strategy 2023/27
- Monitoring the Corporate Strategy 2023/27

Panel members made the following points and asked the following questions:

Councillor Simon stated that there was much emphasis on positives in the presentation but the panel need to know about things that require improvement (red or amber areas that within the panel remit). He asked that the panel receive regular performance updates.

Councillor Treby agreed and stated that it would be useful if the panel could be involved in forming the KPI's.

Councillor MacFie asked if the information could be accessed on a timeframe, the officer explained that members can be supplied with time trends as requested.

Councillor MacFie asked if there was any modelling/projection regarding electric charging. The officer explained that the Climate Emergency agenda is relatively new so work is underway, with the Green Transformation Team, to develop a full suite of data for this area. This can be shared with the panel.

The officer agreed with Councillor Simon's request to bring the outcome of the resident's survey to the Panel. He explained that the survey is sent out in October/November and information should be available in February (this could come to the March meeting of the panel).

Councillor Saini asked about staff training. The officer explained that there was a comprehensive staff training and development programme. He explained the 'Clear Review' programme which provides objective setting and training details for staff.

Councillor Simon asked if there are any performance indicators for Human Resources (HR). The officer explained that HR have internal indicators which can be shared with the panel.

Councillor Hodge asked how amber/red indicators link in with corporate audit. The officer explained that areas of concern are reported to the Strategic Management team and a surgery is held to discuss and take a view on a way forward. The Chief Finance Officer explained that there are two key pieces of information for internal audit which are performance targets and budget position.

Councillor Moss stated that statistics can tell us nothing or everything and the key is to pick out those key indicators of value. Important indicators to look at are those that show red/amber and those which are having unexpected change in the direction of travel. Councillor Moss asked about political discussion around the relationship between performance indicators and financial performance. The Cabinet Member for Resources explained that the Cabinet see indicators quarterly or more frequently and will discuss mitigations and look at budget setting for the following year.

Councillor Moss asked about areas where there may not be a clear red flag but may be issues. The Cabinet Member reassured the panel that the Cabinet will not lose sight of the fact that there are many areas of pressure. He explained that they also look for opportunities for revenue.

Councillor Blackburn stated that the panel had seen the headlines but asked how the panel drill down to those indicators that require scrutiny. The Cabinet Member stated that he was support of the panel having access to the information they want and need, he stated that there was another set of eyes in the room.

Councillor Moss thanked the Cabinet Member for the update and stated that it was good to see the positives but will be useful to see the red/amber indicators in the future.

21 UPDATE ON COUNCIL TAX SUPPORT SCHEME

The Chair invited Councillor Mark Elliott, Cabinet Member for Resources to introduce the item.

Panel members made the following points and asked the following questions:

Councillor Treby asked if the scheme could be smoothed around the boundaries as there can be anomalies. The officer explained that it is hard to avoid a 'cliff edge' where the scheme is banded. He stated that there would be help to mitigate where people lose out.

Councillor Simon stated that the officer and Cabinet Member had done a great job. He stated that it is not affordable to leave the bands where they are although it would be nice. He pointed out that other authorities are also having to make changes. He mentioned the difficulty of smoothing the boundaries due to having to combine rebates on an annual tax with monthly incomes that vary.

Councillor Blackburn asked about the 49% of those receiving 50% rebate who are in arrears and asked how they would fair under options 3 or 4. The Cabinet member pointed to the appendix which gives 6 examples. The officer explained that if people are earning, this can be accessed.

Councillor Halsall stated that the case studies are helpful and asked that a message go out to those potentially effected which points to help available. The officer explained that if public consultation comes back and it looks like option 3 or 4 will be chosen, all those effected will be contacted – this is believed to be around 68 households.

Councillor MacFie asked if anyone would benefit if option 4 was chosen. The Cabinet Member stated that the periodic adjustment would make the scheme fairer and that this is an appropriate time to review this. He explained that it is difficult to have targets as it depends on who claims.

Councillor Blackburn asked how many of the 68 household effected are home owners. The officer explained that he would have to assess this.

Councillor Moss as how people will claim and is it an automatic deduction from Council Tax. The officer explained that most of the cohort will claim automatically when they claim Universal Credit.

Councillor Moss asked if they would be a group of potential claimants that could be missed who would receive money towards a bill. The officer explained that no one would receive money, it is all deducted. He stated that he could not think anybody would not get the opportunity to claim.

Councillor Moss asked about arrears and whether they may increase or decrease and whether this could be more effected by the general cost of living. The Cabinet Member stated that there is no control experiment so it is hard to measure. In response to a query about the consultation period, the officer explained that the timetable is pretty tight, all effected will receive letters. This will be reported to November Council. Councillor Moss stated that groups such as Age UK can be contacted. Councillor Saini stated that the system must be clear and precise.

Councillor Treby asked what notice period people will get. The officer explained that once the decision is made on an option, letters will be sent out and public consultation on the website. This will be reported to Council in November and people will get Council Tax bills in March of next year. The Cabinet Member added that people will effectively get 6 months notice, the impact will come in the next financial year. The officer explained that there will be a page devoted to welfare support. He stated that publicity is key.

Councillor Moss noted that a brief update on this would be reported to the November meeting of the Panel and thanked the Cabinet member and officers.

22 UPDATE ON 'FIX MY STREET'

The Chair invited Councillor Manda Rigby, Cabinet Member for Highways to give a presentation on the item. The presentation covered the following:

FixMyStreet Process and Improvements

'Report a problem' page

FixMyStreet Reports (Highways): Jan 22 – Aug 23

FixMyStreet in action
Example of a report
Report reviewed
Issue Inspected (photo example)
Highways Web Content Redesign
Improved landing design
Using localised data
Map improved
Avoiding duplicate reports
Updated contact items
'Report has been logged' example page
New updates
Improved responses

Panel members made the following points and asked the following questions:

Councillor Halsall stated that he had recommended this system to his residents. He mentioned a gulley complaint that was made but was not given any advice on a schedule. He asked if this system was more efficient than Council Connect. The Cabinet Member stated that some people are not comfortable online so can use Council Connect. She also asked panel members to report any issues/glitches to her or officers.

Councillor Simon stated that he uses it regularly, it works well and he likes the App.

Councillor Saini asked if the update will ease pressure on the system. The Cabinet Member explained that the update has happened and will enhance the existing system.

Councillor MacFie stated that the system had not worked particularly well regarding Keynsham High Street issue. The Cabinet Member explained that the emphasis has been on potholes and noted that Councillor MacFie had been communicating directly with the relevant officer.

Councillor Blackburn stated that he welcomed where FMS is now, it is working and accessible – more publicity is good.

The Cabinet Member thanked the officer and his team for their outstanding work.

Councillor Simon asked that the panel be given 6 month/annual data on reports cleared/dealt with etc so that they can monitor.

Councillor Moss stated that he had used the system in North Somerset with varying results – he asked if comparisons are done with neighbouring authorities and CUBA. The officer explained that the authority is a member of the National Highways and Transport Network who send out questionnaires. We are benchmarked with 104 authorities, and we are above average.

Councillor Moss asked that the response time data come to the Panel on a regular basis.

He thanked the Cabinet Member and officers.

23 PANEL WORKPLAN

The Panel noted the future workplan with the following:

November meeting likely items:

- Q2 Budget Monitoring Report
- Developing Economic Strategy
- Outcome of 'Council Tax Support Scheme' consultation

January 2024 likely item:

Aequus Business Plan

March 2024 likely item:

Outcome of Residents Survey

The meeting ended at 5.50 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

xx

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Policy Development & Scrutiny Panel	
MEETING/ DECISION DATE:	14 November 2023	<small>EXECUTIVE FORWARD PLAN REFERENCE:</small>
		E 9999
TITLE:	Economic Strategy	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Draft Economic Strategy		

1 THE ISSUE

Inequality and Climate change offer unique challenges to the economy in B&NES. The Economic Strategy offers a new approach addressing challenges and providing actions across six pillars of Greener Economy, Good Work, Resilient Business, Housing Affordability, Creativity and Innovation, Stronger Places.

2 RECOMMENDATION

The Panel is asked to approve the report.

3 THE REPORT

3.1 Draft Economic Strategy is attached.

4 STATUTORY CONSIDERATIONS

4.1 The Economic Strategy will help to deliver on the Sustainable Community Strategy; ‘To lead Bath and North East Somerset to an environmentally sustainable, low carbon and climate resilient future’.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 Resource implications will be detailed in other plans being developed to align with and deliver the strategy, such as the Business and Skills Plan, the Health and Wellbeing Strategy and the Housing Strategy.

6 RISK MANAGEMENT

6.1 A risk assessment has been undertaken, in compliance with the Council's decision making risk management guidance. Risk will be mitigated through robust governance and monitoring.

7 EQUALITIES

7.1 An Equalities Impact Assessment has been undertaken. The Economic Strategy has reducing inequality and addressing climate and ecological emergencies as its main driver. 'Doughnut Economics' has been a consideration throughout the development of the strategy - requiring an holistic approach to the economy, sound social foundations and respect for our environment.

8 CLIMATE CHANGE

8.1 The Economic Strategy has reducing inequality and addressing climate and ecological emergencies as its main driver.

9 OTHER OPTIONS CONSIDERED

9.1 None.

10 CONSULTATION

10.1 This update is the final draft of the Economic Strategy. Businesses and partners have been consulted in its preparation.

Contact person	Sophie Broadfield and Jackie Clayton/Louise Morris
Background papers	Strategic Evidence Base Report.
Please contact the report author if you need to access this report in an alternative format	



Building the Bath & North East Somerset New Economy

Bath & North East Somerset Council Economic Strategy

2 November Draft

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Introduction

On many measures, Bath and North East Somerset's economy is a success story. We are home to significant academic, business, heritage, and natural assets. Our residents are highly qualified, and we have low levels of unemployment. The district is home to sector strengths in knowledge intensive and agricultural industries, and our public sector assets support large scale employment in education and health.

However, we also face distinct challenges. Economic growth in the last ten years has been sluggish and our lower-than-average wages cannot keep up with escalating costs of local housing. Fuelled by inequalities in health, employment, and education outcomes, a two-tier economy is emerging.

This is not a sustainable or inclusive model of growth, particularly in the context of the climate and ecological emergencies that we face.

Our current trajectory, if we continue business as usual, is one of deepening inequality where some people and places will thrive, while other residents, communities and places will be left further behind. We will likely see continued slow growth of our local economy, characterised by low wages, and structured around the public sector. Businesses may choose to invest elsewhere, unable to access talent who cannot afford to live locally. Our infrastructure will not meet local needs, creating further pressure on health and social care services, dependence on cars, and growing housing inequalities. The degradation of our natural assets will undermine both environmental and social resilience, reducing the materials and ecosystem services essential to our lives and economy, and reduce opportunities for wellbeing, recreation, and creativity.

We are acting now to change this.

This Economic Strategy signals a new approach to local economic development which prioritises meeting the needs of all our residents and places whilst reducing impacts on our natural resources and environment. Our approach draws on the principles of Doughnut Economics to deliver balanced action that ensures the future B&NES is one which operates in the safe space between the social floor (whereby the needs of all our residents are met) and the ecological ceiling to ensure we do not overshoot our planetary boundaries.¹

We are at the start of our journey towards a new economy. We are committed to evaluating our progress and sharing learnings to continually refine our approach in order to realise our one shared vision for a **fair, green, creative** and **connected Bath with North East Somerset**.

¹ Kate Raworth (2017), Doughnut Economics: seven ways to think like a 21st century economist.

The building blocks for change

Developed between November 2022 and September 2023, this strategy is built upon the wealth of data contained in our [Strategic Evidence Base](#) and has been informed by consultation with our partners, businesses and residents to ensure our focus is directed on the challenges and opportunities which matter most.

It supports the fair, green, creative and connected Bath with North East Somerset (B&NES) as outlined in [One Shared Vision](#) - the statement of renewal developed and delivered by the Future Ambition Board (FAB). Our new Economic Strategy will sit alongside the newly adopted [Corporate Strategy 2023-2027](#), the [Climate Emergency Strategy](#) & [Ecological Emergency Action Plan](#) and the [Joint Health and Wellbeing Strategy](#) to form the core suite of Council documents which set the direction of our delivery and the outcomes we are looking to achieve.

Our thinking has been guided by the latest sustainable and inclusive economic principles, whilst remaining aware of the wider macroeconomic environment and levers of change available to us and our partners. Three broad themes have been identified as the areas in which we can make the most difference at a local level:

- **Infrastructure** that supports a green and connected future,
- **Innovation** that drives a creative and resilient economy, and,
- **Opportunity** unlocked for everyone so that we are fair and inclusive.

These themes will be delivered through six strategic pillars - the framework for our approach to sustainable and inclusive economic development for all.



We will create a **Greener Economy** that is Net Zero, Nature Positive



We will support our residents to access and thrive in **Good Work**



We will establish B&NES as a centre of **Inclusive Innovation and creativity**



We will create **Resilient Businesses** by building a diverse, creative, and sustainable business base



We will address **Housing Affordability** and ensure residents have access to high quality homes



We will support **Stronger Places**, building resilience and sharing prosperity more fairly

Metro—Dynamics

Delivered in partnership

This strategy marks a new direction for the Council, one where we look to work collaboratively. We are committed to partnership working to create innovative approaches to address challenges and seize opportunity, all of which will be underpinned by our ongoing mission to give all our residents a bigger say and influence over what happens in our district.

We are part of a wider city region and pan-regional partnership.

The Western Gateway and West of England Combined Authority partnerships enable us to act as a unified voice to national government to drive investment. Devolution gives access to powers and resources to support local economic growth. This Economic Strategy sets out B&NES priorities and projects, and we will work collaboratively to accelerate action and spot areas for joint working. Building on the [Our Future Ambition](#) place prospectus, the Strategy will also enable us to articulate our distinct strengths and opportunities, within the context of Invest Bristol and Bath, and across our entire district, including in our rural economy.

Our anchor institutions are major local employers, landowners and spenders with shared ambitions to support the people, businesses and places of Bath & North East Somerset.

Royal United Hospitals Bath, the University of Bath, Bath Spa University, and Curo Housing are key anchor institutions in our local economy. Close partnership working between us is essential to delivering on our strategic ambitions. Through the Future Ambition Board (FAB), we will continue to strengthen these relationships, along with other important partners such as Bath College, businesses and the voluntary and community sector. We will work with all our partners to deliver projects through the Strategy.

The diverse business base, Voluntary, Community and Social enterprise (VCSE) sectors will drive our future economy and understand what is needed to support resilience and prosperity.

We will continue to engage with our businesses of all sizes and sectors to ensure activity remains focused on the challenges in Bath, as well as our towns and rural communities. This means making it easier for local organisations to communicate with the Council, and providing clearer structures through which to engage on local issues.

We have good existing links to many of our businesses, but these must be broadened to encompass enterprises of all sectors, sizes and locations. We will work closely with existing networks, such as established representative groups like Bath Business Improvement District, Business West, and 3SG, to strengthen our relationship with businesses and VCSE organisations. We will also explore the creation of new forums to ensure all voices are heard, so we continue to be a Council that gives people a bigger say.

Where we are now



£4.5bn GVA

3.8% growth (2010-2019)

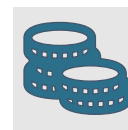
National: 21.8%



192,400 residents

9.9% growth (2011-2021)

National: 6.6%



£32,201 median workplace wages

National: £33,197 (2022)



8,380 businesses

18.6% growth (2010-2023)

National: 29.8%



75% employment rate

+0.8 percentage points growth (2012-2021)

National: 75.5% (+5.0 pp)



56.8% RQF Level 4+

National: 45.5% (2022)



The City of Bath has a **double UNESCO** inscription as a World Heritage City and as a **Great Spa Town of Europe**



In 2020/21 B&NES ranked **2nd to bottom of LAs in England for the largest gap in early years outcomes** between children who do and do not receive Free School Meals²



31% of the district falls within protected landscapes

Home to 192,400 residents, including a thriving student population, Bath and North East Somerset is a desirable place to live, study, visit, and work. Bath city has particularly strong rail and road links, providing easy access to the dynamic cities of Bristol, Birmingham and London and connecting us to the rest of the South West. The larger urban centres of Keynsham and Midsomer Norton, Westfield, and Radstock in the Somer Valley are built on a proud industrial legacy, boasting strengths in engineering and logistics whilst retaining distinct characters and links to the surrounding countryside.

² B&NES, Strategic Evidence Base, June 2022.

Metro—Dynamics

With over 50% of working age residents having degree level or higher qualifications, we are home to a highly qualified workforce.³ This is in part credit to our world-leading education providers and research institutions – Bath Spa University, Bath College and the University of Bath – the latter of which was named the University of Year by the Times and The Sunday Times Good University Guide 2023, reflecting the high quality teaching, research and graduate outcomes.⁴

A prosperous new economy

Our skilled workforce are the engine of our business base, composed of 8,535 enterprises.⁵ Professional, Scientific and Technical activities is our largest sector (21% of all enterprises) followed by the combined tourism and leisure sectors (14% of local businesses).⁶ We have notable strengths in Creative and Digital, Advanced Engineering and Agriculture and, linked to wider regional strengths, emerging specialisms in Low Carbon, FinTech and Sustainable Fashion industries.⁷

Despite our industry expertise and low unemployment rate (2.6% in B&NES as compared to 3.6% nationally),⁸ since 2010, our economy has grown at a significantly slower rate than the rest of the UK (3.8% locally, compared to 21.8% nationally).⁹ Productivity sees a similar trend, where the GVA per hour in B&NES is over £10 lower than the England figure at £28.45.¹⁰ Like most of the UK, our business base is made up of predominantly micro enterprises (89% of businesses), which are grounded by larger companies such as Wessex Water, Rotork, Bath Rugby and Future Publishing to create a rich business environment.¹¹ Our leading VCSE organisations, such as Bath and West Community Energy are also a key component of the local business base, pioneering innovative solutions to community challenges to make B&NES a more equitable and sustainable place. The Health and Social Care sector is our biggest employer locally, providing 18,000 (19%) of jobs in B&NES.¹² This is indicative of the high concentration of public sector jobs in the district (19% of employment),¹³ many of which are provided by our anchor institutions.¹⁴

³ B&NES, Strategic Evidence Base, July 2023.

⁴ B&NES, Strategic Evidence Base, July 2023.

⁵ Ibid.

⁶ Ibid.

⁷ Invest In B&NES.

⁸ B&NES, Strategic Evidence Base, July 2023.

⁹ ONS (2019) Regional gross value added (balanced) by industry: local authorities by ITL1 region.

¹⁰ B&NES, Strategic Evidence Base, July 2023.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ The term anchor institutions is used to refer to organisations which have an important presence in a particular place, typically due to their role as largescale employer, procurers or goods and asset holders. Examples include local authorities, NHS trusts, universities, and large local businesses.

Metro—Dynamics

Addressing inequality

Bath and North East Somerset remains one of the least deprived local authorities in the country, ranking 269 out of 317 for overall deprivation.¹⁵ However, there are pockets of deprivation (both Twerton West and Whiteway fall within the most deprived 10% nationally) and patterns of rural poverty are growing.¹⁶ An estimated 19% of children and young people (equating to 7,167 residents aged 0-15) in B&NES live in relative poverty.¹⁷ With the cost of living set to continue to rise, it's estimated 4,000 people will fall into absolute poverty in 2022-23.¹⁸

Widening inequality in the district can be seen through the gap in attainment for Free School Meals and Special Educational Needs & Disabilities cohorts. Evidence shows these inequalities then carry through to employment outcomes: in B&NES, people with a long-term health condition or illness are over 20% less likely to be employed compared to those without, and there is a 69% gap in the employment rate for those were in contact with secondary mental health services (aged 18-69) and on the Care Plan Approach.¹⁹ Across the life course, women are more likely to be economically inactive, in poor-quality work and experience in-work poverty, and people from ethnic minority groups are more likely to be financially insecure.

Local inequality is also indicated by the lower than the national average workplace wages which contributes to higher levels of in work poverty. In B&NES, 42% of those claiming Universal Credit are in work.²⁰ High house prices (an average of £356,000 compared to £280,000 nationally), makes owning a property in B&NES out of reach for many, and presents significant challenges for local employers to attract and retain talent.²¹

Greener and more sustainable B&NES

The Cotswolds and Mendip Hills National Landscape (previously known as Areas of Outstanding Natural Beauty) offers an attractive setting for Bath and many of our villages and hamlets. Our outstanding natural environment provides essential services that underpin our economy, from water resources and soils supporting agriculture, to the outdoor recreation that underpins a growing nature tourism offer. Our rich environmental offer is matched by the world class cultural assets in Bath, a UNESCO World Heritage Site, which attracts more than six million visitors annually.²²

¹⁵ B&NES, Strategic Evidence Base, July 2023.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ B&NES analysis of Resolution Foundation (2022) Inflation Nation: Putting Spring Statement 2022 in context.

¹⁹ B&NES, Strategic Evidence Base, July 2023.

²⁰ Ibid.

²¹ Ibid.

²² B&NES (2022) Journey to Net Zero: public consultation.

Metro—Dynamics

In March 2019, we declared a Climate Emergency and set a target for the Bath & North East Somerset area to be carbon neutral by 2030. This was followed in 2020 by the declaration of an Ecological Emergency, with a target to become nature positive (i.e. reversing declines in biodiversity so that species and ecosystems begin to recover) by 2030.

We have already made significant progress in carbon reduction since 2005, with total CO₂ emissions reduced by almost 44%.²³ Road transport emissions have declined by 21% in the same period, emissions remain high, signalling the high levels of car dependency in the district.²⁴ 10.3% of households in B&NES own three or more cars (compared to 9.1% nationally), and almost 40% of residents drive a car or a van to work.²⁵







In response to the Ecological Emergency, we are seeking to increase the area of land managed for wildlife and increase the abundance of wildlife, both through changes in the way we manage our own land and in partnership with land managing businesses. We need to assess, value and grow our natural capital, working with business and other partners to protect and enhance this essential resource as the foundation of our future economy.

²³ B&NES, Strategic Evidence Base, July 2023.

²⁴ Ibid.

²⁵ Census 2021.

A New Economy for B&NES

Vision	Bath with North East Somerset: Ambitious Together for a Fair, Green, Creative and Connected City Region					
Pillar	 <p>Greener Economy</p>	 <p>Good Work</p>	 <p>Resilient Businesses</p>	 <p>Creativity & Innovation</p>	 <p>Housing Affordability</p>	 <p>Stronger Places</p>
Objective	Delivering net zero & nature positive and enhancing our natural assets	Supporting residents to access and thrive in good work	Building a diverse, creative and sustainable business base	Establishing B&NES as a centre of inclusive innovation and creativity	Ensuring residents have access to affordable and high quality housing	Enabling all people and places to share in prosperity
Priorities that unlock infrastructure, innovation and opportunity	<ul style="list-style-type: none"> • Build local energy generation capacity and demand for energy saving measures • Support businesses to deliver net zero and nature positive in B&NES • Create opportunities for residents to train and upskill for future green economy jobs • Develop B&NES to be a broad green economy 	<ul style="list-style-type: none"> • Champion good work practices • Increase inclusive pathways into work • Develop an inclusive lifelong learning offer • Facilitate businesses to access the skills they need 	<ul style="list-style-type: none"> • Invest in the infrastructure businesses need • Nurture emerging sectors and specialisms, including culture & creative • Promote alternative business models and community-led action • Support local businesses to stay and scale in B&NES 	<ul style="list-style-type: none"> • Maximise local benefits of B&NES leading innovation assets • Promote B&NES as an innovation testbed • Ensure all sectors and business are supported to innovate • Create spaces for creativity to thrive across B&NES 	<ul style="list-style-type: none"> • Develop housing offer that is accessible and attractive to all • Work with partners to unlock affordable housing • Deliver high quality and sustainable housing fit for future generations 	<ul style="list-style-type: none"> • Promote place-based strengths to drive economic growth in urban centres and rural areas • Support local food supply chains and food security • Improve & invest in sustainable connectivity within B&NES and to the subregion • Drive a sustainable and innovative visitor economy
Outcomes	Net zero and nature positive B&NES by 2030	Increased economic activity in residents as a proportion of the total population	Improved access to employment industrial/office/retail space across B&NES to meet demand	Increased prosperity for all, measured through GVA per head and healthy life expectancy	Better housing affordability, measured through housing costs as a proportion of income	Improvements in index of multiple deprivation at neighbourhood level, and raised wage levels
Delivered in partnership with B&NES Council – Anchor Institutions – Voluntary and Community Sector – Businesses – Communities – Regional and National Partners						



Greener Economy

Objective: delivering on net zero & nature positive and enhancing our natural assets

By declaring Climate and Ecological Emergencies and setting an ambition for the area to be net zero carbon and nature positive by 2030, we recognised that our new economy must be a green economy. We have a duty to protect our natural assets, promote biodiversity, and lead an equitable transition where all communities and residents benefit. Transformative change is required, and this change needs to happen at every level – government, businesses, communities, and individual residents.

This means that all B&NES strategic delivery must be driven by greening all sectors of the economy via the cutting of emissions, reducing impact on natural resources and promotion of biodiversity. The below priorities are designed to support this, complementing the work outlined in the [B&NES Climate Emergency Strategy](#) and [Ecological Emergency Action Plan](#).

Outcome: reaching net zero and nature positive B&NES by 2030

We will develop B&NES to be a broad green economy

The green economy encompasses more than the renewable energy and environmental services sectors. The natural resources sector is growing and will continue to do so to deliver biodiversity net gain and nature-based solutions to address climate change and local needs. We will work with businesses to green all our sectors, enabling local organisations to act on new market opportunities to position us as leaders in green inclusive growth.

To start, we will:

- Continue the roll out of the Council's climate literacy training, and develop ecological literacy modules, to increase understanding of climate and nature issues
- Work with WECA and regional partners to capitalise on the opportunities of the regional green economy
- Support the work of Retrofit West in developing the business supply chain for retrofit within the district

Metro—Dynamics

We will create opportunities for residents to train and upskill for future green economy jobs

The shift to green jobs will impact many of our current professions and businesses.²⁶ This is an opportunity, creating demand for existing and new 'green skills' which require different types of training and upskilling.

To start, we will:

- Work with WECA's Retrofit Academy to help local people access training for careers in retrofit
- Develop an apprenticeship programme for routes into nature and environment jobs
- Work with our education providers – including schools, Bath College, Independent Training Providers and Universities' - to promote awareness of green jobs and green skills to the current and future workforce (such as through the [FWD project](#))

We will build local energy generation capacity and demand for energy saving measures

In June 2023 59% of residential properties in B&NES had an EPC rating of D-G²⁷ and 16% of neighbourhoods in B&NES are considered energy crisis hotspots, with an average annual energy bill costing £2,288.²⁸ We can develop new models of efficient, affordable, and reliable energy, building on our existing community-led renewable energy base. By encouraging local renewable energy generation, we can ensure a lower long-term carbon footprint whilst reducing the costs of running a home.

To start we will:

- Promote the [Energy@Home](#) service to residents on low incomes to increase take up of grant support and advice
- Work with Bath and West Community Energy to increase awareness of their renewable energy projects and support
- Scope community green bonds to help local residents to invest in local projects

We will support businesses to deliver net zero and nature positive in their organisation

In 2021 industry and commercial emissions accounted for 13% of greenhouse gas emissions in B&NES.²⁹ Whilst this figure has been decreasing over recent years, levels remain high. To reach our goal of net zero by 2030, we must help our businesses decarbonise.

To start we will:

²⁶ The [ONS](#) defines a green job as 'employment in an activity that contributes to protecting or restoring the environment, including those that mitigate or adapt to climate change'.

²⁷ B&NES, Strategic Evidence Base, July 2023.

²⁸ Friends of the Earth (2022) Energy crisis hotspot spreadsheet.

²⁹ Department for Business, Energy and Industrial Strategy (BEIS) (June 2023)

[UK Local Authority and Regional Carbon Dioxide Emissions National Statistics.](#)

Metro——Dynamics

- Promote WECA's free carbon surveys for SMEs and Green Business grants to help businesses invest in improving the energy efficiency of their premises
- Undertake a data project to understand how best to reduce car & van mileage whilst supporting local economy
- Develop and promote B&NES as a location for leading sustainable businesses (e.g. with “B-Corp” status)



Good Work

Objective: supporting residents to access and thrive in good work

We want all of our residents, regardless of age, gender, profession or personal circumstances, to have access to good work. We define good work as workplaces which adhere to the following seven characteristics: ensures secure work; offers flexible work; pays the Real Living Wage; operates fair recruitment practices; involves employees in decision making; develops staff and supports the mental and physical health of employees.³⁰

With more employers providing fair and decent jobs, we will further grow Bath and North East Somerset's reputation as a great place to live and work, and attract and retain the top talent needed to support our economy to thrive. Removing barriers to good work and enhancing our flexible skills and training offer, particularly for our more vulnerable residents, is a key measure in addressing inequality and improving wellbeing.

Outcome: increase in economic activity for residents as a proportion of the total population and Real Living Wage coverage

We will champion good work practices

This starts with the Council and our anchor institutions as the largest local employers (1 in 5 local direct and indirect jobs are generated through the hospital and our two universities).³¹ We will promote the business benefits of good work with our dynamic private sector business base. We must do better for our workers and ensure that all employment is sufficient and fulfilling.

To start we will:

- Encourage partners, anchor institutions and local businesses to sign up to WECA Good Employment Charter
- Increase local adoption of the Real Living Wage and become a living wage place
- Work with the West of England Combined Authority to deliver the Thrive at Work programme and explore the feasibility of a Thrive into Work initiative

³⁰ This definition is in line with WECA's [Good Employment Charter](#).

³¹ Institute for Policy Research (2020) Bath Beyond 2020: Creating a Resilient Economy Together.

Metro—Dynamics

- Promote the Disability Confident Employer scheme to encourage local employers to enhance the recruitment, retention and development of residents with disabilities

We will increase inclusive pathways into work

In 2021, 5.8% of 16–17-year-olds in B&NES were not in education, employment or training or whose activity is not known (NEET), ranking eighth worst out of all local authority areas in England.³² We must address these inequalities and ensure that all of our residents are able to access good work. We will do this by collaborating with our education partners and employers to ensure opportunities are more accessible for those in traditionally disadvantaged cohorts.

To start we will:

- Engage with the South West Social Mobility Commission to identify local social cold spots and ways to address them
- Prioritise projects to address barriers to employment for young people, including care leavers, those with SEND, and those vulnerable to not entering education, employment or training
- Encourage take up of Apprenticeships amongst local business base and anchor institutions
- Involve VCSE sector organisations in devising new, community-led pathways into work which address common barriers to employment (such as travel and caring responsibilities)

We will develop an inclusive lifelong learning offer

Residents must be able to access the opportunities that are right for them throughout all stages of their lives. This will include reskilling, upskilling, and career progression opportunities to ensure that all of our residents at every level access, and adapt to, shifting market demands and ambitions we have for our local economy.

To start we will:

- Use the FWD project, in partnership with our universities and college, to focus on upskilling and reskilling to support progression and career changes
- Increase signposting to the Employment and Skills Pod
- Map future skills requirements, including in major projects and emerging sectors, and work with skills providers on relevant course provision

We will facilitate businesses to access the skills they need

Employers are key drivers of our local skills system. As part of the development of inclusive learning pathways, we will encourage employer involvement in generating demand for local career opportunities to help raise ambition and connect businesses to the skills they need.

³² DfE (2019) NEET and participation local authority figures.

Metro—Dynamics

To start we will:

- Create and deliver an inclusive Business and Skills plan for Bath and North East Somerset which promotes the uptake of in work support including Future Bright and Midlife MOT and ensure UKSPF supports B&NES requirements
- Increase diversity in STEM careers by working with local schools and education providers as well as the regional careers hub
- Work with local major manufacturing and engineering bases (e.g. around Midsomer Norton) to showcase career opportunities to young people



Resilient Businesses

Objective: building a diverse, creative, and sustainable business base

If we want to deliver our ambitions, it is essential that businesses are resilient to both economic uncertainty and a changing climate, and empowered to seize sustainable and inclusive opportunities. This means supporting businesses with access to finance and tailored guidance, ensuring businesses are aware of how to adapt to our future climate and equipping business owners with the skills and expertise to implement change.

It also means ensuring we have the right infrastructure in place to attract and retain businesses to start and grow in Bath and North East Somerset. Bath Quays regeneration will create a vibrant innovation quarter and campus at the heart of the Bath City Enterprise Zone, working with our universities to create high-wage jobs and using public space alongside the river to give residents and visitors a place to enjoy. The Somer Valley Enterprise Zone will create an exemplar commercial park for new business and employment, and has been designed to support a modal shift in active travel.

Outcome: improved access to sustainable employment industrial/office/retail space to meet demand across B&NES

We will invest in the infrastructure businesses need

To ensure B&NES has the right quality and quantity of space to support existing and future enterprise needs, we need to continue to plan for and invest in physical and digital infrastructure, working closely with the local business base.

To start we will:

- Promote new and emerging developments including Bath Quays and Somer Valley Enterprise Zone
- Build stronger engagement with businesses so that businesses have a voice throughout B&NES
- Create a 'Net Zero Nature Positive' policy for new developments, ensuring that sustainability and climate resilience is at the heart of future plans

We will nurture emerging sectors and specialisms, including culture & creative

We are seeing the emergence of subsector specialisms in FinTech, Sustainable Fashion, Life Sciences and Health Tech and content production. These will be at the heart of our new economy, creating high-quality jobs alongside opportunities for inward investment and innovation.

To start we will:

- Deliver the Fashion Museum project, and wider Milsom Quarter regeneration, to re-imagine this precinct in Bath as a flagship sustainable development

Metro—Dynamics

- Work with regional partners, defining local and regional spatial clusters (e.g. Bath – Bristol corridor; Somer Valley) to curate business centres in the places where it makes sense to capitalise on new market opportunities, technologies and to strengthen local supply chains
- Develop a cultural strategy for B&NES, linked to the regional plan, that helps cement a resilient culture & creative economy in B&NES

We will support local businesses to stay and scale in B&NES

The number of businesses in B&NES has grown by 23% in the last ten years.³³ The area has been ranked by Business Financed as the number one location in the UK for microbusinesses, highlighting the strong critical mass of thriving entrepreneurs.³⁴ Invest in B&NES will continue to be a key resource in marketing the raft of support available to help make local businesses a success.

To start we will:

- Increase local participation in regional business growth programmes
- Build a Buy B&NES campaign to showcase local purchasing opportunities to residents and visitors
- Map local public sector spend to identify where there are opportunities for procurement to support local businesses

We will promote alternative business models and community-led action

We have 285 non-profit organisations in B&NES and a strong network of charities, social enterprises, and community groups which play a vital role in providing essential services to communities and encouraging civic participation to address local issues.³⁵ We will showcase examples of responsible local leadership – such as Bath City Farm - and provide the support for new groups to form and flourish.

To start we will:

- Work with and raise awareness of local networks (including 3SG) to showcase charities, social enterprises and voluntary groups working across B&NES to encourage community-led actions targeted to local issues
- Promote business support aimed at alternative business models, for example from Co-operatives UK and B Lab UK
- Create a local peer support network to connect existing alternative model businesses with those who are interested in changing their business model

³³ ONS (2021) UK Business Counts – enterprises by industry and employment size band.

³⁴ Business Financed (2023). Microbusinesses Megastars 2023.

³⁵ ONS (2021) UK Business Counts – enterprises by industry and employment size band.



Creativity and Innovation

Objective: establishing B&NES as a centre of inclusive innovation and creativity

We want innovation activity to be inclusive and for all residents to have access to the opportunities and skills for creativity. Our two universities have high-value specialisms and assets, including the provision of world class business incubation and accelerator services through initiatives such as the [SETsquared Partnership](#), as well as internationally significant archives like the [Fashion Collection Archives](#) currently in development in Locksbrook.

To us, inclusive innovation means enabling as many people as possible to contribute to and participate in innovation and its outputs.³⁶ It also means promoting innovation in our foundational economy. Creating routes for sharing knowledge throughout the local business base by opening up assets to smaller enterprises and empowering communities to drive research focus on local challenges will ensure that innovation strengthens links to local opportunity.

Outcome: increased prosperity for all, measured through GVA per head and healthy life expectancy

We will create spaces for creativity to thrive across B&NES

Bath and North East Somerset is a thriving hub for culture and creativity, boasting numerous cultural attractions and events (such as Bath Digital Festival and Keynsham Music Festival) and a growing cluster of creative businesses. As well as delivering wellbeing benefits, participation in heritage and the arts encourages us to think differently and generate new ideas. We want all residents to have opportunities to pursue creativity in leisure, employment, and community action.

To start we will:

- Deliver the new creative hub on Twerton's high street
- Build an events programme to engage people with creative skills and digital technologies
- Work with Bath Spa University to deliver the Institute for Sustainable Fashion at Locksbrook

³⁶ This definition is adopted from the Connect Places Catapult and UK Innovation Districts Group definition in the 2022 report *Opening The Innovation Economy: The Case For Inclusive Innovation In The UK*.

Metro—Dynamics

We will maximise local benefits of B&NES's leading innovation assets

We have excellent technology and innovation assets in B&NES, especially in the universities and some of our manufacturing & engineering businesses. It is key that we capitalise on these and make them more accessible so all residents can benefit from their activity to support knowledge transfer and the development of sector and technology clusters.

To start we will:

- Develop a riverside tech and innovation corridor that links existing assets from Manvers St to Bath Quays
- Explore opportunities for increased knowledge transfer partnerships with local businesses

We will promote B&NES as an innovation testbed

In partnership with Bristol, we are home to the 5G testbed which has involved the application AR and VR technology at the Roman Baths to pilot future approaches to Smart Tourism. By further building on existing and emerging strengths (and linking into wider regional assets), we will grow our reputation as the place to conduct economic, environmental and social innovation targeted at addressing local challenges with global relevance.

To start we will:

- Promote B&NES innovation strengths and opportunities to investors and businesses online and through events
- Promote provider innovation assets, such as SETsquared Bath, [iCast](#) and the University of Bath Innovation Centre, to local businesses
- Promote regional accelerator programmes, such as DETI, Creative Growth Programme and the FWD project business acceleration hubs

We will ensure all sectors and businesses are supported to innovate

We will support innovation in our foundational economy – the SMEs and large employers that provide many of our essential services and goods – to ensure all firms feel the benefits of improved efficiency and support better life outcomes. We will work in partnership with other public sector anchor institutions to encourage innovation at every level of delivery as well as through procurement.

To start we will:

- Prioritise the foundational economy (e.g., sectors including retail, health) and local services in innovation support, working with partners to draw from good practice and increased data sharing
- Increase uptake of Invest in B&NES and WECA funded management and leadership training for SMEs
- Work with Innovate UK and public sector R&D funding bodies to support more local businesses and entrepreneurs with applications



Housing Affordability

Objective: ensuring residents have access to affordable and high-quality housing

In 2022, house prices in B&NES were 10 times annual earnings, creating challenges across the district. The lack of affordable housing in our rural communities threatens the vitality of local businesses and the social sustainability of our towns and villages. In Bath, where house prices are nineteen times higher than the average annual earnings, contributing to its title of joint third least affordable city in the UK, property costs are a significant barrier to attracting talent for local jobs and contribute to employees relocating to areas with cheaper housing.³⁷ This will likely be a barrier to young people who are just starting work.

Ensuring high quality housing and the adoption of latest green energy solutions and improving water efficiency are important components in reducing costs. In 2020, 11% of households in B&NES were in Fuel Poverty (compared to 13.2% nationally).³⁸ With the costs of energy remaining high, it is anticipated that this figure will continue to rise without intervention. Prioritising high quality and affordable housing is therefore key to raising resident wellbeing, retaining wealth locally, and ensuring that living and working in B&NES is attractive and accessible for all.

Outcome: better housing affordability with better price to income ratio

We will develop a housing offer that is accessible and attractive to all

Key to this is updating our understanding of what affordable housing looks like in B&NES, as well as the likely future demand for property. It is estimated that we will see an overall growth of 6,500 households by 2035, with 92% of growth in single people and couples aged over 65. This requires us to take a new approach.

To start we will:

- Deliver a B&NES Housing Plan
- Scale up B&NES Homes as a local registered provider ensuring programme meets the needs of residents and the economy
- Ensure the new Local Plan policy framework supports the delivery of housing provision at scale to respond to local need

We will deliver high quality and sustainable housing for future generations

³⁷ ONS House Price Statistics for Small Areas (HPSSAs); The Independent (2021), Most and least affordable UK cities in 2021 revealed.

³⁸ BEIS (2020) Sub-regional fuel poverty England.

Metro—Dynamics

This includes ensuring our housing stock meets the needs of different resident groups, for instance those aged 65+ (who accounted for 19.4% of the population in 2021) who will have changing accessibility and service requirements as they age.³⁹ It also means embracing renewable energy & water efficiency solutions and removing barriers to their adoption where possible, to help lower running costs and reduce domestic emissions.

To start we will:

- Commission house condition modelling to inform future housing condition strategy, to ensure rented homes are decent
- Review and update the Council’s strategic approach to improving existing housing standards, focusing on our most vulnerable residents and the future role of property licencing
- Develop and implement an agreed and approved corporate role to promote low-carbon affordable warmth as part of the corporate retrofitting strategy

We will work with partners to unlock affordable housing

There may be opportunities to use public sector assets for new purposes, taking a creative approach to asset management and development. Areas to explore include housing tenure, affordable housing for key workers, and optimising space for our thriving student population.

To start we will:

- Identify potential sites for new affordable accommodation in collaboration with partners including Aequus and anchor organisations
- Work with public sector partners to understand requirements to support housing need, learning from others such as Cambridge
- Work with local Higher Education Institutions on a student living and accommodation strategy, including opportunities on campus

³⁹ Census 2021.



Stronger Places

Objective: enabling all people and places to share in prosperity

Delivering a fairer, greener, more creative and more connected B&NES will enable our market towns and villages to thrive alongside the city of Bath. There are many opportunities for our urban and rural communities. Regeneration activities will continue to be designed to increase footfall in the towns, providing a needed boost to the many independent retail and hospitality businesses and supply chains.

Home to over 37,000 residents, rural B&NES is a diverse group of towns, villages, and hamlets with distinct characteristics and landscapes which accounts for over 90% of the district's land area.⁴⁰ Each settlement has their own strengths and challenges. Traditionally the rural economy has been based on farming, self-employment and small businesses, which without the right support limits growth potential. Poor public transport and digital connectivity also act as barriers to business and home working, contributing to social isolation and supporting unequal access to essential goods and services. 78% of rural residents commute to work by car,⁴¹ and alongside high transport emissions, highlights the need for more local employment and sustainable travel options for our rural communities.

Outcome: improvements in index of multiple deprivation at neighbourhood level, and raised wage levels

We will improve & invest in sustainable connectivity within B&NES and to the subregion

Options are currently limited if you are travelling outside of Bath City, with 78% of journeys to work from rural areas made partly or totally by car.⁴² Digital connectivity is also key to ensuring our residents and businesses can keep up with technological advances, but only 42% of residential and business premises have access to full fibre (compared to 48% nationally).⁴³

To start we will:

- Accelerate digital infrastructure rollout, including gigabit, superfast broadband and 5G
- Promote sustainable and active travel options to support home working opportunities and the visitor economy

⁴⁰ ONS (2011) Local authority rural urban classification.

⁴¹ B&NES (2022) Journey to Net Zero: public consultation.

⁴² B&NES (2022) Journey to Net Zero: public consultation.

⁴³ Thinkbroadband (2023) Bath and North East Somerset Superfast and Fibre Coverage.

Metro—Dynamics

- Collectively engage with regional partners with utilities providers to help achieve targets for increased connectivity highlighted in the regional Digital Plan
- Support delivery of the [Joint Local Transport Plan](#) to ensure connectivity improvements in all areas of the district, identifying priority improvements to make in the next four years through a Transport Action Plan

We will promote place-based strengths to drive economic growth in urban centres and rural areas

Many of our rural businesses have links to land, landscape and our strong agriculture base, presenting opportunities for sustainable rural and eco-tourism, food security, horticultural development and AgriTech innovation. We will increase communication lines with all our businesses and engage with existing representative groups (such as the [West of England Rural Network](#)) to understand the specific challenges facing different industries in rural areas to enable the creation of targeted support to help all our communities thrive.

To start we will:

- Understand and plan for future employment space demand (industrial, office and retail) through the local plan process
- Seek to understand the role of local nature based solutions in building environmental resilience and supporting green tourism
- Use business support to support rural diversification and the adoption of green technologies as an economic growth opportunity
- Support thriving mixed use centres, including the development of co-working hubs linked to UKSPF, space for startups and small businesses, and cultural & service centres

We will support local food supply chains and food security

The upcoming Food Strategy will develop a plan to access sufficient, safe, and nutritious food, and in doing so, will support food security for all of our residents. Securing food security is crucial both at a district level to increase resilience to global climate and political challenges, and a household level, so that 'good' food is accessible and affordable to everyone regardless of income. We will highlight examples of existing innovative local initiatives, such as the Veg Box Scheme run by the Chew Valley-based [The Community Farm](#), who work with local farmers to supply fresh food sustainably.

To start we will:

- Develop Local Food Strategy, including B&NES Menu to showcase local food production, sourcing, and hospitality
- Work with local producers to understand impact of new regulation and ongoing economic challenges
- Support the uptake and piloting of innovative sustainable and regenerative farming practices

Metro—Dynamics

We will drive a sustainable and innovative visitor economy

Our thriving visitor economy is central to the economy, generating over £3 billion in total visitor spend (direct and indirect) in 2021.⁴⁴ Support is required to ensure it remains dynamic, drawing on innovative business practices to deliver on Net Zero and Nature Positive ambitions.

To start we will:

- Commission a time and movement study to better understand visitor behaviour in Bath city centre and where to support the visitor experience
- Engage with Visitor Economy businesses via the Bath Advisory Group and other forums, including those covering the rural areas and the Cotswolds and Mendip Hills National Landscapes, to understand sector aspirations for a resilient visitor economy sector
- Develop a Sustainable Tourism and Visitor Economy strategy that links resilience in the Visitor Economy to sustainable practice and aligns with the Visit West Destination Development Plan and WECA Cultural Strategy

⁴⁴ Visit West (2021) The Economic Impact of Bath and North East Somerset's Visitor Economy 2021.

Implementation

This economic strategy makes bold commitments which, if delivered effectively, will unlock a greener, fairer, more creative and more connected Bath and North East Somerset.

The actions listed are not exhaustive, and we expect activity to evolve over time as new opportunities emerge. To bring focus to delivery, we have identified ten ambitious projects which will bring together stakeholders to deliver on a new economy for B&NES and will be the focus of 2024 activity.







A ten-point delivery plan for B&NES

1. Scope **community green bonds** to help residents to invest in local projects
2. Increase local adoption of the Real Living Wage and become **a living wage place**
3. **Promote new and emerging developments for businesses** including Bath Quays and Somer Valley Enterprise Zone
4. Deliver the **Fashion Museum project**, and wider Milsom Quarter regeneration to re-imagine this precinct in Bath as a flagship sustainable development
5. Develop a **riverside tech and innovation corridor** that links existing assets from Manvers St to Bath Quays
6. Deliver the affordable housing B&NES needs through the new Housing Plan including the **scaling up B&NES Homes**
7. Identify potential sites for **new affordable accommodation** using our own land assets
8. **Support thriving mixed use centres** including the development of co-working hubs linked to UKSPF, space for startups and small businesses, and cultural & service centres
9. Accelerate **digital infrastructure** rollout, including gigabit, superfast broadband and 5G
10. **Secure connectivity improvements** through the development of a Transport Action Plan that provides accessible, affordable and active options for all areas of the district.

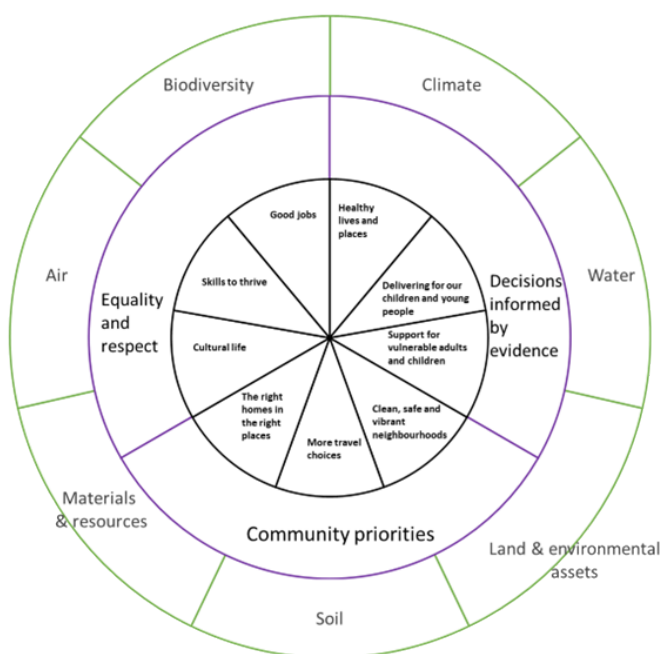
Measuring our success

Robust monitoring and evaluation is a critical component of strategy delivery, which will provide us with the tools to communicate our progress and showcase evidence of impact to leverage investment into the district. This strategy outlines six core outcomes, linked to the local pressing challenges highlighted in the Strategic Evidence Base, which will serve as the Key Performance Indicators of our collective action.

Metro—Dynamics

- 
Net zero and nature positive by 2030 through a decrease in emissions and improved air quality, biodiversity and natural capital management
- 
Increased economic activity in residents as proportion of the total population
- 
Improved access to employment space across B&NES, with quality industrial office and retail space to meet demand
- 
Increased prosperity for all, measured through increased GVA per head and healthy life expectancy
- 
Improved housing affordability, measured through housing costs as a proportion of income
- 
Reduced inequality through improvements in index multiple deprivation at neighbourhood level, skills progression, raised wage levels & Real Living Wage Coverage

As part of implementation, we will develop a comprehensive Monitoring and Evaluation plan which will enrich of our understanding of what work works, for who, where and why, allowing delivery to be refined to ensure that everyone benefits.



This will be framed around the B&NES decision wheel. This will enable us to clearly communicate how activity is aligned to strategic priorities as well as its impact on our socioeconomic foundations (inner circle) and the environment (outer circle).

By looking beyond purely economic indicators, we will be able to tell a holistic and nuanced story of change. We will work collaboratively with partners to share learning and develop new data collection processes where required to ensure the full impact on people, place and planet is understood.

At Metro Dynamics, we **care** about places, our clients, and our colleagues.

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Bath & North East Somerset Council	
MEETING:	Corporate Policy Development & Scrutiny Panel
MEETING:	14th November 2023
TITLE:	2024/25 Medium Term Financial Strategy
WARD:	All
AN OPEN PUBLIC ITEM	
<p>List of attachments to this report: Appendix 1: Medium Term Financial Strategy 2024/25 - 2028/29 Cabinet Report</p>	

1 THE ISSUE

- 1.1 The Medium Term Financial Strategy was considered by the Cabinet at their 9th November 2023 meeting. It presents the future years Medium Term Financial Strategy that sets how the Council will need to respond to the budgetary impacts of rising inflationary costs over the next 5 years.

2 RECOMMENDATION

The Panel is asked to;

- 2.1 Note and discuss the Medium Term Financial Strategy.

3 THE REPORT

- 3.1 The Medium Term Financial Strategy 2024/25 – 2028/29 Cabinet report and supporting detailed appendix is included as the appendices to the paper and for Panel consideration.
- 3.2 The report sets out the Councils current financial position including the ongoing impact of Covid and rising inflationary cost of living pressures on the financial plan and future years budget. The key sections of the report for Corporate Policy Development and Scrutiny to review and discuss are:

- Section 5 – The Current financial position 2023/24
- Section 6 – The Drivers of Demand
- Section 8 – Council tax
- Section 9 & 10 – The Financial outlook and managing the strategy
- Section 11 – Corporate Strategy and Council priorities

3.3 The final detail of the budget will need to be informed by the Chancellors 22nd November budget statement and the 2024/25 provisional settlement from Government to Councils. Whilst we are expecting the full detail in December the Council is developing new savings proposals to address the £16.62m 2024/25 funding gap identified in the MTFs.

There are assumptions built into our current projections that will require engagement and consultation these include:

- We will need to make reductions in cost to enable us to live within our means, whilst continuing to deliver frontline services that support residents such as Adult and Childrens Social Care.
- We will need to increase Council tax to enable the Council to fund inflationary pressures, increases in service demand and ensure a fixed income stream into the Council.
- We will need to think and invest in services differently ensuring capital investment addresses Council priorities.

3.4 We will be making more information available on our budget plans following the budget announcement and provisional settlement this will also be subject to scrutiny by the Corporate Policy Development and Scrutiny Panel.

Subject to the timing of central Government funding announcements we hope to engage on more detailed budget proposals in December / January including reporting to Policy Development and Scrutiny.

4 STATUTORY CONSIDERATIONS

4.1 The annual Medium Term Financial Strategy and planning process allocates resources across services with alignment of these resources towards the Council's corporate priorities.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 These are contained throughout the attached report and appendices.

6 RISK MANAGEMENT

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

7 CLIMATE CHANGE

7.1 This is an information only report about the Council's Medium Term Financial Strategy, it 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 The Cabinet Member for Resources and Deputy Leader has been consulted on the drafting of this report as well as the Chief Executive and Monitoring Officer.

Contact person	Andy Rothery, Chief Financial Officer (S151 Officer) (01225 477103)
Background papers	2023/24 Revenue and Capital Budget Setting reports, 2022/23 Revenue and Capital Outturn Report, 2023/24 Quarter 2 Revenue and Capital Budget Monitoring.
Please contact the report author if you need to access this report in an alternative format	

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1. Purpose of the Strategy

The Medium Term Financial Strategy (MTFS) provides a framework which details the available resources for strategic financial planning, articulating the organisation's key aims and ambitions and guiding our activities with medium term budget setting and planning.

The MTFS does not detail how individual savings will be made, nor how categories of additional income will be achieved. Nevertheless, it describes the scope of the work required, and taking place, to meet these targets together with some of the anticipated impacts. Due to the current financial challenges the Council faces the MTFS sets out strategic management options based on the high-level planning assumptions in section 9.

The focus is on the next two years for financial planning purposes with the emphasis on creating a budget to allow the Council to recover from the financial impacts of Covid and to deliver services to improve people's lives. At this stage uncertainty remains for next year and beyond because the national approach to funding local government is currently under review. The MTFS assumes that despite significant cuts in previous years funding, constraints will continue and will therefore be guided by the priority areas of service delivery as set out in the Corporate Strategy.

2. Expected Outcomes from the Strategy

The objective of this document is to set the future years financial recovery and strategic resourcing plan; alongside meeting the administration's priorities for the Council within the context that enables the delivery of a balanced budget over the next five years, but with specific focus on the next two years.

A balanced budget requires the financial plan to set out how income will equal spend over the short and medium term. Plans will take into account cost savings alongside income growth strategies as well as useable reserves.

Operating and funding the Council in a post Covid economic environment with high inflation levels continues to be challenging, the Council is impacted due to services being exposed to either people or contract inflation, alongside the additional demands on Children's and Adult Social Care. The Council has responded to this challenge over the past three years and in 2022/23 ended the financial year slightly under budget with transfers to reserves of **£0.06m**. The strategy focusses on how this approach can be adopted in the current and future years addressing the short, medium and long-term financial planning requirements.

3. Executive Summary and recommendations from the MTFS for consideration

The overall aim of the Medium Term Financial Strategy is to:

- Set out and deliver the Council's priorities within affordable and sustainable financial constraints;

- Ensure that the administration's (Council's) strategic priorities are reflected in its capital programme and also that the capital programme is affordable;
- Ensure that cash flows are adequately planned so that cash is available when required and the Council can meet its capital spending obligations; and
- Set a sound financial planning framework to underpin the effective financial management of the Council.

There is a continued lack of clarity around future funding for Local Government, however this will be informed by the Chancellor's autumn budget statement on 22nd November 2023. This will set out the Governments spending plans for the Parliament and Government Department budgets, informing the Local Government settlement that will be announced in December. The estimates within this Strategy have not made any assumptions on new Government funding that may be allocated in 2024/25. Members will be provided with an update once the changes are known.

Despite this uncertainty the Council still needs to plan its finances for the medium to longer term and therefore the Strategy is based on best estimates at this stage. The Council has a good track record in savings delivery, in 2022/23 the budget had a savings requirement of £11.87m, against this target the Council delivered savings of £10.63m (90%) with the balance rephased to 2023/24 and mitigated through other budget reductions. As a result of the ongoing budget challenge the 2023/24 budget requires the delivery of £14.38m in savings and income generation plans.

The MTFs base case as set out in the report (section 9) estimates that the Council will need to find up to £35.3m (including the £1.74m already identified) in savings over the next five years. This is based on the assumption that Council tax increases of 2.99% remain for the spending review period up to 2024/25 with Council tax reverting to 1.99% from 2025/26. Adult Social Care Precept of 2% has been added for 2024/25 in line with the current government spending review period.

The main contributing factor that is driving the budget gap is the rising inflationary pressures as a result of the cost-of-living crisis alongside the need to operate with a lower commercial income base budget. In addition, the Council continues to see demand and activity rise for essential Social Care services, which is compounded by traditional operating models for these services which has embedded additional costs relative to other local authorities.

In the shorter term the profile of the savings shows a requirement of £23.19m over the next two years (£17.31m in 2024/25 of which there are planned savings of £0.69m, followed by £5.88m in 2025/26). This gives a front-loaded profile after taking account of the increases in pay and contract inflation.

To manage this risk section 10 of the report sets out the savings range and the level that has been used for planning purposes.

To manage financial risk the Council holds £12.58m of unearmarked reserves, if unutilised in 2023/24 the MTFs proposes that the Council makes an assessment of ongoing inflationary risk that is in addition to the amount built into the revenue budget proposal and holds a commitment against unearmarked reserves.

The Council holds Revenue Budget Contingency and Financial Planning / Smoothing reserves that enable one-off transitional funding to meet revenue costs. Over the life of the MTFs these reserves when drawn down will be replenished to ensure financial resilience and availability for future years budgets. These reserves

are replenished within the five year MTFS period. Flexible capital receipts will continue to be utilised to fund severance costs that result in delivering ongoing savings, this use will be in line with the revised government guidance covering the period until the end of the 2024/25 financial year.

Capital spending will focus on the delivery of priority schemes within affordability levels, the 2023/24 Capital programme is being reviewed to ensure the most accurate delivery timetable, resulting in a more accurate budget profile.

As part of delivering this strategy plans are being put in place to engage with all elected members, partners and the public as part of the budget process for 2024/25 and the following years.

4. The Medium Term Financial Strategy

The MTFS outlines the factors which are expected to drive future costs and sets out the funding projections and our strategy for addressing the funding gap. It supports the medium term policy and financial planning process at the heart of setting revenue and capital budgets.

The core principles underlying the MTFS are as follows:

- That the Council will seek to maintain a sustainable financial position over the course of the planning period and balance the budget on a two year rolling programme;
- That the Council will make provision for pressures, demographic changes, and inflation where appropriate with new priorities added only if “headroom” is achieved;
- The deployment of the Council’s limited resources will be focused towards essential services and those that contribute to the delivery of the Corporate Strategy, tackling the Climate Emergency and giving residents a bigger say.
- Council tax increases have been included within the term of the MTFS to support essential services.
- New sustainable income opportunities are to be identified and maximised wherever possible while maintaining current income streams through current economic uncertainty.

5. The Current Financial Position

2022/23 Outturn

The Council delivered a favourable outturn position of £0.06m as follows:

Portfolio	Revised Budget £m	Outturn £m	Variance Over / (Under) £m
Leader of Council	(4.12)	(4.74)	(0.62)
Resources	7.51	3.18	(4.32)
Economic Development, Regeneration and Growth	0.80	0.86	0.06
Climate and Sustainable Travel	1.36	1.12	(0.24)
Adult Services and Council House Building	65.01	65.35	0.34
Children and Young People, and Communities	37.45	42.90	5.44
Neighbourhood Services	26.87	27.58	0.71
Transport	(5.10)	(6.95)	(1.84)
Planning and Licensing	2.38	2.63	0.25
Total (before Carry Forwards)	132.15	131.93	(0.22)
Carry Forward Requests (underspends)			0.16
Total (including Carry Forwards)			(0.06)

The £0.06m underspend was transferred to the Revenue Budget Contingency Reserve, which is used to fund unbudgeted revenue pressures which are unable to be mitigated by management and recovery actions.

Budget 2023/24

The 2023/24 net budget of £131.026m was approved by Council in February 2023. Quarter 2 budget monitoring to the end of September, shows a projected overspend of £6.50m against the revised budget of £135.06m as shown below.

Current monitoring highlights the impact of inflationary and demand pressures on Council services, which have continued to increase since budgets were approved in February 2023.

Portfolio	Revised Budget £'m	Year End Forecast £'m	Variance Over / (Under) £'m
Leader of Council	(0.34)	(0.33)	0.01
Climate Emergency and Sustainable Travel	1.33	1.19	(0.14)
Council Priorities and Delivery	9.08	9.11	0.03
Resources	10.13	10.69	0.56
Economic And Cultural Sustainable Development	(1.98)	(3.58)	(1.60)
Adult Services	59.65	62.85	3.20
Children's Services	31.80	36.38	4.58
Highways	(1.31)	(2.57)	(1.26)
Neighbourhood Services	24.23	24.94	0.72
Built Environment and Sustainable Development	2.46	2.88	0.41
Quarter 2 Forecast Outturn Variance	135.06	141.56	6.50

The main overspend is in Children's Services where demand-led placement and package costs continue to cause a significant pressure. Combined with pressures on Home to School Transport arising from market pressures, including reduced availability of drivers, cost inflation and reduced tendering activity for many routes, the service is currently forecasting a £4.58m over budget position.

The current Employer's national pay offer for 2023/24 is estimated at 7%, which is significantly higher than the 4% increase included in the budget. Consequently, all corporate contingency budgets have been earmarked to fund the gap which is currently estimated at £2.4m. Service budgets will be adjusted once the final pay award is agreed.

Further pressures are being experienced in the Adult Social Care, Commercial Estate, Corporate Estate, Waste Services and Housing Benefit Subsidy. High levels of vacancies across the organisation, strong performance in Heritage Services and Parking Services, and increased interest on cash balances and delayed need to borrow are providing favourable mitigations.

To mitigate the £6.5m pressure the Council is urgently exploring what in year mitigations are available to prevent further use of reserves. Vacancy management, corporate spend controls, and stopping or pausing discretionary spend are all mitigations that will be implemented with immediate effect. Mitigations will be reported through the quarter 3 monitoring to Cabinet. In the event the above budget position cannot be fully mitigated the Council's Revenue Budget Contingency Reserve and unearmarked reserves will need to be utilised, subject to approval. Should this be required there would be a requirement to replenish these reserves in future years, putting further pressure on meeting the medium-term budget gaps.

Analysis of Current Position

Local Government has built its budget plans based on reductions in revenue support grant funding that have occurred over the past decade.

The Council's revenue support grant has reduced from £31m in 2013/14 to £0.8m per annum in 2023/24, as a result we have become more reliant on external income to help fund core Council services.

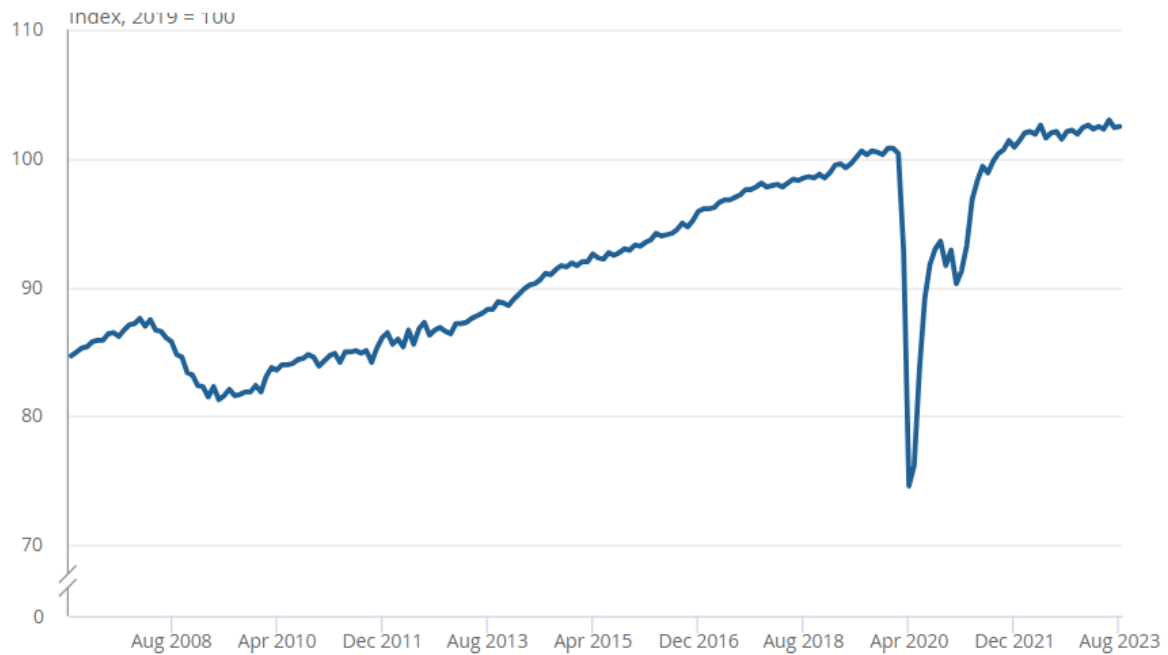
6. Drivers of Demand

The Economic outlook

The post pandemic UK economy made a good recovery leading to an increase in activity, this created a shortage of supply at an international level resulting in a rise in inflation. In addition, the war on Ukraine has impacted on energy supply and price that has driven inflation to its highest level since the 1970's.

The diagram below shows that monthly real gross domestic product (GDP) is estimated to have grown by 0.2% in August 2023, following a fall of 0.6% in July 2023

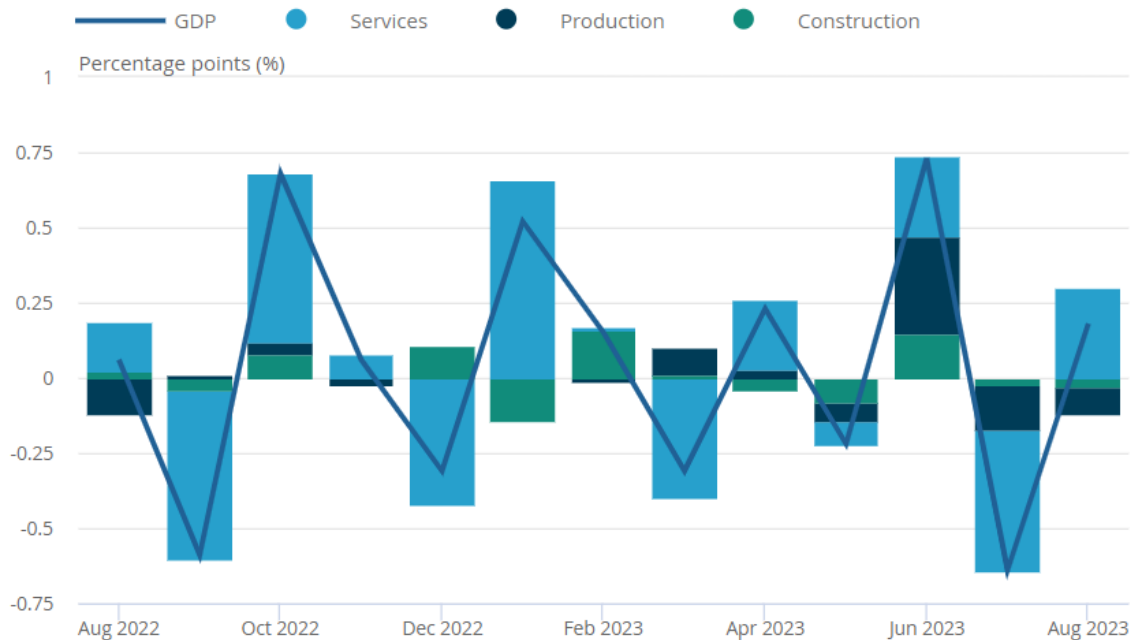
Monthly index, January 2007 to August 2023, UK



Source: Office for National Statistics - Monthly GDP

The chart below shows the monthly sector movement and contribution of reduction in UK GDP. This highlights that there has been the most volatility in the service industry.

Contributions to monthly GDP growth, August 2022 to August 2023, UK



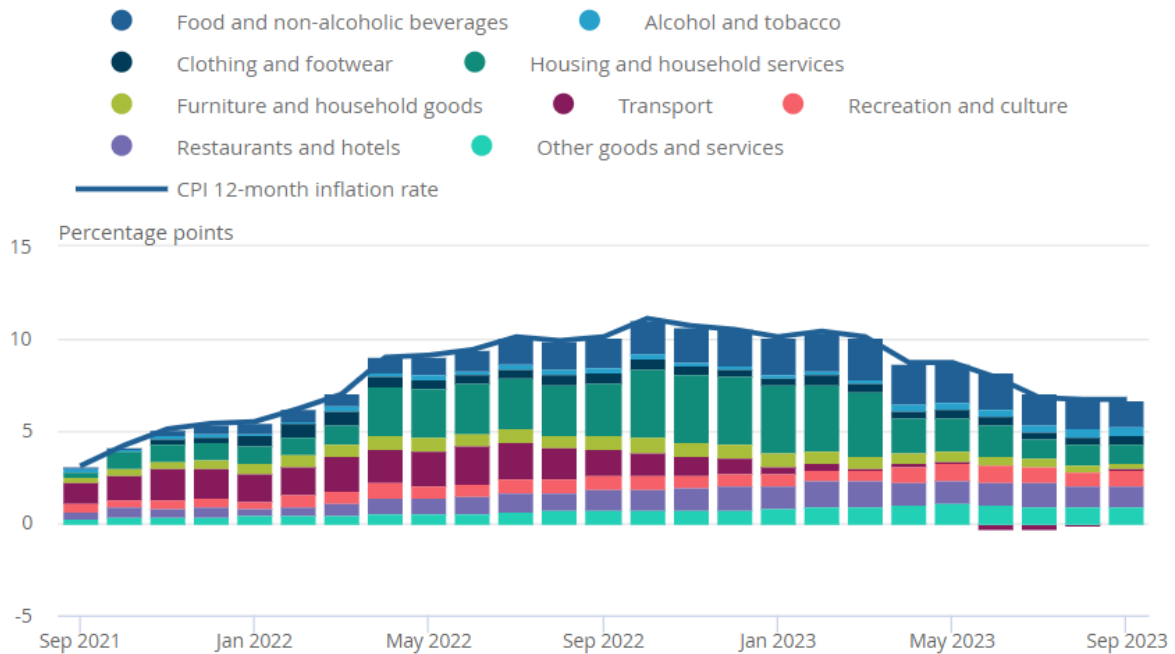
Source: GDP monthly estimate from the Office for National Statistics

The Consumer Prices Index (CPI) rose by 6.7% in the 12 months to September 2023, the same rate as in August. On a monthly basis, CPI rose by 0.5% in September 2023, the same rate as in September 2022. Page 50

The high levels of inflation have impacted on the cost of running the Council and its budgets resulting in an increase in staffing costs for employed and contracted employees, also on its supplies and services provided through contracts. Pay and contact inflation estimates have been refreshed to take into account the economic outlook.

The make up by sector in the movement in CPI can be found in the graph below.
Contributions to the annual CPI inflation rate, UK, September 2021 to

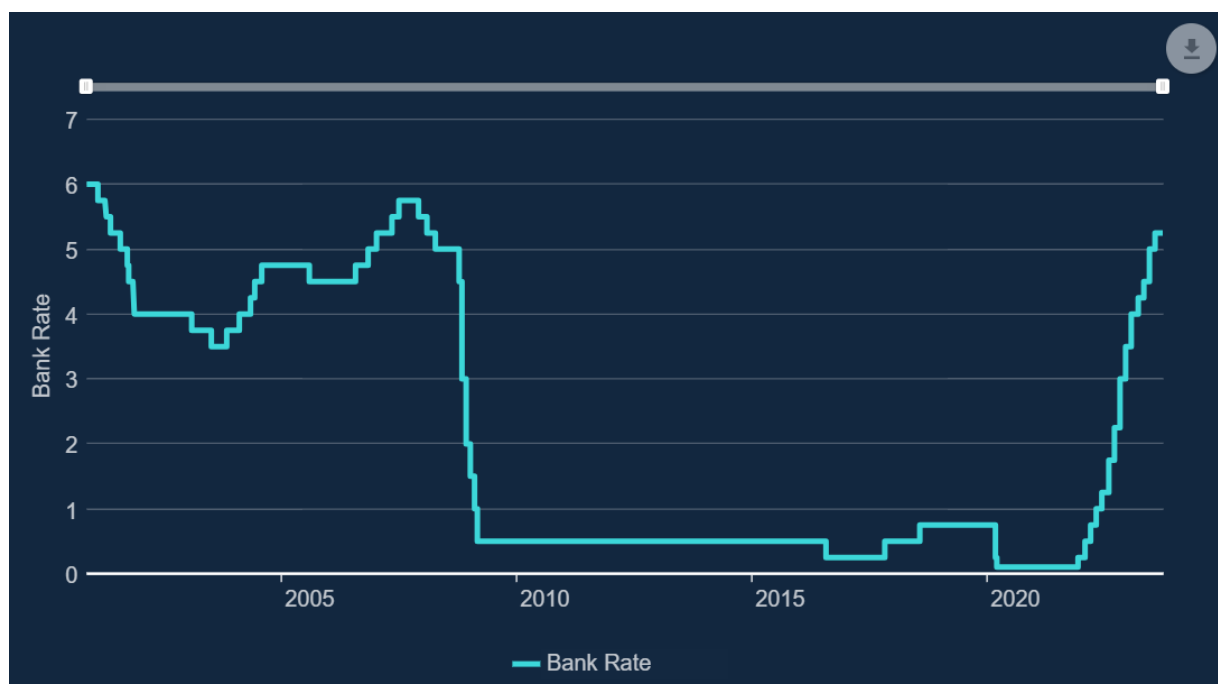
September 2023



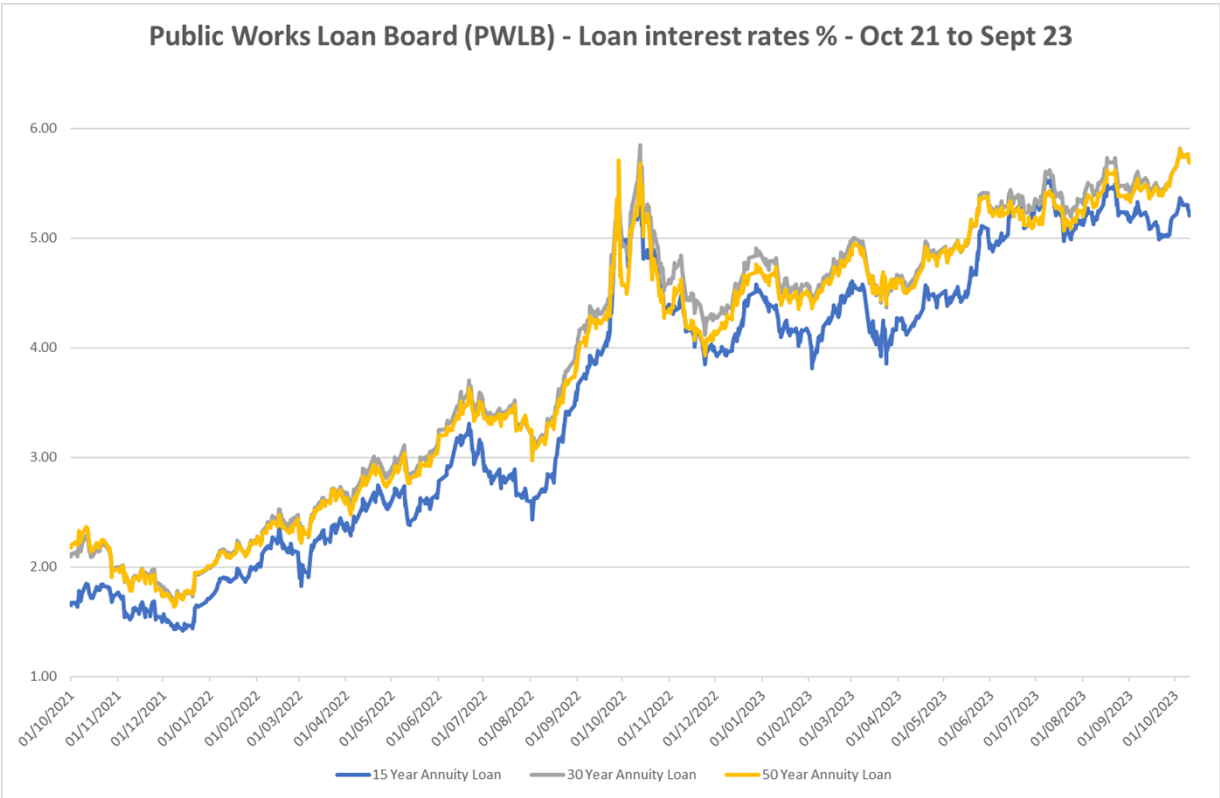
Source: Consumer price inflation from the Office for National Statistics

Increases to the bank of England base interest rate from 0.10% during March 2020 to 5.25% on the 21 September 2023, this has an impact on public works loan board (PWLB) interest rate for borrowing required to fund the Council's capital programme.

Official Bank of England Interest rate



The graph below shows the latest PWLB interest rates trend:



For new Capital borrowing scheme affordability is being calculated with a 5% cost of capital rate, although there is risk to the upside. To mitigate the risk of scheme affordability a review of the capital programme is being carried out to ensure that where schemes require borrowing to fund, the Council is following the approach set out in section 12 of this report.

Economic impact on the Councils income budgets

Current performance for the Council's main income generating services are below:

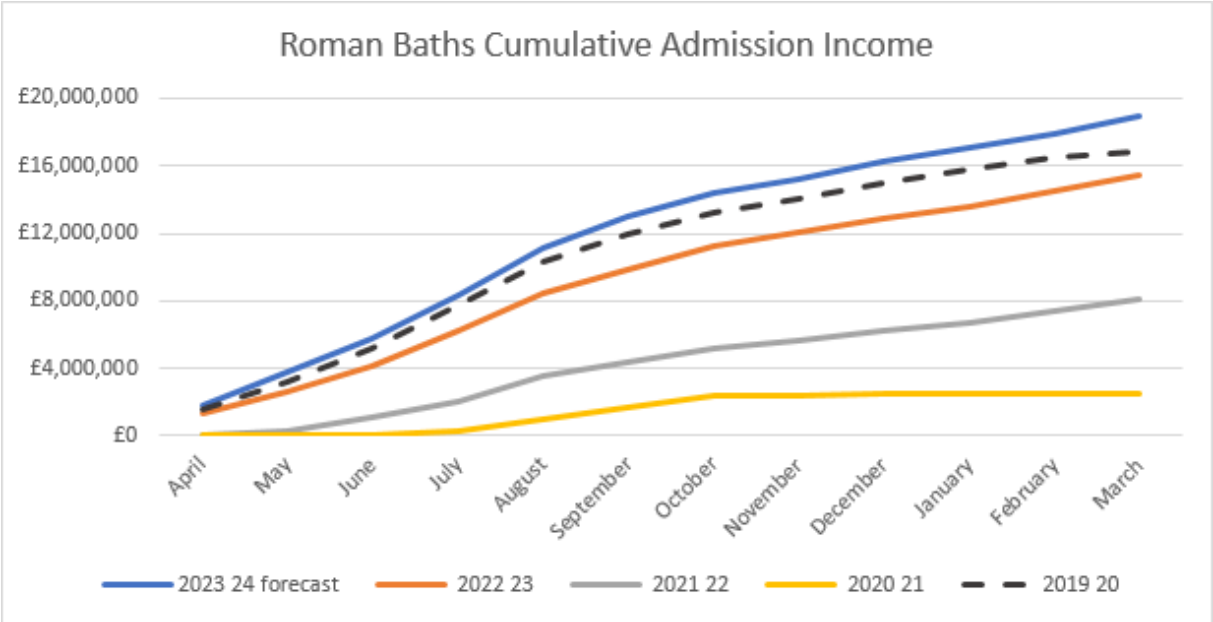
Heritage Services Income

Heritage Services income budgets are largely driven by visitor numbers to the Roman Baths. The budget for 2023/24 was set at 888,000 visitors, around 75% of the pre-pandemic footfall.

This budget was set at the end of the summer 2022, and prior to, a significant acceleration in the Baths' recovery from the pandemic. During the autumn of 2022, the US inbound tourist market recovered significantly, stimulated in part by the value of the USD. Roman Baths has historically performed well during a recession, particularly when GBP is weak as inbound tourism is stimulated and domestic visitors chose to stay in the UK rather than travel abroad.

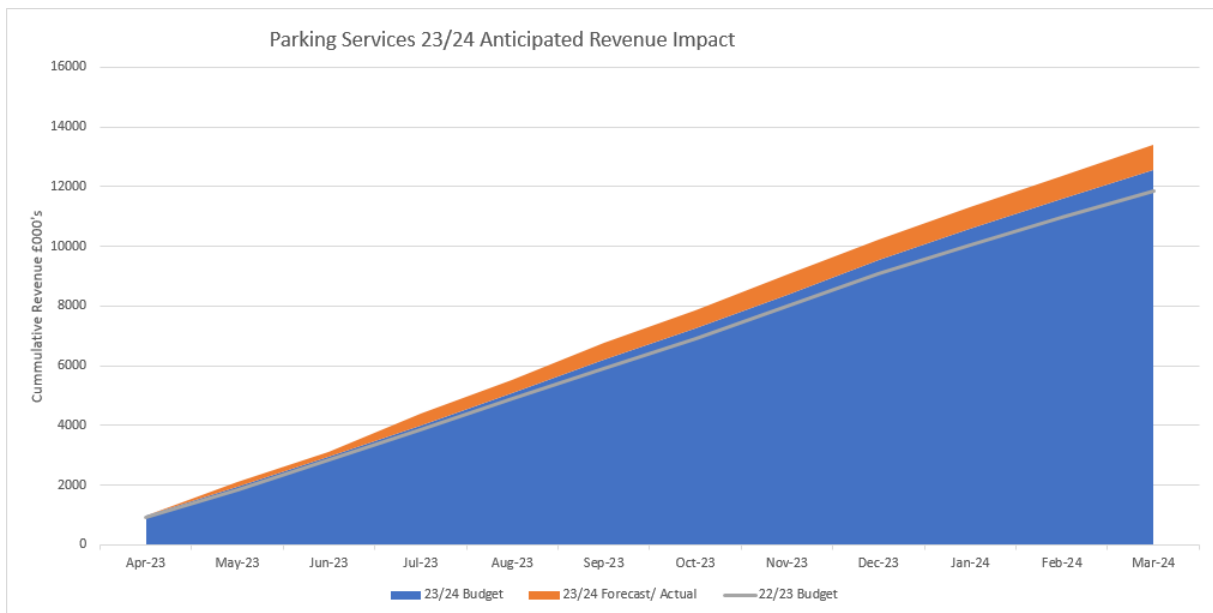
During spring / summer 2023, the Roman Baths has prospered in this environment; the torchlight evenings, Champagne bar and marketing focus on the 2000 years of history to be experienced have given visitors the opportunity to create memories. This performance has been reflected in an increased forecast to 1,000,000 visitors in the financial year.

Throughout the pandemic Heritage Services have sought to maximise the income from visitors, as mitigation against the reduced footfall. This uplifted income per visitor means that in 2023/24 the Roman Baths admission income is forecast to exceed pre-pandemic levels.



Parking Services Income

Prior to the pandemic, the Parking Services income budget was c£12m. For 2023/24 the service income budget was increased to c£12.6m. This factored in the recovery in income post covid, but also built in revenue associated with new Residential Parking Zones (RPZs) and emissions-based charging. The service is currently projecting an overall year end £0.7m favourable position due to the strong performance of all parking locations, with income now over and above pre pandemic averages with a positive performance during the first two quarters of 2023/24. Income from Bus Lane Enforcement has been lower than budgeted because of camera outages due to third party scaffolding, while anticipated Financial Assistance Scheme Framework income is lower than anticipated due to limitations within the framework agreement itself.



Demand Led Services - Social Care

Adult Social Care

The Council has sought to set realistic and deliverable budgets through the MTFs and budgeting process. Significant resource has been added to Adult and Children's services over the last few years whilst both services have delivered other savings and efficiency gains.

The MTFs assumes that the Social Care funding included in the 2023/24 settlement will continue throughout the MTFs period, this is made up as follows:

Grant	B&NES Allocation
Social Care support grant	£10.1m
iBCF Grant	£4.9m

The iBCF grant is part of the pooled budget with the B&NES Integrated Care Alliance (ICA) and ring-fenced to exclusively fund Adult Social Care.

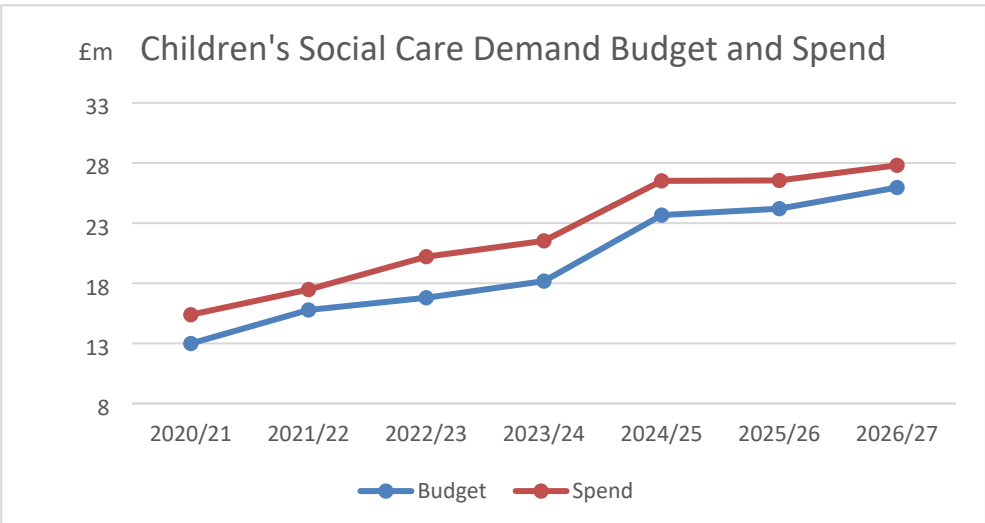
The challenges facing Adult Social Care (ASC) nationally as well as locally continue and include factors such as returning/increasing demand, both in activity and complexity, capacity to deliver required care, Inflationary pressures and market stability issues in the independent sector. These challenges are impacting all ASC users and carers and include all support reasons. Additional funding has been received in 2023/24 from the Adults Social Care Discharge Grant (£0.6m). This grant was distributed through the Better Care Fund and is expected again in 2024/25 with an anticipated further increase of £0.5m. Funding for Market Sustainability of £1.7m was also received from the Market Sustainability and Improvement Fund and this is expected again in 2024/25 with an anticipated further increase of £0.9m.

The MTFs allocates £11.2m for demographic and contract inflation pressures within ASC over the next five years, service demand levels are being reviewed in detail as the current trend has shown that caseload is increasing back to activity levels previously seen and complexity of need and provider cost has increased.

The Council’s model of practice provides effective care for service users. However, a recent LGA peer review concluded current practices are very traditional and in some cases we are overproviding care relative to need. This contributes to the growing cost and needs to be addressed over the period of this MTFS.

Children’s Social Care

As demonstrated from the graph below Children’s Services expenditure has not been manageable within the budget envelope. Rebasing exercises were previously completed for the services budgets, however the service continues to see increasing cost and numbers of children in care, in addition to the increasing costs of supporting disabled children at home. The number of children looked after (LAC) by the Council has risen from 215 to 238 an increase of 11%, in the last 12 months. This number includes 33 that are classed as Unaccompanied Asylum Seeking Children (UASC). The MTFS allocates £12.95m for demographic and contractual inflationary pressures within Children’s Services over the next five years.



A further area of pressure within Children’s Services is the significant increases in children and young people with Special Educational Needs and Disability (SEND). This is adding to the pressure on the Dedicated Schools Grant (DSG) managed by the Council. The 2022/23 outturn resulted in a DSG cumulative overspend of £13.45m. The overspend of the DSG in year in 2022/23 was £7.7m. The historical deficit and in year overspends are being addressed via the Safety Valve project in conjunction with the Department for Education (DfE) over a 5 year period. In 2022/23, the first payment from the DfE of £7.68m was received and a further payment in 2023/24 of £1.65m is planned. In 2023/24, the current year forecast is an overspend of £6.8m which exceeds our planned safety valve programme position by £3m. The latest Quarterly submission to the DfE detailed this and highlighted that the plan would still come to balance but at a later date than the original plan. The overspend is recorded as a specific unusable reserve in the Local Authority (LA) accounts.

Children’s Services are very cognizant of the continued financial pressure that is resultant from the expense of providing appropriate care and placements to meet the needs of our children and young people. The service will continue to review the models of care we utilise, opportunities to bring in external investment and good practice, and to scrutinise individual needs and placement costs in order to mitigate these financial pressures wherever possible.

One particular area of focus will be on how packages of care are commissioned as current practice is disjointed and not in line with best practice across local government.

There are also challenges around the quality of data which need to be addressed as this will help us to make more effective decisions for service users.

7. Outlook for Government Grant Funding

Revenue Support Grant (RSG)

It is anticipated that there will be further delays in the planned Fairer Funding Review and that the Council will continue to receive the Revenue Support Grant (RSG) in 2024/25 of £0.8m based on the last spending review projections of a cash flat settlement for local government for 2024/25. The remaining RSG allocated to B&NES has been rolled into the 100% Business Rate Pilot.

Services Grant

The Council received £0.96m from this grant in 2023/24. The MTFS assumes that the Council will receive the same level of funding in 2024/25 in line with the current predictions of a cash flat rollover settlement. There is a potential risk to this funding level if the government decides to distribute the funding in a different way or reduces the level of funding for 2024/25. The funding position will be confirmed in the December Provisional settlement.

New Homes Bonus

The Local Government Finance Settlement for 2023/24 confirmed continuation of the changes made to the funding arrangements for New Homes Bonus over the past 3 years, pending consultation on a replacement scheme. This resulted in a payment of £0.425m for new housing growth over the previous year. The settlement announced that the grant element for 2023/24 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 that the MTFS treats the 2023/24 grant payment as one-off with no further grant anticipated reflecting the potential ending of the scheme in 2024/25.

	Total New Homes Bonus Grant		
<i>Payment relating to:</i>	2022/23 £'m	2023/24 £'m	2024/25 £'m
2023/24		0.425	
2022/23	0.645		
2021/22			
2020/21			
2019/20	1.392		
Total	2.037	0.425	0.000

Retained Local Business Rates – 100% Business Rate Retention Pilot

The 2023/24 Local Government Finance Settlement confirmed that the West of England 100% Business Rate Retention Pilot would continue into 2023/24. The estimated benefit is approximately £3.2m in 2023/24. The MTFS currently reflects the risk that this benefit could be removed as part of the 2026/27 financial settlement, with the Council reverting to the national funding scheme following the Local Government Financing and Fairer Funding review by the government. The government confirmed in the December 2022 Local Government Finance Policy Statement that these reforms

would not take place in the current parliament. Therefore, it is unlikely that these reforms will take place before 2026/27 due to the time needed to develop and review options for change and also to carry out the necessary consultation on the impacts of any proposals.

The 2023/24 Budget included assumptions for likely levels of future Business Rate income, together with making specific provisions for appeals, increases in reliefs and growth and deletions. Business Rate bills are normally uplifted each year based on the September CPI figures, which for 2024/25 would represent a 6.7% increase. If the government decides to protect businesses from this level of increase through capping charges it would normally fully compensate Council's for the impact on retained business rate income. The 2024/25 Business Rate income forecasts currently allows for an inflationary increase of 5% whilst confirmation of the government's decision on charge increases and funding for next year is awaited. These assumptions will be kept under review as the final budget is developed. 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.

Business Rates collection fund

The MTFs factors in the increased 2022/23 actual Business Rates collection fund outturn position of £0.62m which is released in 2024/25. This forecast will be reviewed and updated to take account of the 2023/24 in year performance of the Collection Fund as part of finalising the Business Rates income forecasts for the 2024/25 budget.

Schools Funding

Schools are funded through 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 Council's 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.

Provisional school allocations have been received from the DfE and show an overall increase of approx. 1.25% in the total allocations. This equates to a 1.8% increase per pupil as the number of pupils funded through the National Funding Formula for B&NES has slightly decreased from 2023/24. Individual schools are protected under the National Funding Formula (NFF) to a 0.5% per pupil increase though many will receive a larger increase.

With the introduction of the NFF the DSG was ring-fenced for schools from 2018/19 making the local authority responsible for the demographic pressures being observed in the SEND / High Needs element of the DSG. The local authority has signed a safety valve agreement with the DfE to recover the deficit that exists at the end of 2021/22. The plan sets out our spending patterns and recovery of the deficit (with DfE support) by 2027/28.

The deficit recovery plan shows our proposals to review our processes to encourage schools to develop early support for pupils with SEND thus limiting the need for EHCPs. We are also creating more localised provision to limit expenditure on expensive non

maintained special school places The Education Capital Programme has been utilised to direct resources to provide additional SEND places in mainstream schools and extend special school provision.

We have also successfully bid for a new Special School, to be built under the free school programme. We have also bid for a new Alternative Provision school under the same programme and we await to hear the outcome.

As part of the recovery the schools asked to contribute resources from schools allocations to support the SEND expenditure. Regulations allow up to 0.5% of the schools block to be transferred to the high needs block to support the SEND expenditure providing approval of schools through the Schools forum is obtained. The Schools forum has agreed this transfer every year up to 2023/24.

The school's contributions are limited to 1 year under the NFF regulations and therefore further consultation is currently underway to gain a transfer from the schools block in 2024/25. This continues the transfers that have occurred in prior years, and would amount to approx. £656k.

When schools convert to academies their reserves transfer to them and therefore school reserves have reduced significantly as a result reflecting that only 7 schools (1 Secondary and 6 Primary) remain as maintained schools.

Social Care Grant

The MTFs assumes that government will not reduce grant funding into Social Care as outlined in the section 6 of the report. The 2023/24 settlement confirmed a further £4.1m Social Care grant funding which was combined with the continuation of the existing Social Care Support grant to give a revised total of £10.1m. This funding is assumed as recurrent in the base budget.

Adult Social Care Market Sustainability & Improvement Fund Grant

The 2023/24 settlement included grant funding of £1.709m through the Market Sustainability & Improvement Fund Grant, an increase of £1.216m on the 2022/23 grant of £0.493m. This funding is assumed as recurrent in the base budget with a further increase of £0.860m anticipated.

Adult Social Care Discharge Fund Grant

The 2023/24 settlement included new ring-fenced grant funding of £0.687m through the Adult Social Care Discharge Fund Grant. This funding is assumed as recurrent in the base budget with a further increase of £0.459m anticipated.

Better Care Fund

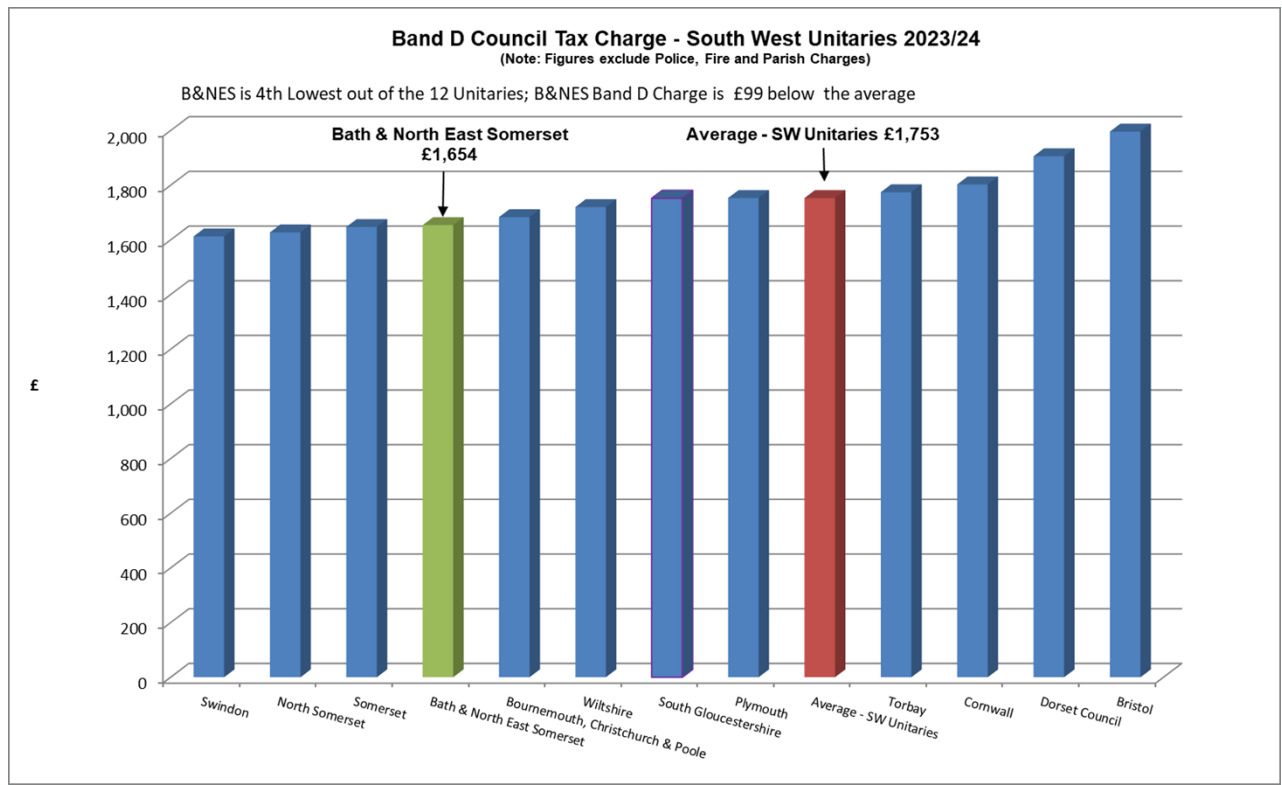
The Better Care Fund is intended to incentivize the integration of health and social care, requiring Integrated Care Boards (ICBs) and Local Authorities to pool budgets and agree an integrated spending plan. Greater integration is seen as a potential way to use resources more efficiently, by enabling people to stay well, safe and independent at home for longer and to provide the right care in the right place at the right time. The Better Care Fund (BCF) is one of the government's national vehicles for driving health and social care integration.

The Council and ICB's Better Care Fund has a minimum funding contribution of £14.9m in 2023/24 a 5.66% uplift on 2022/23. The Strategy currently estimates that funding will continue at current levels with inflationary uplift given annually to help fund the known pressures on both the Council and the ICB

8. Council Tax

Comparison of 2023/24 Council Tax

The chart below shows how B&NES compares (4th lowest) to other South West unitary authorities:



Council Tax collection fund

The MTFs factors in the reduced 2022/23 actual Council Tax collection fund outturn position of £0.34m which needs to be funded in 2024/25. This forecast will be reviewed and updated to take account of the 2023/24 in year performance of the Collection Fund as part of finalising the Council Tax base and income forecasts for the 2024/25 budget.

Council Tax Precept

The current funding gap in the MTFs assumes a **2.99% increase** in council tax in 2024/25 and 1.99% in future years. This assumes that the Government's referendum principles in respect of general Council Tax will continue to allow increases of up to 3% in 2024/25, and then reduce to 2% in future years, before a referendum is required. In addition, the MTFs assumes that the Council tax base will grow with incremental growth of 0.5% for 2024/25 and then 1% per annum from 2025/26 onwards.

Adult Social Care Precept

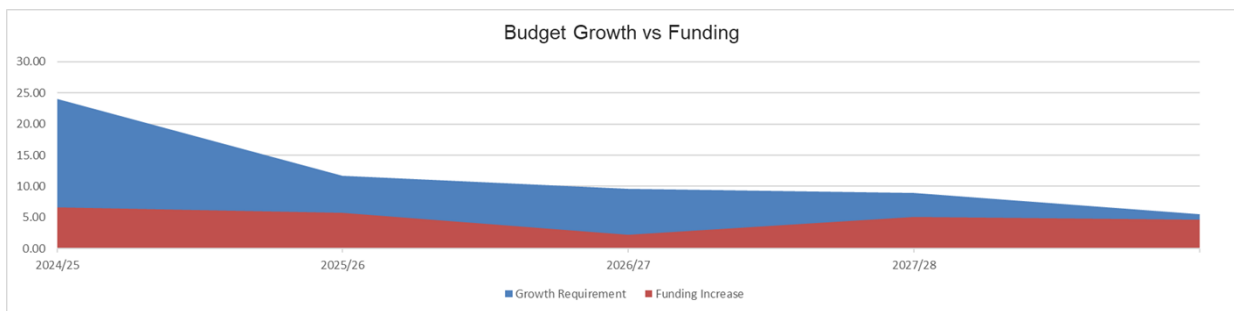
The Government, in recognising the continued pressures facing Adult Social Care (ASC) authorities, has allowed for a further 2% increase per annum for the final two years of the spending review period from 2023/24 to 2024/25. The Medium-Term Financial Plan assumes that this applies up to 2024/25 only, with any future years increases subject to further government announcement.

9. Financial Outlook

Currently the MTFS shows a projected budget gap for each year of the plan as follows:

Budget Planning	Future years assumptions £m					Total
	2024/25	2025/26	2026/27	2027/28	2028/29	
Growth Requirement	23.98	11.68	9.63	8.97	5.58	59.84
Funding Increase	6.67	5.79	2.29	5.11	4.64	24.50
Annual Funding gap	17.31	5.88	7.34	3.85	0.95	35.33
Savings Proposals	0.69	1.05	0.00	0.00	0.00	1.74
Remaining Funding Gap	16.62	4.84	7.34	3.85	0.95	33.60

The funding gap over the medium term can be analysed further to identify additional pressures on expenditure and the impact of funding reductions in income as follows:



Indicative Budget Forecast

The detail of the budget gap is shown in the table below and outlines additional cost pressures and reduced funding:

Budget Planning	Future years assumptions £m				
	2024/25	2025/26	2026/27	2027/28	2028/29
Budget Requirement (Previous Year)	131.03	143.23	149.03	151.32	156.43
Budget Adjustments	3.00	1.00	0.00	0.00	0.00
Pay & Pension	4.54	3.64	3.37	3.23	3.23
Demographic Growth	3.63	2.00	1.74	2.41	0.30
Contract Inflation	7.17	4.51	2.51	2.50	0.74
New Homes Bonus Pressure	0.42	0.00	0.00	0.00	0.00
Capital Financing	2.01	1.78	0.99	1.21	1.21
Settlement grant funding	(2.54)	0.00	0.00	0.00	0.00
Budget pressure / rebasing	5.74	(1.25)	1.03	(0.40)	0.09
Funding Requirement Sub Total	23.98	11.68	9.63	8.97	5.58
Draft Budget Before Savings	155.00	154.91	158.66	160.29	162.02
Proposed Savings Plans	(0.69)	(1.05)	0.00	0.00	0.00
Estimated Savings Required	(16.62)	(4.84)	(7.34)	(3.85)	(0.95)
Savings Requirement Sub Total	(17.31)	(5.88)	(7.34)	(3.85)	(0.95)
Budget Requirement	137.69	149.03	151.32	156.43	161.07
Business Rate Relief Adjustment*	5.54	0.00	0.00	0.00	0.00
Revised Budget Requirement	143.23	149.03	151.32	156.43	161.07
Funding of Budget Requirement					
Council Tax	119.39	123.34	127.05	130.87	134.81
Business rates retention*	27.34	27.39	24.87	25.56	26.26
Reserve transfers From	0.00	0.00	0.00	0.00	0.00
Reserve transfers (To)	(3.50)	(1.70)	(0.60)	0.00	0.00
Funding of Budget Requirement Total	143.23	149.03	151.32	156.43	161.07

The forecast includes the following cost pressures and assumptions:

- **Pay Inflation** – Estimated 5.00% in 2024/25, 4% 2025/26, 3% thereafter.
- **Council tax** – General assumed at 2.99% in 2024/25 then 1.99% thereafter, Social Care precept 2% until 2024/25.
- **Pension Costs** – Have been revised in line with the recent revaluation no increase up to 2026/27.
- **Demographic Growth & Increase in Service Volumes** – Additional demand from new placement and market pressures in Adult & Children Social Care;
- **Interest Rates** - Higher interest rate to follow movement in Bank of England base rate currently 5.25% for treasury management cash investments. The Council will fix budget interest rates following the provisional settlement;
- **Inflation** – CPI projections modelled on a higher rate between 5-8% this will be refreshed for the detailed budget proposal based on ONS data.
- **Budget Pressures / Rebasing** – 2024/25 budget rebasing takes into account current pressures identified in Q2 monitoring on demand driven services including Children's Services.
- **Capital Spending** – an allowance has been made to fund previously agreed provisional schemes requiring borrowing.

- **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;
- **New Priorities** – from April 2024 these will be developed with the administration as part of the Corporate Strategy and at this stage have not yet been factored into the budget figures.
- **Reserves** – In recognition of inflation pressures commitment against un-earmarked general reserve for unbudgeted in year risks.

10. Managing the Medium Term Financial Strategy

Current estimates are that £35.3m savings will now be required over the next five years including savings already approved.

The strategy has outlined that the savings will be reviewed on a two-year rolling profile which means that there is currently a gap of £23.19m, including the pre-approved savings of £1.74m. Due to the budget impact of rising demand and inflation this puts 66% of the 5 year MTFS savings in 2024/25 and 2025/26 with £17.31m to find next year.

This gives a challenging target next year which is 12% of the estimated net budget of £143.23m. Through early engagement and service planning options are being worked up to address this funding gap through cost reduction and income generation plans.

Budget management plan

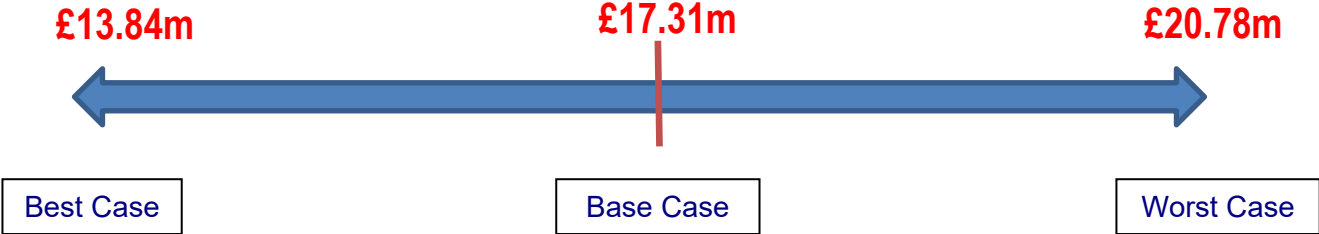
The following approach is recommended to create a robust plan of action, manage change and balance the budget.

Budget Setting Principles

- New policy and service demand funding requirements need to be understood with robust and realistic estimates for future years.
- For new budget items un-avoidable growth only – other growth will require a defined funding source / saving.
- New savings will need to be material and over £50k per item, savings below this value will not be accepted (no use of one-off service reserves).
- The focus needs to be on high value strategic areas of change facilitated by Business Change delivering multiyear savings.
- Stop doing will need to demonstrate how risk is appropriately managed.
- Savings with reputational / political implications need early discussion with portfolio holders, with early, proportionate equality impact assessments completed.
- Savings proposals will need to have a budget profile in line with delivery plans.
- Cost and timescale for implementation needs to be fully understood and captured in the budget proposal.

To manage the strategy financially and in practice there will need to be fundamental changes to the way we approach budget planning to ensure a fully achievable set of proposals can be taken forward in the 2024/25 Budget proposal.

The savings scale below show's how the MTFFS base case presented in this report may change due to ongoing economic uncertainty that exposes the Council to fluctuations in price and demand on its services.



The base case is based on the budget assumptions and figures in section 9 of this report

The worst case builds in a 20% adverse variance to the 2024/25 budget growth items that are impacted by inflation. For the best case this is as above with a favourable 20%.

For financial planning purposes the base case is the most realistic assessment that recognises that numbers may move between now and the end of December. In the event that the local government funding position moves to the worst case the Council will need to consider further mitigations from the revenue budget.

11. Corporate Strategy and Council priority areas

The Medium Term Financial Strategy sets out the financial framework for allocating resources across the Council. How this is achieved will require close alignment to the Corporate Strategy as set out below.

One: We have one overriding purpose – to improve people’s lives.

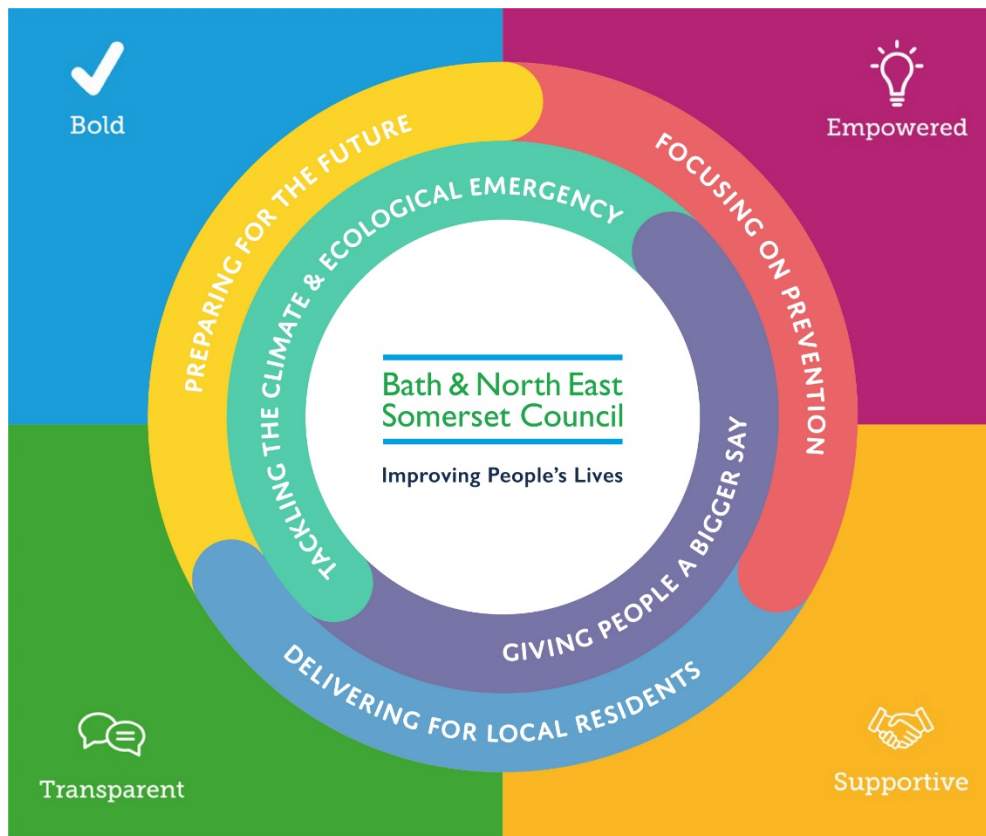
Two: We have two core policies – tackling the climate and ecological emergency and giving people a bigger say. These will shape everything we do.

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.

Our four values - **bold**, **empowered**, **transparent** and **supportive** - continue to underpin all of our work.

Our Corporate Strategy to 2027 builds on our achievements and reflects the ambitions and priorities of the council’s administration elected in May 2023. It provides a clear and ambitious framework for delivery, it also sets out how shared outcomes will be embedded through partnerships such as our Future Ambition Board and Health and Wellbeing Board.

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:

- Delivery of the Council’s Being Our Best programme to enable a joined up organisational structure that meets the objectives of providing the Council with Great Jobs, Smarter Structures and a Culture of Excellence.
- Develop a new strategy and service provision of Adult Social Care services to the residents of Bath and North East Somerset.
- Focus on ensuring financial sustainability in Children’s services. This recognises the increased demand and complexity of caseload which creating more effective financial and information management which are key to creating a modern and resilient service.
- Delivery against an ambitious new Economic Strategy for Bath and North East Somerset, prioritising green growth, good jobs and affordable housing.
- Manage the Councils operational assets through the introduction of a Corporate landlord model that ensure the best use for the Council’s services and its communities.
- Continued investment to support the most vulnerable people in our communities.
- Continued commitment to secure action to address the climate and ecological emergency.

- Continue to focus on council wide business change programmes which balance service improvement within a clear return on investment framework.
- Deliver new ways for our residents, businesses, partner organisations, visitors and internal service teams to interact and receive council information and services, using digital channels.
- Ensuring that we are able to manage labour market demands and fluctuations across our workforce but particularly in operational roles in both social care and neighbourhood services.

12. Capital Programme

The Prudential Code for Capital Finance in Local Authorities was updated in December 2021. 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 replacing obsolete or inefficient assets/equipment) and generate revenue savings for the council; and
- Delivering or working with partners to deliver high priority government funded programmes and West of England 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 Cabinet member 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.

The following shows the capital programme approved in February 2023 as part of budget setting:

Capital Schemes for Approval

Cabinet Portfolio: Capital Schemes	Budget 2023/2024 £'m	Budget 2024/2025 £'m	Budget 2025/2026 £'m	Budget 2026/2027 £'m	Budget 2027/2028 £'m	Total £'m
Resources	17.539	7.292	0	0	0	24.831
Economic Development, Regeneration & Growth	22.244	15.126	3.869	0	0	41.239
Leader	0.185	0.020	0.020	0.020	0.020	0.265
Climate & Sustainable Travel	1.693	0.313	0.146	0.032	0.008	2.192
Adults & Council House Building	7.563	1.442	6.636	1.442	1.442	18.525
Children & Young People & Communities	4.126	0.196	0.000	0.000	0.000	4.322
Neighbourhood Services	27.654	2.331	0.031	0.000	0.000	30.016
Transport	6.883	0.000	0.000	0.000	0.000	6.883
Total	87.887	26.720	10.702	1.494	1.470	128.270

Capital Schemes for Provisional Approval (Subject to)

Cabinet Portfolio: Capital Schemes	Budget 2023/2024 £'m	Budget 2024/2025 £'m	Budget 2025/2026 £'m	Budget 2026/2027 £'m	Budget 2027/2028 £'m	Total £'m
Resources	28.259	3.700	4.000	4.000	4.000	43.959
Economic Development, Regeneration & Growth	17.330	8.228	0.020	0.000	0.000	25.578
Leader	1.894	0.350	0.350	0.350	0.350	3.294
Climate & Sustainable Travel	16.204	0.773	0.875	2.410	1.005	23.267

Adults & Council House Building	4.085	4.912	0.691	0.655	0.432	10.775
Children & Young People & Communities	21.472	1.500	0.000	0.000	0.000	22.972
Neighbourhood Services	5.292	16.065	20.150	10.084	16.003	67.594
Transport	3.675	4.476	1.293	1.163	1.163	11.770
Total	98.211	40.004	29.379	18.662	22.953	209.209

Funded By

Financing	Budget 2023/2024 £'m	Budget 2024/2025 £'m	Budget 2025/2026 £'m	Budget 2026/2027 £'m	Budget 2027/2028 £'m	Total £'m
Grant	58.560	21.126	11.321	9.731	8.802	109.540
Capital Receipts/RTB	13.184	0.63	0.806	0	0	14.620
Revenue	1.000	0	0	0	0	1.000
Borrowing	102.460	44.465	26.657	9.27	14.891	197.739
3rd Party (inc S106 & CIL)	10.898	0.503	1.297	1.155	0.73	14.583
Total	186.098	66.724	40.081	20.156	24.423	337.482

Note this does not include slippage from 2022/23 which totalled £32.7m.

An allocation of £0.9m revenue budget to support new schemes has been factored into 2024/25, this is fully committed to the schemes and maintenance programmes added in the 2023/24 and previous years budgets. Any further capital investment requiring funding from corporately supported borrowing will require either the reduction of existing schemes or for the additional costs of borrowing to be incorporated in the 2024/25 and future years revenue budgets. The more detailed capital strategy will be updated for approval as part of the budget in February 2024.

Capital receipts will be used flexibly on appropriate revenue expenditure and further adjustments may be made as part of setting the budget for 2024/25 subject to any revision to government guidance being published. The current programme will continue to be reviewed to ease this financial impact.

The intention is to take a measured approach between borrowing in the current market climate and the utilisation of internal cash flow wherever possible. Borrowing has been factored into the strategy to ensure that the authority can meet its future borrowing obligations. The decision on the timing of new borrowing will still be driven by market factors, particularly movements in interest rates to provide overall value for money to the Council.

New capital schemes will be considered on a priority basis to minimise the impact on Council funded borrowing, and where appropriate maximise the use of external funding including the application of grants.

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 2023/24 capital programme included a funded corporate risk contingency of £2.7m;
- 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.

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 a MRP Policy in advance each year, or if revisions are proposed during the year they should be put to the Council at that time.

11. Earmarked and Non-Earmarked Reserves

Earmarked Reserves are set aside for specific purposes whereas Non-Earmarked Reserves are retained to meet unforeseen risks. A regular review of financial risks to assess the optimum levels of balances and reserves will be reported to members annually. This ensures that the authority has sufficient funds to meet its key financial risks. The strategy remains that balances remain at a level that covers these key risks.

To manage financial risk the Council holds £12.58m of unearmarked reserves.

The following table shows each of the key reserves held for financial planning, the expected opening balance for 2024/25 and anticipated closing balance after the projected use:

	Estimated Balance 31/03/2024	Proposed Transfers	Projected Use in Year	Current Estimated Balance 31/3/25
	£'m	£'m	£'m	£'m
Revenue Budget Contingency	3.20	0.00	0.00	3.20
Financial Planning and Smoothing Reserve	2.18	3.50	2.00	3.68
Restructuring & Severance Reserve	1.81	0.00	0.00	1.81

Following on from the Council’s planned use of reserves for 2021/22 & 2022/23 during the Covid pandemic, reserve balances will be replenished where used for budget setting purposes over the 5-year planning period.

Flexible use of Capital receipts

The strategy requires flexibility around capitalising costs and the flexible use of capital receipts to fund redundancy, transformation, and ICT costs where appropriate to free up reserves.

The Council is taking forward the being our best programme that is reviewing and implementing a new staffing structure, as a result of this programme there may be redundancies, where a redundancy generates an ongoing budget saving flexible use of capital receipts will be utilised.

12. Reviewing the Strategy

This strategy will naturally span the life of the Council Plan but will be reviewed annually to take into account changes within and external to the organisation. In more uncertain times the strategy will be reviewed more frequently.

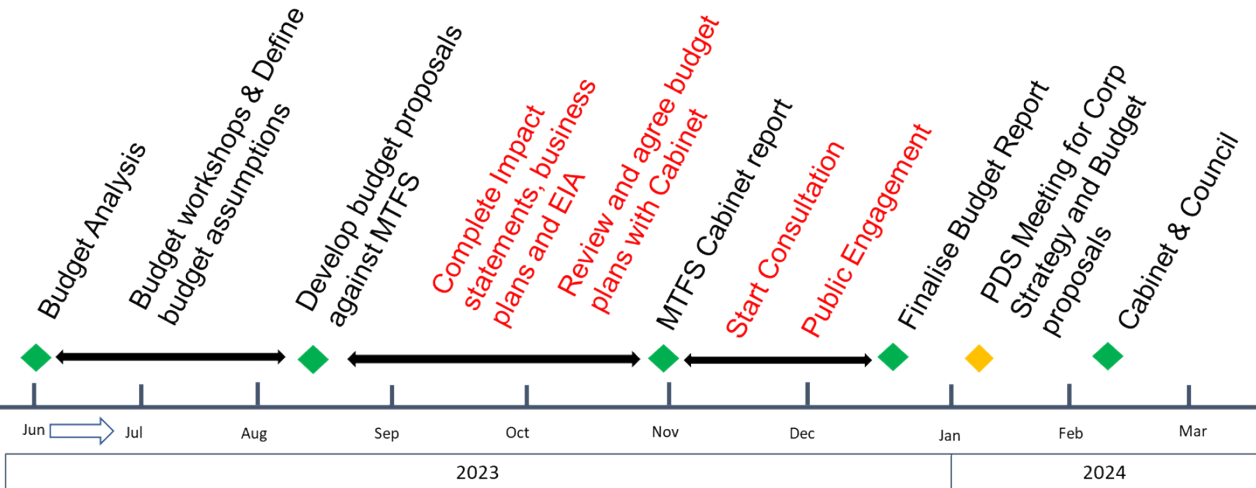
13. Public/Stakeholder Engagement

We will be making more information available on our MTFs for stakeholder engagement in November / December 2023, this will also be subject to scrutiny by the Corporate Policy Development and Scrutiny Panel.

Subject to the timing of central Government funding announcements we hope to engage on more detailed budget proposals in December / January including reporting to Policy Development and Scrutiny.

14. Budget Setting Timetable

The diagram below sets out the budget planning timetable.



15.Risks to the Medium Term Financial Strategy

The Strategy and Plan make regular risk predictions. The key risks to the plan are currently seen as:

Risk	Likelihood	Impact	Risk Management Update
Reinstated government restrictions in the event of new Covid variants.	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 rising demand	Likely	High	There is the risk of unplanned and unbudgeted growth in demand on Council services as a result of the cost of living crises.
Ongoing impacts on the Councils Commercial Estate over and above anticipated levels.	Possible	High	Current modelling has been prudent following the Covid pandemic and impact on retail economy. There are risks in the retail & hospitality sector from a challenging labour market that is impacting recruitment to these sectors, so this may have an impact on business viability and income from Council tenants.
Contract inflationary pressure	Likely	High	With increase in wage, energy 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. Capital Schemes may need to be paused due to unfunded viability gaps due to increased supply chain costs.
Impact on Reserves	Possible	High	Without additional government grant in recognition of unfunded inflationary 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. Borrowing rates have continued to increase since the budget was set, as the Bank of England tackles more persistent

			inflation pressures. The latest forecast from our treasury management advisors is that longer term borrowing rates will eventually start to fall from current levels once service inflation and wage growth eases, with Bank of England rate cuts forecast from Q3 of 2024. However, rates will remain relatively higher than in the past with continued elevated volatility. 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 the current economic challenges will increase the volatility and uncertainty around business rate income. In 2023/24 this risk has been 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
Funding pressures through WECA, ICB 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 throughout the budget setting process and subsequently outlined in each budget setting report to Council and will be reviewed regularly, and reported through budget monitoring to Cabinet.

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CORPORATE POLICY DEVELOPMENT AND SCRUTINY PANEL

This Forward Plan lists all the items coming to the Panel over the next few months.

Inevitably, some of the published information may change; Government guidance recognises that the plan is a best assessment, at the time of publication, of anticipated decision making. The online Forward Plan is updated regularly and can be seen on the Council's website at:

<http://democracy.bathnes.gov.uk/mgPlansHome.aspx?bcr=1>

The Forward Plan demonstrates the Council's commitment to openness and participation in decision making. It assists the Panel in planning their input to policy formulation and development, and in reviewing the work of the Cabinet.

Should you wish to make representations, please contact the report author or, Democratic Services . A formal agenda will be issued 5 clear working days before the meeting.

Agenda papers can be inspected on the Council's website.

Ref Date	Decision Maker/s	Title	Report Author Contact	Director Lead
14TH NOVEMBER 2023				
9 Nov 2023 14 Nov 2023 E3485	Cabinet Corporate Policy Development and Scrutiny Panel	2024/25 Medium Term Financial Strategy	 Andy Rothery Tel: 01225 477103	 Chief Finance Officer (S151)
14 Nov 2023	Corporate Policy Development and Scrutiny Panel	Developing Economic Strategy		Director of Sustainable Communities
14 Nov 2023	Corporate Policy Development and Scrutiny Panel	Council Tax Support Scheme - consultation update		Chief Finance Officer (S151)
16TH JANUARY 2024				
23RD JANUARY 2024				
		Budget discussion		
12TH MARCH 2024				
		TBC - Consultation on Options for Local Plan Development		

Ref Date	Decision Maker/s	Title	Report Author Contact	Director Lead
14TH MAY 2024				
23RD JULY 2024				
17TH SEPTEMBER 2024				
19TH NOVEMBER 2024				
ITEMS TO BE SCHEDULED:				
<p style="text-align: center;">The Forward Plan is administered by DEMOCRATIC SERVICES: Democratic_Services@bathnes.gov.uk</p>				

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