

## **BATH AND NORTH EAST SOMERSET**

### **CABINET**

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

Wednesday, 6th February, 2019

#### **Present:**

Councillor Tim Warren	Leader of the Council and Conservative Group Leader
Councillor Charles Gerrish	Cabinet Member for Finance and Efficiency, Conservative Deputy Group Leader North East Somerset
Councillor Vic Pritchard	Cabinet Member for Adult Care, Health and Wellbeing
Councillor Paul Myers	Cabinet Member for Economic and Community Regeneration
Councillor Karen Warrington	Cabinet Member for Transformation and Customer Services
Councillor Bob Goodman	Cabinet Member for Development and Neighbourhoods
Councillor Mark Shelford	Cabinet Member for Transport and Environment, Conservative Deputy Group Leader Bath

#### **71 WELCOME AND INTRODUCTIONS**

The Chair welcomed everyone to the meeting.

#### **72 EMERGENCY EVACUATION PROCEDURE**

The Senior Democratic Services Officer drew attention to the evacuation procedure as set out in the Agenda.

#### **73 APOLOGIES FOR ABSENCE**

Councillor Paul May had sent his apologies for this meeting.

#### **74 DECLARATIONS OF INTEREST**

Councillor Charles Gerrish declared an other interest on item 13 'Budget & Council Tax 2019/20 and Financial Outlook' as the Chair of the ADL Board.

Councillor Paul Myers declared an other interest on item 16 'Community Asset Transfer Policy' as he was a part of the Asset Transfer Programme.

#### **75 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

There was none.

The Chair used this opportunity to inform the meeting that the Special meeting of the Cabinet will take place on 5th March at 10am in the Guildhall.

#### **76 QUESTIONS FROM PUBLIC AND COUNCILLORS**

There were 9 questions from Councillors and 2 questions from members of the public.

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

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

Councillor Karen Walker in a statement [*a copy of which available on the Council's website*] presented budget requests for Peasedown St John.

Councillor Lisa O'Brien read out a statement where she gave her full support for the Keynsham High Street Public Realm. The scheme would benefit the environment, health and economy of Keynsham and it would contribute to local employment. The pollution in High Street has gone down since one way traffic was introduced. Councillor O'Brien endorsed the proposals and asked the Cabinet to support the report.

## **78 MINUTES OF PREVIOUS CABINET MEETING**

**RESOLVED** that the minutes of the meeting held on Wednesday 18<sup>th</sup> December 2018 be confirmed as a correct record and signed by the Chair.

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

There were none.

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

Councillor Sarah Bevan, in her capacity as the Chair of Resources PDS Panel, read out the following statement:

'At Resources PDS Panel on Monday 4<sup>th</sup> February we discussed the proposed budget after receiving an overview from Donna Parham and David Trethewey.

No resolutions were passed, but members did raise some queries, as Cllr Gerrish will recall.

Whilst the Panel listens to views put forward, it's for political groups to raise those views which are necessarily party political, with their own groups, with Cabinet and at Full Council.

The Resources Panel noted the comments from other PDS Panels on budget proposals within their remits. The PDS Panel comments have been circulated to Cabinet Members.

These notes reflect that the panels considered the risk of delivery of the proposals and questioned cabinet members and officers on the robustness of the proposals. The panels specifically considered the impacts of the proposals on the Councils Public Sector Equality Duty.

The Resources Panel looked at the budget proposals within their remit and were reassured that high and medium risk savings would be closely monitored. They were reassured that our Council Tax is still third lowest in the region despite the increase. The Panel noted that the Core Offer is clear on what the authority can afford to deliver and offered a framework for an open discussion with partners and residents on what the Council should focus its resources on in the future.'

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

The Cabinet agreed to note the report.

## **82 BUDGET & COUNCIL TAX 2019/20 AND FINANCIAL OUTLOOK**

Councillor Dine Romero made an ad-hoc statement by saying that there was not much that could be amended to the proposed Budget due to continuous cuts from Central Government. Councillor Romero also said that the future budget proposal was suggesting more involvement from volunteers and businesses which may not be sustainable in the long term. Councillor Romero also questioned if the previous budget had helped communities and people with greater need for help. Councillor Romero concluded her statement by suggesting that local businesses have not been helped by the Council and they have complained to her how margins were small and rents were high.

Councillor Richard Samuel made an ad-hoc statement by saying that all Local Authorities would be in difficult situation as the funding for the Budget would shift from Central Government to Local Tax. Councillor Samuel also said that many frontline services provided by the Council would be affected with future cuts and whoever runs the Council after local elections in May 2019 would be in difficult situation.

Councillor Charles Gerrish introduced the report by saying that the Budget would be challenging considering that most of the Budget would be allocated to Adults and Children services and that the Council would have to look into ways of becoming self-sufficient.

The Medium Term Financial Strategy (MTFS) has been approved in October 2018 and did outline how the budget would be delivered over the medium to long-term. The MTFS for B&NES spans two years with a further three added to show the likely longer-term picture.

The Council would need to deliver a balanced budget over the term of the plan. A balanced budget would mean that balances or reserves should not be used to meet on-going expenditure commitments. The MTFS has shown a projected budget gap for 2020/21 and beyond. The figures have included all estimates for pay awards, pension costs, Council Tax, business rates, Government grant, and inflation. The budget would focus on protecting frontline services at a time when the authority was facing cuts in funding whilst facing unprecedented increases in demand in

Adults and Children's Services. An increase of 1% in the Adult Social Care Precept has been included in this budget to help meet the pressures in Adult Social Care. The Council has had a good track record in savings delivery with £55.4m delivered between 2013/14 to 2017/18 and, a further £17m expected in this (2018/19) financial year – a total of £72.4m over six years.

The current plan has identified, delivered, and would continue to deliver a high number of efficiency savings and therefore the scope for delivering further large savings from efficiencies was limited. The agreed approach would be:

- To review Council priorities to understand scope for further savings;
- To rationalise our corporate estate;
- To review the conditions of service of our workforce and ensure they are fit for the future;
- To review the scope for shared services;
- To review and target capital spend to priority areas and reduce the costs of funding the programme and the capacity demands for delivery;
- To review our contracts to reduce expenditure; and
- To establish a "core offer" which the council is able to sustain into the future, including through managing demand.

The proposed net revenue budget for Bath and North East Somerset for 2019/20 would be £113.10m.

An Organisational Plan has been developed across portfolios in 2019/20 outlining the Core Service Offer which would prioritise resources to the following:

- Protect and care for our most vulnerable;
- Nurture our residents' health, safety, and wellbeing;
- Provide ways for everyone in the community to reach their full potential.

The Organisational Plan has outlined key targets for service provision as well as outlining proposals for budget savings. The Organisational Plan proposed by Cabinet would translate the Council's overarching Corporate Strategy and vision for the future, setting out the key activities and projects that the Council has planned to deliver to achieve this in 2019/20. The Organisational Plan was considered by the Policy and Scrutiny Panels in January 2019 to inform the budget process.

Councillor Gerrish took the Cabinet through the Revenue Budget for 2019/20 as introduced in the report.

In terms of the Government Settlement the Council has agreed to accept the four-year settlement as did 97% of all local authorities – 2019/20 was the last year of this agreement.

The Provisional Settlement was received on the 13th December 2018 but has not yet been finalised. MPs were unlikely to decide on the final settlement until mid to late February and therefore there was a small chance that the figures for B&NES would change. The figures outlined in the report have reflected the provisional figures. The final settlement details would be reflected within the report to Council, if they were published before the report deadline.

The Council has asked Central Government to recognise the challenges it faces and the solutions that might help, and have identified 20 key areas where a shift in approach or legislation could help address pressures or mitigate additional future

costs. These have been included as part of the Council's response to the Government's Fairer Funding Review and four of the key areas were as follows:

- Council funding for students
- Ability to introduce a Local Tourism Levy
- Special Education Needs and Disabilities (SEND)
- Removal of non-domestic rate exemption for listed buildings

Councillor Gerrish took the Cabinet through the rest of the report by highlighting savings and income generation, Council Tax increase by 2.95% in 2019/20 to ease pressures within front line services but specifically Children's Services, West of England Combined Authority investment in the area, revenue balances, contingencies and reserves.

Councillor Charles Gerrish moved the recommendations.

Councillor Tim Warren seconded the motion by saying that the Council would face significant financial pressures over the next couple of years. The Council has made a number of representations to the Central Government in terms of the self-funding, as presented in the report. The Council would invest in the Bath Quays North which would, attract more businesses, create more jobs and generate more business rates. Councillor Warren said that the Council have tried to help high street retailers and small businesses in the area to keep on going but due to national trend a lot of businesses were struggling. There were only a few vacant shops and business premises in Bath and the Council would work hard to reduce that number. Councillor Warren also said that he would champion for the Council to become self-sufficient and not rely on Government funding. Councillor Warren added that despite enormous pressures, our children services were the best in the South West region. Councillor Warren concluded his statement by saying that this was an honest and transparent budget and thanked all officers and Cabinet Members for their contribution.

Councillor Mark Shelford agreed with the comments made by Councillors Gerrish and Warren and thanked Donna Parham and her team for the hard work they had put in in setting the Budget.

Councillor Charles Gerrish summed up by highlighting improvements to Keynsham over the next year or so.

**RESOLVED** (unanimously) that:

2.1 The Cabinet recommends Council approves:-

- a) The General Fund net revenue budget for 2019/20 of **£113.10m** and the individual service cash limits for 2019/20 as outlined in Annex 1.
- b) The savings and income generation plans outlined in Annex 2 in conjunction with the Equalities Impact Assessment Report in Annex 3 and thereby agrees to implement the Council's draft Organisational Plan which has been presented to each of the relevant PDS Panels.

- c) To help protect front line services and meet additional pressures in Children's Services, the budget includes a recommendation that Council Tax is increased by 2.95% in 2019/20 (an increase of £39.76 per Band D).
  - d) An increase of 1% to Council Tax for the Adult Social Care Precept is approved in recognition of the current demands and financial pressures on this service. This is equivalent to an increase of £13.47 on a Band D property.
  - e) The adequacy of Un-earmarked Reserves at £12.2m within a risk assessed range requirement of £11.9m - £13.1m.
  - f) The Efficiency Strategy attached at Annex 4.
  - g) The Capital Programme for 2019/20 of £78.591m including new and emerging capital bids outlined in Annex 5(i), planned sources of funding in 5.7.2, and notes the programme for 2020/21 to 2023/24 and that any wholly funded projects coming forward during the year will be added to the Capital Programme in line with the Budget Management Scheme.
  - h) The delegation of implementation, subject to consultation where appropriate, of the capital programmes set out in Annex 5(ii) to Annex 5(iv) to the relevant Director in Consultation with the appropriate Portfolio Holder.
  - i) The Community Infrastructure Levy (CIL) allocations and amendments outlined in Annex 5(v) and the addition of Alternative Education Provision to the Regulation 123 list.
  - j) The Capital & Investment Strategy attached at Annex 6.
  - k) The MRP Policy attached at Annex 7.
  - l) The Capital Prudential Indicators outlined in 5.7.8
  - m) The Annual Pay Policy Statement at Annex 9.
  - n) The Council's Organisational Plan at Annex 10
  - o) The Council Tax Support Scheme for 2019/20 shown in the following link:  
[http://www.bathnes.gov.uk/sites/default/files/sitedocuments/Council-Tax-Benefits-and-Grants/CouncilTax/draft\\_bath\\_ne\\_someset\\_s13a\\_201920.pdf](http://www.bathnes.gov.uk/sites/default/files/sitedocuments/Council-Tax-Benefits-and-Grants/CouncilTax/draft_bath_ne_someset_s13a_201920.pdf) and referred to in 5.3.4.
- 2.2 That the Council include in its Council Tax setting, the precepts set and approved by other bodies including the local precepts of Town Councils, Parish Councils, and Charter Trustees of the City of Bath, and those of the Fire and Police Authorities.
- 2.3 That Cabinet note the S151 Officer's report on the robustness of the proposed budget and the adequacy of the Council's reserves outlined in 5.6.

- 2.4 Authorise the Council's S151 Officer, in consultation with the Portfolio Holder for Finance and Efficiency, to make any necessary changes to the draft budget proposal for submission to Council.

## **83 REVENUE & CAPITAL BUDGET MONITORING, CASH LIMITS AND VIREMENTS – APRIL TO DECEMBER 2018**

Councillor Richard Samuel made an ad-hoc statement by expressing his disappointment in the report as he felt that there was even more overspend by the Council, and that it would be for the next administration to deal with this issue.

Councillor Charles Gerrish responded by saying that additional overspend was due to continued pressures on Children Services. There were 168 children in care in March and 191 in December this year. Councillor Gerrish also said that he would make no apology for spending for those in need.

Councillor Gerrish introduced the report by saying the Revenue budget outturn was currently forecast to be £3.2m over budget. This was an improvement of £0.9m compared to the £4.1m reported previously. The areas over budget have continued to be mainly due to additional demand in Children's Services £2.2m and a c£1m shortfall in income from Commercial Estate; in addition there has been some slippage in savings delivery which were part mitigated through service underspends and improved income performance. The position within Children's Services had in effect worsened as the figures shown include a transfer of £0.86m funding from Adult Social Care. However, there were a number of mitigations that were currently being reviewed as well as a recruitment freeze and Managers have been requested to minimise spend wherever possible which would further improve the year-end position.

The capital budget was currently showing an expected under budget position of £18.3m mainly due to slippage and re-phasing.

The Capital Programme now reflects the review that was completed in October 2018 and agreed as part of the previous budget monitoring report and £19.1m of projects were deferred or removed resulting in revenue saving of £0.6m.

The current forecast Council's share of the year end Collection Fund position was:

- Council Tax – Surplus of £0.719m (2017/18 Deficit £0.154m)
- Business Rates – Deficit of £0.275m (2017/18 Deficit £1.473m)

Business rates collection has improved over the last quarter but still remains slightly lower than target and would continue to be monitored closely.

Council reserves would be required to mitigate the current position if the actions being put in place were not successful. The current position would require use of £2.0m of the Budget Contingency Reserve (which was set up to mitigate budget risk) but the improved position would not require use of Un-earmarked Reserves. Provision has been made within the 2019/20 budget to replenish the Budget Contingency Reserve.

Councillor Charles Gerrish moved the recommendations.

Councillor Vic Pritchard seconded the motion by saying that the figures were within the Budget.

Councillor Tim Warren said that the main pressures were within Children services due to an increase in number of children in care.

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

- 1) To note the 2018/19 forecast over budget of £3.21m (as at the end of December 2018) and the recovery plan actions outlined in Appendix 1;
- 2) To note the mitigations that will be required shown in paragraph 5.6, if the over budget position cannot be reduced by the end of the financial year
- 3) To note the capital year-end forecast detailed in paragraph 5.16 of this report;
- 4) To note the revenue virements listed for information in Appendix 3(i);
- 5) To note the changes in the capital programme including capital schemes that have been agreed for full approval under delegation listed in Appendix 4(i)
- 6) To note the capital schemes listed in Annex 4(i) for removal / deferment from the current capital programme as approved at 18<sup>th</sup> December Cabinet.

#### **84 TREASURY MANAGEMENT MONITORING REPORT TO 31ST DECEMBER 2018**

Councillor Charles Gerrish introduced the report by saying that this was a routine report which detailed performance against the Council's Treasury Management Strategy and Annual Investment Plan 2018/19 for nine months of 2018/19.

The average rate of investment return for the first six months of 2018/19 was 0.68%, which is 0.15% above the benchmark rate. The Council's external borrowing as at 31st December 2018 totalled £206.7 million.

New PWLB annuity borrowing for £25 million was arranged during the quarter in response to a reduction in borrowing rates arising from the political and economic uncertainty being experienced in the UK and Europe.

The Council's Capital Financing Requirement (CFR) as at 31st March 2018 was £247.1 million with a projected total of £434 million by the end of 2018/19 from self-investment and re-phasing of the capital programme.

The current revenue forecast was for an underspend of £495k, mainly related to external interest savings from re-phasing of capital spend.

Councillor Charles Gerrish moved the recommendations.

Councillor Karen Warrington seconded the motion by saying that this was a routine report and thanked Donna Parham and her staff their work on treasury management.

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

- 1) The Treasury Management Report to 31<sup>st</sup> December 2018, prepared in accordance with the CIPFA Treasury Code of Practice, is noted



2) The Treasury Management Indicators to 31<sup>st</sup> December 2018 are noted.

## **85 TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2019/20**

Councillor Charles Gerrish introduced the report by saying that the report presented the Council's Annual Treasury Management Strategy for 2019/20 which under the CIPFA Code of Practice requires Council Approval before the start of each financial year.

The report has set out the strategy for borrowing and investments and for giving priority to the security and liquidity of those investments ahead of yield. The Council's Audit Committee would also scrutinise the Strategy at its meeting on 7<sup>th</sup> February and any comments would be verbally reported to the Council meeting on 19<sup>th</sup> February.

The Council's chief objective when borrowing money was to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds were required. . The Council would continue to consider investment in the CCLA Property Fund and other longer term pooled funds with a view to providing further diversification of its commercial property and investment portfolios and the potential for earning a higher investment yield whilst maintaining regards to security through investment in these higher yielding asset classes.

Councillor Charles Gerrish moved the recommendations.

Councillor Paul Myers seconded the motion by saying that the Strategy would fulfil Council's obligation for the next three years.

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

- 1) Recommend the actions proposed within the Treasury Management Strategy Statement (Appendix 1) to February Council.
- 2) Recommend the Investment Strategy as detailed in Appendix 2 to February Council.
- 3) Note the Treasury Management Indicators detailed in Appendix 1 and delegate authority for updating the indicators prior to approval at Full Council on 19<sup>th</sup> February 2019 to the Chief Finance Officer and Cabinet Member for Finance & Efficiency, in light of any changes to the recommended budget as set out in the Budget Report elsewhere on the agenda for this meeting.
- 4) Note that any comments made by the Corporate Audit Committee at their meeting on the 7<sup>th</sup> February 2019 will be reported to Full Council on the 19<sup>th</sup> February.

## **86 COMMUNITY ASSET TRANSFER POLICY**

Councillor Dine Romero made an ad-hoc statement by highlighting two points. Firstly, if the land had a planning permission attached would that drive the value to £2m; and secondly, for those assets that were already transferred, such as Bath City Farm, having a 25 year lease would not always be helpful as a longer lease would enable the asset holder to apply for grants.

Councillor Paul Myers introduced the report by saying that he was particularly pleased to see this new 'Community Asset Transfer Policy and Guidance' come before Cabinet for consideration.

As the Council faces financial pressures and evolves its role, working in partnership with the community and the third sector has become increasingly important. The community would need infrastructure to play its role and so he passionately believed that the Council had a duty to release the key operational assets with a duty under the Local Government Act 1972 to ensure that 'best consideration' was obtained. The Community Asset Transfer Policy would provide a detailed framework and criteria for organisations wishing to apply, which was outlined in the report. To achieve this, the Policy has set up a four stage process for each project.

A consultation on the draft policy did take place between 17th December and the 25th January and the report was presented to the CTE Panel on the 21st January. Overall the feedback has been fully considered and was positive and the introduction of the Policy was welcomed. Some of the feedback received has been noted whilst, as appropriate, amendments and additions have been proposed in the document. The key point was that the 'Assets' which might be considered for transfer cover a huge spectrum and so in order to provide an overarching policy, the policy needs to provide sufficient breadth in its wording; the policy was for everyone and the whole district.

Councillor Myers said that he was satisfied that a necessary balance has been achieved by Officers and that he would like to thank them for their hard work in developing this policy.

Councillor Paul Myers moved the recommendations.

Councillor Karen Warrington seconded the motion by saying that the policy would set what would be required for Community Asset Transfer. Councillor Warrington also said that this policy would be clear guidance for partnership working and how the community would be involved, and that was a great opportunity for involvement of the community.

Councillor Charles Gerrish supported the request from Councillor Romero for longer lease terms. In terms of any planning permission attached to the land the Council would retain the overage– this was done to protect the Council's position.

Councillor Tim Warren also welcomed the report and praised the work of Bath City Farm.

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

- 1) Note the outcomes of the consultation on the draft document as set out in Appendix 3.
- 2) Confirm that the feedback received through the consultation process has been accurately reflected and is now incorporated into the current draft of the Community Asset Transfer Policy and Guidance (attached at Appendix 1), and agree the new document.
- 3) Thank those who responded to the consultation and agree to circulate the outcomes of the process and next steps.
- 4) Approve that the implementation of the policy be reviewed within twelve months of operation to make any further refinements required.

Councillor Paul Myers introduced the report by saying that high streets across the UK were struggling and rethinking the High Street offer and public realm improvements could help to stem the national trend towards online retailing with a consequent decline in town centre vitality.

If the project was not implemented then the current issues of poor image, poor public realm, and a Conservation Area 'at risk' (as assessed by Historic England) would remain and the Council would not have fulfilled its obligations arising from the Corporate Strategy, Placemaking Plan or Keynsham Transport Strategy.

The Council was legally directed to produce a Clean Air Plan to achieve compliance with European Limit Values. Keynsham has been declared an Air Quality Management Area for high nitrogen dioxide levels. Air Quality monitoring was carried out before the one-way trial (baseline) and during the project to evidence the positive change the one way scheme has delivered.

Cabinet & Keynsham Ward Members, stakeholders, interest groups and members of the public have been consulted throughout the project development phase.

Keynsham Town Council in particular welcomed early engagement with the project and input to the design of the scheme.

The public realm project was part of the Keynsham Town Centre Programme and further public realm improvements in the town would be undertaken when funding is available.

If the funding is approved on 31st May 2019 then work would start in spring 2020 and would be complete by March 2021.

Councillor Paul Myers moved the recommendations.

Councillor Tim Warren seconded the motion by saying that there was a mixed reaction initially with the Keynsham High Street one way trial, though it has been proved to be successful as the air quality has improved. Councillor Warren also said that the roundabout and access to Tesco supermarket would require more work.

Councillor Charles Gerrish said that Tesco junction would be one of the priorities for the public in Keynsham.

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

2.1 Note the draft concept design, which will be submitted as part of the Full Business Case to the Local Enterprise Partnership for funding of £1.5m to deliver the scheme, alongside £193k S106;

2.2 Approve, subject to LEP funding approval on 31 May:

- (1) the preparation of detailed design (including further consultation) up to tender stage
- (2) the procurement of a project manager & contractor; and
- (3) the construction of the scheme

## **88 HERITAGE SERVICES BUSINESS PLAN 2019-2024**

Councillor Paul Myers introduced the report by saying that this was the Heritage Services Business Plan update for the five-year period 2019/20 to 2023/24.

Key issues addressed in the Business Plan 2019-2024 were:

- increased profit returned to the Council to support corporate finances;
- a new tiered pricing structure at the Roman Baths;

- reducing congestion and attrition caused by high visitor numbers;
- a new strategy to manage groups;
- ongoing marketing to continue to promote the shoulder months;
- benchmarking the Roman Baths' performance with other leading attractions;
- ongoing investment in conservation, the visitor experience, commercial activity and staff development.

The Business Plan would aim to grow annual profit by £2.2 Million (28%) by 2024, by increasing income, reducing the revenue cost base after inflation and efficiently managing the staff establishment. By 2024 profit returned to the Council would be £10 Million p.a.

The Roman Baths was the only local authority-run member of the Association of Leading Visitor Attractions.

To maintain this level of performance and achieve the forecast levels of profit to support the Council's financial position would require:

- keeping Roman Baths visitor numbers at very high levels;
- implementing a new Roman Baths pricing strategy to maximise revenue whilst ensuring that price does not become a barrier to entry;
- sustaining staffing and investment levels to support large price increases and improve visitor satisfaction.

School groups would continue to enjoy preferential rates in off-peak months when most of them visit. The Service would continue to invest to protect and conserve the Council's heritage assets, improve the visitor experience, enhance commercial performance and develop its staff, in order to deliver these outcomes.

Councillor Paul Myers moved the recommendations.

Councillor Charles Gerrish seconded the motion by saying that this was an ongoing success for the Heritage Services Team. Ticket price restructuring would address the visitors' numbers, especially during peak times.

Councillor Tim Warren said that he was really proud of the work done by Heritage Services.

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

- 1) Approve the Heritage Services Business Plan 2019-2024 ("The Plan");
- 2) Confirm that it wishes Heritage Services to continue to work to the business principles agreed by the Council Executive in 2004, as amended.

## **89 BATH QUAYS NORTH, APPOINTMENT OF DEVELOPMENT PARTNER**

Councillor Tim Warren informed the meeting that the wording for recommendation 2.3 would read as:

'Approve the uplift to the provisional Innovation Quay - Economic Development Funding Enabling Infrastructure budget to £30.8m to bring in line with the additional grant funding WECA have provisionally allocated through the EDF and LGF funding programmes.'

Councillor Warren explained that word 'provisionally' has been included because WECA meeting where the additional grant funding would be approved has not happened (due to adverse weather), and the meeting has been postponed for 15th February 2019.

Councillor Paul Myers introduced the report by saying that over the past three decades, the market has failed to develop sufficient modern office accommodation within the City. This has had a significant effect on the economy and the City now faced a tipping point in terms of maintaining a viable and attractive office sector. The city would need to maintain a broad mixed economic base and a range of jobs in the local economy across key wealth growth and wealth creating sectors such as finance, digital and technology. Also, as a World Heritage Site, the replacement of the old and ugly Avon St car park would repair a scar on the city and reconnect the city back to its riverside.

The Council would therefore propose to exercise its public function to revitalise the city and overcome the longstanding market failure in the provision of office space by utilising its strategic land asset at Bath Quays North to enable delivery of a new Business District in the heart of the city.

The Council were successful in achieving Outline Planning Consent in August last year for the comprehensive redevelopment of the Avon Street multi-storey carpark & Riverside coach park.

The planning permission could deliver a total combined floor space of up to 38,000sqm gross investment area (GIA) and critical infrastructure (basement carpark & highway improvements) and demolition of the existing multi storey car park.

WECA funding has been applied for to overcome the viability hurdle by the provision of economic development funding required to de-risk & unlock the Bath Quays North site in line with the Council's planning permission.

Through provision of front-end public investment in development infrastructure the scheme was able to leverage substantial private investment and make an office-led development viable.

As part of the West of England Combined Authority (WECA), B&NES shares its combined Authorities' ambitions for promoting sustainable growth across the sub-region. The LEP's Strategic Economic Plan has set an ambitious baseline for delivering 65,000 jobs and 2.6% GVA growth in the West of England by 2030. Bath plays a crucial role in the B&NES economy, providing 70% of the area's employment and 75% of knowledge based and priority sector employment. The principal constraint to further future growth in the City's knowledge economy was the lack of appropriate office stock and workspace. Adopted policy defines the need for provision of some 40,000sqm of centrally located office space to facilitate growth and drive inward investment. The Economic Strategy emphasises that delivering the Bath EZ was central to achieving the City's economic potential. Enabling development of BQN and the creation of a new Central Business District for the city was the principal underpinning intervention to deliver this strategy

The Council commenced a procurement process in July 2017 to procure a development partner via a formal OJEU tender process.

The Council has undertaken a thorough public procurement process to engage the private sector and has reached a conclusion to this with three outstanding propositions to become the Council's development partner. Through the final selection and award process the Council would secure the replacement of the Avon St carpark in a modern basement, a minimum first phase of offices and commercial uses and capital income to maintain a balanced financial position for the Council.

Councillor Myers concluded his statement by thanking officers across the Economic & Community Regeneration and Finance & Efficiency teams for all their hard work in progressing this scheme to date.

Councillor Paul Myers moved the recommendations.

Councillor Charles Gerrish seconded the motion by saying that this was Council's most significant investment to date.

The forecast total Project cost of BQN was currently estimated at £191m funded from the sources as per below:

- B&NES short term Council funding (borrowing) £13,101,000
- WECA - LGF £8,313,00
- WECA - EDF £23,878,000
- Developer funding £145,727,000

Councillor Tim Warren said that the scheme would be great for the city in terms of jobs and with a positive impact on the community.

Councillor Bob Goodman said that the area has lost many jobs due to recession, and that Bath could not rely only on tourism and universities to generate income for the city. The creation of jobs and office spaces would keep young people in the city.

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

- 1) Review the Full Business Case and approve the recommendations to award the contract to the preferred bidder as the Council's development partner for the Bath Quays North site (the Site) (as shown edged red on the indicative plan at Appendix 4) having submitted the most economically advantageous bid in accordance with the Council's evaluation criteria as explained in the exempt Appendix 3, and in the event the Council is not able to conclude final negotiations with the preferred bidder it appoints the reserve bidder as the Council's development partner.
- 2) Delegate authority to the Director of Economy & Growth in consultation with the Leader, Chief Executive, the Council's S.151 Officer and Monitoring Officer to take all necessary acts to:
  - a. Agree final terms with the Council's development partner including entering into the Development Agreement and all other ancillary documents to facilitate the carrying out of the redevelopment of the Site.
  - b. Appropriate for planning purposes the Site under section 122 of the Local Government Act 1972 and to exercise the power (refer Section 4 of this report), if required, under Section 203 of the Housing and Planning Act 2016 ("Section 203") to facilitate the carrying out of the redevelopment of the Site.
  - c. Dispose of the Site to the appointed development partner under the terms of the Development Agreement.
  - d. Complete contemporaneously, with the Development Agreement, a grant funding agreement with the West of England Combined Authority.
- 3) Approve the uplift to the provisional Innovation Quay - Economic Development Funding Enabling Infrastructure budget to £30.8m to bring in

line with the additional grant funding WECA have provisionally allocated through the EDF and LGF funding programmes.

- 4) Fully approve Capital of £6.647m from the provisionally approved Bath Quays Delivery capital budget as set out in Section 3.3 of the report.
- 5) Fully approve Capital of £30.8m from the provisionally approved Innovation Quay - Economic Development Funding Enabling Infrastructure capital budget as set out in Section 3.3 of the report.

The meeting ended at 5.40 pm

Chair \_\_\_\_\_

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

**Prepared by Democratic Services**